

TasPorts Board Audit & Risk Management Committee Charter

1. INTRODUCTION & AUTHORITY

This Charter sets out the structure, role and responsibilities of the Audit & Risk Management Committee (**Committee**) of the Board of Tasmanian Ports Corporation Pty Ltd (**TasPorts**).

The Board authorises the Committee, within the scope of its duties and responsibilities set out in this Charter, taking into account any relevant shareholder policies, directives and guidelines.

2. OBJECTIVE

The objective of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- i. The preparation and integrity of TasPorts' financial statements and reporting process;
- ii. Internal controls, policies and procedures that TasPorts uses to identify and manage business risks;
- iii. TasPorts' compliance with insurance, legal and regulatory requirements and the code of conduct;
- iv. The resources, performance and scope of work of the internal audit function; and
- v. The external auditor's annual audit of the financial statements.

In doing so, it is the responsibility of the Committee to maintain free and open means of communication between the Board, the internal auditors, the external auditors, and the senior management of the TasPorts.

3. STRUCTURE

The Committee shall consist of no less than three (3) members, all being non-executive Directors.

The Board shall appoint the members of the Committee and the Committee Chair. The Committee Chair will not be chair of the Board.

Composition of the Committee will be reviewed annually by the Board to ensure the appropriate balance of skills, knowledge and experience.

Each Committee member must be financially literate. At least one member must have accounting or financial expertise.

Management and external advisers may attend meetings by invitation of the Committee Chair, and they may participate in discussions, but they do not vote.

The Chair of the Board (should the Chair of the Board not be a member of the Committee) has a standing invitation to attend Committee meetings and Directors who are not Committee members may also attend Committee meetings.

New members of the Committee should be briefed by management and have the opportunity to review the physical, commercial and financial aspects of the business as part of an induction procedure for new members. All members should be provided reasonable assistance to acquire and maintain appropriate financial and business skills.

4. RESPONSIBILITIES

The duties and responsibilities of the Committee are:

4.1 Financial Information

Review any significant accounting and reporting issues, including professional and regulatory announcements, and understand their effect on the TasPorts' financial statements.

Review the half-year and annual financial statements of TasPorts presented by management, which require the approval of the Board, based on the recommendation of the Committee, and hold discussions regarding the financial statements with the external auditor and management before submission to the Board.

The Committee will in its review of the financial statements:

- i. The consistency of accounting policies and appropriate adoption of any new accounting standards;
- ii. Considering the need for, appropriateness of and correct disclosure of, any changes made to the TasPorts' accounting policies;
- iii. The treatment and disclosure of complex or unusual transactions;
- iv. Significant judgments made by management in preparing the financial statements, including any significant accounting estimates;
- v. The going-concern assumptions; and
- vi. Review, at least annually, the written attestations provided by the CEO and CFO for Australian reporting purposes that:
 - a. the TasPorts' financial statements and notes present a true and fair view, in all material respects, of the TasPorts' financial condition, and are in accordance with relevant accounting standards;
 - b. the TasPorts' financial records have been properly maintained;
 - c. the TasPorts' risk management and internal control and compliance systems are operating effectively and effectively in respect to its material business risks; and
 - d. the financial statements are founded on a sound system of risk management and internal compliance and control, and that the system is operating effectively in all material respects in relation to financial reporting risk.

4.2 External Audit

- i. Review the external audit report for submission to the Board for approval.
- ii. Review the audit plan for coverage of material risks and financial reporting requirements and recommend approval of the annual audit plan.
- iii. Deal with issues raised by the auditors, the Board or management.
- iv. Review management responses to audit reports and actions to address any recommendations.
- v. Oversee the independence of the audit function and prevent management restrictions being placed upon the auditors.
- vi. Facilitate preservation of the objectivity of the audit function by monitoring financial relationships with and the provision of non-audit services by the auditor.
- vii. Evaluate the overall effectiveness of the audit and recommend fees for the auditor to the Board.
- viii. Require reports from management and the auditors on any significant proposed regulatory, accounting or reporting issues to assess the potential impact on the TasPorts' financial reporting process.
- ix. Assess and advise the Board on the reliability of financial information and the financial reporting practices of the TasPorts and the compliance of the TasPorts' accounting policies with the *Financial Management and Audit Act 1990*, Government guidelines and current Australian Accounting Standards.
- x. Advise the Board on recommended best corporate governance practice for dealing with conflicts of interest and duty.
- xi. Initiate and supervise, where appropriate, special reviews.
- xii. Committee members should meet once a year with the auditor-general without management present.

4.3 Internal Audit

- i. Review and approve the terms of appointment of the internal auditor
- ii. Assess the quality and effectiveness of the internal audit function.
- iii. Review the internal audit structure, independence and access to senior management, the committee and the Board.
- iv. Review and approve the strategic internal audit plan, over a three year period to assess whether it addresses the business risks of TasPorts
- v. Review and approve the annual internal audit plan and any significant changes made to the plan.
- vi. Review reports of results of internal audit engagements, audit-related activities, team capability, audit performance and other important matters.
- vii. Enquire of the CFO to determine any scope or budget limitations that may impede the execution of internal audit responsibilities.

4.4 Risk and Compliance

- i. Monitor the impact of TasPorts' culture on compliance processes.
- ii. Oversee an appropriate risk management framework and improve the effectiveness of TasPorts' risk management and internal controls.
- iii. Monitor the impact of key legislative and regulatory changes, internal policies and Accounting Standards that may have a significant impact on TasPorts' operations.
- iv. Obtain regular updates from management and the CFO about any compliance and ethical matters that may have a material impact on TasPorts' financial statements, strategy, operations or reputation, including material breaches of laws, regulations, standards and policies. Review the adequacy and effectiveness of the TasPorts' systems, policies and procedures which relate to risk management and compliance including the results of management's investigations and findings of any instances of non-compliance.
- v. Review and monitor related party transactions.
- vi. Review the adequacy of TasPorts' insurance coverage, including understanding the processes management have implemented for managing insurable risks and, if applicable, self-insurance, including assessing the adequacy of insurance cover.
- vii. Examine any matters referred to it by the Board.

The Committee has authority to make decisions within its Charter or as delegated from time to time by the Board.

The Committee may require management to undertake further activities before the Committee can make recommendations to the Board.

4.5 Other Responsibilities

Management are to ensure that there is a process in place for:

- i. The Board Chair and Committee Chair to be informed on a timely basis of any issue of significant non-compliance or litigation.
- ii. To oversee the process for the receipt, retention and treatment of information receiving from the Public Interest Disclosure policy and procedures, and also from the external complainants regarding matters relating to audit, the financial statements, internal controls or possible fraud.

Additionally the Committee shall:

- iii. Review management's anti-fraud and corruption strategies, policies and programs.
- iv. Review any fraud reports, including the review and discussion of any reports concerning any breach of fiduciary duty.

- v. Hold regular executive sessions with the CEO, CFO and other senior management to discuss relevant matters with the Committee.
- vi. Act as a forum for the communication between the Board and senior management and internal and external audit.
- vii. Review the effectiveness and level of cooperation between management and the external auditors.
- viii. Review reports to the stakeholders on the role and responsibilities of the Committee.
- ix. Oversee the conduct of special investigations (if required).
- x. Perform any other duty or undertaking that the Board may request from time to time.
- xi. Review, for potential conflict of interest situations, and pre-approve related party transactions on an ongoing basis.

5. RESOURCES

5.1 Internal Resources

The Committee and each Committee member shall have direct access to appropriate internal resources to assist in the discharge of the responsibilities set out in this Charter, including without limitation the Chief Executive Officer, Chief Financial Officer, Company Secretary and Manager Finance. Administrative support is available upon request.

5.2 External Resources

The Committee acknowledges that there will be occasions where matters of particular complexity or sensitivity warrant the use of external advisers. The Committee shall have access to appropriate funds to engage external advisers or specialists to advise on all matters relevant to the discharge of the responsibilities set out in this Charter.

6. ADMINISTRATION ARRANGEMENTS

6.1 Meetings

The Committee will meet at least four times per year and additionally as required.

The Chair must call a meeting if asked to do so by the Chair of the Board, and will decide if a meeting is required if requested by another Committee member.

6.2 Planning

The Committee will develop a forward meeting schedule that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, that cover all the responsibilities outlined in this Charter.

6.3 Quorum

The quorum for meetings of the Committee is two members or if the majority of the Committee is greater than two persons, then that number of persons.

6.4 Secretariat

The Company Secretary will provide secretariat support to the Committee, including:

- i. Compiling and distributing relevant documents to be considered at meetings of the Committee to members (as well as any invitees to the meeting); and
- ii. Preparing minutes of each Committee meeting, to be signed by the Chair within a reasonable time after the meeting.

6.5 Conflicts of Interest

At the beginning of each Committee meeting, members must declare any potential or actual conflicts of interest that may apply to specific matters on the meeting agenda. Where required by the Chair, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). Details of potential or actual conflicts of interest declared by members and action taken will be appropriately minuted.

6.6 Reviews

The Committee must conduct an annual review of its performance and effectiveness, inviting comments from all members of the Board.

The Board will review the role of the Committee and this charter from time to time. The Board will take into account the Committee's recommendations on its role and Charter.

This Charter was approved by the Board on 18 June 2020