



AUSTRALIAN VINTAGE LTD

# Risk and Sustainability Committee Charter

Australian Vintage Limited (ACN 052 179 932) (**AVL** or **Company**)

## 1. Introduction

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The purpose of this Risk and Sustainability Committee (**Committee**) Charter is to govern the delegations and operations of the Committee and to set out the role, responsibilities and membership of the Committee.

## 2. Role of the Committee

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- 2.1 The Committee is established by the Company's board of directors (**Board**) to support and advise the Board in relation to material and emerging risks that may impact the Company meeting its corporate objectives and vision, delivering shareholder returns, and its reputation and standing in the community. Specifically, the Committee will:
- (a) oversee and assess the effectiveness of the Company's risk management framework, and to make recommendations in respect of the development and embedding of the risk management framework and appetite to the Board;
  - (b) assist the Board with the monitoring and review of the Company's risk culture;
  - (c) review, monitor and approve the Company's sustainability strategy and provide advice to management on associated implementation plans and other issues that may impact the Company's sustainability;
  - (d) approve policies and initiatives that ensure best practice risk management, reflect stakeholder expectations and influence the Company's reputation as a responsible and sustainable organisation; and
  - (e) review and monitor the Company's compliance with legal and regulatory obligations, internal policies and industry standards.
- 2.2 The Committee has the authority to exercise the powers set out in this charter and granted to it under any separate delegations from the Board from time to time.

### **3. Duties of the Committee – Risk Management**

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- 3.1 In fulfilling its purpose the Committee should ensure that:
- (a) it monitors management's performance against the entity's risk management framework, including whether it is operating within the risk appetite set by the Board;
  - (b) it communicates any material changes to the Board about the management of risk, the risk appetite, and the associated internal controls of the Company;
  - (c) it makes recommendations to the Board in relation to changes that should be made to the entity's risk management framework or to the risk appetite set by the Board;
  - (d) it monitors and reviews the entity's risk culture and makes recommendations to the Board on the extent to which the risk culture supports the ability of the Company to operate consistently within its risk appetite and any desirable changes to the risk culture;
  - (e) risks are identified and monitored through a systematic review of the organisation and its operations;
  - (f) an appropriate risk register is maintained which describes the risks, the likelihood of occurrence, mitigating strategies and consequential risk. These must be updated regularly as required and reviewed by the Committee every twelve months;
  - (g) adequate procedures have been designed and implemented to manage identified risks;
  - (h) a system of reporting and investigating incidences, breaches or excessive risks operates effectively;
  - (i) an appropriate and regular review program is undertaken to test the adequacy of, and compliance with, procedures adopted in relation to identifying risks;
  - (j) when requested to do so by the Board or when the Committee considers appropriate, an investigation can be undertaken and reported to the Board on any risk-related matter;
  - (k) review any material incident involving fraud or a breakdown of the entity's risk controls and the "lessons learned";
  - (l) receive 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; and
  - (m) obtaining a statement annually from the CEO (and other relevant key management personnel) to the Board that the Company's risk management and internal compliance and control system is operating effectively in all material respects.

#### **4. Specific risks to be managed by the Committee**

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- 4.1 Outlined below are some specific operational and compliance risks, which among other things are the responsibility of the Committee.
- 4.2 The Committee is responsible for:
- (a) promoting and supporting an organisational culture that is committed to risk management through open communication and effective risk management leadership;
  - (b) implementing an appropriate risk management program to raise the awareness of management and staff about corporate and operational risks and best practices in the management of those risks;
  - (c) reviewing the Company's risk management framework at least annually to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board. This includes satisfying itself that the risk management framework deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change;
  - (d) reviewing the Company's main corporate governance practices as required under the ASX Listing Rules for completeness and accuracy;
  - (e) ensuring appropriate policies, procedures, controls and monitoring and reporting mechanisms have been adopted by the Company to prevent breaches of and to ensure compliance with all legislation and regulations relevant to the Company's;
  - (f) ensuring there is adequate employee education and support to facilitate safety, security and good health in the workplace and monitoring of workplace safety;
  - (g) ensuring appropriate contingency plans are in place in the event of the loss of a key executive of the Company or any industrial dispute to minimise disruption to the Company's operations, costs or reputation;
  - (h) ensuring that the Company operates in accordance with the terms of all licences and permits issued to it by any government body or any other authority;
  - (i) adopting appropriate procedures for the improvement and preservation of the reputation and brand value of all the businesses in the Company;
  - (j) oversee the entity's insurance program, having regard to the entity's business and the insurable risks associated with its business;
  - (k) ensuring all system information is backed up in accordance with established back up procedures;
  - (l) ensuring appropriate and adequate disaster recovery plans have been implemented;

- (m) ensuring all risks relating to digital business technology are considered by the Committee and reported to the Board; and
- (n) ensuring full disclosure of information has been made on the Company website as required by the ASX Listing Rules or any other relevant legislation.

## **5. Duties of the Committee – Sustainability**

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- 5.1 The Committee will, where appropriate, oversee:
- (a) the Company's sustainability strategy and targets, and review progress in achieving the strategy by receiving regular reports by management;
  - (b) employee safety, health and wellbeing;
  - (c) consumer wellbeing;
  - (d) environment and quality matters;
  - (e) community investment;
  - (f) material economic, environmental, climate and social sustainability risks and opportunities; and
  - (g) other social and reputational issues which may be relevant to the Company.

## **6. Reporting and Disclosure**

- 6.1 The Committee must ensure it understands the Company's business, operating environment and structure, to ensure it is in a position to advise the Board in accordance with its mandate.
- 6.2 The Committee must review and recommend to the Board for approval:
- (a) the risk and sustainability sections published in the Company's Annual Report or any other statutory report or document relevant to the activities and mandate of the Committee; and
  - (b) any statement regarding the Company's risk or sustainability policy, or climate change reporting that may be required by law or by any regulatory authority.

## **7. Membership**

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### **7.1 Composition and Size**

The Committee must be constituted of at least three members, all of whom are non-executive directors, and a majority of whom are independent directors and must be of sufficient size, independence and technical expertise to discharge its mandate effectively. At least one member of the Committee must have expertise in risk matters and the Board may appoint external advisors to assist in carrying out aspects of its mandate.

Each Committee member must be free from any interest, business or other relationship which, in the opinion of the Board, could, or could reasonably be

perceived to, materially interfere with the exercise of his or her independent judgment as a member of the Committee, and the Committee members jointly should have the necessary technical knowledge and sufficient understanding of the industry in which AVL operates and the communities in which it is hosted, to be able to discharge the Committee's duties effectively.

The Board will review the Committee members' term of service, at least annually.

If a member of the Committee ceases to be a member of the Board, that member will cease to be a member of the Committee, unless otherwise approved by the Committee.

## **7.2 Chairman**

The chairman of the Committee shall be an independent non-executive director. The Board will appoint the chairman of the Committee.

If, for a particular Committee meeting, the Committee chairman is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairman for that meeting.

## **7.3 Company Secretary**

The Company Secretary of the Board shall be the secretary of the Committee.

# **8. Committee Meetings and Process**

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## **8.1 Meetings**

The Committee will meet as frequently as required to perform its functions effectively, but not less than twice per year. The chairman must call a meeting of the Committee if requested by any member of the Committee, the CEO, the Company Secretary or the chairman of the Board.

The Committee may invite other persons, including external advisors, to attend meetings if considered appropriate by the chair of the Committee. Any director may attend and speak at a Committee meeting.

Committee meetings may be held other than in person, by any technological means agreed by all members of the committee, including by way of standing consent.

## **8.2 Quorum**

Two members constitute a quorum for meetings of the Committee.

## **8.3 Attendance by Management and Advisors**

The Company's Chief Executive Officer has the right to attend each meeting of the Committee and the Committee chairman may invite other senior executives and directors who are not members the Committee to attend meetings of the Committee.

#### **8.4 Notice and Agenda**

The Company Secretary, in consultation with the Committee chairman, must prepare an agenda to be circulated to each Committee member at least three full working days prior to each meeting of the Committee.

The Company Secretary will distribute a meeting timetable for each calendar year.

#### **8.5 Minutes**

The Company Secretary will keep minute books to record the proceedings and resolutions at the Committee meetings.

The chairman of the Committee, or a delegate, will report to the Board after each Committee meeting.

The Committee must refer any matter of significant importance to the Board for its consideration and attention.

#### **8.6 Authority and Access**

The Board authorises the Committee, within the scope of its responsibilities, to:

- (a) investigate any matter within the ambit of the role of the Committee as described above, which is brought to its attention and utilise the resources it needs to do so, with full access to all Company books, records and facilities;
- (b) seek any information it requires from any Company employee (and all employees are required to cooperate with any request made by the Committee) or external parties;
- (c) obtain outside professional advice as it determines necessary to carry out its duties; and
- (d) ensure the attendance of Company officers at meetings as it thinks appropriate.

### **9. Committee's Performance and Review and Publication of Charter**

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The Committee will review its performance on an annual basis, to determine whether it is functioning effectively with reference to its charter and current best practice.

This charter shall be reviewed by the Board on an annual basis and can only be amended by resolution of the Board.

This charter will be made available on the Company's website.

**Approved and Adopted by the Board: 28 April 2021**