

# **CHARTER**

## **Audit, Risk and Finance Committee**

### **August 2024**

## 1. Purpose of the Charter

The Board of Directors (Board) of WSA Co Limited (WSA or Company) has established an Audit, Risk and Finance Committee (ARFC or 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.

The Committee is a standing committee of the Board of the Company, established to assist the Board to discharge its responsibilities under the PGPA Act and the Corporations Act and to carry out the following functions more efficiently and fully:

- (a) oversight of the integrity of the Company's annual report, statutory financial report and financial statements, including the Company's accounting policies;
- (b) oversight of the Company's treasury framework and policies;
- (c) oversight of the Company's tax framework including the tax transparency report;
- (d) oversight the systems and processes in place that support good governance of individual investment or divestment proposals consistent with the Company's risk appetite statement;
- (e) monitoring that:
  - (i) the Company's executive management has an appropriate framework to identify and effectively manage risk; and
  - (ii) executive management ensures that the Company operates within the risk levels set by the Board;
- (f) monitoring compliance with regulatory, prudential, legal and ethical standards;
- (g) maintaining a culture of compliance;
- (h) review compliance with internal guidelines, policies and procedures and other prescribed internal standards of behavior;
- (i) review and approve the Company's financing strategies;
- (j) oversight and assessment of the Commercial Strategy Framework and assessment of any joint venture (JV) or partnering arrangements;
- (k) oversight and assessment of any debt raising, debt strategies, debt funding for any debt transactions and all related documentation; and
- (l) review the Corporate Plan, the Business Plan, and the Corporate Financial Model.

The Committee has no management role.

## 2. Authority of the Committee

The Board has delegated authority to the Committee and an outline of the Committee's responsibilities are outlined in section 4 of this Charter.

## **2.1 Access to Information**

The Committee may obtain any information it requires, interview Management (including requiring the attendance of Management at meetings of the Committee) and internal and external auditors (with or without Management present) and obtain advice from external consultants as it considers necessary or appropriate to enable it to properly discharge its responsibilities.

## **2.2 Resources**

The Company will provide the Committee with the necessary resources for payment of:

- i. Any professional or other advisers it engages to assist it in the discharge of its responsibilities; and
- ii. The administrative expenses incurred in carrying out its duties.

## **2.3 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<sup>1</sup>.

## **3. Membership**

### **3.1 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, 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 re-appointed by the Board.

### **3.2 Committee Chairperson**

The Chairperson of the Committee:

- i. Will be appointed by the Board;
- ii. Must be an Independent Non-Executive Director appointed by the Board who is not the Chairperson of the Board<sup>2</sup>; and
- iii. Has the authority to appoint an independent Non-Executive Director who is a member of the Committee as acting Chairperson, should the Chairperson of the Committee anticipate being absent from a meeting. Where the Chairperson of the Committee is absent from a meeting and no acting Chairperson 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 Chairperson for that particular meeting.

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<sup>1</sup> ANAO Guidance.

<sup>2</sup> S.17 PGPA Rule and Recommendation and 4.1 of ASX Corporate Governance Principles and Recommendations.

### **3.3 Composition of the Committee**

The Committee must comprise<sup>3</sup>:

- i. A majority of independent Non-Executive Directors.
- ii. At least three members who have appropriate qualifications, knowledge, skills, or experience to assist the Committee to perform its functions<sup>4</sup>.
- iii. Non-Board independent members appointed by the Board (where particular areas of expertise are needed).
- iv. At least one member who has:
  - (a) Accounting or related financial expertise.
  - (b) The necessary technical knowledge and understanding of the industry in which the Company operates so as to be able to assist the Committee to effectively discharge its duties.

The secretary of the Committee will be the Company Secretary, or such other person as is nominated by the Board.

The Committee must not comprise the Chief Financial Officer, Executive General Manager - Commercial and Strategy or Chief Executive Officer (in each case, however described).

### **3.4 Review of Composition of the Committee**

Membership of the Committee will be reviewed each year by the Board with the aim of ensuring an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualifications, knowledge, skills, and experience<sup>5</sup>.

## **4. Roles and Responsibilities**

### **4.1 Financial Reporting**

The Committee will:

- i. Review the annual report, including the financial statements of the Company, together with the Auditor General opinions with Management, advisers, and the internal and external auditors (as appropriate) to assess (among other things) whether they comply with the AASB accounting standards and the Corporations Act and whether they represent a true and fair view of the Company's financial position and performance before recommending to the Board for approval. The Committee will review:
  - (a) The Company's compliance with accounting standards, including an assessment of the appropriateness of Management's selection of accounting policies and disclosures.
  - (b) Any significant changes to accounting policies and practices.
  - (c) Significant audit adjustments.

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<sup>3</sup> 4.2 of ASX Corporate Governance Principles and Recommendations.

<sup>4</sup> S.17(2) PGPA Rule.

<sup>5</sup> ANAO Guidance and Clause 2.23 of the GBE Resource Management Guide No. 126.



- (d) Areas of significant judgement and financial statement balances that require estimation or judgement including by:
  - i. querying Management as to how they were made; and
  - ii. querying the external auditors as to how they concluded that those judgements and estimates were reasonable
- (e) Significant or unusual transactions including compliance with all related party disclosures required (where applicable) by the accounting standards and the Corporations Act.
- (f) Sign-off by Management in relation to the quality of the financial statements, internal controls, and compliance.
- (g) External 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.
- ii. Review and approve the Company's annual Tax Transparency Report on behalf of the Board.
- iii. Review and recommend to the Board the annual Budget.
- iv. Monitor and report on the Budget to the Board where appropriate.
- v. Act as a forum for communication between the Board, Management, and the Company's internal and external auditors.
- vi. Review the processes in place designed to ensure that financial information included in the Company's annual report is consistent with the signed financial statements.

## **4.2 Performance Reporting**

The Committee will:

- i. Review the Company's systems and procedures for assessing and reporting the achievement of the Company's performance, in particular that:
  - (a) The Company's budget includes details of how the Company's performance will be measured and assessed.
  - (b) The Company's approach to measuring its performance throughout the financial year against the performance measures included in its budget is sound and has considered guidance issued by the Department of Finance.

## **4.3 Risk Oversight and Management**

The Committee will:

- i. Review the implementation, maintenance and adequacy of a risk management framework and internal control system for the Company to manage business and financial risks (including fraud and corruption) that:
  - (a) supports the wider goals, objectives and strategies of the Company and its businesses;
  - (b) ensures that all significant risks are identified, evaluated, treated, monitored, and communicated at a group, divisional and business/support unit level; and
  - (c) is consistent in principle with internationally accepted standards.



- ii. Oversee the delivery and effective implementation of the Company's risk management and internal control systems which identifies, assesses, monitors, and implements appropriate strategies to manage and mitigate risks in the Company.
- iii. Liaise with Management to confirm that a sound approach has been followed in managing the Company's highest risks, including those associated with individual projects, program implementation and activities.
- iv. Annually review and evaluate the appropriateness, effectiveness, and adequacy of and the Company's compliance with the risk management framework.
- v. Review the Company's actual and potential financial, operational, legal and compliance risk exposures and performance.
- vi. Review any incident involving misconduct, fraud or other material breakdown of the Company's internal controls, and review and approve the procedures in relation to confidential submissions by employees of concerns.
- vii. Review the implementation, maintenance and adequacy of a fraud and corruption control framework, which identifies and monitors the risk of fraudulent and/or corruptive behaviours, and the internal control systems in place to manage identified risks.
- viii. Review insurance and consider whether appropriate coverage is in place.
- ix. Where appropriate recommend principles, policies, and processes for the management of risk approval by the Board.
- x. Review the risk disclosures in the operating and financial review in the annual directors' report.

#### **4.4 Commercial Investment and Divestment**

The Committee will, amongst other things, and without limitation:

- i. assess and review the Corporate Plan;
- ii. assess and review the Business Plan and Corporate Financial Model;
- iii. review recommendations made by Management and provide advice to the Board about the value of major deed compliance and commercial opportunity investment and divestment proposals including advice about:
  - (a) the proposed commercial structure including any JV or partnering arrangements;
  - (b) commercial strategy framework and execution;
  - (c) prioritisation and balancing of proposals;
  - (d) alignment with the risk appetite;
  - (e) financing strategy; and
  - (f) whether and when the investment should proceed.Once projects are approved from an investment perspective by the Committee and the Board, the Construction, Operations, Safety and Sustainability Committee or Technology Committee will have oversight of delivery, as relevant.
- iv. assess and review the process for evaluation of investment or divestment proposals, assuring value for money; and

- v. monitor post-completion reviews of selected investments, assessing the effectiveness and realisation of benefits.

#### **4.5 Funding**

The Committee will, amongst other things, and without limitation:

- i. assess, review and endorse the strategy for Funding Transactions;
- ii. assess and review the structure of Funding Transactions;
- iii. assess and review risk and risk management strategies for Funding Transactions;
- iv. assess and review Facility Agreement(s) and all other legal documents associated with Funding Transactions; and
- v. conduct any other activities or matters relating to Funding Transactions and Funding Transaction Processes as the Board may request from time to time.

The Committee shall make recommendations to the Board in relation to the above. The Board is not bound to follow a recommendation of the Committee and remains responsible, exercising its normal powers and discretions.

#### **4.6 External Auditors**

The Committee will:

- i. Review and approve the annual Audit Plan and Audit budget.
- ii. From time to time and at least biannually meet separately with external auditors to discuss any matters that the Committee or external auditors believe should be discussed privately.

The Committee will also:

- iii. regularly review with external auditors:
  - (a) the scope of the external audit;
  - (b) identified risk areas; and
  - (c) any other agreed procedures;
- iv. regularly review the effectiveness and independence of the Auditor General;
- v. meet periodically with the external auditors and invite them to attend Committee meetings to:
  - (a) review their plans for carrying out internal control reviews;
  - (b) consider any comments made in the external auditors' management letter, particularly, any comments about material weaknesses in internal controls and Management's response to those matters; and
  - (c) make recommendations to the Board;
- vi. ask the external auditors if there have been any significant disagreements with Management, whether or not they have been resolved;
- vii. monitor and report to the Board on Management's response to the external auditors' findings and recommendations;
- viii. reviewing all representation letters signed by Management and ensuring information provided is complete and appropriate; and

- ix. receiving and reviewing the reports of the external auditors.

## **4.7 Internal Controls**

### **4.5.1 Internal Control Framework**

The Committee will:

- i. Review Management's approach to maintaining an effective internal control framework; this framework should include controls in relation to functions performed by external parties such as contractors and advisers.
- ii. Review whether Management has in place relevant policies and procedures and that these are periodically reviewed and updated.
- iii. Satisfy itself that appropriate processes are in place to assess whether key policies and procedures are complied with.

### **4.5.2 Legislative and Policy Compliance**

The Committee will:

- i. Oversee the delivery and effective implementation of the Company's compliance management system for the purposes of identifying and monitoring compliance with laws, regulations, prudential, legal, and ethical standards, and associated government policies with which the Company must comply.
- ii. Oversee the review of compliance with internal guidelines, policies and procedures and other prescribed internal standards of behaviour.
- iii. Review the results of Management's investigation and follow up of any instances of non-compliance.
- iv. Determine whether Management has appropriately considered legal and compliance risks as part of the Company's risk management framework.
- v. Oversee the review of processes for the exercise and management of delegations.
- vi. Obtain regular updates from Management regarding compliance matters.
- vii. Consider any other compliance areas relevant to the Company.

### **4.5.3 Internal Audit Coverage**

The Committee will:

- i. Monitor that Management has in place a process for conducting internal audit and it is functioning objectively, effectively and resourced adequately.
- ii. Review the engagement or dismissal of any internal audit resource.
- iii. Review the proposed internal audit coverage, ensure the coverage takes into account the Company's key risks, and approve the Internal Audit Work Plan and internal audit budget.
- iv. Monitor and report to the Board on Management's responsiveness to internal audit findings and recommendations.





- v. Evaluate the process for monitoring and assessing the effectiveness of the internal audit function.
- vi. Oversee the liaison between the internal audit team and the Auditor-General with a particular focus on maintaining the independence of the internal audit team from the external audit.
- vii. Review all audit reports and provide advice to the Board on significant issues identified in audit reports and recommend action on significant issues raised, including identification and dissemination of good practice.
- viii. Obtain an annual report on the overall state of the Company's internal controls and any areas requiring Management attention.

#### **4.5.4 Business Resilience**

The Committee will satisfy itself that a sound approach has been followed in establishing the Company's business resilience planning arrangements, including whether:

- i. Business continuity and disaster recovery plans have been periodically updated and tested.
- ii. Appropriate plans and structures for the response to, and management of incidents and crises have been established, periodically updated, and tested.

#### **4.5.5 Commercial Governance**

The Committee will:

- vi. Review whether appropriate policies, manuals, frameworks and associated procedures are in place for the management of procurement activities and commercial negotiations.
- vii. Satisfy itself around the governance of procurement and commercial activities, including adherence to probity principles and that they achieve overall value for money / best for business outcomes.
- viii. In consultation with Management, approve the appointment of Independent Probity Advisors.

#### **4.5.6 Delegations**

The Committee will review whether appropriate policies and associated procedures are in place for the management and exercise of delegations and authorisations.

The Committee will periodically review and make a recommendation to the Board with respect to, any changes required to the delegation of authority policy

#### **4.5.7 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:

- i. Acting with integrity.



- ii. Avoiding conflicts of interest.
- iii. Upholding the spirit as well as the letter of the law.
- iv. Respecting confidentiality and privacy.
- v. Maintaining a fair and safe work environment.
- vi. Protecting whistle-blowers and others who report wrongdoing

#### **4.5.8 Administration of the Internal Audit Function**

The Committee may:

- i. In consultation with Management, approve the appointment of the Head of Internal Audit (in the case of an in-house internal audit function) or the appointment of the internal audit service provider where the internal audit function is outsourced or co-sourced.
- ii. Advise the Board on the adequacy of internal audit resources, or budget, to carry out its responsibilities.
- iii. Coordinate, to the extent possible, the work programs of internal audit and other assurance or review functions.
- iv. Monitor Management's implementation of internal audit recommendations.

#### **4.8 Whistleblower Policy**

The Committee will:

- i. Review the Company's Whistleblower Policy as required, or at least every three years.
- ii. Monitor that Management has in place a process for receiving and investigating reports made pursuant to the Company's Whistleblower Policy and that Management is complying with the obligations and compulsory reporting requirements arising from the National Anti-Corruption Commission Act 2022 (Cth).
- iii. Receive regular reports from Management and the Company's Disclosure Committee with respect to reports made pursuant to the Company's Whistleblower Policy.
- iv. Receive and investigate reports made directly to the Chairperson of the Audit Committee pursuant to the Company's Whistleblower Policy. In investigating any such report, the Committee shall in its discretion determine what professional assistance, if any, it needs to conduct the investigation. This may include engaging outside auditors, legal counsel, or other experts to assist in the investigation and in the analysis of results.
- v. At the conclusion of an investigation, the Chairperson of the Audit Committee shall report to the Board on recommended disciplinary or remedial action, if any.

## **5. Committee Operations**

### **5.1 Frequency of Meetings**

The Committee will meet at least four times per calendar year.

Any member of the Committee, or the external auditors, may request the Chairperson of the Committee to convene an additional meeting when required.

### **5.2 Attendance at Meetings**

All Committee members are expected to attend each meeting, in person or via tele-or-video conference.

Any member of the Committee may request the Chairperson of the Committee arrange the attendance at a meeting of the Committee of any person, including members of the Board, Management, other Company employees or external advisers.

### **5.3 Planning**

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

### **5.4 Quorum**

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

### **5.5 Meeting Agendas, Papers, and Minutes**

The meeting agenda for each meeting will be approved by the Chairperson and will be circulated by the Company Secretary along with the meeting papers at least one week before the meeting.

The minutes of the meeting will be prepared by the Company Secretary, reviewed by the Chairperson, and circulated within two weeks of the meeting to each member of the Committee.

Minutes should accurately record the resolutions of the Committee, key reasons for those decisions (where appropriate) and actions arising.

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 Chairperson, and circulated to each member of the Committee with the minutes of the meeting.

Reports and other papers of the Committee will be made available to all Directors on request where this is consistent with the Conflicts of Interest section of the Board Charter and the Company's Conflict of Interest and Related Party Transaction Policy.

## **5.6 Decisions**

At a Committee meeting:

- i. All decisions will be by majority vote of the members of the Committee in attendance; and
- ii. 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.

## **5.7 Conflicts of Interest**

This section should be read in conjunction with the Conflicts of Interest section of the Board Charter and the Company's Conflict of Interest and Related Party Transactions Policy.

At the beginning of each Committee meeting, members are required to declare any material personal interests that may apply to specific matters on the meeting agenda. Where required by the Chairperson, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s).

The Chairperson of the Board is responsible for deciding if the Committee Chairperson should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda item(s). Details of material personal interests declared by the Chairperson and other members, and actions taken, will be appropriately recorded in the minutes.

## **5.8 Review of Charter**

The Committee will review<sup>6</sup> this Charter annually prior to 1 December, or more often as necessary. This review will include consultation with the Board. Any substantive changes to the Charter and any repeal and replacement of this Charter will be recommended by the Committee and must be formally approved by the Board.

## **5.9 Review of Performance of Committee**

The Committee will conduct an annual review of its performance, and the Board will be informed of the outcomes of the review at the next available Board meeting following completion of the review.

## **6. Approved and Adopted**

This Charter was reviewed by the Committee on 23 August 2024.

This Charter was adopted by the Committee effective from the date of approval by the Board on 23 August 2024.

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<sup>6</sup> Clause 2.23 of the GBE Resource Management Guide No. 126.

## Document Control

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<b>Document Owner</b>	<b>Company Secretary</b>
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<b>Amendment History</b>	<p><b>August 2024:</b></p> <p>This Charter has been developed to make accommodation for the Governance Renewal – Review of Board Committees (paper for Agenda Item 4.3) exercise conducted at the 25 June 2024 Board meeting.</p>