

# AUDIT COMMITTEE CHARTER

## A Blackmores Group Charter

### DOCUMENT CONTROL

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# INTRODUCTION

1. The Charter outlines the purpose, roles, responsibilities and composition of the Audit Committee (“**Committee**”) of the Board of Blackmores Limited (**Blackmores**) and the manner in which it discharges its responsibilities for Blackmores and its subsidiaries (**Group**).

## PURPOSE

2. The primary purpose of the Committee is to provide objective review and oversight of the financial reporting processes, the audit processes and the Group’s system of internal financial controls.

## ROLE OF THE COMMITTEE

3. The Committee has been established to assist the Board in discharging its responsibilities on a range of matters relating to:
  - Integrity of the financial statements and the external reporting financial information of the Group;
  - The internal control framework for the Group;
  - The Head of Business Improvement and Assurance (Internal Auditor), and the external auditors (External Auditor); and
  - Guidance and input to the Risk and Technology Committee on the Group’s Risk Management Framework (RMF) and the Group’s risk profile.
4. The Board has delegated authority to the Committee to fulfil its responsibilities as set out in the Section entitled Responsibilities of the Committee of this Charter and may make other delegations to the Committee from time to time.

## COMPOSITION

5. The Board appoints the members and Chair of the Committee.
6. The Committee is to consist at least three Directors, all of whom must be independent, non-executive directors (NEDs) of the Group.
7. The Chair of the Committee must not be the same person as the Chair of the Board.
8. The Committee members must be financially literate and between them are to have the accounting and financial expertise relevant risk management expertise to fulfil its responsibilities.
9. The Risk and Technology Committee Chair will be a member of the Committee, and the Committee Chair will be a member of the Risk and Technology Committee, this is to assist in the flow of relevant information between the two committees.
10. The Company Secretary of the Group or such other person as the Board may nominate, will act as the Committee Secretary.

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# ROLE OF THE CHAIR

## 11. The Committee Chair:

- is responsible to lead the Committee and oversee the processes for the Committee's performance of its role in accordance with this Charter; and
- has specific responsibilities to:
  - foster an open, inclusive and, where required, robust discussion and debate by the Committee;
  - set the agenda with the Committee Secretary and management, ensuring that the appropriate time and attention is devoted to matters within the responsibilities of the Committee;
  - liaise with the Committee Secretary to ensure the Committee has the information necessary to enable effective decision-making; and
  - Liaise with the Chief Financial Officer (CFO), Internal Auditor and External Auditor to ensure the Committee has the information necessary to enable effective decision making.

# MEETINGS

12. The Committee is to meet as frequently as required, but no less than four times per year. Any Committee member may request the Chair to convene a Committee meeting.
13. Committee meetings will be governed by the same rules in the Company's Constitution, with the rules for Board meetings applying to Committee meetings. The Company Secretary shall be the Secretary (Committee Secretary) of the meeting.
14. A minimum of two (2) Non-Executive Directors shall constitute a quorum and be competent to transact the affairs of the Committee.
15. A standing invitation is issued to all Non-Executive Directors who are not members of the Committee to attend meetings. All Directors will receive Committee papers.
16. The Chief Executive Officer (CEO), CFO and Internal Auditor are required to attend meetings. The External Auditor will be given notice of all meetings and are required to attend. Other Company representatives and/or representatives of external advisors may be invited to attend meetings, at the invitation of the Chair.
17. The Committee will regularly meet with the CEO and/or the CFO with or without other members of management or the External Auditor or Internal Auditor present, as considered appropriate by the Committee.
18. The Chair of the Committee will meet periodically and separately with the External Auditor and the Internal Auditor independent of management.
19. The Committee will meet periodically with the Nomination Committee, Risk & Technology Committee, and the People & Remuneration Committee to consider material financial and non-financial risks relevant to executive performance and remuneration and share information about key matters where appropriate to ensure ongoing oversight of these matters.
20. The Committee will refer an issue to the Board or another Board committee where:
  - the issue falls within that Board committee's responsibility;
  - relates to evidence of material inconsistencies in compliance with a Group framework, or policy by a Group entity;
  - there is evidence of failings of controls to effectively manage risks; or
  - if it would benefit the Board or another Committee's consideration.

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## AGENDA AND PAPERS

21. The Agenda of each meeting shall be guided by the Audit Committee Annual Workplan.
22. Any Committee member may require business to be included in the agenda provided the Chair and Committee Secretary have been given notice. The Committee Secretary will be responsible for the co-ordination and despatch of the agenda and Committee papers.
23. The agenda and papers for each meeting will be issued to Committee members, all other Directors, CEO, CFO, Internal Auditor, External Auditor and all invitees (papers attributable to those items they are invited to) with a reasonable time prior to that meeting.

## ACCESS, RELIANCE AND ADVICE

24. The Committee will have free and unfettered access to the CEO and the CEO Direct Reports, any other relevant internal party (including risk and financial control personnel) and external parties and information, and may make any enquiries necessary to fulfil its responsibilities.
25. The CFO is responsible for the preparation, presentation and integrity of the information provided to the Committee.
26. The Committee may obtain independent advice at Blackmores expense, including by engaging and receiving advice and recommendations from appropriate independent experts with prior approval of the Board Chair. The engagement and any advice received will be independent of management.
27. Committee members are entitled to rely on information, advice and assurances provided by management on matters within their responsibility, and on the expertise of independent experts, as long as they are not aware of any grounds that would make such reliance inappropriate.

## RESPONSIBILITIES OF THE COMMITTEE

28. The Committee will review and report to, and where appropriate, recommend for approval to the Board regarding:

## FINANCIAL STATEMENTS, POLICIES AND SUPPORTING PROCESSES

29. Reviewing and recommending to the Board for approval and signing, the annual Financial Statements and interim Financial Statements of the Group and other related information. Financial Statements means the Directors Report (excluding the Remuneration Report), and Consolidated Financial Statements consisting of the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, accompanying Notes, and Directors Declaration.
30. Assessment of whether external reporting is consistent with the Committee's information and knowledge including a review of the certification of the effectiveness of internal controls provided by the CEO, CFO and other management in relation to the interim and annual Financial Statements.
31. Consideration of material issues regarding accounting policies and Financial Statement presentation, reviewing any changes in accounting or reporting requirements, and assessing subsequent effects on the Group's Financial Statements and the policies and practices.
32. Discussions with management and the External Auditor regarding significant financial reporting issues and judgments, including significant accounting estimates made in the preparation of the Financial Statements and the consideration thereof.
33. Review all related party transactions and discuss with management the business rationale for the transactions.

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## FINANCIAL RISK MANAGEMENT

- 34.** In relation to financial, reporting and audit matters (including accounting, taxation, financial, capital management, treasury, hedging, budgets and forecasting, accounts receivable and payable, payroll, purchasing and contracts and financial reporting systems):
- Review, and recommend to the Board (via the Risk & Technology Committee), management assessment of risk appetite;
  - Review whether management is operating within the risk appetite set by the Board. The Committee will not be responsible for reviewing, or making recommendations to the Risk & Technology Committee in relation to the Group's risk appetite and risk strategy other than in respect of matters that are within the scope of this Charter;
  - Review and assess during the course of the year the adequacy, effectiveness and appropriateness of the internal controls, policies, guidelines and procedures;
  - Review and assess management's oversight of the Group's operations and existing risk management processes and require management to demonstrate the effectiveness of those processes in identifying, assessing and managing the Group's most significant risk exposures;
  - Undertake a periodic review of the Group's most significant risks and whether risk management strategies are appropriate;
  - Receiving reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
  - Review and recommend to the Board (via the Risk & Technology Committee) those risk management reporting and governance policies which require Board approval, and any changes to the risk management framework or to the risk appetite set by the Board;
  - Monitor the ability of the Group to fund its ongoing activities and any major potential investments, having regard to current and proposed funding arrangements and the Group's outlook as to solvency;
  - Monitor the prudence of gearing levels, interest cover and compliance with banking covenants;
  - Reviewing any material incident, which has occurred involving fraud or other breakdown of the Group's internal controls or any matter reported to the Chair of the Committee, under the Anti-Bribery and Corruption Policy; and
  - Review the Donations and Sponsorship Payment Register and, where relevant, discuss with management the business rationale for the transactions.

## EXTERNAL AUDIT

- 35.** The appointment, compensation, rotation of the lead audit partner, retention of the audit firm and oversight of the work of the External Auditor. This will include all audit and non-audit services provided by the External Auditor, with non-audit services approved, monitored and reported in accordance with the requirements of the Charter of External Auditor Independence. The External Auditor shall report directly to the Committee.
- 36.** The independence of the External Auditor and their performance (including taking into account the opinions of management), considered at least on an annual basis.
- 37.** The scope and adequacy of the annual plan of the External Auditor.
- 38.** Regularly review with the External Auditor any audit problems or difficulties encountered during the audit including any restrictions on the scope of the External Auditors' activities or access to the information.
- 39.** Review and assess the integrity of the external audit process as a whole.

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## INTERNAL AUDIT AND ASSURANCE

- 40. Review the scope, program, objectivity, performance and resourcing of the internal audit function, considered at least on an annual basis.
- 41. Review the reports (including any adhoc reviews requested) from the Internal Auditor and any material issues arising. Refer any reports relating to risk and technology matters to the Risk & Technology where appropriate. The internal audit reports shall be received directly to the Committee.
- 42. Review and monitor management responsiveness to the Internal Auditor's findings and recommendations.
- 43. Monitor and assess the performance and effectiveness of the Internal Audit function through internal audit reports, from the Committee's observations and from management feedback, including whether the internal audit function is adequately resourced.

## LEGAL AND REGULATORY COMPLIANCE

- 44. In relation to financial, reporting and audit matters (including accounting, taxation, financial, capital management, treasury, hedging, budgets and forecasting, accounts receivable and payable, payroll, purchasing and contracts, and financial reporting systems):
  - Review and assess the effectiveness of the Group's compliance program in ensuring compliance with relevant regulatory and legal requirements;
  - Review and assess the effectiveness of internal processes for ensuring compliance with the Group's policies and procedures;
  - Review compliance reports prepared by management in relation to the Group's compliance with statutory, legal and other regulatory requirements; and identify and consider any matters that may have a material impact on the Group's activities and report on those matters to the Board; and
  - Review and assess the Tax Governance Framework as well as any material claims or issues in relation to taxation.

## FINANCIAL CORPORATE GOVERNANCE

- 45. In conjunction with the Board, use all reasonable endeavours to:
  - Monitor developments in financial corporate governance practices;
  - Benchmark the Group's policies against best practice and peers;
  - Ensure that policies exist to deal with conflicts of interest;
  - Review past or proposed transactions between the Group and members of the management or Board; and
  - Make recommendations on financial corporate governance policies, standards and practices to the Board.

## OTHER

- 46. The Committee may consider any other matters relating to corporate governance and financial risk management that it considers desirable. In addition, the Committee shall examine any other matters referred to it by the Board.



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# REPORTING

## MINUTES

- 47. The Company Secretary will prepare the minutes of meetings of the Committee which are to be approved by the Chair in draft and circulated to all members of the Committee. Minutes of meetings will then be confirmed at the next meeting of the Committee and signed by the Chair. A copy of final signed Committee minutes will be included in Board papers.
- 48. The Chair of the Committee will update the Board at the Board meeting following each Committee meeting, about matters considered, discussed and resolved at Committee meetings, and other matters relevant to the Committee's role, responsibilities and activities. The Committee will consider if any material matters around out of the Committee meeting shall be advised to any other Committee and if so, ensure that occurs.

## COMMITTEE PERFORMANCE AND CHARTER REVIEW

- 49. The Committee will annually revisit its role, composition, operation and responsibilities and evaluate the effectiveness of its performance. The Chair, following such review, will make recommendations to the Board in relation to the Committee's membership, responsibilities and functions or otherwise (and any amendments deemed desirable).
- 50. The Committee's Charter will be regularly reviewed (at least annually) by the Company Secretary in consultation with the Committee for the purpose of assessing its continued relevance to the needs of the Board and identifying enhancements required. Proposed enhancements shall be submitted to the Board for approval.
- 51. No changes to this Charter may be made without approval of the Board. After any review or amendment, this Charter will be distributed by the Company Secretary to all Committee members, Directors, the CEO, the CFO and other key stakeholders.
- 52. This Charter will be available for viewing by any person on the Company's website.

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