



AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

THE a2 MILK COMPANY LIMITED ("Company")

1. Charter

The Audit and Risk Management Committee ("**Committee**") shall be a committee of the board of directors of the Company ("**Board**") established by the Board.

2. Objectives

The objectives of the Committee are to:

- assist the Board in discharging its responsibilities relating to the financial reporting process, this being the system of internal control relating to all matters affecting the Company's financial performance and the audit process;
- assist the Board in monitoring compliance with laws and regulations;
- implement, review and supervise the Company's risk management framework; and
- review the adequacy of the Company's insurance policies.

3. Membership

Members of the Committee shall comprise members of the Board appointed by the Board.

The Committee shall comprise a minimum of three directors, all of whom will be non-executive directors and a majority of whom will be independent directors. All members of the Committee shall be financially literate and have a sufficient understanding of the industry in which the Company operates. At least one member of the Committee shall have an accounting or financial background (that is, they should be a member of Chartered Accountants Australia and New Zealand; have held a Chief Financial Officer position at a listed entity for a period greater than 24 months; have successfully completed a course approved by the NZX for Audit Committee membership; and/or have the experience and/or qualifications deemed satisfactory by the Board.)

The Board shall appoint the Committee Chair from the independent members of the Committee. The Chair of the Board shall not be the Committee Chair.

4. Secretarial and Meetings

The secretary of the Committee shall be appointed by the Committee.

A quorum of members of the Committee shall be two.

The Committee may have in attendance such members of management (including the Chief Executive Officer and Chief Financial Officer) and such other persons (including external auditors) as it considers necessary to provide appropriate information and explanations.

All directors who are non-members of the Committee and employees shall be entitled, if invited by the Committee, to attend Committee meetings.

Reasonable notice of meetings and the business to be conducted in such meeting shall be given to the Committee members and any other person invited by the Committee to attend.

Meetings shall be held not less than four times a year having regard to the Company's reporting and audit cycle. Any Committee member may request a meeting at any time if they consider it necessary.

If the Committee Chair is absent from a meeting and no acting chair has been appointed, the Committee members present may choose one of them to act as chair for that meeting.

Meetings of the Committee may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution.

Each member of the Committee will have one vote.

The Committee Chair will not have a casting vote. If there is a tied vote, the motion will lapse.

The Committee must be provided with such internal resources as it considers necessary or desirable to fulfil its objectives. This will include rights of access to management, rights to seek explanations and additional information and access to auditors, internal and external, without management present.

The Committee may seek such advice from any internal or external parties or professional advice as it may consider necessary or desirable to fulfil its objectives.

Minutes of all Committee meetings shall be kept. Such minutes will be prepared for approval by the Committee and, once approved, be circulated to the members of the Board.

Following each Committee meeting the Committee Chair will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Committee that requires Board approval or action. The Committee Chair will provide the Board with sufficient information upon which make any required decision.

The Company Secretary will provide such assistance as may be required by the Committee Chair including in relation to preparation of the agenda, minutes and/or papers for the Committee.

5. Responsibilities

The responsibilities of the Committee are as follows:

Financial statements

- review half-yearly and yearly financial statements and consider whether they are complete, consistent with information known to the Committee, reflect appropriate accounting policies and principles, and otherwise provide a true and fair view of the financial position and performance of the Company;
- review interim financial information;
- advising directors on corporate financial matters including the compliance of financial

reports;

- receive and consider in connection with the Company's half-yearly and yearly financial statements letters of representation to the Board in respect of financial reporting and the adequacy and effectiveness of the Company's risk management, internal compliance and control systems and the process and evidence adopted to satisfy those conclusions;
- review the financial sections of the Company's Annual Report and related regulatory filings before release and consider the accuracy and completeness of the information;
- review with management and the external auditors the results of any audit;
- before the Board approves the half-yearly and yearly financial statements, receive from the Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with accounting standards and give a true and fair view of the financial position and performance of the Company and they have formed this opinion on the basis of a sound and effectively operating system of risk management and internal control; and
- review the accounting policies from time to time;

Internal control

- monitor corporate risk assessment and the internal controls instituted in accordance with the Company's Risk Management Policy;
- review the effectiveness of the Company's internal controls regarding all matters affecting the Company's financial performance and financial reporting, including information technology security and control;
- review the scope of any internal and external auditors' review of internal control, review any related reports setting out significant findings and/or recommendations, together with any responses from management with respect to such findings and/or recommendations;

Internal audit

- oversee a2MC's internal audit function including the appointment of any external professional adviser as required to assist with matters relating to such internal audit function.

External audit

- recommend the appointment and removal of the independent auditor; and
- ensure that the ability and independence of the auditor is not impaired, or could reasonably be perceived to be impaired;
- periodically review the appointment of the external auditors and their fees;
- establish procedures for the selection, appointment and removal of the external auditor and for the rotation of external audit engagement partners;
- review the annual audit plan with the external auditors;

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- meet with the external auditor to review any reports, and meet separately, at least once a year, to discuss in that regard any matters that the Committee or auditors believe should be discussed privately;
- establish policies, as appropriate, in regards to the independence, integrity and performance of the external auditor;
- review the independence of the external auditors and the appropriateness of any services provided by them to the Company;
- for the purpose of removing or appointing external auditors, review their performance (including their proposed fees) and if appropriate conduct a tender of the audit. Any subsequent recommendation following the tender for the appointment of an external auditor will be put to the Board and, if a change proposed by the Board, such change will be put forward to shareholders for approval;
- review any proposal for the external auditor to provide non-audit services or any services outside of its statutory role and consider whether it might compromise the independence of the external auditor;
- monitor and consider for approval any service provided by the auditors to the Company, outside their statutory role;

Compliance

- oversee the Company's compliance with statutory responsibilities relating to financial and other requirements and compliance matters monitored by the Board (other than health and safety);
- consider the workplan for Company compliance activities in accordance with the Company's Risk Management Policy;
- obtain regular updates from management regarding compliance matters;
- review the effectiveness of the Company's system for monitoring compliance with laws and regulations and the results of managements' investigation and follow-up (including disciplinary action) of any instances of non-compliance;
- review and assess the management process supporting external reporting;
- review the findings of any examinations by regulatory agencies and authorities;

Risk management

- annually consider the overall risk management framework (other than management of health and safety risks and compliance which are monitored by the Board) and review its effectiveness in meeting sound corporate governance principles;
- keep the Board informed of all significant business risks;
- review, with management, the adequacy of the Company's systems for identifying, managing, and monitoring the key risks to the Company in accordance with the Company's Risk Management Policy;

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- obtain reports from management on the status of any key risk exposures or incidents in accordance with the Company's Risk Management Policy;
- review the adequacy of the Company's process for managing risk (other than management of health and safety risks and compliance which are monitored by the Board) and provide a recommendation to the Board regarding the same in accordance with the Company's Risk Management Policy;
- review any incident involving fraud or other break down of the Company's internal controls in accordance with the Company's Risk Management Policy;
- review any incident involving any break down of the Company's risk management framework in accordance with the Company's Risk Management Policy;
- review the Company's insurance program having regard to the Company's business and the insurable risks associated with its business and update the Board periodically on this matter (as appropriate);
- review whether the Company has any material exposure to any economic, environmental and social sustainability risks and, if so, develop strategies to manage such risks to present to the Board;

Reporting responsibilities

- regularly report to the Board about Committee activities, issues, and related recommendations. Such report should include the results of the Committee's:
 - assessment of whether external reporting is adequate for the needs of the Company's shareholders based on information that has periodically been made available to the Committee and the collective knowledge of the Committee members;
 - assessment of the management processes which supports external reporting;
 - assessment of the Company's corporate reporting processes;
 - assessment of the appropriateness of the accounting choices made by management in preparing the Company's financial statements;
 - procedures for the selection and appointment of the Company's external auditor and for the rotation of external audit engagement partners;
 - recommendations for the appointment or, if necessary, the removal of the external auditor;
 - assessment of the performance and independence of the Company's external auditor. Where the external auditor provides non-audit services, the report should also state whether the Committee is satisfied that provision of those services has not compromised the auditor's independence;
 - assessment of the performance and objectivity of the Company's internal audit function (if one is appointed);
 - review of the Company's risk management and internal control systems; and

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- recommendations for the appointment, or if necessary, the dismissal of the head of internal audit (if one is appointed);
- provide an open avenue of communication between the internal auditor, the external auditors and the Board. For the purpose of supporting the independence of their function, the external auditor and the internal auditor will have a direct line of reporting access to the Committee;
- review any other reports the Company issues that relate to Committee responsibilities;

Related party transactions

- review and monitor related party transactions and investments involving the Company and its directors including maintaining a register of related party contracts which is reviewed at least annually;
- review and approve all transactions in which the Company is a participant and in which any parties related to the Company (including its senior managers, Directors, beneficial owners of more than 5% (substantial holding) of the Company's shares, immediate family members of the foregoing persons and any other persons whom the Board determines may be considered a related party of the Company) has or will have a direct or indirect material interest. The Committee should only approve those related party transactions that are determined to be in, or are not inconsistent with, the best interests of the Company and its shareholders, after taking into account all available facts and circumstances as the Committee or the Chair of the Company determines in good faith to be necessary. Transactions with related parties or shareholders holding a relevant interest in at least 10% of the Company's shares may also be subject to shareholder approval to the extent required by ASX Listing Rules or NZX Main Board Listing Rules;

Other responsibilities

- review the adequacy of external reporting by the Company to meet the needs of shareholders;
- perform other activities related to this Charter as requested by the Board;
- institute and oversee special investigations as needed;
- annually confirm that all responsibilities outlined in this Charter have been carried out;
- evaluate the Committee's and individual members' performance on a regular basis;
- review and provide prior clearance of public releases of financial information to the media;
- supervise special investigations when requested by the Board; and
- ensuring the external auditor and/or lead audit partner is replaced at least every 5 years.

6. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Committee.

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The Committee will make recommendations to the Board on all matters requiring a decision from the Board. The Committee does not have the power or authority to make a decision in the Board's name or on its behalf.

The Committee is authorised by the Board to obtain, at the expense of the Company, outside legal or other independent professional advice and to arrange for the attendance at meetings, at the expense of the Company, of outside parties with relevant experience and expertise if it considers this necessary.

7. Review of the Committee

Each year, the Committee will review and assess its performance, objectives, responsibilities, and the processes and procedures to ensure that they are not unduly complex, are designed to assist the Board in effectively fulfilling its role and are delivering to a high standard.

The Committee shall also assist and advise the Board with respect to the Board’s own review of these matters.

The Committee, in order to ensure that it is fulfilling its duties to the Company and its shareholders will periodically:

- obtain feedback from the Board on the Committee’s performance and implement any agreed actions; and
- provide any information the Board may request to facilitate its review of the Committee’s performance.

8. Revisions to this Charter

The Committee is responsible for reviewing the effectiveness of this Charter and the operations of the Committee. The Committee may recommend to the Board changes or improvements to this Charter. Any amendments to this Charter must be approved by the Board.

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