



# Audit, Governance & Risk Management Committee Charter

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# Audit, Governance & Risk Management Committee Charter

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## 1. Purpose

- 1.1 The Audit, Governance & Risk Management Committee (the **Committee**) is a Committee of the Aurizon Holdings Limited (the **Company**) Board (the **Board**). The purpose of the Committee is to review and make recommendations to the Board on the following matters:
- managing the Company's financial, legal and compliance responsibilities relating to financial reporting;
  - the adequacy of the Company's corporate reporting processes and internal control structures and environment (with the objective of safeguarding the integrity of the Company's corporate reporting and facilitating independent verification);
  - risk management, compliance systems and risk culture, including the risk management framework;
  - internal audits and external audits;
  - the governance policies, framework and compliance of the Company;
  - the risk and control culture including Code of Conduct, Whistle-blower Policy and Anti-bribery and Corruption Policy and any reported breaches of any of them; and
  - the issuing of an annual corporate governance statement.

The responsibilities of the Committee are further detailed in section 6.

- 1.2 For the avoidance of doubt, the Committee discharges the above responsibilities in relation to the Company and as applicable, the entities it controls (the **Group**).
- 1.3 The Committee also exercises the administrative powers delegated to it by the Board.
- 1.4 The Committee is to assist the Board by undertaking the roles, and exercising the responsibilities, set out in this Charter and other reviews or assignments as requested by the Board.
- 1.5 The Committee aims to bring transparency, focus and independent judgment to these roles.

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## 2. Administration

### 2.1 Membership and Expertise

- 2.1.1 The Board appoints the members of the Committee and Committee's Chairman. The Committee must be comprised of at least three Board members and only independent non-executive Directors. The Company will disclose the members of the Committee.
- 2.1.2 The Committee's Chairman must not be the Chairman of the Board and must be an independent non-executive Director. If, for a particular Committee meeting, the Committee's Chairman is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a Chairman for the meeting.
- 2.1.3 The Board may, by resolution, remove and replace members of the Committee.
- 2.1.4 Each Committee member must dedicate the necessary time and attention to Committee meetings to carry out its responsibilities.
- 2.1.5 The Committee is intended to be structured so that between them, the members of the Committee should have the accounting and financial expertise and a sufficient understanding of the industry and the circumstances in which the Group operates, to be able to discharge the Committee's duties effectively. Accordingly, the Committee collectively (and not necessarily individually), should include members with the following qualifications, skills and/or experience:

- a reasonable knowledge of current listed company corporate governance practices;
  - a qualified accountant or other finance professional with experience of financial and accounting matters; and
  - experience in identifying, assessing and managing risk exposure.
- 2.1.6 If the Committee's Chairman approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the Company's expense.
- 2.1.7 The Company will disclose the relevant qualifications and experience of the members of the Committee.
- 2.1.8 The Company's Company Secretary (the **Company Secretary**) or with approval of the Committee a delegate of the Company Secretary will be the secretary of the Committee (the **Committee Secretary**).

## 2.2 Meetings

- 2.2.1 Meetings shall be held as frequently as required to perform its functions, but not less than four times per year. Any member of the Committee, the external auditor, the Group Executive Corporate and Head of Risk and Assurance or the Company's Chairman may require the Committee Secretary to convene a meeting of the Committee.
- 2.2.2 Meetings and proceedings of the Committee are governed by the provisions of the Company's Constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this Charter.
- 2.2.3 However, the Committee should seek, to the extent possible, to determine matters before the Committee by consensus.
- 2.2.4 Committee members may attend meetings of the Committee in person or by electronic means.
- 2.2.5 A quorum for any meeting is at least two members of the Committee.
- 2.2.6 Subject to the discretion of the Committee, the Company's Managing Director & CEO, Chief Financial Officer, Group Executive Corporate and Head of Risk and Assurance and external auditors are expected to attend all Committee meetings by standing invitation but may be asked to leave at any time. The Committee's Chairman may invite other people including any Director or employee of the Group to attend all or part of the Committee's meetings.
- 2.2.7 The Head of Risk and Assurance and external auditors will meet with the Committee periodically without management being present.
- 2.2.8 Any person with a material personal interest in a matter being considered at a meeting must not be present for consideration of that matter.
- 2.2.9 Subject to the rules in relation to conflict of interests set out in the Board Charter from time to time, other members of the Board are to be given access to Committee papers and reports prior to each Committee meeting and are entitled to attend and contribute to the discussion at Committee meetings.
- 2.2.10 The agenda for meetings is determined by the Committee Chairman after appropriate consultation with the Committee Secretary and others as required. Unless otherwise agreed or considered necessary by the Committee's Chairman, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting documentation will be circulated by the Committee Secretary to each Committee member and any other individual invited to attend before the meeting.
- 2.2.11 Subject to this section 2.2, decisions of the Committee may be made at a duly called and constituted meeting or as otherwise agreed by all Committee members.

## 2.3 Minutes

- 2.3.1 The Committee Secretary must prepare minutes for each Committee meeting.
  - 2.3.2 The draft minutes of each Committee meeting are to be reviewed by the Committee's Chairman and circulated to all Committee members by the Committee Secretary as soon as practicable after each Committee meeting.
  - 2.3.3 A copy of the Committee minutes, once they have been approved by the Committee, are to be signed by the Committee's Chairman and made available for the Company's Board to view via the Directors' only website as soon as practicable.
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## 3. Authority and resources

3.1 The Board has authorised the Committee to:

- perform the activities required to discharge its responsibilities to the Board;
  - obtain either directly or via the Company Secretary and at the Company's expense, external independent professional advice (including from external legal, governance, and regulatory, accounting, risk and/or finance advisors) on terms it deems appropriate and as it considers necessary to meet the Committee's purpose and discharge its responsibilities;
  - have access, subject to the terms of the Board Charter, to any Group employees and information it considers necessary to perform its duties (including by requiring management or others to attend meetings and to provide any information or advice that the Committee requires, and having access to the Company's documents and records); and
  - interview management and internal and external auditors (with or without management present).
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## 4. Reporting Responsibilities

- 4.1 The Committee will provide the Board with a copy of the minutes of its meetings as required under section 2.3.3.
  - 4.2 The Committee will report to the Board through its Committee Chairman and will ensure that matters requiring Board attention are notified to the Board.
  - 4.3 The Committee will undertake an annual self-assessment of its performance against the requirements of this Charter and provide that information to the Board, as required under section 7.1
  - 4.4 At the end of each reporting period, the Board will disclose the number of times the Committee met throughout that reporting period and the individual attendance of each Committee member at those meetings.
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## 5. Risk management and compliance

### 5.1 The roles of the Board, Committee and management

Managing risk well is of benefit to the Company and its stakeholders (including its shareholders, employees, customers, suppliers and creditors).

Risks in this document are taken to refer to both financial risk and non-financial risk. Recognising and managing risk is a crucial role of the Board, the Committee and management. Broadly, their roles are:

- **The Board's role** is to set the risk appetite for the Company (that is, the nature and extent of the risks it is prepared to take to meet its objectives), to oversee its risk management framework and satisfy itself that the framework is sound.

- **Management's role** is to identify risks, develop and implement the risk management framework, manage and report on risks and monitor that the Company operates within the risk appetite set by the Board.
- **The Committee's roles** are to:
  - monitor management's performance against the Company's risk management framework, including whether it is operating within the risk appetite set by the Board;
  - review any material incident involving fraud or a breakdown of the Company's risk controls and the "lessons learned";
  - receive reports from internal audit on its reviews of the adequacy of the Company's processes for managing risk;
  - 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;
  - make recommendations to the Board in relation to changes that should be made to the Company's risk management framework or to the risk appetite set by the Board; and
  - oversee the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business.

It is recognised that from time to time circumstances may dictate that the Company is required to operate outside of the current risk appetite set by the Board. However, should that occur, the matter should be brought to the attention of the Board.

Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

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## 6. Responsibilities

Without limiting the responsibilities outlined in sections 1 and 6, the responsibilities of the Committee include, but are not limited to:

### 6.1 Internal Audit

- approving the charter of the Assurance function and reviewing the Assurance function's role, responsibilities and resources;
- reviewing the scope and adequacy of and approving the Assurance plan and work program annually;
- reviewing the performance and ensuring the independence and objectivity of the Assurance function including that of the Head of Risk and Assurance and making recommendations to the Board in relation to those matters;
- making recommendations to the Board regarding the appointment and removal of the Head of Risk and Assurance;
- reviewing the Assurance reports and assessing findings and recommendations (including considering any implications) and overseeing and evaluating management's responsiveness to recommendations and findings; and
- meeting with the Assurance function without management present at least annually.

### 6.2 External Audit

- overseeing the external auditor's role in the corporate reporting process and making recommendations to the Board regarding the external audit;
- making recommendations to the Board on the selection process, appointment and remuneration of the external auditor;
- nominating and implementing the procedures for selecting and appointing the external auditor including agreeing and approving the contractual arrangements with the external auditor before the start of the audit;

- reviewing and providing recommendations to the Board on the rotation of external audit engagement partners and evaluating whether to recommend to the Board that an external auditor be removed;
- reviewing and monitoring the performance, effectiveness and independence of the external auditor and making recommendations to the Board in that regard;
- reviewing and monitoring the external audit processes including the auditors' qualifications and scope and adequacy of the external audit, including identified risk areas and any additional procedures with the external auditor on a periodic basis, and making recommendations to the Board in that regard;
- reviewing and approving the external audit plan and meeting with the external auditor without management present at least annually;
- inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- raising with the external auditor any specific points of divergence with the Company's management;
- reviewing and determining the quantum of any non-audit services to be provided by the external auditor and his/her firm, and considering and making recommendations to the Board in relation to whether any proposal to provide non-audit services might compromise the independence of the external auditor;
- reviewing the external auditor reports and assessing findings and recommendations and monitoring management's responsiveness to the external auditor's recommendations and findings;

### 6.3 Review of Financial Reports

- reviewing company financial statements for accuracy, adequacy and clarity and ensuring they reflect the understanding of the Committee members of, and otherwise provide, a true and fair view of the financial position and performance of the Company as a basis for recommendation to, and adoption by, the Board;
- reviewing management's processes and the company's financial statements for compliance with accounting standards and policies and relevant laws, regulations and other requirements relating to the preparation of accounts and corporate reporting by the Company of financial and non-financial information such as the Corporations Act;
- overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
- overseeing that appropriate risk management and internal control processes are in place to form the basis upon which the Company's Managing Director & CEO and Chief Financial Officer make their declarations to the Board under section 295A of the Corporations Act and Principle 4 (Recommendation 4.2) of the Recommendations;
- assisting the Board in its determination of the reliability and appropriateness of accounting policies, financial disclosure and reporting and making recommendations in relation to the adequacy of the Company's corporate reporting processes and internal control framework; and
- assessing information from internal and external auditors which is significant for financial reports.

### 6.4 Risk Management

- overseeing that management designs and implements an appropriate and effective risk management framework;
- reviewing the risk management framework at least annually to determine that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board, and to identify any changes to material risks and whether they remain within the risk appetite set by the Board with input from management, external auditors, compliance staff and other experts and consultants as relevant;
- monitoring management's performance against the Company's risk management framework, including whether it is operating within the risk appetite set by the Board;

- reporting to and providing the Board with advice and recommendations on the establishment and implementation of a risk management framework, as well as any changes that should be made to the risk management framework or to the risk appetite set by the Board;
- receiving and reviewing reports on the effectiveness and operation of the risk management framework to ensure that it continues to be appropriate, effective and adequate in the identification and management of risks to the Company, including but not limited to, contemporary and emerging risks and the risk controls and mitigation measures that management has put in place to deal with those risks, such as conduct risk, digital disruption, cyber security, privacy and data breaches, sustainability and climate change risks);
- overseeing that management monitors existing and emerging climate-related short- and long-term risks (each, a Climate-related Risk) and opportunities that may be applicable to the Company's businesses, strategy, or that may have a material impact on the future financial position, performance or prospects of the Company;
- overseeing the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business; and
- reviewing Whistleblower reports under the Group's Whistleblower Policy and actions that arise under those reports so that serious actions of unethical behaviour or fraud, or any break-down in the Company's risk controls and "lessons learned", are addressed by management.

## 6.5 Corporate Governance and Reporting

- reviewing the governance policies, framework and compliance of the Company;
- reviewing the completeness and accuracy of the public reporting of the Company's governance practices including the Corporate Governance Statement and Directors' Report to be included in the Company's Annual Report;
- co-ordinating with Board the overseeing of the process that is implemented to capture issues for continuous reporting to ASX;
- reviewing material documents and reports presented by management for review and prepared for lodgement with ASX (being the financial statements, financial report, Directors' Report and Annual Report, and other material items as requested by management for time to time), and assessing their impact on the Company and making recommendations to the Board on their approval or amendment;
- reporting regularly to the Board on matters relevant to their roles and responsibilities, and as required to satisfy the Corporations Act 2001 (Cth) (Corporations Act) or ASX Listing Rule requirements relevant to their roles and responsibilities;
- recommending to the Board whether the financial statements, financial report, Directors' Report and Annual Report should be approved based on the Committee's assessment of them; and
- reviewing and monitoring the propriety of related party transactions.

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## 7. Review of the Committee Performance and Charter

- 7.1 The Committee will review annually, or earlier if considered appropriate by the Board, its performance, its membership and Charter and make recommendations as it sees fit to the Board.
- 7.2 The performance evaluation will have regard to the extent to which the Company has met its responsibilities in terms of this Charter.
- 7.3 Membership is reviewed periodically and re-appointment to the Committee is not automatic.
- 7.4 This Charter may be amended by resolution of the Board and will be available on the Company's website.