



# RISK & SUSTAINABILITY COMMITTEE CHARTER

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## 1 ROLE

The role of the Risk & Sustainability Committee (**Committee**) is to advise and support the Board of Directors (**Board**) of Australian Potash Limited (**Company**) in relation to material and emerging risks that may impact the Company meeting its corporate objectives and vision, and its reputation and standing in the community

This Charter defines the Risk & Sustainability Committee's function, composition, mode of operation, authority and responsibilities.

## 2 COMPOSITION

The Board will strive to adhere to the following composition requirements for the Committee where at all possible. However the Board acknowledges that the composition of the Board may not allow adherence to the following composition requirements from time to time.

- (a) The Committee shall comprise at least three Directors, the majority of whom must be independent in accordance with the criteria set out in Annexure A, one of whom will be appointed the Chair of the Committee.
- (b) The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.

If a Committee member or meeting attendee has a conflict of interest in a matter to be discussed this must be indicated at the commencement of the meeting and the Committee will have the discretion to allow the person to participate in the relevant item or not.

## 3 PURPOSE

The primary purpose of the Committee is to assist the Board in discharging its responsibilities overseeing the Company's risk management systems, governance and sustainability programs, environmental and community obligations, ethical standards, codes of conduct and compliance procedures. This includes:

- (a) the identification and management of operational, occupational health and safety, land tenure, environmental, compliance and social sustainability risks;
- (b) assisting the Board with monitoring and review of the Company's risk culture;
- (c) developing, reviewing, monitoring and approving (as appropriate) the Company's sustainability strategy and providing advice to management on associated implementation plans and other issues that may impact the Company's sustainability;

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- (d) approving policies and initiatives that ensure best practice risk management, reflect stakeholder expectations and influence the Company's reputation as a responsible and sustainable organisation; and
- (e) reviewing and monitoring the Company's compliance with legal and regulatory obligations, internal policies and industry standards.

#### 4 DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

- (a) Oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements, particularly the establishment, maintenance and regular review of a risk register/s which describes the risks, likelihood of occurrence, mitigating strategies and consequential risk.
- (b) Assess whether the Company has any potential or apparent exposure to environmental or social risks and if it does, advise on management systems, practices and procedures to manage those risks. Where the Company does not have material exposure to these risks, report the basis for that determination to the Board and where appropriate, benchmark the Company's environmental or social risk profile against its peers.
- (c) Review the Company's *Risk Management Framework (APC-AD-RK-FW-0001)* at least annually to satisfy itself that the Framework:
  - i) continues to be sound;
  - ii) ensures that the Company is operating with due regard to the risk appetite set by the Board;
  - iii) deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change; and
  - iv) allows for a system of reporting and investigating incidences, breaches or excessive risks and that proper remedial action is taken to redress areas of weakness identified.
- (d) Review reports by management on the efficiency and effectiveness of the Company's *Risk Management Framework (APC-AD-RK-FW-0001)* and associated internal compliance and control procedures.
- (e) Ensure there is a system whereby the Managing Director & CEO and/or Board are immediately notified of any information which may have a material effect on the price of the Company's securities, and that such information is released to the ASX in accordance with the requirements of the Company's *Continuous Disclosure Policy (APC-CP-BG-PY-0003)* and the ASX Listing Rules.
- (f) Ensure there is a system whereby the Managing Director & CEO and/or Board are immediately notified of any incident which may trigger reporting requirements or officers' statutory responsibilities under mines safety and workplace health and safety legislation and the appropriate actions are taken to ensure compliance with these and other statutory obligations.
- (g) Promote and support an organisational culture that is committed to risk management through open communication and effective risk management leadership.
- (h) Review and monitor the plans, activities and corrective actions in place which are designed to ensure that there is appropriate engagement with communities impacted by the Company's operations.

- (i) Monitor relevant community perceptions of the Company as a consequence of its activities and adopt procedures and policies for the improvement and preservation of reputation of the Company.
- (j) Assess and make a recommendation to the Board on the level and form of ESG reporting appropriate for the Company.

## **5 SECRETARY**

- (a) The Company Secretary or their nominee shall be the secretary of the Committee (**Secretary**) and shall attend meetings of the Committee as required.
- (b) The Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to other members of the Board.
- (c) The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

## **6 MEETINGS**

- (a) The Committee will meet at least twice a year and additionally as circumstances may require.
- (b) Meetings are called by the Secretary as directed by the Board or at the request of the Chair of the Committee.
- (c) Where deemed appropriate by the Chair of the Committee, meetings and subsequent approvals and recommendations may be held or concluded by way of a circular written resolution or conference call.
- (d) A quorum shall consist of two (2) members of the Committee. In the absence of the Chair of the Committee or their nominee/s, the members shall elect one (1) of their members as chair of that meeting.
- (e) Decisions will be based on a majority of votes with the Chair having a casting vote.
- (f) The Chair of the Committee, through the Secretary, will prepare a report of the actions of the Committee to be included in the Board papers for the next Board meeting.
- (g) The minutes of each Committee meeting shall be provided to the Board at the next occasion the Board meets following approval of the minutes of such Committee meeting.

## **7 ACCESS TO ADVICE**

- (a) Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- (b) Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chair of the Committee. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

**8 REVIEW OF CHARTER**

- (a) The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner and will update this Charter as required or as a result of new laws or regulations.
- (b) This Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted on the Company's website.

**9 REPORT TO THE BOARD**

- (a) The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities.
- (b) The Committee must brief the Board promptly on all urgent and significant matters.

**ANNEXURE A – DEFINITION OF INDEPENDENCE**

As presented in *Box 2.3: Factors relevant to assessing the independence of a director* in the ASX Corporate Governance Council Corporate Governance Principles and Recommendations – 4<sup>th</sup> edition.

Examples of interests, positions and relationships that might raise issues about the independence of a director include if the director:

- (a) is, or has been, employed in an executive capacity by the Company or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- (b) receives performance-based remuneration (including options or performance rights), or participates in an employee incentive scheme of the Company;
- (c) is, or has been within the last three years, in a material business relationship (eg. as a supplier, professional adviser, consultant or customer) with the Company or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
- (d) is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder of the Company;
- (e) has close personal ties with any person who falls within any of the categories described above;  
or
- (f) has been a director of the Company for such a period that their independence from management and substantial holders may have been compromised.

In each case, the materiality of the interest, position or relationship needs to be assessed by the Board to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party.