



Finance, Audit, Risk and Remuneration Committee Charter

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Sydney Markets Limited Finance, Audit, Risk & Remuneration Committee Charter

1. Formation

The Board of Sydney Markets Limited (the Board) have resolved to establish a Finance, Audit, Risk and Remuneration Committee (the Committee) and has delegated to it the responsibilities set out in this Charter.

2. Role

The role of the Committee is to assist and advise the Board in discharging its responsibilities in relation to:

- (a) **SML's financial management and financial integrity** including:
 - o Its internal control framework, financial reporting, audit activities and material contracts
 - o Reviewing and assessing the appointment, independence and performance of the external auditor and the integrity of the audit process
- (b) **SML's risk and compliance** including:
 - o the implementation and effectiveness of SML's risk and compliance policies, frameworks, risk appetite and strategies and internal controls to manage material risks, other than those overseen by the Sustainability Committee
- (c) **Remuneration** - of the CEO and the Senior Management reporting directly to the CEO
- (d) Make recommendations to the Board on each of the areas listed above where necessary
- (e) Any other matters referred to it by the Board

3. Responsibilities

3.1 SML's financial management and financial integrity

The Committee will oversee SML's financing management, processes and reporting used and developed by Management with a view to safeguarding its financial integrity. Its responsibilities include:

- (a) Reviewing and assessing all financial information prepared for regulatory authorities and that which is distributed externally
- (b) Reviewing financial reporting issues and disclosure requirements
- (c) Reviewing the annual and interim financial statements and audited sections of the Annual Report, and consider whether they are consistent with the information known to Committee members and recommend approval of these to the Board, with particular focus on:
 - o The adequacy, accuracy, necessity and completeness of financial information
 - o Any legal matters that could significantly impact the financial statements
 - o Complex and /or unusual transactions and disclosures
- (d) Reviewing any significant changes in accounting policies and practices and where appropriate, recommending adoption to the Board
- (e) Reviewing and considering reports from External Audit in respect of internal controls

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- (f) Making regular enquiry of management and External Audit, about significant financial exposures, including as a result of illegal acts or fraud, and review the steps Management has taken to address such exposure to SML
- (g) Reviewing and approving SML's policies relating to financial risk identification, assessment and management
- (h) Ensuring Management has a financial risk management process which effectively identifies, addresses and monitors significant financial risks, and that appropriate processes and controls are in place to ensure compliance with the related Risk Appetite Statement, policies and procedures, together with the reporting of any non-compliance
- (i) Review, analysis and assessment of the Financial Metrics of all investment business cases to ensure:
 - o Appropriate Return on Investment (ROI) for the level of risk for the project
 - o Review of the Sensitivity Analysis to assess risk-return outcomes
 - o Regular reporting of Project financials relative to budget
 - o Benefit realisation reporting post completion.

3.2 Oversight of the External Audit process

The Committee will monitor the activities and performance of the External Auditor. Its responsibilities include:

- (a) Reviewing and approving the guidelines for selection and appointment of the External Auditor
- (b) Making recommendations to the Board in relation to the appointment and removal of the External Auditor, and overseeing the rotation of the lead audit partner on a regular basis
- (c) Reviewing the reasonableness of, and endorse the annual audit plan
- (d) Reviewing the reasonableness of, and approve the annual External Audit fee and engagement terms
- (e) Reviewing External Audit reports, significant audit adjustments and any areas of dispute between Management and External Audit
- (f) Reviewing the annual accounts with the External Auditors and reporting to Board on those accounts, and any issues arising as appropriate
- (g) Review reports from the external auditors (including auditor's reports, closing reports and management letters).
- (h) Reviewing significant accounting and reporting issues and assessing the appropriateness of accounting policies and methods chosen by Management, particularly those relating to significant accounting estimates and judgements and the assessment of going concern
- (i) Discuss with the External Auditors matters relating to the conduct of the audit, including any difficulties encountered, any restrictions on scope of activities or access to information, significant disagreements with Management and the adequacy of Management response
- (j) Managing and ensuring the independence and objectivity of the External Auditor

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3.3 Material Contracts

- (a) For the purposes of this Charter, Material Contracts refers to agreements, arrangements, or transactions that individually:
 - Are greater than \$250,000 in a 12 month period or cumulatively over the term of the contract, or
 - Are strategically important and/or present a potential high risk exposure to SML
 - Are outside the ordinary course of business
 - Contain exceptionally onerous provisions; be it regulatory or otherwise
 - That include a contingent liability or performance guarantee
 - That have the potential to significantly impact the reputation of SML
- (b) Management will provide regular updates to the Committee on the status, performance, and impact of Material Contracts. These updates should include relevant information to enable the Committee to assess the performance and impact of these contracts.
- (c) Directors must promptly declare any potential conflicts of interest related to Material Contracts.
- (d) If a known conflict exists, the Committee Chair will take all reasonable steps to avoid any relevant papers being circulated to the affected Director prior to any Committee discussion taking place. The affected Director should excuse themselves from discussion and should not vote on matters in which they have an interest.
- (e) The Committee recognises the importance of strict adherence to all applicable laws, regulations, and corporate governance principles when negotiating, executing, or amending Material Contracts. SML will maintain a robust legal compliance framework to mitigate legal and regulatory risks related to material contracts.
- (f) Directors shall treat information related to Material Contracts with the utmost confidentiality. The disclosure of sensitive or proprietary information contained in these contracts should strictly adhere to the SML's confidentiality policies.
- (g) All Material Contracts, along with associated approvals and disclosures, must be properly documented and maintained in accordance with the SML's record-keeping policies.

3.4 Oversight of risk management and compliance systems

The Committee will oversee and monitor the systems of risk management and compliance. Its responsibilities include:

3.4.1 Risk Management

- (a) Overseeing the design, implementation and maintenance of the risk management system and internal control framework, and reviewing its effectiveness on an annual basis
- (b) Reviewing and making recommendations to the Board on SML's Risk Appetite Statement including quantitative measures and thresholds
- (c) Reviewing the effectiveness and efficiency of SML's risk management function to ensure it is fit for purpose

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- (d) Reviewing and assessing:
 - o The risks faced by SML, including risk concentration, and interrelationships between risks
 - o The likelihood and severity of the material risks
 - o The risk treatment and mitigation plans developed by Management
 - o Management's oversight of risk against the risk appetite set
- (e) Making regular enquiry of Management about significant shifts in risk positions or exposures

3.4.2 Business continuity and incident management

- (a) Reviewing SML's incident management, business continuity and crisis management practices and policies
- (b) Reviewing material incidents including fraud, or breakdown of SML controls, the lessons learned, and the actions Management are taking in response

3.4.3 Compliance and Conduct

- (a) Obtain regular updates from Management about compliance or ethical matters that may have a material impact on SML
- (b) Review, approve and oversee the policies, processes and frameworks for identifying, analysing and treatment of complaints (including those received under the Whistleblower Policy) relating to audit, financial statements, internal controls, misbehaviour or conduct in breach of SML's policies.
- (c) Review the effectiveness of SML's systems, policies and processes for compliance with laws, regulations and internal policies.
- (d) Review the results of Management's investigation and follow up (including disciplinary actions) of any instances of non-compliance

3.4.4 Other Requirements

- (a) Review and endorse the renewal / or changes to SML's insurance arrangements to the Board to ensure appropriate coverage with regard to SML's circumstances and need
- (b) Institute and oversee special investigations as needed
- (c) In conjunction with the SML Board and Sub-Committees, ensuring there is appropriate oversight of all material risks across the SML Board and Sub-Committees
- (d) Request internal audits or third party reviews to assist it in discharging its responsibilities above on the effectiveness of processes and internal controls to manage material risks when required.

3.5 Remuneration

The Committee will review, advise and make recommendations to the Board in relation to:

- (a) The remuneration of the CEO, within the terms of their employment contract, on an annual basis
- (b) Evaluating the CEO's performance and key risk indicators in order to determine any annual bonus components

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- (c) The CEO's recommendations regarding Senior Management remuneration, on an annual basis
- (d) Any incentive plan, or ex-gratia payments to the CEO, Senior Management or other employees
- (e) SML's remuneration and incentive policies, practices and performance indicators and ensuring they are aligned to the Board's vision, values and strategic objectives
- (f) Ensuring that CEO and Senior Management succession plans are in place
- (g) Oversight of searches for CEO and recommending preferred candidates to the Board

4. Other responsibilities

The Committee will:

- (a) Review the content, quality, type and presentation of information provided to the Board
- (b) Evaluate the performance and effectiveness of the Committee and its members annually and recommend changes to the Board
- (c) Review and assess the adequacy of this Charter annually, or in the case of a significant event requiring its review sooner. Requesting Board approval for changes
- (d) Meet privately with the following parties at least annually in separate sessions to discuss any matters they believe should be privately discussed: External Auditor, Head of Governance, Risk and Compliance, Legal Counsel

5. Membership

- (a) The members of the Committee will be determined by the Board.
- (b) The Board will appoint at least three, but not more than five Non-Executive Directors as members of the Committee. All members should have sufficient experience and capabilities to be able to consider and contribute to the matters for which the Committee is responsible.
- (c) The Chair must be an independent or Expertise director, who is not also the Chairperson of the Board.
- (d) The Chair of the Board and other Directors who are not members of the Committee have a standing invitation to attend as observers.
- (e) Composition of the Committee will be reviewed annually by the Board to ensure the appropriate balance of skills, knowledge and experience.

6. Attendance

- (a) The CEO, CFO and Head of Governance, Risk and Compliance are expected to be available to attend all meetings.
- (b) Representatives of External Audit and any Senior Management may be invited to attend part or all of any meeting, and the Committee may request they also withdraw from any part of a meeting.

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7. Meetings

- (a) The Committee will meet at least four times per annum.
- (b) The Company Secretary of the Board will be the Secretary of this Committee. The Secretary will keep minutes and resolutions of the proceedings.
- (c) The minutes will be distributed to all Committee members after the meeting and ratified in the next Committee meeting.
- (d) The minutes will be uploaded to Diligent as part of the following Committee. They will be accessible to all Directors.
- (e) Papers will be distributed to the Committee five business days in advance.
- (f) The Committee will regularly report to the Board about relevant activities and recommendations as appropriate.

8. Access to Information and Independent Advice

The Committee has the authority to require:

- (a) the attendance of any management or employees of the SML and the right to interview them;
- (b) access to, and meeting with, the auditors without Senior Management of SML present; and
- (c) unrestricted and unfettered access to any information, document, report or material in the possession of any manager, employee and all employees and managers must comply with such requests from the Committee, subject to any legal requirements, including any fiduciary or statutory duties of Committee members.
- (d) The Committee may engage any independent legal, financial or other specialist advice as it considers necessary to adequately discharge its responsibilities under this Charter, at SML's expense.

9. Reliance

The Committee members are entitled to rely on:

- (a) information or advice of management and employees of SML on matters within their area of responsibility; and
- (b) the advice of internal and external counsel and other experts on matters within their areas of expertise, provided that reliance is permitted by law.

Before a Committee member can rely on information or advice referred above, the Committee member must be satisfied that:

- (c) there are no facts or circumstances that he or she is aware, or ought to be aware, which would deny reliance; and
- (d) he or she has reviewed the information or advice, having regard to the member's knowledge of SML.

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10. Reports to Board

- (a) The Committee will keep the Board informed of its activities through the provision of the minutes and Committee papers of each meeting.
- (b) Additionally, the Committee Chairman will formally advise the Chairman of the Board of any matters or recommendations requiring the attention by the Board and will ensure that the Board are made immediately aware of any matters brought to the attention of Committee Chairman, that may significantly impact the financial condition or reputation of the SML.

11. Voting

- (a) Matters will be decided by majority votes from the Directors present within a Board meeting, attended either in person or virtually, including via Circular Resolution.

12. Review

- (a) The Committee should review this Charter at least annually, to ensure it remains consistent with the Board's objectives and responsibilities and continues to reflect the current processes and appropriate principles.
- (b) The Board must approve any amendments made to the Charter as a result of any review.