

AUDIT AND RISK COMMITTEE CHARTER

1.0 ESTABLISHMENT OF COMMITTEE

This Charter sets out the basis on which the Board has established the Audit and Risk Committee pursuant to the authority contained in, and subject to the provisions of, the Constitution.

2.0 INTERPRETATION

ASX means the ASX Limited or the Australian Securities Exchange.

ASX Listing Rules means the listing rules of the ASX, as amended from time to time.

ASX Principles and Recommendations means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, as amended from time to time.

Board means the Board of Directors of CIMIC.

CEO means the Chief Executive Officer of CIMIC, or any person performing the equivalent role.

CFO means the Chief Financial Officer of CIMIC, or any person performing the equivalent role.

External Auditor Independence Charter means the charter approved by the Board setting out the circumstances in which the external auditor may perform non-audit related services and the procedures to be followed to obtain approval for those services where they are permitted, as amended from time to time.

CIMIC means CIMIC Group Limited (ACN 004 482 982).

Committee means the Audit and Risk Committee of the Board or any committee performing the same functions.

Company Secretary means the Company Secretary of CIMIC.

Constitution means the constitution of CIMIC, as amended from time to time.

Director means a person appointed as a director of the Board and includes any duly appointed alternate director.

Executive Director has the meaning given in the ASX Principles and Recommendations.

EGM of Internal Audit means the Executive General Manager of Internal Audit of CIMIC, or any person performing the equivalent role.

Financial Statements means the annual financial report and the half-year financial report and any other announcements relating to its financial performance prepared for release to the ASX, regulators and to the public.

Group means CIMIC and its subsidiaries and controlled entities.

Group Risk Framework means the Groups standards, policies, procedures and processes for the identification, assessment, treatment and reporting of risk.

Independent Director means a Director who the Board considers to be independent in accordance with the definition of independent director and the factors relevant to assessing the independence of a director set out in the ASX Principles and Recommendations.

Non-executive Director has the meaning given in the ASX Principles and Recommendations.

Services has the same meaning as defined in the External Auditor Independence Charter.

3.0 OBJECTIVES AND PURPOSE

3.1 The objective and purpose of the Committee is to assist the Board in fulfilling its responsibilities in relation to financial reporting and risk management by overseeing:

- (a) the integrity of financial reports and statements;
- (b) the effectiveness of internal financial control systems;
- (c) the review of the framework to identify and manage tax risk;
- (d) the internal audit function and integrity of process;
- (e) the effectiveness of risk management systems and management of material risks;
- (f) the external audit function and integrity of process.

Specific roles and responsibilities are outlined in section 7.

3.2 The Board recognises that certain matters may be relevant to the roles of one or more of its committees. Any such matters will be considered by each committee in accordance with its respective charter.

The Chair of each such committee will keep the Chair of the Board informed of their committee's consideration of any relevant matters.

4.0 COMMITTEE MEMBERSHIP

4.1 Structure

The Committee will comprise of:

- (a) at least three members;
- (b) only Non-executive Directors, a majority of whom must be Independent Directors;
- (c) an independent Director as Chair (including a Chair elected under clause 5.6),

each of whom will be appointed or removed by the Board, in consultation with the Chair of the Board.

4.2 Expertise

The Committee members between them must have recent and relevant financial, accounting and tax expertise and have a sufficient understanding of the industries in which CIMIC operates.

4.3 Secretary

The Company Secretary or their nominee will act as Secretary to the Committee and attend all meetings.

5.0 PROCEEDINGS

5.1 Frequency

- (a) The meetings will be held as considered necessary to enable members to fulfil their duties and responsibilities to the Board.
- (b) Any Committee member may at any time request to convene a meeting. The Secretary must on the request of a Committee member, call a meeting of the Committee.

5.2 Notice

The date, time and venue of each meeting of the Committee will be notified by the Secretary to all members of the Committee as far in advance as practicable.

5.3 Committee papers

- (a) Committee papers for each meeting of the Committee will be made available by the Secretary to all members of the Committee as far in advance as practicable.
- (b) All Directors are entitled to receive all documentation presented to the Committee unless a Director is precluded from receiving some or all of the documents.

5.4 Attendance

- (a) Attendance at Committee meetings may be in person, by telephone or by other electronic means, as agreed.
- (b) Directors who are not members of the Committee are entitled to attend Committee meetings.
- (c) Members or Directors may attend through an alternate where one has been appointed in accordance with the Constitution. The CEO has a standing invitation to attend all Committee meetings but may not participate in that part of any meeting which relates to information which may cause a conflict of interest.
- (d) The Committee or its Chair may extend an invitation to any person relevant to the matters before the Committee to attend all or part of any meeting of the Committee which it considers appropriate.
- (e) The Committee must meet with the internal and external auditors at least once a year without executive management being present.
- (f) The representatives from the external auditors will be invited to attend meetings of the Committee on a regular basis.
- (g) The Chair may request any person in attendance at a Committee meeting not to be present for part of the meeting where appropriate, including where a person declares a conflict of interest.

5.5 Quorum

A quorum for a meeting of the Committee is two members, one of which must be an Independent Director. A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers or discretions vested in, or exercisable by, the Committee.

5.6 Chair

If the Chair is absent, the remaining members will elect one of their Independent Directors as Chair of the meeting (subject to clause 4 of this Charter).

5.7 Constitution

Proceedings of the Committee will be governed by the provisions of the Constitution and this Charter, in so far as they may be applicable.

5.8 Minutes

- (a) Minutes of all meetings and determinations of the Committee must be made, entered and signed in the same manner in all respects as minutes of proceedings of the Board.
- (b) Draft minutes of the Committee meetings must be distributed as soon as practicable to all members of the Committee for confirmation. Once approved, minutes must be circulated to all other members of the Board unless a Director is precluded from receiving the minutes either in total or in part.

6.0 AUTHORITIES

6.1 Investigations

The Committee is authorised to review or investigate any activity or function of any Group member and, so far as practicable, its associates, in accordance with its role under this Charter and will advise the Chairman of the Board and CEO accordingly. The Committee is authorised to make recommendations to the Board regarding appropriate actions resulting from such investigations.

6.2 Access and advice

The Committee may, when it considers necessary and with the CEO's knowledge, obtain information, interview management and internal and external auditors (with or without management present), and seek advice from consultants or specialists.

7.0 ROLES AND RESPONSIBILITIES

Specific roles and responsibilities of the Committee include the following:

7.1 Integrity of Financial Statements

Before making any recommendations to the Board, the Committee must critically review the actions and judgement of management in relation to Financial Statements, paying particular attention to:

- (a) the appropriateness and consistency of, and any changes to, accounting policies and practices adopted, both on a year-on-year basis and across the Group;
- (b) compliance with applicable accounting standards, the ASX Listing Rules and other legal requirements and the appropriateness of estimates and judgements, taking into account the views of the external auditor;
- (c) decisions requiring a major element of judgement;
- (d) the effect of any significant or unusual transactions, how they are disclosed, and the methods used to account for such transactions where different approaches in accounting are possible;
- (e) material audit adjustments;
- (f) the going concern assumption;
- (g) the clarity and adequacy of disclosures;
- (h) the management representation letter to the external auditors; and
- (i) all material information presented with the Financial Statements.

7.2 Effectiveness of Internal Financial Controls

The Committee shall review the effectiveness of the Group's internal financial controls including:

- (a) compliance of the Group's internal financial controls and systems with applicable laws and regulations;
- (b) the design, maintenance and effectiveness of internal financial control systems to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
- (c) review and approve the statements to be included in the annual report concerning internal controls.

7.3 Framework to identify and manage Tax Risk

The Committee shall review the effectiveness of the Group's framework to identify and manage tax risk including:

- (a) approval of Tax Corporate Governance Policy that sets out how CIMIC identifies and manages tax risk;
- (b) the design, maintenance, effectiveness and review of control systems to provide reasonable assurance regarding tax risk management and tax governance;
- (c) establishing a system of regular reporting to the Committee of tax risks, positions and advice taken, safe harbours (where appropriate); and
- (d) review and approve the external reporting in the annual report concerning tax risk management.

7.4 Internal Audit Function and Integrity of Process

The Committee shall:

- (a) review the effectiveness of the Group's internal audit function and the internal audit processes;
- (b) together with the CEO, appoint and remove the EGM of Internal Audit;
- (c) monitor the adequacy of resourcing of the internal auditors, the appropriateness of their standing within the Group, and their independence from executive decision making;
- (d) satisfy itself that no unreasonable restrictions are placed on the internal auditors by management or otherwise;
- (e) satisfy itself that the EGM of Internal Audit has direct access to the Committee Chair and the Chair of the Board;
- (f) annually, review the appropriateness of the current internal audit plan;
- (g) review compliance with, and the effectiveness of, the current internal audit plan;
- (h) review reports from the internal auditors on their audit findings, management responses and action plans in relation to those findings, and reports from the internal auditors on the implementation of those action plans; and
- (i) facilitate an open avenue of communication between the internal auditors, the external auditor and the Board.

7.5 Effectiveness of Risk Management Systems and Management of Material Risks

The Committee shall:

- (a) review the Group Risk Framework (at least annually) to confirm it is both sound and effective and that it is operating with due regard to the Group's risk appetite;
- (b) satisfy itself that the Group has appropriate resources and effective systems to:
 - (i) identify, assess, treat and report risks material to the achievement of the Group's strategic plans and objectives;
 - (ii) assess the Group's risk appetite and tolerance is aligned with the objectives of the Group;
 - (iii) ensure that the Group Risk Framework remains relevant, contemporary and in compliance with all applicable laws, regulations and international standards,
- (c) review and make recommendations to the Board regarding the Group's risk profile as necessary with appropriate consideration given to:
 - (i) material risks, including corresponding controls and planned treatments to either avoid, accept, mitigate or transfer the risk;
 - (ii) trends or changes associated with known material risks or emerging risks which are yet to be fully analysed or assessed; and
 - (iii) the risk management culture and maturity of the Group,
- (d) review and approve the Group's strategy, standards and scope in relation to insurance;

- (e) monitor changes to the Group's business environment, including consideration of emerging risks, trends and other factors considered relevant to the Group's performance.

7.6 External Audit Function and integrity of process

The Committee shall:

- (a) oversee the process for selecting the external auditor, and make recommendations to the Board regarding fees, appointment, re-appointment and removal of the external auditor;
- (b) at least annually, assess and report to the Board on the role and responsibilities, independence, objectivity and effectiveness of the external auditor, including whether the Committee is satisfied that the independence of the external auditor has been maintained, having regard to any non-audit related services;
- (c) review and approve the terms of engagement of the external auditor, including any engagement letter issued at the start of each audit and the scope of the audit;
- (d) monitor compliance with the External Auditor Independence Charter and perform the functions and roles allocated to the Committee under that charter, including the approval of the engagement of the external auditor to supply non-audit services in accordance with the charter, where this is permitted;
- (e) satisfy itself that no restrictions are being placed on the external auditor by management or otherwise;
- (f) set policy on the provision of non-audit services by the external auditor;
- (g) annually, review the appropriateness of the external audit plan, including as to scope and materiality level;
- (h) monitor compliance with, and the quality and effectiveness of, the audit plans of the external auditor;
- (i) review the findings of any review or audit with the external auditor. This shall include, but not be limited to, the following:
 - (i) a discussion of any major issues which arose during the review or audit;
 - (ii) any material accounting and review or audit judgements;
 - (iii) levels of errors identified during the review or audit; and
 - (iv) the effectiveness of the review or audit,
- (j) require and review reports from the external auditor in relation to major review or audit findings, management responses and action plans in relation to those findings, and reports from the external auditor on the implementation of those action plans;
- (k) if the external auditor resigns, investigate the reasons for the resignation and determine whether CIMIC needs to take any action as a result of that resignation;
- (l) satisfy itself that there are no relationships (that it is aware of) between the external auditor and CIMIC that could compromise the external auditor's independence;
- (m) monitor the external auditor's compliance with relevant legal, ethical and professional guidance on the rotation of audit partner, the level of fees paid by CIMIC compared to the overall fee income of the firm, office and partner and other related requirements.

7.7 Other duties and responsibilities

Other duties and responsibilities of the Committee include, reviewing and making recommendations to the Board on the annual corporate governance disclosures required by the ASX Listing Rules in relation to the composition and operation of the Committee.

8.0 REPORTING TO THE BOARD

The Chair of the Committee (or a person nominated by the Chair of the Committee for that purpose) will report to the Board after each Committee meeting on all key discussions, decisions and recommendations of the Committee.

The Committee will annually provide assurance to the Board that the Committee has performed its duties in accordance with its Charter.

9.0 CHARTER REVIEW AND PUBLICATION

The Committee will periodically review this Charter and refer any recommended changes to the Board for approval. A copy of this Charter is published on CIMIC’s internal and external websites.

Document Information

Owner:	Company Secretary, CIMIC
Approved by:	CIMIC Board
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