

Risk Committee Charter

1. INTRODUCTION

- 1.1 The Board of Directors of Mackay Sugar Limited (**Mackay Sugar/Company**) together with the Board of Directors of each of its wholly owned subsidiaries (collectively the **Group**) have established the Risk Committee (**Committee**).
- 1.2 The Committee is guided by the following Charter and the Constitution of each Group entity¹.

2. OBJECTIVES

- 2.1 The main objectives of the Committee are to:
- a. provide oversight of the Group's risk management and compliance framework established by the Board and management excluding:
 - financial and financial strategy risk - which is overseen by the Audit and Finance Committee; and
 - Occupational Health and Safety (OHS) and Environmental Management (EM) risk - which is overseen by the Health Safety and Environment Committee).
 - b. oversee the Group's risk profile and appetite, in addition to ensuring appropriate risk and compliance management systems and monitoring mechanisms are in place.
 - c. review and report to the Board on the following matters:
 - the management of Group wide risks;
 - integrity of non-financial statutory reporting;
 - appropriateness of risk systems and compliance; and
 - application of corporate governance principles to these objectives.
 - d. provide corporate governance oversight to the Group's risk functions.
- 2.2 The Committee will also act as a "sounding board" and review management's risk recommendations and provide endorsement prior to submission to the Board.

3. AUTHORITY

- 3.1 The Committee is a committee of the Board and has no decision-making authority independent of the functions delegated to it and is to report its findings and recommendations directly to the Board.

¹ For the purposes of this Charter, 'Board' refers to the board of directors of the Company.

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- 3.2 Except as provided in section 6.4 of this charter, there is to be no delegation of the Board's executive power to the Committee.
 - 3.3 The Committee is directly responsible and accountable to the Board for the exercise of its role and responsibilities. In carrying out its role and responsibilities, the Committee must at all times recognise that primary responsibility for governance of the company rests with the Board.

4. MEMBERSHIP OF THE COMMITTEE

- 4.1 The Committee will be appointed by the Board and shall comprise no less than two Directors.
- 4.2 The Chairperson of the Committee is to be appointed by the Board. The Chairperson of the Committee should not be the chairperson of the Board.
- 4.3 Members of the Committee will have familiarity with risk principles and understand the operational, trading and strategic risk profile of the Group.
- 4.4 The Board will formally approve all appointments and replacements to members of the Committee. The Board may also appoint outside experts to the Committee if it believes it is desirable to do so.
- 4.5 All other Directors not appointed to the Committee have access to all Committee papers and a standing invitation to attend any meeting of the Committee in an ex officio capacity.
- 4.6 Appointment as a member of the Committee is automatically terminated when a Director ceases to hold a position on the Board of Mackay Sugar.
- 4.7 The Chief Executive Officer, Chief Financial Officer and General Manager Commercial and Agriculture will be invited to attend the meetings but not as members of the Committee. Other senior executives and staff may also attend Committee meetings as considered appropriate by the CEO and with the agreement of the Committee Chairperson.

5. MEETINGS

- 5.1 The Committee will meet at least eight times each year with two of the meetings held specifically to review the Group Risk Register. The Committee will also meet at any other time as the Chairperson considers appropriate. Each Committee member is entitled to reasonable notice of a meeting.
- 5.2 There is no formal voting procedure as the Committee is to aim for consensus decision-making. However, dissenting views of Committee members will be recorded in the minutes of the Committee meeting and reported by the Committee Chairperson to the Board.
- 5.3 The Committee may, with the approval of the Chairperson, conduct meetings by telephone or videoconference provided that all Committee members involved in the meeting are able to participate in the discussion.
- 5.4 If the Committee Chairperson is absent from any meeting of the Committee, the members of the Committee present will appoint a Chairperson for that meeting.

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- 5.5 The Chairperson will call a meeting of the Committee if so requested by any member of the Committee, the Internal or External Auditor or the chairperson of the Board.
 - 5.6 A quorum for any meeting will comprise two Committee members. In the absence of a committee member, the quorum may be satisfied if there is one Committee member and one other Mackay Sugar director present, who has been nominated as an alternative for the absent Committee member.
 - 5.7 The Committee shall prepare an annual committee calendar outlining standard activities and events to be undertaken by the Committee each year.
 - 5.8 The Company Secretary will act as the Committee Secretary and is responsible for the organisation of all committee meetings. The Company Secretary will ensure the relevant documents are forwarded to the members prior to the meeting.
 - 5.9 The Committee Secretary will prepare minutes of all Committee Meetings for review by the Chairperson. A copy of the unconfirmed minutes will be included in the papers for the next meeting of the Board. Minutes of the Committee are to be confirmed by the Committee at the next Committee Meeting.
 - 5.10 The Committee will meet concurrently with the Audit and Finance Committee, at least annually, to consider material financial and non-financial risks and share information about key matters, where appropriate, to ensure ongoing oversight of these matters.

6. ROLE AND RESPONSIBILITIES

- 6.1 The Committee's role is to make recommendations to the Board on the following matters:
 - a. Formulation and periodic review of the Board's risk appetite with reference to the Group's strategic objectives;
 - b. at least annually, the Group's risk management framework and strategic risk management plan;
 - c. reports from management concerning the implementation of the Group's risk management framework and risk management plan in order to oversee their effectiveness and recommend variations if deemed appropriate;
 - d. reports from management concerning business and operational risk in order to oversee the related treatment plans and assess their effectiveness;
 - e. risk management associated with individual high-risk projects and major change initiatives;
 - f. reports from management concerning changes anticipated in the economic, business and regulatory environment, the implications of new and emerging risks, legislative or regulatory initiatives and the factors considered relevant to future strategy and achievement of business objectives;
 - g. reports from management concerning significant risk exposures and risk events, in order to monitor the associated treatment plans and, if thought fit, endorse any residual risk for approval by the Board;
 - h. monitor the effectiveness of business continuity planning;
 - i. the continuing appropriateness of the Group's risk management policies; and

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- j. ensure the Company has identified, reviewed and updated the profile of the Group's principal business and strategy risks and assessed the appropriateness of the steps management has taken to manage these risks.

Where necessary, the Committee will recommend to the Board amendments to such policies, which cover matters including, but not limited to:

- enterprise risk management; and
- competition law compliance.

6.2 Marketing and Trading Risk

The Committee will review and, where appropriate, make recommendations to the Board on the following matters:

- a. reports from management concerning;
 - i. commodity and foreign currency hedging activities,
 - ii. risks arising from the marketing and sale of:
 - A. raw sugar, including;
 - 1. Grower Economic Interest Sugar;
 - 2. Miller Economic Interest Sugar;
 - 3. pricing mandates;
 - 4. pricing pool operations; and
 - 5. costs allocation;
 - B. molasses;
 - C. electricity; and
 - D. chartering activities;
- b. reports from management concerning any significant risk exposures in relation to the matters at (a) above, in order to monitor the associated treatment plans and, if thought fit, endorse any residual risk for approval by the Board; and
- c. the continuing appropriateness of the Group's pricing and risk management policies governing the activities at (a) above.

Where necessary, the Committee will recommend to the Board/Audit and Finance Committee amendments to such policies, which cover matters including, but not limited to:

- sovereign and counterparty limits and trade credit;
- financial risk management;
- marketing risk management; and
- chartering.

6.3 Compliance

The Committee will review and where appropriate and make recommendations to the Board on the following compliance matters:

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- a. The Group's compliance with applicable legal and regulatory principles and policies, strategies and processes related to commodity and foreign currency hedging activities, marketing and sale of raw sugar and/or chartering activities;
 - b. Any related policy and/or operational breaches or non-compliance and proposed corrective action;
 - c. Monitor the adequacy and effectiveness of the program of compliance established within the Group;
 - d. Oversee management's response to major developments and significant changes in legislative, regulatory and government policy in terms of their potential application to, and impact on, the company;
 - e. Monitor the processes in place for ensuring new and changed legal and regulatory requirements are identified and reflected in company processes;
 - f. Assess the scope and depth of compliance review activities and the resulting impact any review findings have on the risk profile of the company;
 - g. Review the nature and effectiveness of action plans implemented to address identified compliance weaknesses.

For this purpose, the Committee has the delegated authority from the Board to approve and make decisions binding the Board in relation to any actions arising from its reviews and investigations as they relate to the marketing, sale and trading of raw sugar, molasses and electricity. Where the Committee exercises such delegations, such approvals and decisions will be reported back to the Board in its next scheduled meeting.

6.4 Internal Audit

With respect to internal audit, upon referral by the Audit and Financial Committee, the Committee will review, and where appropriate, make recommendations to the Board on possible inclusions to the annual internal audit plan to ensure it covers material risks relevant to the Committee's responsibilities and:

- a. provide the Board with an updated register of material business, and strategy risks and advise on the effectiveness of the management of those risks, through the Group's Risk Register;
- b. assist the Board to verify the integrity of the Group's:
 - A. effectiveness of internal risk audit functions;
 - B. appropriateness of the internal risk control structure;
 - C. compliance with the risk management systems; and
 - D. application of corporate governance principles;
- c. investigate any matter brought to its attention by the Board, Audit and Financial Committee or Internal Auditor, with full access provided to the Committee to all books, records, facilities and personnel of the Group;
- d. engage independent counsel and other advisors as it determines necessary to carry out its responsibilities; and
- e. consider and report to the Board on such other matters as the Board or other board committee may refer to the Committee from time to time.

7. REPORTING AND REFERRAL

- 7.1 The Chairperson of the Committee will provide a report to the Board at the earliest possible Board meeting after each Committee meeting.

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- 7.2 The Committee will prepare and submit to the Board any additional reports as appropriate.
- 7.3 The Committee will refer an issue to the Board or another board committee where:
- a. the issue falls within the Board or another board committee's responsibility;
 - b. relates to evidence of material inconsistencies in compliance with a Group framework or policy by a Group entity;
 - c. there is evidence of failings of controls to effectively manage risks; or
 - d. if it would benefit the Board or another committee's consideration.

8. REVIEW OF CHARTER

- 8.1 The Committee must review the Charter annually to ensure that it remains consistent with the Committee's authority, objectives and responsibilities.
- 8.2 Any changes to the Charter recommended by the Committee must be approved by the Board.

9. CONFLICTS OF INTEREST

- 9.1 The Board's Conflict of Interest Policy applies to all proceedings of the Committee.
- 9.2 In accordance with that policy, Committee members are required to declare any interests that could constitute an actual, potential or perceived conflict of interest with respect to their participation on the Committee. Such declarations must be made on a member's appointment to the Committee and in relation to specific agenda items at the outset of each Committee meeting.

10. SELF ASSESSMENT

The Committee shall assess its effectiveness annually.

11. GENERAL

- 11.1 The Committee is to operate within this Charter, but Committee members may raise any other matters considered appropriate.
- 11.2 The Committee shall review and reassess its structure and Charter on an annual basis.

Michael Gerloff
CHAIRPERSON

9 March 2023