

Audit and Risk Committee Charter for Vulcan Steel Limited

Reviewed and adopted by the Board on 25 November 2024

Audit and Risk Committee Charter for Vulcan Steel Limited**1. Role of the Committee and its authority**

- 1.1. The Committee assists the Board to fulfil its corporate governance responsibilities and oversees Vulcan's financial reporting, internal control systems, risk management and internal and external audit functions.
- 1.2. The Committee is responsible for maintaining free and open communication with the external auditor and Management.
- 1.3. The Committee has powers to investigate matters, with full access to Vulcan's books, records, operations and people and has the authority to engage external advisers (i.e. accountants, lawyers) as necessary to carry out these duties.
- 1.4. The Committee is established in accordance with Vulcan's Constitution and assists the Board to fulfill its statutory and regulatory responsibilities.
- 1.5. The Committee has authority to exercise the roles and responsibilities set out in this Charter and as granted under separate resolutions of the Board, which are made from time to time.

2. Membership of the Committee

- 2.1. The Committee should, to the extent practicable, comprise of:
 - (a) at least three members;
 - (b) only non-executive directors;
 - (c) a majority of independent directors; and
 - (d) an independent non-executive director, who does not chair the Board, as the Committee Chair.
- 2.2. All Committee members should be financially literate and understand Vulcan's business and industry.
- 2.3. The Board may appoint additional directors to the Committee, or remove and replace members of the Committee, by resolution of the Board.
- 2.4. A Committee member may resign from the Committee by providing not less than 20 business days written notice to the Committee Chair.
- 2.5. A Committee member's appointment will be automatically terminated with immediate effect if they cease to be a director of Vulcan.
- 2.6. The Company Secretary of Vulcan is secretary to the Committee.

3. Duties and responsibilities

- 3.1. The Committee's key responsibilities and functions are:
 - (a) overseeing, monitoring, and reviewing Vulcan's Whistleblower Protection Policy, Code of Conduct and Anti-bribery and Corruption Policy. The Committee should be informed of any material incidents reported under the Whistleblower Protection Policy;
 - (b) regularly monitoring, and reviewing at least once a year, Vulcan's risk management framework (including any risk appetite statement and risk register), including ensuring emerging and contemporary risks are identified and addressed. Following such review, the Committee should be satisfied that the Company's risk management framework continues to be sound and that Vulcan is operating with due regard to the Board's agreed risk appetite. The Committee will make recommendations to the Board on changes to Vulcan's risk management framework or the risk appetite set by the Board;
 - (c) in relation to Vulcan's financial reporting:
 - (i) reviewing Vulcan's financial statements and associated non-financial reports;
 - (ii) reviewing the suitability and application of Vulcan's accounting policies and principles, how they are applied and ensuring they are used in accordance with the statutory financial reporting framework;
 - (iii) assessing significant estimates and judgements in financial statements and reports;
 - (iv) assessing information from the external auditor to ensure the quality of the financial statements and reports; and
 - (v) based on the Committee's assessment, making recommendations to the Board regarding whether the financial statements and associated non-financial reports should be approved and signed;

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- (d) overseeing and monitoring Vulcan's environmental (including climate) reporting framework;
- (e) in relation to Vulcan's climate and sustainability related reporting:
 - (i) reviewing Vulcan's climate statements and associated reports;
 - (ii) verifying, or overseeing the verification of, Vulcan's climate and sustainability related disclosures;
 - (iii) reporting to the Board on the process for preparation, verification, review and assurance in relation to such reporting;
 - (iv) overseeing the independent assurance of Vulcan's climate related reporting; and
 - (v) based on the Committee's assessment, making recommendations to the Board regarding whether Vulcan's climate statements and associated reports should be approved and signed;
- (f) reviewing and recommending to the Board disclosure of, and entry into, related party transactions (if any);
- (g) overseeing Vulcan's financial controls and systems;
- (h) managing audit arrangements and auditor independence (including disclosures regarding internal audit functions);
- (i) ensuring that in relation to any periodic corporate report that has not been audited or reviewed by an external auditor which Vulcan intends to release to the market, the ARC has disclosed to the Board the process taken to verify the integrity of that report's content.

4. Reporting

4.1. The Committee will:

- (a) regularly report to the Board on all matters relevant to the Committee's role and responsibilities;
- (b) advise the Board in a timely manner of matters which may significantly impact upon Vulcan (for example, audit matters);
- (c) report and, as appropriate, make recommendations to the Board after each Committee meeting on Committee matters; and
- (d) as and when appropriate, seek direction and guidance from the Board on audit, risk management and compliance matters.

5. Preparation and presentation of financial statements, climate-related disclosures and associated reports

5.1. In relation to Vulcan's financial statements and associated reports, the Committee will:

- (a) after review with Management and the external auditor, recommend to the Board whether:
 - (i) the half-year and annual financial statements and associated non-financial reports should be approved and signed; and
 - (ii) the half-year and annual financial statements and associated non-financial reports should be lodged with ASX and NZX;
- (b) review representation letters from Management to ensure that all relevant matters are addressed;
- (c) discuss matters raised by the external auditor as a result of their work;
- (d) assess the impact of changes in accounting standards and review recommendations for adoption of such changes in the financial statements; and
- (e) ensure appropriate processes are in place to assist the CEO and CFO with reporting to the Board on the systems of internal control at the end of each financial year.

5.2. In relation to Vulcan's climate and sustainability related reporting, the Committee will:

- (a) after review with management and the external auditor, recommend to the Board whether:
 - (i) the annual climate statements and associated reports should be approved and signed; and
 - (ii) the annual climate statements and associated reports should be lodged with ASX and NZX;
- (b) review representation letters from Management to ensure that all relevant matters are addressed;
- (c) discuss matters raised by any external consultants (including greenhouse gas emission experts) and assurance providers as a result of their work;

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- (d) assess the impact of changes in climate and sustainability disclosure and reporting requirements and review recommendations for adoption of such changes in the relevant statements and reports; and
- (e) ensure appropriate processes are in place to assist the CEO and CFO with reporting to the Board on the systems of internal control at the end of each reporting period.

6. Financial controls and systems, risk management strategy, policies, procedures and systems

- 6.1. The Committee is responsible for:
 - (a) overseeing the effectiveness of Vulcan's financial controls and systems and risk management function; and
 - (b) evaluating the structure and adequacy of the Vulcan Group's insurance coverage periodically.
- 6.2. Risks faced by Vulcan may include (but are not limited to) financial, regulatory and compliance, investment, legal, economic, environmental, social and governance.
- 6.3. Responsibility for risk management is shared across Vulcan as follows:
 - (a) The Board is responsible for overseeing:
 - (i) Vulcan's risk management framework; and
 - (ii) the disclosure of any material exposure to environmental, social or governance risks, including how these are being, or will be, managed.
 - (b) Management is responsible for establishing Vulcan's risk management framework, including identifying major risk areas and developing policies and processes to identify, monitor and manage those risks.
 - (c) The Board has delegated the following responsibilities to the Committee:
 - (i) identifying major or potentially major risk areas;
 - (ii) overseeing, monitoring and reviewing Vulcan's risk management framework in accordance with clause 3.1(b);
 - (iii) ensuring that the Committee's review of Vulcan's risk management framework is disclosed in Vulcan's Annual Report; and
 - (iv) considering Vulcan's approach to occupational health and safety, economic, and environmental, social and governance risks, including benchmarks to measure performance;
 - (v) ensuring risk considerations are incorporated into strategic and business planning;
 - (vi) reviewing and identifying 'lessons learned' from any material incident (for example, fraud);
 - (vii) providing updates on risk management to the Board, including supplementary information as required;
 - (viii) reviewing Management reports concerning regulatory and legal compliance;
 - (ix) overseeing tax compliance and tax risk management;
 - (x) overseeing compliance with climate-related standards and climate-related risk management; and
 - (xi) reviewing any significant findings of any examinations by regulatory agencies.
 - (d) Vulcan's Personnel are expected to understand and manage risks within their responsibility.
 - (e) The Committee is expected to report to the Board about Vulcan's adherence to risk management policies and guidelines. This includes reporting on instances of non-compliance or advising where disclosure to the market might be required.
 - (f) The CEO and CFO are each responsible for reporting to the Committee on:
 - (i) any significant exposures or breaches of key policies, procedures or systems, or incidence of risks;
 - (ii) new and emerging sources of risks, including measures in place to mitigate these risks;
 - (iii) any disclosure-related considerations; and
 - (iv) proposed changes to Vulcan's risk management framework.

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- (g) Vulcan will deal with risks in the following way:
 - (i) identify the nature of the risk;
 - (ii) determine the seriousness of such risk, and who the risk is to be reported to;
 - (iii) develop a risk mitigation plan;
 - (iv) implement the risk mitigation plan; and
 - (v) monitor and report progress on the risk mitigation plan.

7. External audit

7.1. The Committee:

- (a) is responsible for making recommendations to the Board on the appointment, reappointment or replacement and remuneration of the external auditor, and monitoring the effectiveness and independence of the external auditor;
- (b) will once a year, discuss with the external auditor the overall scope of the audit and ensure the auditor attends Vulcan's Annual Meeting and is available to answer questions relevant to the audit;
- (c) must pre-approve all audit and non-audit services provided by the external auditor (other than taxation services);
- (d) will not engage the external auditor to perform any non-audit or assurance services that may impair or appear to impair the external auditor's judgment or independence. Additionally:
 - (i) the Committee may delegate a pre-approved dollar limit to the CFO and authority to a Committee member to pre-approve amounts in excess of this; and
 - (ii) the total annual non-audit or assurance fees paid to the external auditor will not exceed the annual audit fee paid to the external auditor, except in exceptional circumstances as approved by the Committee;
- (e) will once a year, request a report from the auditor setting out all relationships that may affect its independence; and
- (f) is responsible for ensuring the rotation of the audit engagement partner, and will review the procedures for selection and appointment of that audit partner.

8. Communication

- 8.1. The Committee is responsible for establishing procedures for dealing with any communications received by Vulcan from Personnel in relation to accounting or auditing matters. Any such communications will be treated as confidential (in accordance with Vulcan's Whistleblower Protection Policy).
- 8.2. The Committee is entitled to receive reports of evidence of any material breaches of the Corporations Act 2001 (Cth), the Companies Act 1993 (NZ), the Financial Reporting Act 2013 (NZ), the Financial Markets Conduct Act 2013 (NZ), the ASX Listing Rules, the NZX Listing Rules and/or breaches of a fiduciary duty. The Committee must report any such material breaches to the Board.

9. Access to information and independent advice

- 9.1. The Committee may seek any information or advice it considers necessary to fulfil its responsibilities.
- 9.2. The Committee has access to:
 - (a) Management, to seek explanations and information from them; and
 - (b) the external auditor to seek explanations and information, without Management being present.
- 9.3. The CFO and Company Secretary shall have free and unfettered access to the Committee.
- 9.4. The Committee may seek professional advice from appropriate external advisers, at Vulcan's cost, and meet with such external advisers without Management being present.

10. Meetings

- 10.1. The Committee will meet at least three times a year or as often as the Committee members deem necessary to fulfil their role effectively. As at the date of this Charter, the Committee intends to meet once per Quarter.
- 10.2. The Committee may meet in private with either or both of Vulcan's CFO and the external auditor.

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- 10.3. Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee. Notice will be given to every member of the Committee, of every meeting of the Committee. However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.
- 10.4. A quorum for meetings of the Committee is a majority of the Committee members. For example, if there are three Committee members then a quorum for meetings would be two members.
- 10.5. All non-executive directors will be invited to all meetings of the Committee. The Committee Chair may invite any executive director, Executive KMP, other Personnel or the external auditor to attend all or part of a meeting of the Committee.
- 10.6. The Company Secretary, or his or her delegate, must attend all Committee meetings and take minutes.
- 10.7. Minutes of meetings of the Committee must, after approval by the Committee Chair, be distributed by the Company Secretary to members of the Committee. All minutes of the Committee must be entered into a minute book maintained for that purpose and be available for inspection by any director.
- 10.8. It is intended that a report of the actions of the Committee and a copy of the minutes of the Committee meeting or both will be included in the Board papers for the next scheduled Board meeting following a meeting of the Committee.
- 10.9. The Committee Chair will, if requested, provide a brief oral report as to any material matters arising out of the latest Committee meeting at the next Board meeting. Any director may, within the Board meeting, request further information of members of the Committee.

11. Reviews and changes to this Charter

- 11.1. The Committee will review this Charter annually or as often as it considers necessary and:
 - (a) in relation to any material changes to the responsibilities of the Committee (including clauses 3 to 6), will make recommendations to the Board on any such changes to this Charter; and
 - (b) may approve any non-material changes to this Charter.
- 11.2. The Board may change this Charter (including the responsibilities of the Committee) from time to time by resolution of the Board.

12. Committee membership and performance

- 12.1. The Board will, at least once in each year, review the membership of the Committee.
- 12.2. The Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.
- 12.3. The Board and/or the Committee intends to evaluate the performance of the Committee at least once every year. The annual performance evaluation will include (but not be limited to) assessing:
 - (a) the effectiveness of the Committee in meeting the requirements of this Charter;
 - (b) whether the Committee is functioning effectively by reference to current best practice;
 - (c) whether the members of the Committee have the appropriate mix of skills and experience to properly perform their functions; and
 - (d) the contribution made by each Committee member at meetings and in carrying out their responsibilities as members generally, including preparing for meetings.

13. Definitions

- 13.1. In this Charter, the following terms will have the following meanings:
 - (a) **Annual Meeting** means the annual meeting of shareholders of Vulcan.
 - (b) **ASX** means the Australian Securities Exchange.
 - (c) **Board** means board of directors of Vulcan.
 - (d) **CEO** means chief executive officer of Vulcan.
 - (e) **CFO** means chief financial officer of Vulcan.
 - (f) **Committee** means the audit and risk committee of the Board.
 - (g) **Committee Chair** means the chairperson of the Committee.

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- (h) **Constitution** means the constitution of the Company as adopted, and as amended from time to time.
- (i) **Executive KMP** means those persons who are KMP other than any non-executive directors of Vulcan, which at the date of adoption of the latest version of this Charter were Vulcan's Managing Director and CEO, Chief Operating Officer and CFO.
- (j) **KMP** means Vulcan's key management personnel, as that term is defined in the Corporations Act 2001 (Cth).
- (k) **Management** means the Executive KMP and other senior management of the Vulcan Group (such individuals as determined from time to time by the Committee).
- (l) **NZX** means the New Zealand Stock Exchange.
- (m) **Personnel** means all directors, officers and employees of the Vulcan Group, including temporary employees.
- (n) **Quarter** means a three-month period within a financial year (which year starts on 1 July and ends on 30 June), such quarters being 1 July to 30 September, 1 October to 31 December, 1 January to 31 March and 1 April to 30 June.
- (o) **Vulcan** means Vulcan Steel Limited (NZBN 9429038466052 and ARBN 652 996 015).
- (p) **Vulcan Group** means Vulcan and each of its subsidiaries, which at the date of adoption of this Charter were Vulcan Steel (Australia) Pty Limited (ACN 100 061 283), Ullrich Aluminium Co Limited (NZ company number 47279) and Ullrich Aluminium Pty Limited (ACN 001 697 445).