



Audit, Governance & Risk Management Committee Charter

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Audit, Governance & Risk Management Committee

Charter

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 its financial, legal and compliance responsibilities relating to financial reporting;
- internal control structures and environment;
- risk management, compliance systems and risk culture;
- internal audit and external audit;
- the governance policies, framework and compliance of the Company;
- the risk and control culture including code of conduct and any reported breaches of the code of conduct; and
- the issuing of an annual corporate governance statement.

The responsibilities of the Committee are further detailed in section 5.

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.

2. Administration

2.1 Membership and Expertise

2.1.1 The Board appoints the members and Committee Chairman. The Committee must be composed of at least three Board members. All members of the Committee must be independent non-executive directors. The Committee Chairman must not be the Chairman of the Board.

2.1.2 The Board may, by resolution, remove and replace members of the Committee.

2.1.3 Each Committee member must:

- Have a reasonable knowledge of the Group.
- Dedicate the necessary time and attention to Committee meetings.

- Financially literate and at least one member of the Committee should be a qualified accountant or other finance professional with experience of financial and accounting matters and at least one member has experience in identifying, assessing and managing risk exposures.
 - Be a current member of the Australian Institute of Company Directors or equivalent and as such maintain a reasonable knowledge of current listed company corporate governance practices
- 2.1.4 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 at least four (4) times a year on dates determined by the Committee Chairman or more frequently if required. Any member may require the Committee Secretary to convene a meeting of the Committee.
- 2.2.2 Meetings are governed by the provisions of the Company's Constitution regulating meetings and proceedings of the Board and the Committee should seek to determine matter before the Committee by consensus.
- 2.2.3 A quorum for any meeting is at least two members of the Committee.
- 2.2.4 In the absence of the Committee Chairman or appointed delegate, the members will elect one of their number as chairman of that meeting.
- 2.2.5 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 attend all Committee meetings by standing invitation, but may be asked to leave at any time. The Committee may invite other people including any employee of the Aurizon Holdings Limited Group to attend all or part of its meetings.
- 2.2.6 The Head of Risk and Assurance and external auditors will meet with the Committee periodically without management being present.
- 2.2.7 Any person with a material personal interest in a matter being considered at a meeting must not be present for consideration of that matter.
- 2.2.8 Other members of the Board are to be given access to Committee papers prior to each Committee meeting, and are entitled to attend and contribute to the discussion at Committee meetings.
- 2.2.9 The agenda for meetings is determined by the Committee Chairman in consultation with the Committee Secretary and others as expressly directed by the Committee Chairman.
- 2.2.10 Reports and other papers of the Committee are available to all members of the Board, subject to the rules in relation to conflict of interests set out in the Board Charter from time to time.
- 2.2.11 Decisions of the Committee may be made at a duly called and constituted meeting or 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 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 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 and/or finance advisors) on terms it deems fit 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
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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 6.1.
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5. Responsibilities

5.1 Internal Audit

- approving the charter of the Assurance function;
- reviewing and approving the Assurance plan annually;

- reviewing the performance and ensuring the independence of the Assurance function including that of the Head of Risk and Assurance;
- approving the appointment or removal of the Head of Risk and Assurance; and
- reviewing the Assurance reports and assessing findings and recommendations and seeking assurance that management has responded appropriately to recommendations and findings.

5.2 External Audit

- nominating and implementing the procedures for selecting and appointing the external auditor including approving the contractual arrangements with the external auditor;
- reviewing and providing recommendations on the rotation of external audit engagement partners;
- reviewing the performance, effectiveness and independence of the external auditor;
- reviewing the external audit processes including the auditors' qualifications and scope of the external audit;
- reviewing and approving the external audit plan annually;
- reviewing and determining the quantum of any non-audit services to be provided by the external auditor and his/her firm; and
- reviewing the external auditor reports and assessing findings and recommendations and seeking assurance that management has responded appropriately to recommendations and findings.

5.3 Review of Financial Reports

- reviewing company financial statements for accuracy, adequacy and clarity and ensuring they reflect a true and fair view as a basis for recommendation to and adoption by the Board;
- reviewing company financial statements for compliance with accounting standards and policies and relevant laws such as the Corporations Act 2001; and
- assisting the Board in its determination of the reliability and appropriateness of accounting policies, financial disclosure and reporting.

5.4 Risk Management

- providing the Board with advice and recommendations on the establishment and implementation of a risk management framework;
- reviewing reports on the effectiveness and operation of the risk management framework to ensure that it continues to be appropriate, effective and adequate; and
- reviewing Whistle blower reports under the Group's Whistleblower Policy and actions that arise under those reports so that serious actions of unethical behaviour or fraud are addressed by management.

5.5 Corporate Governance

- Reviewing the governance policies, framework and compliance of the Company.
 - Reviewing 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.
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6. Review of the Committee Performance and Charter

- 6.1 The Committee will review annually its performance, its membership and Charter and make recommendations as it sees fit to the Board.