

# Audit and Risk Management Committee Charter

## 1 GENERAL SCOPE AND AUTHORITY

### 1.1 Purpose

To specify the authority delegated to the Audit and Risk Management Committee ("**Committee**") by the Board of Directors ("**Board**") of Dyno Nobel Limited (the "**Company**" or "**Dyno Nobel**") and to set out the role, responsibilities, membership and operation of the Committee.

For the purposes of this Charter, where appropriate, references to Dyno Nobel or Company shall be taken to include subsidiaries and associates<sup>1</sup>.

### 1.2 Authority

The Committee is established pursuant to Rule 8.3 of the Constitution and Rule 8.1 of the Board Charter.

## 2 PURPOSE OF THE COMMITTEE

### 2.1 Purpose of the Committee

The purpose of the Committee is to assist the Board:

- (a) in its monitoring and review of:
  - (i) Dyno Nobel's financial reporting principles and policies, controls and procedures;
  - (ii) the integrity and reliability of Dyno Nobel's financial statements;
  - (iii) the effectiveness of the systems of internal control and risk management;
  - (iv) the work of the internal audit function;
  - (v) the adequacy of practices and procedures with respect to the Company's compliance with legal and regulatory requirements and actual compliance with those laws and regulations;
  - (vi) the corporate policies for identifying and managing relevant risks associated with the Dyno Nobel business;
- (b) with the effective discharge of its responsibilities for business, market, credit, financial instruments, operational, liquidity and reputational risk management;
- (c) by making recommendations to the Board in relation to the appointment of the external auditor, internal auditor (if this function is fully outsourced) and approving their remuneration and the terms of their engagement; and
- (d) by making recommendations to the Board in relation to the effectiveness of the Company's risk management framework.

### 2.2 Relationship with the Health, Safety, Environment and Community Committee

The Committee will, in matters related to risk and risk management, seek to co-ordinate its activities with the Health, Safety, Environment and Community Committee (**HSEC Committee**) where appropriate. To facilitate this, copies of relevant documents will also be provided to the HSEC Committee for information from time to time. The Chairman of the Committee must liaise with the Chairman of the HSEC Committee on an ongoing basis to ensure that material matters related to risk and risk management are being considered by the appropriate Committee.

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<sup>1</sup> 'Associates' shall take the meaning from AASB 128 Investments in Associates.

**2.3 Interaction with the Board**

The Committee has no executive powers with regard to its recommendations and does not relieve the Board of its responsibilities for these matters.

In addition, the Board is ultimately responsible for deciding the nature and extent of the risks it is prepared to take to meet the Company's objectives. In relation to the Company's risk management framework, the Committee and the HSEC Committee are designed, in relation to the areas of risk within their respective responsibilities, to assist the Board in fulfilling its responsibilities to oversee the Company's risk management framework.

**3 RESPONSIBILITIES OF THE COMMITTEE****3.1 External Auditor**

The Committee's duties with respect to the external auditor are to:

- (a) manage on behalf of the Board the relationship between the Company and the external auditor including the appointment, remuneration, retention or oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Dyno Nobel;
- (b) evaluate the expertise and experience of potential auditors and recommend to the Board the firm to be proposed to shareholders for approval;
- (c) determine the terms of engagement and remuneration of the external auditor (including the fees charged for audit and review services), and make recommendations to the Board on any decisions.

As part of the terms of engagement, and to optimise the effectiveness of subsequent processes, the Committee will:

- (i) evaluate and review the annual audit plan (including the nature, scope, materiality level and procedures of the plan);
- (ii) monitor and review compliance with, and the quality and effectiveness of implementation of, the audit plans of the external auditor;
- (iii) determine categories of non-audit services that may be provided by the external auditor;
- (iv) consider and assess any disagreements between the external auditor and management regarding Dyno Nobel's financial reporting; and
- (v) evaluate the audit representation letter prior to its adoption;
- (d) provide pre-approval or otherwise of all non-audit services that may be provided by the external auditor;
- (e) provide advice to the Board concerning non-audit services provided by the external auditor and the auditor's independence for consideration by the Board and as required by the Corporations Act;
- (f) review and provide oversight of audit reports prepared and issued by the external auditor on Dyno Nobel's financial statements and activities;
- (g) consider and review reports prepared by the external auditor on critical accounting policies, all alternative treatments of financial information permitted under the Australian equivalents to International Financial Reporting Standards ('AIFRS') and all other written communication between the external auditor and management;
- (h) monitor and review any management or other restrictions being placed on the external auditor;
- (i) monitor and review the independence and objectivity of the external auditor and assess and discuss with the external auditor any relationship that may impact their objectivity and independence, in particular having regard to the provision by the external auditor of any non-audit services;

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- (j) receive and review from the external auditor an annual written statement as to the external auditor's independence including details of all relationships with Dyno Nobel;
- (k) annually evaluate and review the effectiveness of the external auditor and report to the Board on the results of its evaluation, report to the Board on any circumstances which it determines to be a failure to perform to the standards required under the audit plan or applicable professional standards, and make recommendations to the Board as necessary concerning the appointment or dismissal of the external auditor;
- (l) monitor and review the rotation of the external auditor's engagement partners at agreed intervals; and
- (m) ensure that the lead auditor attends the Company's Annual General Meeting and participates at such Annual General Meeting as necessary.

**3.2 Financial and Corporate Reporting**

The Committee's duties with respect to financial reporting are to:

- (a) receive from management, internal audit and the external auditor a timely analysis of significant financial reporting issues and practices and review such analyses;
- (b) evaluate, review and recommend to the Board for approval the draft financial statements and, where required by the Board, other related information proposed to be released through the Australian Securities Exchange ('ASX') to shareholders and to the financial community in accordance with the half yearly and annual reporting cycle;
- (c) review any significant matters arising from the audit, management judgments and accounting estimates, significant changes to Dyno Nobel's auditing and accounting principles, controls, procedures and practices with management, internal audit and the external auditor;
- (d) review significant audit adjustments and any audit recommendations that have not been adjusted;
- (e) review, with the external auditor and management, the critical accounting policies and practices adopted, and any changes to them;
- (f) review the certification provided by the CEO and the CFO on annual and half yearly reports and review processes that were used to reach the opinion in the certification, including the process implemented to support the certifications as to the truth and fairness of the Company's financial statements and that those statements are based on a sound system of risk management and internal control so far as they relate to financial statements;
- (g) review the form of disclosures made in financial statements, and annual and half yearly reports, where those disclosures are required by the ASX Corporate Governance Council's Principles and Recommendations and ASX Listing Rules and such disclosures relate to those matters within the remit of the Committee as set out in this Charter;
- (h) review the form of the opinion that the external auditor proposes to render; and
- (i) evaluate the performance of systems adopted by management in respect of corporate reporting.

**3.3 Internal Audit**

The Committee's duties with respect to internal audit are to:

- (a) review and approve the structure of the internal audit function, and oversee management's processes for ensuring that internal audit is adequately resourced and skilled, including approving any proposed reduction in the resources engaged in the internal audit function or the manner in which that function is performed;
- (b) reviewing and recommending to the Board the appointment, and if necessary, removal of the internal auditor, including, where the internal audit function is to be fully outsourced, the selection and evaluation process;
- (c) evaluate the independence and performance of the internal audit function together with the financial incentives for personnel in the internal audit function;

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- (d) receive summaries of significant reports to management prepared by the internal audit function, the management response and internal audit's recommendations;
- (e) monitor and review any restrictions placed on the internal audit function by management;
- (f) review the effectiveness of the internal audit function, including reviewing its strategic focus and approving the annual internal audit plan including scope and materiality level of the audit plan and the assurance activities;
- (g) monitor, receive reports on the status of the Internal Audit activity and review compliance with, and the effectiveness of implementation of, audit plans of the internal audit function;
- (h) oversee an annual assessment of the effectiveness of internal controls and financial reporting procedures; and
- (i) monitor and review the level of open communication between the internal audit function, the external auditor and the Board.

### 3.4 Internal Control and Risk Management

The Committee's duties with respect to internal control and risk management are to assist the Board in its oversight of the effectiveness of the systems of internal control and risk management and the Committee will:

- (a) review and monitor, by receiving reports from:
  - (i) management;
  - (ii) the internal audit function; and
  - (iii) the external auditor,

Dyno Nobel's risk management policies (including financial risk management principles, strategies and policies regarding, among others, hedging of interest rate risk and foreign currency exchange risk) and processes and controls, including the powers conferred on management and including, without limitation the Trading Policy for Quantum Fertilisers, excluding those risk management policies, processes and controls that are the responsibility of the HSEC Committee;

and report to the Board as necessary, and, if thought appropriate, recommend that the Board approve or vary them;
- (b) review and monitor, by receiving reports from management, the internal audit function and the external auditor, the appropriateness and adequacy of Dyno Nobel's processes for determining, monitoring and assessing material business risks;
- (c) review and monitor, by receiving reports from management, risk implications from new and emerging risks, climate change, organisational change, major initiatives, changes in the economic and business environment and other factors relevant to Dyno Nobel's future strategy and Dyno Nobel's projected business performance;
- (d) review and monitor, by receiving reports from management, Dyno Nobel's climate-related financial risks and opportunities, as identified through assessment against future climate-related scenarios that are updated at least every three years, together with management's responses to these assessments;
- (e) review and monitor resolution of significant risk exposures and risk events by receiving reports from management, and, if thought appropriate, recommend that the Board approve the same;
- (f) review and monitor the policies and systems in place for detecting, reporting and preventing inappropriate business conduct including, fraud, theft, anti-bribery and improper payments, and receive reports from management as to material breaches of law, including fraud and theft, material breaches of the Code of Conduct and Anti-Bribery and Improper Payments Policy, and material incidents reported under the Whistleblower Policy;
- (g) oversee, by receiving reports from management, the adequacy and appropriateness of Dyno Nobel's compliance with laws, and regulations and accounting standards that may impact its financial statements;

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- (h) review and monitor, by receiving reports from management, Dyno Nobel's insurance strategy, including the coverage and limits of the policies, and, if thought appropriate, recommend the Board approve or vary them;
- (i) review the form of the proposed letter of assurance from the CEO and CFO as to the effectiveness of Dyno Nobel's risk management and internal control systems;
- (j) review the form of disclosure to be made regarding the report given by the CEO and CFO as to the effectiveness of Dyno Nobel's management of material business risks, and, if thought appropriate, recommend the Board approve or vary it;
- (k) receive reports, at least every three years, on an external review of Dyno Nobel's risk management framework undertaken by a suitably qualified consulting organisation, together with management's responses to that review; and
- (l) review, by receiving reports from:
  - (i) management; and
  - (ii) where necessary, the HSEC Committee,
 the effectiveness of Dyno Nobel's risk management framework, including whether it is operating within the risk appetite set by the Board, and report to the Board annually in relation to its effectiveness and, if thought appropriate, recommend to the Board changes to the framework or to any risk appetite set by the Board.

### 3.5 Accounting Complaints

The Committee's duties with respect to handling accounting complaints are to:

- (a) ensure procedures are in place for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and audit matters;
- (b) ensure a procedure is in place for employees to make confidential, anonymous submissions regarding questionable accounting or auditing matters; and
- (c) ensure procedures are in place to prohibit Dyno Nobel from firing, demoting or discriminating against any employee who lawfully provides information to a regulatory body or other nominated party about Dyno Nobel that the employee reasonably believes may be relevant to a securities fraud investigation or proceeding.

### 3.6 Corporate Governance

The Committee's duty with respect to corporate governance is to ensure that Dyno Nobel has adopted a code of ethics that is applicable to the CFO and other senior financial officers.

### 3.7 Reporting to the Board

The Chairman of the Committee (or a person nominated by the Chairman of the Committee for that purpose) must:

- (a) following each Committee meeting, report to the Board at the Board's next meeting on all matters relevant to the Committee's role and responsibilities; and
- (b) attend the Board meeting at which the Company's financial statements are approved.

## 4 COMPOSITION OF THE COMMITTEE

### 4.1 Membership

- (a) The Committee will consist of at least three members each of whom will be appointed or removed by the Board, following in each case a review by the Board in consultation with the Chairman of the Committee (other than in respect of the Chairman's own appointment or removal).
- (b) Each member of the Committee must be a non-executive director.

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- (c) A majority of members of the Committee must be independent directors, as determined by the Board, having regard to the ASX Corporate Governance Council's Principles and Recommendations.

**4.2 Chairman**

The Chairman of the Committee:

- (a) will be elected by the Board;
- (b) must be a member of the Committee;
- (c) must be an independent director; and
- (d) must not be the Chairman of the Board.

**4.3 No Fees Other than as Director/Member of Committee**

A director who sits on the Committee cannot receive fees from Dyno Nobel other than in the capacity as a director or member of a committee of the Board unless the Board determines that the fees are not material to the independence or judgment of the director as a member of the Committee.

**4.4 Other Rules and Regulations**

In appointing the members of the Committee, the Board will have regard to the ASX Listing Rules, the ASX Corporate Governance Council's Principles and Recommendations and the *Corporations Act 2001* (Cth).

**4.5 Expertise**

- (a) The Committee must comprise members who, between them, have accounting and financial experience, technical knowledge and an understanding of the industries in which Dyno Nobel operates.
- (b) The Committee must ensure that its members understand the Dyno Nobel Group structure, controls and typical transactions in order to adequately assess the material business risks faced by Dyno Nobel.

**4.6 Company Secretary**

The Company Secretary shall be secretary of the Committee.

**5 MEETINGS & COMMITTEE PROCESS****5.1 Meetings**

Meetings and proceedings of the Committee are governed by the provisions of Dyno Nobel's Constitution regulating meetings and proceedings of the Board and committees of the Board insofar as they are applicable and not inconsistent with this Charter.

**5.2 Frequency**

The Committee shall meet as frequently as required but not less than 4 times a year. Any Committee member or the Secretary of the Committee may call a meeting of the Committee.

**5.3 Quorum**

A quorum will comprise of any two independent non-executive Director Committee members. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their number as Chairman of that meeting.

**5.4 Notice**

A notice of each meeting confirming the date, time, venue and agenda shall be distributed to each member of the Committee (with a copy to all members of the Board excluding any matter where a conflict of interest has been notified) at least 4 days prior to the date of the meeting. The notice of meeting will include the relevant supporting papers for the agenda items to be discussed.

**5.5 Agenda**

The Committee shall develop and agree an annual program capable of fulfilling its responsibilities.

This will include formal opportunities for the Committee to meet independently with management, the external auditor and the internal auditor.

The Chairman, with the assistance of the Secretary of the Committee, will develop the agenda for each meeting on the basis of the annual program and any other matters deemed to be relevant to the particular meeting.

**5.6 Attendance**

- (a) The Committee may extend an invitation to any person to attend all or part of any meeting of the Committee which it considers appropriate. In particular, the Committee may invite any of the following to attend a meeting of the Committee:
  - (i) the external auditor;
  - (ii) external advisers including any party undertaking an internal audit;
  - (iii) any non-executive director, any executive director or employee including, without limitation, the Chief Risk Officer; or
  - (iv) any other person,and may do so with or without management being present.
- (b) The Committee must meet with the Chief Risk Officer and external auditor at least once a year without other management being present.

**5.7 Access to Employees, Internal Auditor and External Auditor**

In order to fulfil its purpose and undertake its duties, the Committee has unrestricted access to:

- (a) employees of Dyno Nobel including, without limitation, the Chief Risk Officer;
- (b) any party undertaking an internal audit; and
- (c) the external auditor,

in each case, without management being present.

**5.8 Access to Records and Information**

In order to fulfil its purpose and undertake its duties, the Committee has unrestricted access to Company records and any other document, report, material or information in the possession of an employee or external adviser to Dyno Nobel.

**5.9 Special Investigations**

The Committee may initiate any special investigation as it deems necessary or as directed by the Board in relation to matters set out in this Charter.

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### 5.10 Access to Independent Advice

The Committee may obtain independent professional advice to assist it in the proper exercise of its powers and responsibilities under this Charter, with the costs to be borne by Dyno Nobel.

### 5.11 Minutes

Minutes of proceedings and resolutions of the Committee shall be kept by the Secretary of the Committee. After preliminary approval has been given by the Chairman of the Committee, minutes shall be included in the papers for the next full Board meeting after each Committee meeting. Minutes shall be confirmed at the next meeting of the Committee. Minutes, agenda and supporting papers will be made available to every Director providing no conflict of interest exists.

## 6 COMMITTEE'S ANNUAL REPORT AND PERFORMANCE EVALUATION

The Committee will review its performance, by self assessment, at least annually.

The performance evaluation will have regard to the extent to which the Committee has met its responsibilities under this Charter.

The Committee will present to the Board annually a report of its activities for the prior financial year and on its performance following the annual performance evaluation.

## 7 REVIEW AND PUBLICATION OF CHARTER

The Committee will review its Charter from time to time and make recommendations to the Board as to any changes it considers should be made. The Charter may be amended by resolution of the Board.

Approved by the Board on 23 September 2020.