

# EXTERNAL AUDITOR INDEPENDENCE CHARTER

## 1.0 ESTABLISHMENT OF COMMITTEE

This Charter sets out the circumstances in which the Company's Auditor may perform Services and the procedures to be followed to obtain approval for those services where they are permitted.

## 2.0 INTERPRETATION

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

**Auditor** means the external auditors of CIMIC.

**Board** means the Board of Directors of CIMIC.

**CFO** means the CFO of CIMIC.

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

**Group** means CIMIC, its subsidiaries and controlled entities.

**Key Management Personnel** has the meaning given in section 9 of the Corporations Act.

**Services** means:

- services which, depending on the circumstances and the specific work, may be appropriate for the Auditor to perform with pre-approval or subject to obtaining approval. These services are defined in Appendix 1 (Category A & B); or
- services which are not appropriate for the Auditor to perform as they are not related to the Auditor carrying out its statutory audit or review and includes those services detailed in Appendix 1 (Category C).

## 3.0 OBJECTIVES

The purpose of this Charter is to ensure that the Audit and Risk Committee, the Board and CIMIC's shareholders can be satisfied that the Auditor is independent at all times.

CIMIC requires that all services provided by the Auditor must avoid the following threats to auditor independence:

**Self-interest:** the Auditor should not have a mutual or conflicting interest with CIMIC;

**Self-review:** the Auditor should not audit its own work, nor should the Auditor function as part of management or as an employee; and

**Self-advocacy:** the Auditor should not act as an advocate of CIMIC.

This Charter sets out the Board's policies and procedures which are to be followed to ensure this independence, and identifies various obligations of the Auditor, Group management and the Audit and Risk Committee designed to ensure that the provisions of this Charter are observed in day-to-day practice.

## 4.0 PERFORMANCE OF SERVICES

As a general principle, the Auditor is limited to providing Services that do not impinge on its independence.

Appendix 1 to this Charter contains a list of Services which is divided into the following three categories.

### **Category A Services acceptable for the Auditor to perform pre-approved**

These comprise Services which are appropriate for the Auditor to perform that are pre-approved under this Charter.

Whilst the services are pre-approved, the Auditor will report on these services undertaken as part of annual reporting to the Audit and Risk Committee.

### **Category B Services acceptable for the Auditor to perform, subject to approval**

These comprise Services which, depending on the circumstances and the specific work, may be appropriate for the Auditor to perform subject to obtaining approval as set out in section 5.0.

### **Category C Services which the Auditor may NOT perform**

These comprise Services which may impact the actual or perceived independence of the Auditor's ongoing assurance engagements. Prima facie these services may not be provided by the Auditor.

## 5.0 OBTAINING APPROVAL FOR CATEGORY B SERVICES

The Auditor may perform Category B Services, subject to obtaining approval as set out in section 5.1 or 5.2 below.

- 5.1** the CFO can approve a specific category B service to be performed by the Auditor if the fee for the service is to be less than **\$250,000**;
- 5.2** in the case of a specific Category B Service where the fee for that service will be more than **A\$250,000**, the Audit and Risk Committee Chair will consult and agree with the CEO prior to the engagement commencing;
- 5.3** any approved Category B Service, will be communicated to the Audit and Risk Committee on or before the next scheduled Audit and Risk Committee meeting; and
- 5.4** where there is uncertainty about whether the service to be provided is Category A, Category B or Category C in nature, the uncertainty must be reported and approved by the Chair of the Audit and Risk Committee, irrespective of the quantum of the fee level for the service to be provided.

## 6.0 OTHER SERVICES NOT IN APPENDIX 1

The Audit and Risk Committee is authorised to determine the categorisation of any Services not listed in Appendix 1.

Pending any such determination, any Services not included in Appendix 1 will be regarded as Category C Services.

## 7.0 APPLICATION OF POLICY

This policy is to be applied by reference to the substance of a particular matter. Accordingly, the restrictions in this policy apply:

- (a) whether or not any remuneration, compensation or other benefit is provided directly or indirectly for the particular service; and
- (b) whether the service is performed directly or indirectly by the Auditor (including by any of its associates or related entities).

## 8.0 REVIEW OF CHARTER AND POLICY

This Charter and the policy on Services which it contains will be subject to review by the Audit and Risk Committee periodically, and any suggested changes recommended to the Board for approval. A copy of this Charter is published on CIMIC's internal and external websites.

### Document Information

<b>Owner:</b>	Company Secretary, CIMIC
<b>Approved by:</b>	CIMIC Board
<b>Effective date:</b>	23 October 2019

## APPENDIX 1

### EXTERNAL AUDITOR INDEPENDENCE CHARTER: SCHEDULE OF SERVICES

The Auditor must not be put in a position of auditing or reviewing subject matter for which the Auditor was previously responsible for designing or compiling the work. That is, it must not do work for the Group that it may be required to review as part of the external audit.

#### 1.0 Category A: Services acceptable for the Auditor to perform pre-approved

The following Services are appropriate for the Auditor to perform and are pre-approved to be performed by the Auditor:

##### a. Audit Services

- Audits of consolidated financial statements including interim reviews, consultation on accounting issues, internal control work, attendance at Audit and Risk Committee meetings, use of specialists in connection with the foregoing, and other services integral to audits of financial statements;
- Audit of subsidiary, joint venture, SPV and associate financial reports required by local reporting requirements or from time to time by management;
- Assistance in the implementation of new accounting pronouncements and interpretation of accounting principles;
- ASIC consultation, including review of correspondence relating to filings;
- Audits of opening balance sheets of acquired companies;
- Audits and accounting consultation on acquisition, disposals and discontinued operations; and
- Audits of financial statements and transactions that are used by lenders, filed with government and regulatory bodies and similar reports.

##### b. Non-audit Services

###### Assurance related services

- Services that result from the role of the firm as independent auditor, including provision of comfort letters to underwriters;
- Compliance letters, agreed-upon procedures, reviews and similar reports based on audited financial statements, financial information or the role of the independent auditor;
- Acting as scrutiniser at general meetings of the company;
- Assistance in reviews and tests of internal control and related systems;
- Assessment of the design and implementation of internal controls; and
- Provision of training and technical material in relation to application of accounting principles.

#### 2.0 Category B: Services acceptable for the Auditor to perform, subject to approval

The following Services may, depending on the circumstances and the specific work, be appropriate for the Auditor to perform, subject to obtaining the approval referred to in section 5.0 of this Charter:

- Due diligence services in respect of potential acquisitions or divestments, including:
  - analysis and assessment of financial information provided by other parties;

- financial due diligence on a target's financial information and general due diligence on a target's operations;
  - review of a valuation expert's purchase price allocation; and
  - pre-sale due diligence services including vendor assistance.
- Preparation of Investigating Accountant's Reports;
  - Business process improvement advisory services and process reengineering support services;
  - Operational consulting (e.g. efficiency and effectiveness improvement services in areas such as supply chain management, customer relationship management, financial and performance management, etc.);
  - Cash management and treasury advisory services;
  - Non-financial technology planning, evaluation, business case developments, design or implementation;
  - Merger integration assistance and change management consulting services; and
  - Forensic and other investigative services.

### **3.0 Category C – Services which the Auditor may NOT perform**

The following restricted services would impact the actual or perceived independence of the Auditor's ongoing assurance engagements. They may not be provided by the Auditor:

- Book-keeping, preparation of, and other services in relation to, accounting records and financial statements;
- Design, development or implementation of financial information or internal control systems;
- Internal audit services or their outsourcing;
- Valuation services;
- Actuarial services;
- Executive or "management" roles and functions;
- Remuneration consultancy;
- Corporate tax services;
- Expert witness or testimony work;
- HR or recruitment services;
- Legal services;
- Fairness opinions and contribution-in-kind reports; and
- Other financial services (e.g. broker financial adviser or investment banking services). Personal tax services for CIMIC employees:
  - (a) who comprise Key Management Personnel<sup>1</sup> of CIMIC or executives of Group Operating Companies; or
  - (b) whose role includes the preparation of financial statements or financial information which may be subject to the half-year review or full-year audit of the Group by the Auditor,

---

<sup>1</sup>

---

as determined by the Chair of the Audit and Risk Committee.

## APPENDIX 1

### REQUEST BY THE AUDITOR (DELOITTE) TO THE CIMIC AUDIT AND RISK COMMITTEE OR CFO FOR THE APPROVAL OF CATEGORY B SERVICES TO BE PERFORMED BY THE AUDITOR

**To:** CIMIC Audit and Risk Committee OR CFO (CFO)

**From:** Lead Audit Partner, Deloitte Touche Tohmatsu

*Please refer to section 5.1, 5.2 or 5.3: "Obtaining Approval For Category B Services" of the External Auditor Independence Charter*

To be completed by the Auditor, **Deloitte Touche Tohmatsu**

<b>Name of CIMIC OpCo/Business Unit to which service is to be provided:</b>	
<b>Name of relevant partner requesting service:</b>	
<b>Location of partner requesting service:</b>	
<b>Location of work to be performed:</b>	
<b>Nature of services to be provided (with reference to list of Category B Services at Appendix 1 of the External Auditor Independence Charter ):</b>	
<b>Date of issuance of request:</b>	[Day] [Month] [Year]
<b>Timing of services:</b>	[Month] [Year] to [Month] [Year]
<b>Estimate of fees:</b> (Please note thresholds in section 5.1 and 5.2 for "Obtaining Approval for Category B Services")  The CFO can approve a specific Category B Service if the fee for those services will be less than A\$250,000.  In the case of a specific Category B Service where the fee for that service will be more than A\$250,000, Audit and Risk Committee Chair approval is required prior to the engagement commencing.	A\$

**APPENDIX 1 CONTINUED**

**CFO ENDORSEMENT OF AUDITOR REQUEST FOR THE APPROVAL OF CATEGORY B SERVICES TO BE PERFORMED BY THE AUDITOR**

To be completed by the CFO:

<b>Requesting party signature:</b>	[Day] [Month] [Year]
<b>Date:</b>	
<b>Requesting party name:</b>	
<b>Office:</b>	
<b>Services Fees paid to Auditor YTD (to be completed by CIMIC Finance):</b>	A\$
<b>Description of service provided:</b>	
<b>Total:</b>	A\$
<b>CFO endorsement:</b>	
<b>CFO endorsee signature:</b>	[Day] [Month] [Year]
<b>CFO endorsee name:</b>	
<b>Date:</b>	



**APPENDIX 1 CONTINUED**

**APPROVAL BY CHAIR OF THE AUDIT AND RISK COMMITTEE OR CFO**

To be completed by:

**The Chair of the Audit and Risk Committee:** where services will be more than **A\$250,000**; or

**The CFO:** where services will be less than **A\$250,000**.

<p><b>Approval of the:</b> <b>Chair of the Audit and Risk Committee:</b></p> <p><b>Or</b> <b>CFO:</b></p>	<p><b>I hereby confirm that the provision of the above requested Services are in accordance with the External Auditor Independence Charter of CIMIC Group Limited.</b></p> <p><b>Accordingly, I hereby approve the provision of these Services by the Auditor, Deloitte.</b></p>
<p><b>Audit and Risk Committee Chair signature:</b></p> <p><b>Date:</b></p>	<p>[Day] [Month] [Year]</p>
<p><b>CFO signature:</b></p> <p><b>Date:</b></p>	<p>[Day] [Month] [Year]</p>