

The primary objective of the **APH Group Audit and Risk Committee** is to assist the Board in fulfilling its corporate governance responsibilities with an appropriate level of diligence and skill in relation to:

- financial management and reporting (including application of accounting policies)
- external and internal audit processes
- risk identification, monitoring and management (including insurance programs), internal controls
- monitoring processes for compliance with laws, contracts and regulations applicable to the company's operations
- reporting on any non-compliance with the company's Code of Conduct.

## Duties and Responsibilities

The Audit and Risk Committee shall review and consider the following matters in accordance with the Audit and Risk Committee Checklist.

### ***Financial Management and Reporting***

- Consider whether appropriate procedures and controls are in place to provide reliability of financial records and proper safeguards of assets.
- Within the scope of the above, ascertain the adequacy of the internal controls to ensure compliance with various regulatory (and contractual) requirements and the company's responsibilities, policies and procedures.
- Discuss with management and the auditors, recent and prospective pronouncements and developments on accounting standards and any other legislative changes, and in conjunction with management review, the potential impact of such pronouncements and developments on the company's financial statements and financial management policies.
- Obtain satisfaction that the annual financial statements reflect the financial condition of the company, and ascertain from the auditors whether there are any other matters that they may wish to raise in connection with the audit and act as a forum for resolving any outstanding issues.

### ***External Auditors***

- Recommend to the Board for approval the appointment and remuneration of external auditors for the company and discuss with the external auditors the scope and extent of the annual audit plan.
- Monitor auditor compliance with the Auditor Independence Policy.
- Review with the external auditors their findings and recommendations, including interim audit reports and management's responses, and action to correct any noted deficiencies. Advise the Board of any issues of concern and the extent to which audit recommendations have been or are to be implemented.
- Review any matters relevant to the audit of the company's accounts deemed necessary to ensure compliance with the applicable laws, regulations, standards and policies.
- Review management representation letters for completeness and appropriateness.
- External auditors will have unrestrained access to the Chair of the Audit and Risk Committee to discuss any matter.

### ***Internal Auditors***

- Recommend to the Board for approval the appointment of the internal auditors for the company and discuss internal audit scope and extent of the annual audit plan.
- Evaluate the process for establishing the annual internal audit plan and the focus of risk reviews.
- Review the annual audit plan (and any amendments) recognising the need to balance financial and operational auditing.
- Identify and communicate Audit and Risk Committee expectations to the internal audit function and management. Periodically measure the auditors' performance against these expectations.
- Ensure that the internal and external auditors coordinate financial auditing plans to provide appropriate audit coverage of key business controls and financial statement risk areas and eliminate duplication of effort.
- Monitor auditor compliance with Auditor Independence Policy.
- Internal auditors will have unrestrained access to the Chair of the Audit and Risk Committee to discuss any matter.

### ***Risk Management***

- Liaise with management to ensure there is a common understanding of the key risks to the company. These risks will be clearly documented in a risk register. The risk register will be regularly reviewed to ensure that it remains up-to-date.
- Assess the internal processes for identifying key risks, including financial and non-financial risks. The Audit and Risk Committee shall assess the adequacy of risk-management activities and systems.
- Monitor internal processes for ensuring compliance with key legal document requirements and that the business activities are consistent with maintaining the integrity of the tax structure of the Group.
- Review the adequacy of the Risk Management Policy for the company, including: risk management philosophy, responsibilities and reporting, risk assessment and evaluation criteria, risk appetite, and risk tolerances, for approval by the Board.
- Review the adequacy of an appropriate insurance program for the company and its Board including undertaking annual reviews, for approval by the Board.
- Review the adequacy of the framework for business continuity planning.
- Review the company's activities with regard to compliance with the Maritime Security Plan.

### ***Reporting to the Board***

- Report the Committee's deliberations and recommendations to the Board.

### ***Special Assignments***

- Undertake other related activities referred to the Audit and Risk Committee by the Board of the company.

### ***Other Compliance Issues***

- Review any other matters relating to compliance, e.g. probity audit, or investigations involving ASIC, the ATO or the Police.

### **Action**

The Board authorises the Audit and Risk Committee to act in a non-executive role to take action in order to:

- report to and assist the Board in fulfilling its responsibilities relating to financial management and reporting functions and in safeguarding company assets

- provide a means of access to the Board for the external and internal auditors in order to assist them in performing their respective functions
- assign to Secretary of the Committee such duties and responsibilities as the Committee may deem appropriate
- take other actions as are necessary or prudent to fulfil the responsibilities of the Committee, provided that no action will be taken without prior approval of the Board.

## Membership

The membership of the Audit and Risk Committee should be reviewed annually by the Board and shall comprise at least three members reporting to the Board. Any director, alternate or observer may attend the Committee from time to time as required in unofficial capacity. Members are appointed on the basis of requisite technical expertise, business, financial, leadership and communication skills.

The Audit and Risk Committee will strive to achieve a majority of suitably qualified persons. A quorum of the Committee shall consist of two Members. In circumstances where one of the regular Members is not available, then an alternate Member, as nominated by the regular Member, may attend.

Members are required to declare any Conflicts of Interest and/or Duty that could constitute a real, potential or apparent conflict with respect to participation on the Committee. The disclosure must be made on appointment to the Committee and in relation to specific agenda items at the outset of each Committee meeting.

The Chairman of the Board shall have a standing invitation to all Audit and Risk Committee meetings.

## Committee Chairman

The Chairman of the Committee will be appointed by the Board and reviewed biennially. The Chairman of the Committee shall preside over the meetings of the Committee and may call special meetings, in addition to those regularly scheduled, and report to the Board the actions and recommendations of the Committee. Should the Chairman be absent from any meeting, the members of the Committee present shall appoint one of those to be Chair of that meeting.

## Secretary

The company's Company Secretary or such other person as the Board may appoint shall be designated the Secretary to facilitate the administrative functions of the Committee.

The responsibilities of the Secretary include preparing and sending notices of meetings and agendas, recording the minutes of meetings of the Committee, and performing any other administrative duties deemed necessary by the Committee.

## Meetings

The Audit and Risk Committee will establish a timetable for regular meetings during the year which shall not be less than quarterly. The Committee will meet in person where practical or by telephone or video-conference.

It is anticipated that the Committee will hold meetings to:

- review and recommend for the approval of the Board strategic and annual internal audit plans
- review internal audit reports and monitor the implementation of their recommendations
- consider annual report of internal audit activities
- review the annual external audit plan
- review and recommend for Board approval the company's insurance program annually

- discuss results of external audit and review and recommend for adoption the annual financial statements
- undertake any other activities that are required to fulfil the duties and responsibilities of the Committee.

Additional meetings will be held as required at the discretion of the Committee or by direction of the Board.

External auditors and internal auditors shall be invited to attend Committee meetings as appropriate, as may other Managers and employees of the company.

External and internal auditors may meet with members of the Audit and Risk Committee as required. Copies of agendas and minutes for each meeting shall be sent to all Board Members and members of the Committee.

The Committee's deliberations shall be reported to the full Board as soon as practically possible following the meeting of the Committee.

### Periodic Performance Review

The performance of the Committee should be regularly reviewed to ensure that the Committee is fulfilling the functions as set out in this Charter. This review should be conducted in conjunction with any performance reviews undertaken for the Board.

### Review of the Charter

The Charter will be reviewed annually by the Chairman of the Committee to reflect any changes to the Committee's responsibilities and all amendments will be endorsed by the Audit and Risk Committee, prior to approval by the Board.