Audit and Risk Committee Charter

June 2026

Powering Skills Organisation Ltd

Policy # PSO-0008	Last edited: April 2025	Policy owner: Company Secretary
Effective date: September 2025	Next review date: June 2027	Authorised by: Board of Directors on 30 June 2026

1. Purpose

The Powering Skills Organisation Ltd (PSO) Audit and Risk Committee assists the Board in discharging its governance and oversight responsibilities in relation to financial reporting, risk management, internal controls, internal and external audit, compliance and assurance.

- Overseeing the integrity of PSO's statutory financial reports and financial statements;
- Overseeing the performance and independence of the external audit function;
- Reviewing the effectiveness of management's framework for identifying, assessing and managing risk, and for maintaining appropriate internal audit, control and assurance systems;
- Overseeing PSO's compliance with applicable legal, regulatory, contractual and ethical obligations; and
- Reviewing the adequacy of PSO's internal policies, procedures and standards relevant to audit, risk and compliance oversight.

In performing its role, the Audit and Risk Committee provides oversight, review and recommendations to the Board, while management remains responsible for implementing and operating PSO's financial, risk, control and compliance frameworks.

Where applicable, the Committee also oversees the performance of any external investment manager and reviews the financial performance of investments against the Investment Policy.

2. Reporting Chart

3. Authority

The PSO Board has authorised the Audit and Risk Committee, within the scope of the duties and responsibilities set out in this Charter, to:

- Make recommendations to the Board;
- Endorse the engagement of professional advisers that the Committee may require to assist in performing its duties;
- Endorse policies as determined by the Board;
- Require the attendance of any employee at meetings, as appropriate;
- Have unrestricted access to staff and information considered relevant to its responsibilities under this Charter; and
- Note, discuss and investigate other matters brought to its attention or requested by the Board.

The Audit and Risk Committee has no executive or operational management role. Its role is to provide oversight, review and recommendations to the Board.

4. Role and Responsibilities

4.1. Financial reporting

4.1.1. Review financial statements with management and with the external auditors as necessary prior to their approval by the Board.

4.1.2. Review recommendations from the Chief Operating Officer, Financial Controller and External Auditor, make recommendations to the Board on significant accounting and financial policy issues, and review the appropriateness of accounting judgments or choices exercised by management in preparing the financial statements.

4.1.3. Review the processes for reporting financial information to the Board to ensure that such information is presented fairly, accurately and in a timely manner.

4.1.4. Review the adequacy of the policies, processes and procedures supporting PSO's external reporting to ensure that disclosures are complete, accurate, timely and consistent with PSO's legal, regulatory and other reporting obligations.

4.2. Risk management and internal controls

4.2.1. Review the adequacy and effectiveness of PSO's risk management framework and internal control systems for managing material business risks that:

- support the achievement of PSO's goals, objectives and strategies; and
- ensure that significant risks are identified, assessed, managed, monitored and reported across the organisation.

4.2.2. Review and provide advice to the Board on PSO's material and emerging risks.

4.2.3. Oversee periodic reviews of material risks and the effectiveness of related controls

and treatments.

4.2.4. Review and make recommendations to the Board on PSO's Risk Management Plan and any material changes to it.

4.2.5. Review PSO's risk profile, including strategic, reputational, operational, health and safety, compliance and governance risks, and any material exposures arising from those risks.

4.2.6. Review and make recommendations to the Board in relation to PSO's risk appetite and risk tolerance settings.

4.2.7. Approve policies relating to risk, control, and the prevention and detection of fraud.

4.2.8. Review the adequacy of PSO's insurance arrangements, including Directors' and Officers' insurance.

4.2.9. Review reports from management responsible for risk and assurance addressing:

- the operation and effectiveness of PSO's risk management framework;
- significant risk exposures, incidents, control failures and breaches; and
- other risk and assurance matters requested by the ARC.

4.2.10. Review remuneration practices, as relevant, to assess whether they are consistent with sound risk management outcomes.

4.3. Assurance and compliance

4.3.1. External audit

- Make recommendations to the Board on the appointment, rotation, retention and dismissal of the External Auditor.
- Review and endorse proposed audit plans and approaches.
- Review the independence and performance of the External Auditor, including the engagement of the External Auditor to provide other non-audit services.
- Review and endorse External Auditor reports and management responses.
- Establish ongoing communication with the External Auditor and ensure appropriate access to Directors and the Audit and Risk Committee.
- Monitor management's progress in improving internal controls arising from recommendations made by the External Auditor.

4.3.2. Compliance

- Review the effectiveness of PSO's framework for ensuring compliance with laws, regulations, industry codes, contracts and company policies, including quality assurance programs.
- Review internal and external compliance reports.
- Review attestations from company officers relating to statutory and regulatory reporting requirements.

4.4. Investments

4.4.1. Review and make recommendations to the Board in relation to PSO's Investment Policy.

4.4.2. Review reports from management regarding the financial performance of investments and the allocation of investments against the Investment Policy and the Grant Agreement.

5. Membership

The Board Chair nominates Members for the Audit and Risk Committee for approval by the Board.

The ARC will consist of three (3) Independent Directors and may include one or more subject matter specialist members who are independent of the Board. Each Member must be free from any relationship that may interfere, or reasonably be perceived to interfere, with the independent exercise of their judgement as an ARC Member.

The ARC Members shall be:

- Sufficiently literate in financial, risk, audit and compliance matters to read, understand and challenge information presented in ARC meetings; and
- At least one Member must have accounting or related financial expertise.

ARC Member appointments are for an initial term of two (2) years and will be reviewed every two (2) years thereafter, or earlier if circumstances require. The Board will seek to ensure that reappointments or replacement of ARC Members do not occur in the same year.

The Board Chair may attend all Committee meetings *ex officio*.

The Board Chair nominates the ARC Chair for approval by the Board. The ARC Chair must not be the Board Chair. If the ARC Chair is absent from a meeting, the ARC Members present, whether in person or by electronic means, must appoint one of the ARC Members present to act as Chair for that meeting, provided that person is not the Board Chair.

PSO is responsible for providing new ARC Members with an appropriate induction program and ongoing professional development relevant to the ARC's remit. The Board will review the skills and performance of all ARC Members annually.

6. Reporting and Management Access

In addition to providing the Board with regular updates on the ARC's activities, including copies of ARC agendas, papers and minutes, the ARC will ensure the ARC Chair reports to the Board on relevant matters and appropriate recommendations arising from ARC meetings.

The Chief Executive Officer, Chief Operating Officer, Financial Controller and Company Secretary will have direct access to the Audit and Risk Committee as needed.

7. Conflict of Interest

Where a Committee Member has a material personal interest in, or an interest arising from a personal or other relationship in, any matter being considered by the Committee, the Member must disclose the nature of that interest to the Committee and the other Members as soon as practicable after becoming aware of it.

A Committee Member who has a material interest in a matter being considered at a Committee meeting must otherwise act in accordance with the PSO Conflict of Interest Policy.

8. Confidentiality

Committee Members must preserve the confidentiality of all Committee discussions, papers, deliberations and other information received in their capacity as Committee Members, except where disclosure is authorised or required by law.

9. Code of Conduct

Each Committee Member is required to comply with the law and its intent, the Constitution, the PSO Code of Conduct, and the Jobs and Skills Council Code of Conduct.

10. Meetings

10.1. Annual Plan

The ARC will establish an annual workplan to inform each meeting agenda. The annual workplan will cover matters aligned to the duties and responsibilities in this Charter and may also be informed by actions arising from Board meetings.

10.2. Frequency

The ARC must meet at least three (3) times per year. Out-of-session meetings may occur, subject to agreement by all ARC Members, should the need arise. Any action required or permitted to be taken at an ARC meeting may be taken without a meeting if all ARC Members provide written consent. The written consent must be retained with the ARC minutes. Email confirmations may be accepted as written consent where unanimously agreed by ARC Members.

The Board Chair, any ARC Member or the Company Secretary may call a meeting of the ARC. The External Auditor, Chief Operating Officer or Chief Executive Officer may request the ARC Chair or an ARC Member to call a meeting. In these circumstances, the five (5) working day notice period may be waived if agreed in writing by all parties.

10.3. Attendance

Any person may be invited by the ARC Chair to attend ARC meetings.

A standing invitation to attend ARC meetings is issued to:

- PSO Directors;
- Chief Executive Officer;
- Chief Operating Officer; and
- The External Auditor.

At the discretion of the ARC Chair, private sessions may be held with individual executives or management.

10.4. Agenda

Notice of each meeting, together with a detailed agenda, briefing papers and supporting documentation, must be circulated to ARC Members and other attendees at least five (5) business days before each meeting.

Members are expected to be appropriately prepared for ARC meetings to enable informed,

constructive and effective participation in matters before the Committee.

10.5. Quorum

Attendance of 50% of Members constitutes a quorum for ARC meetings.

10.6. Voting

Each Member present may vote on any matter raised before the ARC for resolution. In the event of a tied vote, the ARC Chair has a casting vote.

10.7. Minutes

The Secretary or delegate must prepare the minutes of each ARC meeting. After the ARC Chair has provided preliminary approval, the draft minutes are circulated to all ARC Members and made available to the Directors of the Board.

The minutes should accurately record the resolutions of the ARC, key reasons for those decisions (where appropriate), and actions with accountabilities and timings noted. The minutes of each ARC meeting must be confirmed at the next ARC meeting and, once confirmed, signed by the ARC Chair.

10.8. Secretary

The Secretary of the ARC will be the Company Secretary, or their delegated representative.

11. Remuneration

PSO provides for Director remuneration in relation to Committee meeting attendance. The Director Remuneration Policy outlines the relevant payment conditions.

12. Review

Annually, the ARC will undertake a committee effectiveness review of its performance against this Charter and report the findings to the Board.

13. Document Control Table

Version	Description	Date
V.1.	Creation of first draft	10/05/2023
V.1.1	Compliance review	10/08/2023
V.1.2	Board adoption	30/10/2023
V.1.3	Update to include remuneration	29/04/2025
V1.4	Annual review with amendments	30/06/2026