

Finance Audit & Risk Committee Terms of Reference

The FAR Committee is a Board Committee formally established by the Board.

Definition

Director: The term Director refers to Member Elected and Board Appointed Directors as described in the Transport Professionals Association (formerly AITPM) Constitution.

1 Purpose and authority

1.1 Purpose

The purpose of this Finance Audit & Risk Committee Terms of Reference is to specify the authority delegated to the Finance Audit & Risk Committee (Committee) by the Board of Directors of Transport Professionals Association (TPA) and to set out the role, responsibilities, membership and operation of the Committee.

1.2 Authority

The Committee is a sub-committee of the Board established in accordance with the TPA Constitution and authorised by the Board to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities and in line with good governance practices. The Committee has the authority and power to exercise the role and responsibilities set out in this Terms of Reference and any separate matters granted to it by the Board from time to time.

2 Role of the Committee

The role of the Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities, including oversight of:

2.1 Finance

- a. Overseeing the review of financial reports and reviewing the results of external audits of these reports;
- b. reviewing management's processes for compliance with laws, regulations, adherence to accounting standards and other requirements relating to the preparation of accounts and corporate reporting by the Company;
- c. recommending to the Board whether the financial statements should be signed based on the Committee's assessment of them;
- d. reviewing the completeness and accuracy of the Company's corporate reporting processes and related internal control systems;
- e. reviewing the risk profile for the Company in respect of financial matters and financial reporting risks.

2.2 External Audit

In particular, the Committee is responsible for:

- a. Making recommendations to the Board on the appointment and remuneration of the external auditor and, if appropriate, recommending that tenders be called to assist in deciding which external auditor should be recommended;
- b. agreeing the terms of engagement of the external auditor before the start of each audit;
- c. reviewing the external auditor's fee and being satisfied that an effective, comprehensive and complete audit can be conducted for the external auditor's set fee;
- d. monitoring the effectiveness and independence of the external auditor, and periodically assessing their performance;
- e. reviewing the external auditor's independence based on the external auditor's relationships and services with the Company and other organisations;
- f. inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings
- g. reviewing the scope and adequacy of the external audit, including identified risk areas and any additional procedures, with the external auditor on a periodic basis;

2.3 Risk Management

Role of the Board (Broadly): is to set the risk appetite for the Company (that is, the nature and extent of the risks it is prepared to take to meet its objectives), to oversee the risk management framework and satisfy itself that the framework is sound;

Role of Management (Broadly): is to identify risks, develop and implement the risk management framework, manage and report on risks and monitor that the Company operates within the risk appetite set by the Board; and

Role of the Committee: is to assist the Board, including:

- a. Reviewing a risk profile which describes the material risks facing the Company including financial and non-financial matters;
- b. regularly reviewing and updating the Company's risk profile;
- c. review the Company's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board;
- d. ensuring the risk management framework considers adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change;
- e. receiving management reports on new and emerging sources of risk, risk controls and mitigation measures;
- f. assessing that there are internal processes for determining and managing key risk areas, such as:
 - non-compliance with laws, regulations, standards and best practice guidelines
 - important judgments and accounting estimates;
 - business license requirements;
 - litigation and claims;
 - fraud and theft;
 - cybersecurity; and
 - relevant business risks not dealt with by other Board committees;
- g. reviewing the effectiveness and operation of the delegated levels of authority and making recommendations to Board;
- h. review the adequacy of the Company's insurance coverage, having regard to the Company's

business and the insurable risks associated with its business and recommend to the Board;

4 Committee Membership

4.1 Composition and size

The Board Finance Audit & Risk Committee must be comprised of at least 3 Members.

Each Member must declare any interest, business or other relationship which, in the opinion of the Board, could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment as a Member of the Committee.

The term of service of Committee members will be reviewed by the Board at least annually, with a view to rotating members periodically, but without losing the continuity of experience and knowledge gained by the members of the Committee. The members of the Committee are recommended by the committee and appointed and removed by the Board.

The Committee may recommend to the Board the option of appointing an external suitably qualified advisor on a temporary or permanent basis.

4.2 Chair

The Chair of the Committee is appointed by the Board.

If, for a particular Committee Meeting, the Committee Chair is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a Chair for the meeting.

The Committee Members must elect an alternative Chair (recommend the Company Secretary) for the portion of the meeting concerning the appointment of a successor to the Chair.

4.3 Secretary

The Company Secretary is the secretary of the Committee.

5 Committee meetings and process

5.1 Meetings

Meetings and proceedings of the Committee are governed by the provisions in the TPA Constitution regulating meetings and proceedings of the Board and Committees of the Board in so far as they are applicable and not inconsistent with this Terms of Reference.

Committee Members may attend meetings in person or by electronic means.

5.2 Frequency and calling of meetings

The Committee will meet as frequently as required to perform its functions, but not less than four times a year.

5.3 Quorum

At least (3) Directors constitute a quorum for meetings of the Committee.

5.4 Attendance by management and advisers

The Committee Chair may invite the CEO, other employees, Directors who are not Members of the Committee and external advisers to attend meetings of the Committee.

5.5 Notice, agenda and documents

The Chair of the Committee will determine the meeting agenda after appropriate consultation.

Unless otherwise agreed or considered necessary by the Chair, notice of each meeting confirming the venue, date, and time together with an agenda of items to be discussed and supporting documentation, will be circulated by the Company Secretary to each Committee member and any other individual invited to attend, not less than 3 business days before the meeting.

5.6 Minutes

The Company Secretary will keep minutes to record the proceedings and resolutions of Committee Meetings.

The Chair of the Committee, or delegate, will report to the Board after each Committee Meeting.

The Committee must refer any matter of significant importance to the Board for its consideration and attention.

5.7 Access to information and advisers

The Committee has the authority to engage external advisors for the purpose of obtaining advice or quotation only, noting that any engagement, expenditure or appointment remains subject to Board approval. to support the discharge of the Committee remit, for the purposes of providing a quotation to enable a recommendation to be presented to the Board for approval.

6 Review of the Terms of Reference

The Committee will review its Terms of Reference annually to keep it up to date and consistent with the Committee's authority, objectives and responsibilities and report to the Board any changes it considers should be made. The Terms of Reference may be amended by resolution of the Board.