



## Brickworks Limited

### Audit & Risk Committee Charter

#### **1. Context**

- 1.1. It is the policy of Brickworks Limited to have an Audit and Risk Committee of the Board (“the Committee”) at all times. This Charter defines the Committee's function, composition and mode of operation, authority and responsibilities.
- 1.2. In this Charter the following terms have the meanings shown:
  - ‘Board’ means the Board of Brickworks.
  - ‘Director’ means a member of the Board of Brickworks.
  - ‘Secretary’ means the Secretary to the Committee.
  - ‘Non-executive Director’ means a Director who is not employed in an executive capacity by Brickworks.

#### **2. Function**

- 2.1. The function of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:
  - The external reporting of financial information, including the selection and application of accounting policies;
  - The independence and effectiveness of the external auditors;
  - The effectiveness of internal control processes and management information systems;
  - Compliance with the Corporations Act, Australian Securities Exchange (ASX) Listing Rules and any other statutory requirements applicable to Brickworks Ltd; and
  - The application and adequacy of risk management systems within Brickworks Ltd.
- 2.2. The Audit Committee will undertake a self-assessment of its performance at least once every two years, using the same review process as the full board.

### **3. Composition and Mode of Operation**

#### 3.1. Membership

- The Committee shall be appointed by the Board from among the non-executive directors of the company and shall consist of no fewer than three members;
- The Chairman of the Committee shall be appointed by the Board, and will not be the Chairman of the Board;
- The Chairman of the Committee will be an independent director;
- A majority of the members of the Committee will be independent; and
- The Committee shall comprise members with sufficient experience and skills relevant to the Committee's functions.

#### 3.2. Meetings

- The Committee shall meet no less than two times per year, including as a minimum:
  - Before the issue of the half yearly profit announcement;
  - Before the finalisation of the annual accounts and final profit announcement; and
  - Any other time the committee deems necessary.
- A quorum of the Committee will be two members;
- Representatives of the external auditors shall normally attend meetings;
- Other Board members shall have the right of attendance, however the Managing Director, Chief Financial Officer, Company Secretary and other Management shall attend meetings by invitation only;
- Minutes of the meeting will be kept by the Company Secretary (when in attendance), or another nominee of the Committee; and
- Minutes of the meeting will be signed by the Chairman of the Committee at the next practicable Board Meeting.

### **4. Authority**

- 4.1. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to cooperate with any request made by the Committee. The Committee will have access to all records, property and personnel within the Group.
- 4.2. The Committee is authorised by the Board to obtain outside legal or other independent professional advice, and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

- 4.3. The Committee will undertake a review of its Charter at least once every two years and, where appropriate, make a recommendation to the Board with regard to changes.

## **5. Responsibilities**

### 5.1. External reporting of financial information

- Monitor the integrity and effectiveness of financial reporting processes;
- Perform an independent review of the financial information prepared by management for external reporting having regard to:
  - any changes in accounting policies and practices;
  - major judgemental areas;
  - significant adjustments resulting from the audit;
  - compliance with ASX requirements; and
  - internal management and financial reporting provided to the board throughout the year;
- Review the Group Representation Letter provided to the External Auditors.

### 5.2. The independence and effectiveness of the external auditors

- Consider the appointment of the external auditor, the audit fee, and any request to change the appointment of the auditor;
- Discuss with the external auditor, before the audit commences, the nature, scope and overall extent of non audit services provided by the auditors and the impact of this work on the auditor's independence;
- Discuss with the external auditor the audit plan and audit results; and
- Review the external auditor's management letter and management's response.

### 5.3. The effectiveness of internal control processes and management information systems

- Review the adequacy of the company's internal controls through discussions with external auditors and management;
- Review the controls and security governing the company's IT systems including the IT infrastructure (eg disaster recovery), business controls (data integrity/authorised access/process compliance), and IT projects (eg upgrades) on a case by case basis; and
- Ensure that the full board is receiving complete and timely information on all relevant areas within the business, including Environmental compliance, Trade Practices Issues, and general operational (management) and financial results.

#### 5.4. Compliance with Corporations Act, ASX Listing Rules and other statutory requirements

- Ensure compliance with the Continuous Disclosure requirements with regard to financial performance;
- Review and ensure implementation of legislated accounting standard changes;
- Ensure that appropriate policies are established and adequate systems are in place to identify and disclose related party transactions;
- Ensure compliance with mandatory corporate governance arrangements;
- Review the adequacy of the controls in relation to environmental management; and
- Review tax compliance issues and controls.

#### 5.5. Risk Management

- Ensure that risk management systems are effective and operating within Brickworks Ltd;
- Ensure that the board is made aware of any high level risks on a continual basis, along with the processes in place to overcome those risks; and
- Review the outcome of the annual insurance renewal process for certain specific risks and monitor the management of the self insured portion of insured risks.

## 6. Reporting

#### 6.1. The Committee Chairman shall ensure that the full Board receives details of the operation of the Committee, including:

- Minutes of meetings;
- Information about the audit process and results of the audit, including copies of any reports from the external auditor;
- Any information surrounding recommendations to change the external auditors;
- Information on the operations and adequacy of Brickworks Risk Management system.
- Any recommendations requiring board action; and
- Any other information the Committee believes should be reported to the board.