

# Audit and Risk Committee Charter

Service Stream



This charter sets out the objectives, authority, operational mechanics and responsibilities of the Audit and Risk Committee (the Committee) which is a committee of the Board of Directors of Service Stream Limited (Company).

## 1. Preliminary

### 1.1. Purpose of the Committee

- a) The primary purpose of the Committee is to assist the Board in fulfilling its responsibilities to provide shareholders and regulatory authorities with timely and reliable financial reports of the Company and its subsidiaries (the Group)
- b) Protect the interests of shareholders through the identification, assessment, monitoring and control of the Group's risks,
- c) The Committee plays a critical role in promoting a strong risk management culture within the Company and ensuring that risk management is integrated into the Company's decision-making processes.

### 1.2. Authority

- a) The Committee is authorised by the Board to investigate any activity consistent with its responsibilities.
- b) In carrying out its responsibilities, the Committee is authorised to:
  - Seek any information from any employee or external party
  - Require the attendance of any employee at meetings
  - Obtain legal or other professional advice.
- c) All employees must co-operate with any request made by the Committee.

### 1.3. Membership

- a) The Committee will consist of no less than three members, all of whom will be appointed by the Board from the non-executive directors. The Committee will ensure that the Committee consists of a majority of members who are 'independent' directors.
- b) All members of the Committee will be financially literate. Collectively, members will have:
  - accounting or relevant financial expertise, as determined by the Board,



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- risk management expertise or relevant experience, and
  - experience relevant to the industry in which the Company operates.
- c) The Chair of the Committee will be determined by the Board from time to time. The Chair of the Board may not be appointed Chair of the Committee.
- d) The Secretary of the Committee will be the Company Secretary.

### 1.4. Meetings

- a) The Committee will meet a minimum of four times each year and more frequently (as determined by the Chair or the Board) if required to undertake its responsibilities. Special meetings may be convened as required. The Committee will endeavour to hold as many meetings as practical at Service Stream business unit locations.
- b) The Chair is required to convene a meeting of the Committee if requested to do so by any member of the Committee, the Board, the Managing Director or the External Auditor.
- c) A quorum of the Committee will be two members, one of who must be either the Chair or a member who has been formally delegated the role of Chair for that meeting.
- d) All directors who are not members of the Committee will have the right to attend meetings of the Committee.
- e) The Managing Director and Chief Financial Officer will be invited to attend all meetings, though not necessarily for all agenda items. Other relevant employees will attend meetings as requested by the Committee. The External Auditor and Internal Auditor (if there is one) will be invited to attend meetings as appropriate, though not necessarily for all agenda items.

### 1.5. Reporting

- a) The Committee will keep minutes of its meetings. The Secretary will circulate the draft minutes to all members of the Committee for comment before the Chair signs them. The minutes will be included in the Board papers of the Board meeting following the Committee meeting.
- b) The Committee will regularly update the Board about its activities and make appropriate recommendations to it. The Committee will ensure the Board is aware of matters which may materially impact the financial condition or affairs of the Company including material breaches of the code of conduct. A matter will be considered material if it requires disclosure under the ASX Listing Rules, including Listing Rule 3.1.

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## 2. Responsibilities

### 2.1. Internal Control and Compliance

The Committee will:

- a) Review the delegated authorities of the Company.
- b) Review the adequacy of the finance and risk functions of the Company.
- c) Review the adequacy of internal controls and assess the Company's potential for exposure to fraud.
- d) Review the significant compliance obligations of the Company and the effectiveness of the systems in place to ensure compliance with those obligations.
- e) Receive copies of significant correspondence from regulators (ATO, ASIC, ASX).
- f) In addition to other policy responsibilities documented in the Charter, the Committee is responsible for the maintenance of the policies documented in Appendix 1.

### 2.2. Risk Management

The Committee will oversee and monitor the Company's risk management practices to ensure that they are effective in identifying, assessing, and managing risks:

#### 2.2.1. Identify, review and make recommendations on Risk Management

- a) Assist the Board in determining the risk tolerance that is acceptable to the Company and its stakeholders.
- b) Assess the risk profile of the Company relative to the Company's risk tolerance and review whether the Company is operating with due regard to the risk appetite set by the Board, and report the results to the Board along with remedial recommendations.
- c) Review the Company's material risks and assess the degree to which they are being managed effectively through periodic agenda items for each identified high risk area.
- d) Assess the effectiveness of the Company's Privacy Policy in managing the risks relating to the Company's obligations under the Privacy Act and the Australian Privacy Principles, including the alignment of the response plan for data breaches with the Mandatory Data Breach Notification Law.
- e) Review the Company's exposure to emerging cyber risk, and assess the degree to which it is being managed effectively, including the adequacy of cyber risk insurance cover, and the response plan for cyber risk incidents.
- f) Review and assess the standard of corporate conduct in respect of potential conflicts of interest.
- g) Review and assess the propriety of any related party transaction.

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### 2.2.2. Review and make recommendations on Key Risk Policies

- a) Review and recommend to the Board the Risk Management Policy Statement, the Finance and Treasury Risk Management Policy, the Tax Risk Management Policy and any other significant risk management policies the Committee considers necessary.
- b) Review the Company's Whistleblower Policy and receive appropriate reporting of notifications and actions arising from there.
- c) Review the Company's Business Resilience Policy and receive reporting on the progress and delivery of updates and testing of supporting plans.

### 2.2.3. Review and make recommendations on the Company's systems and controls for managing Risk

- a) Review the Risk Management System of the Company to ensure that it is effective in identifying, assessing, monitoring and managing the Company's material risks.
- b) Establish and review the mandate of the Company's Risk Management function (if there is one) including its role, authority, and reporting to the Committee.
- c) Establish and review the mandate of any other compliance or audit related functions (if there are any) within the Company and their role, authority and reporting to the Committee.
- d) Review the appropriateness of the Company's business continuity and disaster recovery plans.
- e) Receive an annual briefing from the Company's Chief Information Officer regarding dependence on critical IT systems and steps to ensure system integrity through appropriate segregation and access controls.
- f) Review the appropriateness of the Company's insurance program including with respect to coverage, deductibles, terms and conditions, and the creditworthiness of insurers.
- g) Review the design and operating effectiveness of controls around tax governance, including Goods and Services Tax (GST) controls to ensure that our business systems are creating, capturing, and correctly reporting GST to effectively manage tax compliance risk.
- h) Review the effectiveness of the Company's system for monitoring compliance with all relevant legislation and regulations.

## 2.3. Internal audit

The Committee will:

- a) Recommend to the Board the appointment of an internal auditor if and when one is required.
- b) If and when the appointment of an internal auditor is required:
  - Approve the appointment of an internal auditor and the audit fee (if externally contracted)
  - Ensure that no management restrictions are placed upon the internal audit function

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- Review the reporting lines to ensure that the internal audit function is adequately independent from management
- Ensure that the internal audit function is sufficiently resourced to meet its responsibilities
- Review the internal audit plan and its execution
- Consider the major findings of internal audit investigations, the appropriateness of management's response and the completion of agreed actions
- Ensure co-ordination between the internal and external auditor
- Review the performance of the internal auditor
- Meet at least twice a year with the internal auditor independently of management.

## 2.4. Financial Reporting

The Committee will:

- a) Review and discuss with management and the External Auditors the half year and full year financial reports including:
  - Notes to the financial accounts
  - Reports on the Company's compliance with the ASX Corporate Governance Principles and any other corporate governance obligations
  - Other relevant disclosures, focusing particularly on critical accounting policies and practices adopted (and any changes in them)
  - Compliance with applicable accounting standards (and any changes in them), the ASX Listing Rules and other legal requirements
  - Decisions requiring a major element of estimation and/or judgment
  - The extent to which the financial reports are affected by any unusual transaction, and how they are disclosed
  - Significant audit adjustments and any audit recommendations that have not been adjusted
  - The carrying value of assets including Goodwill and Deferred Tax Assets
  - The value and disclosure of assets and liabilities (whether booked or contingent)
  - Actual and threatened litigation and material disputes involving the Company
  - Compliance with financial covenants and the going concern assumption
  - Management's assessment of the risk of material misstatement
  - The representations of the Managing Director and Chief Financial Officer.
- b) Recommend to the Board the approval of the half year and full year financial reports including notes to the financial accounts and other relevant disclosures.

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## 2.5. External Audit

The Committee will:

- a) Recommend to the Board the selection, appointment, re-appointment or replacement of the external auditor and rotation of the engagement partner.
- b) Review the terms and scope of the external audit and the audit fee.
- c) Establish the Company's policy on the provision of audit and other services and review compliance to ensure that the independence of the external auditor is maintained.
- d) Ensure that no management restrictions are placed upon the external auditors.
- e) Review any significant findings made by the external auditors, the appropriateness of management's response and the completion of agreed actions.
- f) Review the independence and performance of the external auditor.
- g) Meet with the external auditor at least twice per year independently of management to assess management's performance and communicate the results of that assessment to senior management and the Board.

## 2.6. Compliance with laws, regulations, ethical requirements, internal policies

The Committee will:

- a) Review the effectiveness of the entity's systems for monitoring compliance with laws, regulations, internal policies, and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- b) Obtain regular updates from management about compliance matters that may have a material impact on the entity's financial statements, strategy, operations or reputation, including material breaches of laws, regulations, standards and company policies.
- c) Review and liaise with management and regulators, as appropriate about the findings of any examinations by regulators.

## 2.7. Other

The Committee will:

- a) Review its own effectiveness and make any necessary recommendations to the Board to improve its own effectiveness.
- b) Review this Charter annually and recommend changes to the Board to ensure maintenance with best practice.

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## Appendix 1

In addition to the responsibilities documented in Section 2 of this Charter the Committee is responsible for the maintenance of the Policies noted below. The Committee is empowered to delegate responsibility for the development and implementation of supporting policies and procedures in relation to the responsibilities of the Committee.

Policy	Approval	Review Period
<b>Board</b>		
Board Charter	Board	Annually
Corporate Governance Statement	Board	Annually
Code of Conduct	Board	Two years
Reserved Powers Policy	Board	Annually
Vision and Values	Board	
Constitution of Service Stream Limited	AGM	
<b>Audit &amp; Risk Management Committee</b>		
Audit & Risk Management Committee Charter	Board	Annually
Risk Management Policy	Board	Annually
Risk Management Framework	Board	Two years
Board Risk Appetite Statement	Board	Annually
Whistleblower Policy	Board	Two years
Anti-Bribery & Corruption Policy	Board	Annually
Continuous Disclosure Policy	Board	Annually
Securities Trading Policy	Board	Two years
Financial Risk Management Policy	Board	Two years
Tax Risk Management Policy	Board	Annually
Privacy Policy (Employees and Subcontractors)	Board	Two years
Modern Slavery Statement	Board	Annually
Authority Delegations Policy	Board	Two years
Conflicts of Interest Policy	Board	Annually
Business Resilience Policy	Board	Two years
Non-Audit Services Policy	Board	Annually
<b>Health, Safety &amp; Environment Committee</b>		
Health, Safety & Environment Committee Charter	Board	Annually
Health and Safety Policy	HSE	Two years
Environmental Policy	HSE	Two years
Quality Policy	HSE	Two years
Workplace Rehabilitation Policy	HSE	Two years
Motor Vehicle and Plant Policy	HSE	Two years
<b>Remuneration &amp; Nomination Committee</b>		
Remuneration & Nomination Committee Charter	Board	Annually
Diversity, Equity & Inclusion Policy	Board	Two years
Remuneration and Reward Policy	Board	Annually