

Audit and Risk Management Committee Charter

Qube Holdings Limited

ACN 149 723 053

1. Introduction

1.1 Objectives

The objectives of the Qube Holdings Limited (**Qube**) Audit and Risk Management Committee (**Committee**) are:

- (a) to assist the Board in fulfilling its corporate governance responsibilities in regard to financial reporting, audit and risk management, including:
 - (i) compliance with legal and regulatory obligations;
 - (ii) the integrity of the Qube Group's financial reporting;
 - (iii) oversight of the independence of the external and internal auditors;
 - (iv) the effectiveness of the Qube Group's enterprise-wide risk management and internal control framework;
- (b) to provide strategic risk management leadership, oversight and analysis to the Qube Board; and
- (c) where appropriate, refers to the Safety, Health and Environment (SHE) Committee any key SHE issues.

1.2 Compliance

The Committee is to undertake the functions of the audit committee set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments 2nd Edition (**ASX Principles**).

2. Membership

2.1 Structure

- (a) The Committee is appointed by the Board in accordance with Clause 6.16 of the Qube Constitution.
- (b) The Committee is to consist of:
 - (i) at least three members; and
 - (ii) only Non-Executive Directors,
(Committee Members).
- (c) The Chairman of the Committee is to be appointed by the Board (but is not to be the Chairman of the Board).
- (d) At least one Committee Member should also be a member of the SHE Committee.

- (e) Each Committee Member must be financially literate, have familiarity with financial management and an understanding of the industry in which Qube operates. At least one Committee Member must have financial expertise (that is, be a qualified accountant or other financial professional with financial and accounting experience).

2.2 Term

- (a) Committee Members will be appointed for an initial term of up to 2 years with the appointment being subject to review annually or earlier if circumstances dictate.
- (b) The appointment of a Committee Member will cease if that person ceases to be a director of Qube or as otherwise determined by the Board.

2.3 Fees

Committee Members are entitled to receive remuneration as determined from time to time by the Board.

3. Meetings

3.1 Convening meetings

The Committee should meet at least four times a year. If required, additional meetings may be requested through the Committee Chairman by any member, the Company Secretary or the external auditor of the Company.

3.2 Quorum

A quorum for a Committee meeting is 2 Committee Members.

3.3 Attendance at meetings

- (a) Directors who are not Committee Members may attend meetings.
- (b) Appropriate Qube management and representatives of the external auditor are to attend Committee meetings, at the invitation of the Committee Chairman, to provide reports and periodic presentations to the Committee.
- (c) The Company Secretary is to attend all Committee meetings to ensure minutes are taken of the meeting.

3.4 Conduct of meetings

At each meeting, the Committee will:

- (a) meet with Qube management (without the external auditor) to discuss any issues relating to the external audit; and
- (b) meet with the external auditor (without management) to discuss any relevant issues and seek assurance that no management restrictions are being placed upon the auditor.

3.5 Report

- (a) The Committee will report on its meetings to the Board as required by the ASX Principles.
- (b) Recommendations of the Committee are to be referred to the Board for approval, with the exception of:

- (i) rotation of partners of the external auditor; and
- (ii) approval of the audit plans and engagement letters of the external auditor, including the payment of annual fees and variations to approved fees.

4. Authority

The Committee has authority to:

- (a) exercise the power and authority delegated to it by the Board;
- (b) make recommendations to the Board;
- (c) resolve any disagreement between management and any external auditor, with areas of significant disagreement being advised to the Board;
- (d) conduct or direct any investigation required to fulfil its responsibilities;
- (e) obtain all information necessary for the performance of its duties;
- (f) obtain (at Qube's expense) legal, accounting, financial, corporate governance or other advice to perform its duties;
- (g) require the attendance of Committee Members of management at Committee meetings;
- (h) have direct access to any employee or contractor of Qube and seek any information it requires from any employee in order to perform its duties;
- (i) form and delegate full power and authority to sub-committees comprised of one or more Committee Members; and
- (j) meet with external auditors.

5. Responsibilities and Duties

5.1 Responsibilities

- (a) The Committee is responsible for the review and monitoring of financial reporting, audit and risk management strategies, systems, policies and processes implemented, and reported on, by Qube management.
- (b) Committee Members generally do not represent themselves as experts in the fields of accounting, auditing or risk management. As such, it is not the responsibility of the Committee directly to conduct accounting, audit or risk reviews.
- (c) Committee Members are entitled to rely on Qube management for matters within their responsibility and on the expertise of external professionals. Committee Members may rely on the accuracy of information provided by such persons, so long as the Committee Members are not aware of any reasonable grounds upon which such reliance or assumption may not be appropriate.
- (d) Management is responsible for:
 - (i) the preparation, presentation and integrity of the Qube Group's financial information and other information provided to the Committee;
 - (ii) implementing, managing and maintaining appropriate enterprise-wide accounting, financial reporting and risk management strategies, systems,

policies and processes, reporting protocols and internal controls that are designed to ensure compliance with applicable accounting standards, laws and regulations; and

- (iii) maintaining sufficient knowledge, skills and expertise within the Qube finance function.
- (e) The external auditor is responsible for planning and carrying out each audit and review in accordance with applicable auditing standards. The external auditor is accountable to shareholders through the Committee.

5.2 Review of Financial Information

- (a) The Committee will review the draft half yearly and annual financial statements of Qube and the Qube Group and any associated documents for public release prior to consideration by the Board, to assess whether they represent a true and fair view of the financial position and performance of Qube and the entities consolidated for reporting purposes. The Committee should focus on:
 - (i) compliance with accounting standards (including an assessment of the appropriateness of management's selection of accounting policies and disclosures);
 - (ii) significant or unusual transactions and accounting estimates;
 - (iii) significant changes in accounting policies and practices;
 - (iv) underlying earnings and major judgmental areas;
 - (v) significant audit adjustments and unadjusted audit differences; and
 - (vi) the form of the proposed opinion to be issued by the external auditor.
- (b) The Committee will review the declarations signed by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act and Recommendations 7.2 and 7.3 of the ASX Principles.

5.3 Legal and Regulatory Compliance

- (a) Without limiting its scope, the Committee will, in conjunction with the Board and Qube management, monitor the Qube Group's compliance with all relevant:
 - (i) statutory and regulatory obligations, including the ASX's continuous disclosure obligations; and
 - (ii) internal policies and procedures.
- (b) The Committee will consider the effects on the Qube Group of any new or proposed accounting or tax practices, principles or developments, disclosure requirements and legislative or regulatory pronouncements.

5.4 Risk Management

- (a) The Committee will review and assess the adequacy of the Qube Group's risk management systems. This will include:
 - (i) identifying areas of significant business risk or exposure;
 - (ii) implementing and monitoring arrangements put in place to ensure risks are effectively managed;

- (iii) establishing processes to ensure compliance with relevant laws and regulatory requirements;
- (iv) establishing, administering and periodically reviewing Qube's risk management policy;
- (v) monitoring of insurance coverage for the Qube Group; and
- (vi) developing, administering and periodically reviewing a business continuity plan for the Qube Group,

but will not include the management of risks relating to safety, health, environment and operational matters. The Qube Board has also established a SHE Committee which has responsibility for, among other things, assisting the Board in fulfilling its corporate governance responsibilities in regard to management of risks relating to safety, health, environment and operational matters (as they relate to SHE).

- (b) The Committee will:
 - (i) assess the adequacy and effectiveness of internal control systems for the mitigation of significant business risks (other than risks relating to safety, health, environment and operational matters); and
 - (ii) approve and review internal control compliance processes for compliance with relevant laws and regulatory requirements.
- (c) The Committee will update the Board from time to time as required and make relevant recommendations in relation to matters arising for consideration by the Committee.

5.5 External Audit

- (a) The Committee will:
 - (i) recommend to the Board the appointment, reappointment or replacement of the external auditor;
 - (ii) approve rotation of partners of the external auditor;
 - (iii) review and approve the audit plans and engagement letters of the external auditor, including payment of annual fees and variations to approved fees;
 - (iv) review the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures;
 - (v) consider the overall effectiveness and independence of the external auditor; and
 - (vi) resolve any disagreements between management and the external auditor regarding financial reporting.
- (b) The Committee will monitor and note compliance by the external auditor with the independence requirements imposed by the Corporations Act and will receive and review the auditor's independence declaration to be provided to the Directors of Qube by the external auditor pursuant to section 307C of the Corporations Act.
- (c) The Committee will implement a process for approval of all audit and non-audit services provided by the external auditor (who are not to be appointed to undertake any non-audit assurance services that may impair the external auditor's judgment or independence in respect of the Qube Group).

- (d) On an annual basis, the Committee will review a report from the external auditor:
 - (i) confirming that the audit firm's internal quality control and conflict procedures are in place and operating; and
 - (ii) describing any material issues raised by the most recent quality control, or peer review, of the audit firm and any steps taken to deal with any such issues.
- (e) The Committee and management will agree the hiring policies for employees or former employees of the external auditor to comply with the Corporations Act and to prevent the impairment or perceived impairment of the external auditor's judgment to independence.
- (f) Prior to the annual approval of the Directors' Report, the Committee will pass a resolution to provide the Board with the written advice required by section 300(11D)(a) of the Corporations Act relating to:
 - (i) whether any non-audit services provided during the year by the external auditor are compatible with the general standard of independence of auditors imposed by the Corporations Act; and
 - (ii) the reasons why the Board should be satisfied that any non-audit services provided during the year by the external auditor did not compromise the auditor independence requirements of the Corporations Act.

5.6 Other

The Committee shall examine any other matters referred to it by the Board.

6. Committee Performance

To determine whether it is functioning effectively, once each year the Committee shall:

- (a) review this Charter; and
- (b) perform an evaluation of its performance.