



Audit and Risk Committee

APPROVED BY THE PERENTI BOARD ON 19 FEBRUARY 2024

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Audit and Risk Committee

Purpose

The Audit and Risk Committee (**Committee**) is a committee of the Board. The Committee's role is to assist the Board to fulfil its responsibilities in relation to:

- integrity of the Company's consolidated financial reports and statements (and other applicable reporting);
- financial reporting policies, controls and procedures;
- oversight of the effectiveness of systems of risk management and internal controls;
- external audit;
- compliance with applicable governance, legal and regulatory requirements;
- oversight of the effectiveness, independence and objectivity of the internal audit function; and
- ensure the effectiveness of tax risk management and compliance.

The broad reach of Audit and Risk can overlap with areas that are the primary responsibility of other committees of the Board. In this instance, the Committee shall collaborate and ensure that the Audit and/or Risk perspectives are included, and that management duplication is minimised.

This Charter details the functions and the manner in which the Committee will operate.

Key Responsibilities of the Committee

Audit

The duties and responsibilities of the Committee are to review and report to the Board, and, where appropriate, recommend for approval by the Board, on:

Financial and Corporate Reporting

- the half year and full year financial statements of the Company and disclosures which accompany the statements to determine whether they comply with the appropriate accounting standards and provide a true and fair view of the financial position and performance of the consolidated Group.
- the Company's material accounting policies and any material changes to such policies, and the appropriateness of the material accounting judgements or choices exercised by management in preparing the Group's financial statements;
- the certification provided by the Managing Director and the Chief Financial Officer in accordance with section 295A of the Corporations Act in relation to the half year and full year financial statements; and
- the integrity of periodic corporate reports released to the market, which are not audited or reviewed by the external auditor.

External Audit

- the findings and recommendations of the audit, and management's response, arising from the external auditor's report both in relation to the financial statements and associated reporting and the sustainability report (where it is audited);
- the procedures for the appointment or dismissal of the external auditor, the rotation of external audit engagement partners, and their terms of engagement;
- the independence of, and performance of, the external auditor, considered on an annual basis;
- the scope and adequacy of the external auditor's annual audit plan (particularly the identified key risk areas) and any additional agreed-upon procedures; and
- the provision of non-audit services by the external auditor as approved by the Committee in accordance with the Company's non-audit services concurrence framework.

Capital and Treasury Management

- the capital structure and funding of the Group, capital management planning and initiatives (including capital allocation) and any other matters the Board may refer to the Committee in connection with the Group's capital position;
- compliance with the Company's treasury management policy and any material changes to the policy.

Related-Party Transactions

- the propriety of related-party transactions.

Tax Risk Management and Compliance

- the Company's tax risk governance framework including adequacy of staff capacity and capability, IT systems, controls and procedures for dealing with tax law and administrative advisors, and self-assurance processes to periodically test the effectiveness of its tax policies; and
- tax reporting to the Committee that includes tax risk, the status of tax lodgment, tax advice on technical issues, tax issues identified, escalated and mitigated and the tax status of franking credits.

Internal Audit

- approve the appointment, and removal, of the internal auditor;
- review the role, responsibilities and resources of the internal audit function;
- evaluate the scope, effectiveness and adequacy of the internal audit plan and work program, including approval of the internal audit plan;
- confirm that internal control recommendations made by internal audit and approved by the Committee are implemented by management on a timely basis and monitor status of actions through to close out; and
- Oversee performance and objectivity of the internal audit function, including having access to the internal audit function without management present.

Risk

- The duties and responsibilities of the Committee are to review and report to the Board, and, where appropriate, recommend for approval by the Board, on:

Risk Management

- compliance with the Company's risk management policy and any changes to the policy and the risk management framework including whether management is operating consistently within the risk appetite set by the Board;
- the overall adequacy and effectiveness of the Company's risk framework, risk assessment process and methodology and risk culture;
- the material and emerging business risks facing the Group, including security and cyber risks, and the controls, monitoring and reporting and business continuity processes put in place by management to manage those risks; and
- the disclosures in the annual report relating to material business risks.

Insurance

- oversight of the Company's insurances.

Compliance

- oversight of the processes to ensure compliance with legal obligations in the respective jurisdictions in which the Company operates (including review of legal compliance framework);
- oversight of any material non-compliance issues with applicable laws, regulations, and licences and material legal cases and matters; and
- any material claims or issues which have occurred involving fraud or other significant breakdown on the Group's internal controls, including code of conduct, whistleblower and anti-bribery and corruption issues.

Access to Information and Independent Advice

The Committee shall have access to appropriate internal and external information to enable it to fulfil its functions appropriately.

The Committee is authorised to seek independent advice from external consultants or specialists to assist with its functions.

Membership

The Committee shall comprise of a minimum of three Non-Executive Directors. The members will be appointed by the Board.

Each member will be a Non-Executive Director of the Board. A majority of the members will be independent Directors.

The Committee shall have a Chair appointed by the Board. The Committee Chair must be an independent Non-Executive Director. The Chair of the full Board may not chair the Committee.

Committee members should possess the appropriate skills and experience, and have an appropriate understanding of the industries in which the Company operates, to enable the Committee to fulfil its functions appropriately. At least one member of the Committee should be a qualified accountant or finance professional with experience of financial and accounting matters.

The Company Secretary will be the secretary of the Committee.

Meetings

The Committee shall meet as often as required to undertake its role effectively, but as a minimum four times per annum. Any Committee member may call a meeting of the Committee.

The Chair of the Committee may call a meeting with the internal or external auditors independent of management.

At least twice a year, including prior to the release of the full and half yearly financial statements, the Committee shall meet with the external auditor without management present.

The quorum necessary for the meeting will be two members. In the absence of the Chair, the Committee members will elect a member to act as Chair for that meeting.

The Committee may invite various parties to attend its meetings.

The Managing Director, the Chief Financial Officer and the external auditor are required to attend Committee meetings, except where the Chair of the Committee calls a meeting with the internal or external auditors independent of management.

The Committee may delegate to subcommittees of the Committee.

All Directors have a standing invitation to attend Committee meetings, receive copies of Committee meeting minutes, and have access to Committee papers.

The proceedings of all meetings shall have minutes taken and the minutes are to be included in the Board papers at the next full Board meeting following the Committee meeting.

Reporting

The Committee Chair, or their nominee, will report on the review and recommendations of the Committee to the next appropriate Board meeting.

An annual plan will be developed for the Committee's activities and reporting on progress against the annual plan will be provided to the Board.

The Committee is a review and advice Committee and has no decision-making authority and holds no delegated authority from the Board.

Reviews

The overall performance of the Committee is to be reviewed at least every two years by:

- obtaining feedback from the Board, Managing Director, Chief Financial Officer, the Chief Legal and Risk Officer and Company Secretary, and internal and external auditors; and
- the Chair of the Board assessing the contribution and performance of individual Committee members.

The Committee's Charter will be reviewed at least every two years and any amendments are to be approved by the Board.



Rob Cole
Chair

Perenti Limited

Approved by the Board on 19 February 2024



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