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# **Audit Charter**

## **Internal Audit at T&G Global Limited**

**Approved on June 27th, 2019 by the Board of T&G Global Limited**

**Version 1.2**

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## 1 Scope

The “Audit Charter - Internal Audit at T&G Global Limited” is solely applicable to T&G Global Limited (thereinafter “T&G”) and its majority owned / controlled subsidiaries.

## 2 Conditions

### 2.1 German Regulations

In Germany, Management Board members are required to carry out control and monitoring duties according to the legal requirements of the German Companies Act (AktG), the German Corporate Sector Supervision and Transparency Act (KonTraG) and the non-statutory regulations under the German Corporate Governance Codex.

Pursuant to Section 91 (2) of the German Companies Act (AktG), the Management Board is obliged to establish suitable measures, especially a monitoring system, to enable the early identification of any developments that might jeopardise the survival of the company.

The justification for Section 91 (2) of the German Companies Act (AktG), also known as KonTraG, specifies the obligation of the Management Board to provide an adequate risk management and internal audit function.

Within the framework of the German Accounting Law Modernisation Act (BilMoG), additional emphasis was placed on the effectiveness of internal audit systems on the basis of Section 107 (3) sentence 2 of the German Companies Act (AktG) that directly regulates the monitoring obligation of the supervising body.

The German Corporate Governance Codex sets out essential provisions concerning the management and supervision of German listed companies and contains internationally and nationally recognised standards for prudent and responsible corporate management.

### 2.2 New Zealand Regulations

NZX Listing Rule 2.13.3 provides that the responsibilities of a listed issuer’s audit committee must include as a minimum:

- meeting regularly to monitor and review the internal auditing practices; and
- having direct communication with and unrestricted access to any internal auditors or accountants.

The NZX Corporate Governance Code sets out corporate governance reporting obligations for listed issuers in New Zealand. Recommendation 7.3 requires listed issuers to disclose in their annual report if they have an internal audit function, how it is structured and the role that it performs.

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The Financial Markets Authority (FMA) Corporate Governance in New Zealand Principles and Guidelines, also sets out what the FMA expects in regards to corporate governance practices for NZ listed issuers. The FMA have outlined within principle 6: Risk Management that Boards should report at least annually on internal controls and recommends an internal audit function which compliments effective risk management and internal control in entities that face significant financial, operating and compliance risks.

The New Zealand Institute of Directors have issued their four pillars of governance best practice in New Zealand. Under the third pillar: Holding to Account, and fourth pillar: Effective Compliance, they have strongly endorsed the establishment of an internal audit function to support the board accomplish its purposes through an organised approach to evaluating the efficacy of internal controls, risk management and corporate governance.

### **2.3 BayWa AG Corporate Audit Regulation**

In addition, “Corporate Audit is responsible for executing the auditing function at BayWa AG and all 100% affiliated companies and majority holdings of BayWa AG (50% plus one share).”

### **2.4 T&G Global Limited – Board Meeting Decision**

Within the Board Meeting on December 15<sup>th</sup>, 2017, the Directors “agreed that BayWa Corporate Audit would manage the Internal Audit function fully from 2019 onwards”.

## **3 Objectives**

Internal Audit is responsible for performing independent assurance functions on behalf of the T&Gs’ Board of Directors. The objectives to be achieved are as follows:

- Adequacy and effectiveness of risk management system and internal control system;
- Effectiveness and efficiency of business processes;
- Compliance with internal and legal rules and regulations;
- Support the Management in carrying out its control and monitoring duties.

## **4 Principles**

Internal Audit must fully comply with professional regulations. This forms the basis for ensuring a high level of quality to support the top management of T&G. In any event, Internal Audit shall conduct its work independently of instructions and processes.

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## 4.1 Rights

Internal Audit has an unrestricted right to information as well as unlimited and direct inspection and access rights in T&G units, insofar as necessary for performing its duties.

This means:

- Unrestricted access to all company facilities;
- Right of access to all documents and data required by Internal Audit to fulfil its tasks;
- Right of access to personal files with special legitimation and an explicit mandate;
- Obtaining information required for performing all auditing activities;
- Determination of the time, place and nature of the audit;
- Initiation of database evaluations;
- Consulting external experts.

If Internal Audit is hindered or impeded in executing its rights, Internal Audit shall determine measures to be taken (this may include notifying the relevant member of the Management or the Chair of the Board).

## 4.2 Obligations

Internal Audit must perform their activities in compliance with the "Code of Ethics", the "International Standards for the Professional Practice of Internal Auditing" of the "Institute of Internal Auditors" (IIA) and the "Institute of Internal Auditors New Zealand" (IIA NZ) also known as "International Professional Practices Framework" (IPPF) as well as the „Standards des Deutschen Instituts für Interne Revision“.

For each audit a non-disclosure agreement (NDA) shall be signed by each auditor who is attending the audit and archived with the audit documentation. In addition, the NDA between BayWa AG and T&G also applies to Internal Audit information.

Internal auditors are also required to observe the following principles:

### 4.2.1 Competence

Internal auditors shall use the knowledge, skills and experience needed to carry out auditing. They are obliged to continually engage in further training and keep their knowledge up to date.

### 4.2.2 Confidentiality

Internal Audit is particularly obliged to maintain confidentiality regarding any documents that were obtained or produced during the course of its work. This means that no information shall be made available to any persons not involved in the particular auditing

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activities. Therefore, access to the audit documentation shall be restricted to the particular audit team and if electronic documentation is available, access may be granted to an administrator incl. its deputy.

Internal auditors respect the value and the rights to the information to which they are granted access. They solely use the information for the purpose of the particular audit and commit not to disclose any information without the required approvals, unless there is a legal or professional obligation to do so.

#### **4.2.3 Objectivity**

Internal auditors have a maximum degree of professional objectivity in collecting, evaluating and distributing information related to audited activities or processes. They evaluate all relevant circumstances and are neither guided by their own interests nor unduly influenced in their judgment by any third party.

#### **4.2.4 Integrity**

Internal auditors are responsible for ensuring that tasks are carried out in an accurate, proper and responsible manner, in particular in compliance with all legal and internal corporate rules. Internal Audit is, however, subject to legal and professional obligations of disclosure.

## **5 Organisation**

### **5.1 General**

Internal Audit is represented by the Head of Corporate Audit of BayWa AG (thereinafter "Head of Corporate Audit"). The Head of Corporate Audit reports T&G internal audit information directly to the Board of Directors of T&G. The Head of Corporate Audit is authorized to delegate some of their tasks.

Internal Audit is independent and free from division and process interests when fulfilling its tasks. Internal Audit does not have any authority to issue instructions in T&G and its legal entities.

Internal Audit must not have any decision-making powers or responsibilities in relation to the activities they are auditing. In other words, internal auditors must not have any operational or managing involvement in T&G and its legal entities.

The Head of Corporate Audit will have direct and unrestricted access to the FRIC as required to perform his or her tasks.

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## 5.2 Internal Audit Responsibility

The Head of Corporate Audit is responsible for the internal audit system within T&G. This is ensured by the following:

- Determination of the auditing strategy
- Risk-based audit planning and presentation of the annual audit plan to the Board of Directors for its approval
- Determination of auditing guidelines and principles
- Controlling and monitoring of audit execution
- Control and monitoring of the action plan implementation by the auditees

## 6 Tasks

### 6.1 Risk-based Audit Planning

T&G adopts a five-year Internal Audit strategy. This process enables a forward-looking view of areas for Internal Audit focus and can be tailored and aligned to the strategic thinking and plans of the business, including any acquisitions, international subsidiaries and domestic markets for review.

Audit planning is based on a risk-oriented consideration of the audit universe, i.e. the total of all legal and business units in T&G-Group (defined as T&G and its legal entities). Internal Audit is responsible for executing the auditing function at T&G and all 100% affiliated companies and majority holdings of T&G (50% plus one share). Internal Audit audits minority holdings (<= 50%) only on behalf of and on the basis of a majority resolution of the company shareholder meeting, the Board of Directors or if commissioned by the company itself.

Further, Internal Audit shall conduct an audit of major companies after a period of 12 to 24 months after acquisition. Furthermore, adequate capacities should be available for conducting special audits that are required on a short-term basis.

Business risks assessed as extreme or high risks are reviewed for potential Internal Audit activity in the upcoming year. The planning additionally reflects the requirements of the Board of Directors and T&G Management.

The Head of Corporate Audit will be responsible to draft the annual audit plan and to discuss the draft with T&G Management. The draft internal audit plan will be provided to the FRIC to conduct its monitoring and review obligations. For each internal audit subject, the audit team will be specified in the audit plan – audit solely performed by BayWa AG Corporate Audit, solely performed by third party provider or performed as joint audit.

The annual audit plan will be submitted to the Board of Directors for its approval. The approved annual audit plan will be a comprehensive audit assignment and forms the working basis of Internal Audit.

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## **6.2 Auditing Services**

Internal audit primarily performs "classic" auditing services on an "ex post" basis:

- Compliance audits;
- Follow-up audits;
- Special (ad-hoc) audits.

Internal Audit shall conduct special (ad-hoc) audits after they have been engaged by the Chair of the Board or the Chair of the FRIC. This not only includes special audits in case there is a suspicion of fraudulent acts, but also other unscheduled audits that result from a change in the risk situation.

The focus of auditing is checking financial reporting, operational business processes and business systems, fulfilment of compliance requirements and implementation of management duties. The priority of each audit may concentrate on all aspects or only on some aspects.

## **6.3 Reporting**

Reporting relating to auditing services must be made in writing in a clear, concise and factual manner. It must take the form of an audit report, which is provided to the relevant member of the Management, the FRIC, and the Head of Corporate Audit. The T&G Board receives a summary of the internal audit matters discussed in the FRIC through the FRIC minutes. The Head of Corporate Audit is responsible for taking decisions on issuing additional (subsequent) reports or on alternative reporting in the form of a memorandum.

The Head of Corporate Audit will bring any finding of a material weakness or actual or suspected act of fraud or other significant improper act promptly to the attention of the FRIC.

The Board may request a specific report on a particular issue from time to time. The Head of Corporate Audit reports to the FRIC on internal audits performed. Furthermore, the Head of Corporate Audit will also provide any report as requested by the FRIC in order to enable the FRIC to perform its monitoring and review obligations of the effectiveness of the Internal Audit function.