

# Audit and Risk Committee Charter

## 1. Purpose

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The Board of Directors has established an Audit and Risk Committee in compliance with section 92 of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and section 17 of the *Public Governance Performance and Accountability Rule 2014 (PGPA Rule)*, which require the Board to establish an Audit Committee.

This Charter governs the operations of the Audit and Risk Committee (**Committee**). It sets out the role, responsibilities and powers of the Committee, and provides a framework within which the Committee will operate.

This Committee will act as the Audit and Risk Committee for National Intermodal Corporation Limited (**National Intermodal**) and all wholly owned subsidiaries (together, the **Company**).

The Committee will have no executive powers regarding its findings and recommendations.

This Charter should be read in conjunction with the Company's Constitution and Board Charter which outline matters standard to each Board committee such as access to information and performance review.

## 2. Authority of the Committee

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The Board has delegated authority to the Committee and an outline of the Committee's responsibilities are outlined in section 3 of this Charter.

### 2.1 Access to Information and Management

The Committee may obtain any information it requires and obtain advice from external consultants as it considers necessary or appropriate to enable it to properly discharge its responsibilities.

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

- (a) investigate any matter brought to its attention with full access to all books, records and facilities;
- (b) seek any information it requires from external parties or management of the Company by interviewing management (including requiring the attendance of management at meetings of the Committee) internal auditors and the Auditor General (with or without management present); and
- (c) obtain external accounting, legal, compliance, risk management or other professional advice as it determines necessary to carry out its duties, at the Company's expense.

### 2.2 Reporting to the Board

The Committee will regularly update the Board on its activities and make recommendations to the Board, as appropriate. The Chairperson of the Committee will report to the Board at the next Board meeting following a meeting of the Committee on any matters that the Committee considers should be brought to the attention of the Board.

### 3. Role of the Committee

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The role of the Committee is to assist the Board in discharging its responsibilities including:

- (a) oversight of the integrity of the Company's statutory financial reports and statements;
- (b) reviewing the appropriateness of the Company's financial reporting and performance reporting;
- (c) reviewing the Company's compliance with financial management, performance and reporting obligations including those imposed by:
  - (i) the PGPA Act and the PGPA Rule;
  - (ii) the *Corporations Act 2001* (Cth) (**Corporations Act**);
  - (iii) the Commonwealth Government Business Enterprise Governance and Oversight Guidelines, as amended from time to time (**GBE Guidelines**);
  - (iv) general policy orders issued by Commonwealth; and
  - (v) specific orders and general policy orders issued by the Company's Shareholder Ministers;
- (d) providing a forum for communication between the Board, management and the Company's internal auditors and the Auditor General;
- (e) monitoring management's framework for the identification and effective management of risks, having regard to the risk appetite adopted by the Board;
- (f) monitoring maintenance of effective and efficient internal and external audit processes;
- (g) reviewing auditor independence and performance;
- (h) maintaining a culture of compliance; and
- (i) monitoring compliance with applicable laws, regulations, ethical standards, policies and procedures.

### 4. Responsibilities of the Committee

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The Committee will ensure that it understands the Company's business structure, business and controls to ensure that it can adequately assess the risks faced by the Company. The Committee will assist the Board in discharging its responsibilities. The Committee has no management role.

#### 4.1 Financial reporting

The Committee's primary responsibility is to review the Company's financial and performance reporting processes and to report the results of its activities to the Board.

The Committee will review and make recommendations to the Board in relation to:

- (a) the periodic financial reporting process implemented by management and the adequacy of corporate reporting processes;

- (b) the annual financial statements, together with the Auditor General's opinions, to ensure they represent a true and fair view of its financial position and performance and with a focus on:
- (i) compliance with accounting standards, including an assessment of the appropriateness of management's selection of accounting policies and disclosures;
  - (ii) any significant or unusual transactions and accounting estimates;
  - (iii) any significant changes in accounting policies and practices;
  - (iv) any areas of significant judgement and financial statement balances that require estimation or judgement including by:
    - (i) querying management as to the basis upon which the estimation or judgement was made; and
    - (ii) querying the Auditor General as to how they concluded that those judgements and estimates were reasonable;
  - (v) any proposed departures from accounting standards;
  - (vi) any significant audit adjustments; and
  - (vii) compliance with remuneration tribunal determinations and remuneration reporting requirements;
- (c) any audit findings reported in the audit management letters and other reports provided by the Auditor General and ensure that findings are promptly addressed and recommendations are adopted by management; and
- (d) any sign-off by management in relation to the accuracy and quality of the financial statements, and

based on its review of the financial statements, any notes, disclosures and other information, recommend to the Board as to whether the financial reports and accounts (including dividends, if any) should be approved.

The Committee must ensure that annual financial statements presented in the Annual Report are audited, or reported on, by the Auditor General under the circumstances outlined in the *Auditor-General Act 1997* (Cth).

## 4.2 Performance reporting

The Committee will review the Company's systems and procedures for assessing and reporting the achievement of the Company's performance. In particular, the Committee will:

- (a) verify that the Company's budget and Corporate Plan includes details of how the Company's performance will be measured and assessed;
- (b) review the Company's approach to measuring its performance throughout the financial year, including verifying that the approach is consistent with the performance measures included in the budget and Corporate Plan and with any account guidance issued by the Department of Finance; and
- (c) verify that the Company has sound processes in place for the preparation of its annual report.

### 4.3 Auditor General

The Company auditor is the Australian National Audit Office (**ANAO**). The Committee will:

- (a) regularly review, with the Auditor General, any audit issues encountered in the normal course of audit work and any restrictions on audit scope or access to information;
- (b) ensure significant findings and recommendations made by the external auditor are received and discussed by the Committee on a timely basis;
- (c) review and approve the annual Audit Plan;
- (d) from time to time and at least biannually meet separately with the Auditor General to discuss any matters that the Committee or Auditor General believe should be discussed privately;
- (d) meet periodically with the Auditor General and invite them to attend Committee meetings to:
  - (i) review their plans for carrying out internal control reviews; and
  - (ii) consider any comments made in the Auditor General's management letter, particularly, any comments about material weaknesses in internal controls and management's response to those matters; and
  - (iii) make recommendations to the Board;
- (e) monitor and report to the Board on management's response to the Auditor General's findings and recommendations;
- (f) reviewing all representation letters signed by management and ensuring information provided is complete and appropriate; and
- (g) receiving and reviewing the reports of the Auditor General.
- (h) receiving and reviewing the reports of the Auditor General.

### 4.4 Assessment of internal controls

The Committee will comply with the Internal Control Framework approved by the Board, as amended from time to time. The Committee will meet separately with management, the internal auditor and the Auditor General periodically to:

- (a) review the adequacy, appropriateness and effectiveness of internal control systems, accounting and financial controls, including policies and procedures to assess, monitor and manage business risk;
- (b) understand the scope of internal and external auditor's review of internal controls over financial reporting;
- (c) monitor internal control recommendations made by the internal auditor (if any) and/or the Auditor General and approved by the Committee have been implemented by management;
- (d) ensure significant findings and recommendations made by the Auditor General are considered and discussed by the Committee on a timely basis;

- (e) assess alleged and actual fraud cases and/or inappropriate practices, to satisfy itself that management has put in place appropriate systems of accounting, risk management and internal controls; and
- (f) consider any other matters delegated to it by the Board (including special investigations).

The Committee will approve and, where appropriate, make recommendations to the Board regarding the appointment, remuneration and removal of the internal auditor and, if an internal auditor is appointed, the Committee will:

- (a) review with management the scope of the internal auditor's activities, including the internal audit plan, work program and quality control procedures;
- (b) ensure significant findings and recommendations made by the internal auditor are received, discussed and a course of action is agreed upon and implemented by management on a timely basis; and
- (c) review the independence, performance and effectiveness of the internal audit function on an annual basis.
- (d) ensure significant findings and recommendations made by the Auditor General are considered and discussed by the Committee on a timely basis;
- (e) assess alleged and actual fraud cases and/or inappropriate practices, to satisfy itself that management has put in place appropriate systems of accounting, risk management and internal controls; and
- (f) consider any other matters delegated to it by the Board (including special investigations).

The Committee will approve and, where appropriate, make recommendations to the Board regarding the appointment, remuneration and removal of the internal auditor and, if an internal auditor is appointed, the Committee will:

- (a) review with management the scope of the internal auditor's activities, including the internal audit plan, work program and quality control procedures;
- (b) ensure significant findings and recommendations made by the internal auditor are received, discussed and a course of action is agreed upon and implemented by management on a timely basis; and
- (c) review the independence, performance and effectiveness of the internal audit function on an annual basis.

#### **4.5 Compliance**

The Committee will:

- (a) review the adequacy and effectiveness of the Company's system for monitoring compliance with laws and regulations;
- (b) review the results of management's investigation into and follow-up (including disciplinary action) of any instances of non-compliance;
- (c) review processes for the exercise and management of delegations;

- (d) review the findings of any examinations by regulatory agencies and any auditor observations;
- (e) review the Company's code of conduct and other Board approved policies and monitor compliance with policies and the code; and
- (f) obtain regular updates from management regarding compliance matters that may have a material impact on the Company or the Commonwealth's reputation or financial reports.

#### **4.6 Risk oversight and management**

The Committee will ensure that the Company has an effective system of risk oversight and management and control (**Risk Management Framework**), having regard to the risk appetite established by the Board. The Committee will:

- (a) oversee the Company's Risk Management Framework;
- (b) review the appropriateness and effectiveness of National Intermodal's Risk Management Framework, including risk management policies and processes and National Intermodal's internal control environment;
- (c) receive reports from management on new and emerging risks and the risk controls and mitigation measures that management has put in place to deal with those risks;
- (d) review and approve the adequacy and effectiveness of management reporting and risk management control systems;
- (e) review the adequacy of the Company's insurance coverage at least annually having regard to the Company's business and the insurable risks associated with its business;
- (f) recommend National Intermodal's risk appetite statement for approval by the Board;
- (g) review and oversee National Intermodal's Risk Appetite and recommend National Intermodal's Risk Appetite for approval by the Board; and
- (h) where appropriate, recommend principles, policies and processes for the management of risk for approval by the Board.

#### **4.7 Policies and controls**

The Committee will:

- (a) oversee the establishment of procedures to promote compliance with the Company's governance, operating and accounting policies and procedures;
- (b) ensure the Company has adequate policies and processes for the oversight and management of material business risks, financial controls and reporting, and sensitive matters including a code of conduct, whistleblower policy and fraud and corruption prevention policy; and
- (c) review and make recommendations to the Board in relation to the Company's policies and procedures to ensure compliance with relevant laws and regulations and best practice corporate government practices.

#### **4.8 Ethical and Lawful Conduct**

The Committee will assess whether management has taken steps to promote and implement the cultural and ethical standards adopted by the Board and the proper use and management of public resources and is committed to ethical and lawful conduct. These standards are based on the following principles:

- (a) Act honestly, with integrity and trust and in the best interests of the Company;
- (b) Promote fair, ethical and objective decision making;
- (c) Identify and manage conflicts of interest;
- (d) Protect confidential and sensitive information;
- (e) Use public resources, facilities and equipment efficiently and effectively;
- (f) Observe standards of health and safety;
- (g) Report breaches of the Code of Conduct.

## **5. Committee Membership and Composition**

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### **5.1 Composition of the Committee**

Subject to the PGPA Act and the PGPA Rule, the Committee is appointed by the Board. The Committee:

- (a) will consist of a majority of independent non-executive directors;
- (b) will have a minimum of three members;
- (c) may consist of non-Board independent members appointed by the Board (where particular areas of expertise are needed);
- (d) is to consist of members who have appropriate qualifications, knowledge, skills or experience to assist the committee to perform its functions;
- (e) is to have at least one member who has financial expertise (i.e. is a qualified accountant or other financial professional with financial and accounting experience);
- (f) shall not include any person who is an employee of the Company; and
- (g) shall not include the Chair of the Board.

### **5.2 Term of appointment**

Committee members are appointed by the Board for a term that coincides with the member's term of appointment as a director of National Intermodal or any lesser period that coincides with the termination of the Committee or following changes to the composition of the Committee (as determined by the Board). Existing members may be reappointed by the Board.

### **5.3 Chair of the Committee**

The Chair of the Committee:

- (a) must be an independent non-executive director of National Intermodal and a member of the Committee;
- (b) is to be appointed by the Board; and
- (c) has the authority to appoint an independent non-executive director who is a member of the Committee as acting Chair, should the Chair of the Committee anticipate being absent from a meeting. Where the Chair of the Committee is absent from a meeting and no acting Chair has been appointed, the members of the Committee present at the meeting have the authority to choose an independent non-executive director who is a member of the Committee to be acting Chair for that particular meeting.

### **5.4 Review of composition**

Subject to the requirements of the PGPA Act and the PGPA Rule, the Board and the Committee will review the Committee's composition from time to time to ensure an appropriate balance of skills and experience.

## **6. Committee Meetings**

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The Committee will meet in accordance with the proceedings requirements set out in the Company's Constitution.

### **6.1 Frequency of meetings of the Committee**

- (a) The Committee will meet as often as necessary to undertake its role effectively but must meet at least quarterly. Meetings should be scheduled to correspond with the Company's financial reporting cycle.
- (b) Additional meetings may be requested through the Chair of the Committee by any member, the Company Secretary, internal auditors or the external auditors.
- (c) The dates, times and venue of the Committee meetings will be notified by the Company Secretary to all members of the Committee as far in advance as practicable.

The Committee must meet separately with the external auditor and the internal auditor in the absence of management at least once annually.

### **6.2 Quorum**

A meeting will consist of a majority of Committee members. The quorum must be present at all times during the meeting.

### **6.3 Agenda, Meeting Papers and Minutes**

- (a) The meeting agenda for each meeting will be approved by the Chair and will be circulated by the Company Secretary along with the meeting papers at least one week before the meeting.



- (b) The minutes of the meeting will be prepared by the Company Secretary, reviewed by the Chair and circulated to each member of the Committee.
- (c) Minutes should accurately record the resolutions of the Committee, key reasons for those decisions (where appropriate) and actions arising.
- (d) The minutes should include or be accompanied by an action list that includes accountabilities and the nature and timing of subsequent reporting. The action list will be prepared by the Company Secretary, approved by the Chair and circulated to each member of the Committee with the minutes of the meeting.

## **6.4 Decisions**

At a Committee meeting:

- (a) all decisions will be by majority vote of the members of the Committee in attendance; and
- (b) persons attending a meeting of the Committee who are not members are not entitled to vote on resolutions.

The Chairperson will not have a casting vote.

## **6.5 Entitlement of members of the Board to attend meetings of the Committee**

All members of the Board are entitled to attend and participate in any meeting of the Committee.

## **6.6 Procedure for inviting other persons to attend meetings of the Committee**

The Committee may invite other persons to attend meetings of the Committee, including the Chief Executive Officer, Chief Financial Officer, other representatives of management, the internal auditor or the external audit engagement partner, if considered appropriate by the Committee Chair.

## **6.7 Conflicts of interest**

Committee members and invitees must disclose conflicts of interest at the commencement of each meeting. Where members or invitees are deemed to have a real or perceived conflict of interest, they will absent themselves from Committee discussions on the issue where the conflict exists. This section should be read in conjunction with the Company's Conflict of Interest Policy.

# **7. Company Secretary**

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- (a) The Company Secretary will act as Secretary of the Committee and will attend all meetings of the Committee to ensure that appropriate minutes are recorded.
- (b) The Company Secretary, in conjunction with the Chair of the Committee, must prepare an agenda to be circulated to each Committee member and those persons invited to attend its meetings, at least one week prior to each meeting of the Committee.

- (c) Minutes must be prepared, approved by the Chair and circulated to the members within two weeks of the meeting. The minutes must be ratified by the members present at the following meeting and signed by the Chair.
- (d) The Company Secretary will distribute a meeting timetable for each forthcoming calendar year.

## 8. Reporting

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- (a) The Chair of the Committee will provide a report on the Committee's activities, findings, and recommendations of the Committee to the next Board meeting following each meeting of the Committee.
- (b) The Committee must ensure that the Board is made aware in a timely manner of material audit, financial reporting, internal control, risk management and compliance matters that may significantly affect the Company.
- (c) The Committee must ensure an open avenue of communication between the internal auditor, the external auditor and the Board.
- (d) The Committee will review and, if considered appropriate, approve any reports prepared by management which are required by law, regulation or other rules or requirements of the Board.

## 9. Review of Charter

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The Committee will review this Charter annually and recommend the approval of the Board to make any changes that may be required.

## 10. Approved and Adopted

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This Charter was:

- ✓ approved by the Board on 18 May 2022
- ✓ adopted by the Committee on 18 May 2022