



ADELAIDE BRIGHTON LIMITED
ACN 007 596 018

AUDIT, RISK AND COMPLIANCE COMMITTEE
COMMITTEE CHARTER

1 Membership of the committee

The committee shall consist of:

- only non-executive directors
- a majority of independent directors
- an independent chair, who is not Chairman of the Board
- a minimum of 3 members.

The Board may appoint additional non-executive directors to the committee or remove and replace members of the committee by resolution. Members may withdraw from membership by written notification to the Board.

Members of management may attend meetings of the committee at the invitation of the Committee Chairman, but must not be appointed members of the committee.

It is intended that all members of the committee must have familiarity with financial management and at least one committee member must have expertise in financial accounting and reporting.

2 Administrative matters

Any member may, and the Company Secretary must on request from a member, convene a meeting of the committee. Notice must be given to every Committee Member of every committee meeting but there is no minimum notice period and acknowledgment of receipt by all members is not required before the meeting may be validly held.

The committee will normally meet at least quarterly. The quorum is at least 2 members.

The committee has rights of access to management and to auditors (external and internal) without management present and rights to seek explanations and additional information.

The committee may, upon notifying the Board or the Chairman of the Board, seek the advice of the Company's auditors or solicitors as to any matter pertaining to the powers, duties or responsibilities of the committee and may, with the prior approval of the Board or the Chairman of the Board, engage any other independent advisers in relation to these matters, as the committee may require.

The Company Secretary or the Chief Financial Officer will attend all committee meetings as minute secretary. All minutes of the committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any director.

3 Reporting

The committee is responsible for satisfying itself that an appropriate framework exists for relevant information to be reported by management to the committee.

All Board committees report matters to the Board or to other committees where the matter is relevant to their responsibilities.

Normally, a meeting of the committee will be held immediately before a Board meeting. There will be included in the Board papers for the Board meeting next following a meeting of the committee the minutes of the previous committee meeting.

The Committee Chairman will provide a brief oral report as to any material matters arising out of the immediately preceding committee meeting. All directors will be permitted, within the Board meeting, to request information of the Committee Chairman or members of the committee.

4 Responsibilities and functions

4.1 Audit

The committee's role is primarily to assist the Board in relation to the reporting of financial information, the appropriate application and amendment of accounting policies, and the appointment, independence and remuneration of the external auditor.

The following are intended to form part of the normal procedures for the committee's audit responsibility:

- engaging in the pro-active oversight of the Adelaide Brighton Group's (**the Group**) financial reporting and disclosure processes and overseeing and reviewing the outputs of that process (including review of the Group's financial statements for accuracy to ensure they reflect a true and fair view, as a basis for recommendation to, and adoption by the Board);
- assisting the Board in determining the reliability and integrity of accounting policies and financial reporting and disclosure practices;
- monitoring compliance with applicable accounting standards and other requirements relating to the preparation and presentation of financial results;
- reviewing the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports and to approve any changes in the accounting principles applied in preparing the Group's financial reports;
- evaluation of the performance of the external auditors, including their independence and objectivity and reviewing procedures for the rotation of external audit engagement partners;
- evaluation of the performance of internal auditors, including whether the internal auditors are adequately resourced, used effectively and coordinated with the external auditors;

- reviewing, agreeing and approving the annual audit plan (including a review of the Group's risk management and internal compliance and control systems);
- setting the Group policy on the provision of non-audit services and ensuring compliance with that policy;
- providing advice to the Board as to whether the committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non-audit services do not compromise audit independence, in order for the Board to be in a position to make the statements required by the Corporations Act to be included in the Company's Annual Report;
- recommending the appointment (including termination of engagement), remuneration and other contractual terms of internal and external auditors;
- establishing procedures for the consideration of any complaints received from within the Company regarding accounting, internal control, and auditing matters.

4.2 Risk

The committee is responsible for overseeing that there are appropriate processes in place for assembling, aggregating and reporting relevant information about financial and non-financial risks from across the Group's activities.

The committee also assists the Board to review, at least annually, the Company's risk management framework to satisfy itself that it continues to be sound and that management is operating with due regard to the risk appetite set by the Board.

The committee's specific function with respect to risk management is to review and report to the Board that:

- the Company's ongoing risk management program effectively identifies areas of potential risk;
- adequate policies and procedures have been designed and implemented to manage identified risks;
- a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- proper remedial action is undertaken to redress areas of weakness.

The following are intended to form part of the normal procedures for the committee's risk responsibility:

- evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks;
- evaluating the adequacy and effectiveness of the Group's financial and operational risk management control systems by reviewing risk registers and reports from management and external auditors;
- evaluating the structure and adequacy of the Group's Business Continuity Plans;

- evaluating the structure and adequacy of the Group's own insurances on an annual basis;
- reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies;
- overseeing the establishment and maintenance of processes to ensure that there is:
 - an adequate system of internal control, management of business risks and safeguard of assets; and
 - a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control;
- evaluating the Group's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance;
- reviewing and making recommendations to the Board in relation to tax updates and reports that the Committee receives in accordance with the Company's policy in relation to tax risk management and governance; and
- providing recommendations as to the propriety of related party transactions.

4.3 Compliance

The committee's specific function with respect to compliance is to review and report to the Board regarding the appropriateness of the Company's compliance procedures.

The following are intended to form part of the normal procedures for the committee's compliance responsibility:

- receiving and reviewing reports of material whistleblower complaints and any other material reported breaches of the Company's policies (including the Code of Conduct);
- reviewing the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices, occupational health and safety and the environment); and
- reviewing the procedures the Company has in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act and AASB requirements).

5 Implementation of responsibilities and functions

It is intended that the methods by which the responsibilities and functions of the committee will be implemented include:

- evaluating the independence of both the non-executive directors and the external auditors and to monitor the implementation of the Board's policy in relation to the provision of non-audit services by the Company's auditor;
- reviewing the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports, approving any change in the accounting principles applied in preparing these reports, and assessing the management processes supporting external reporting;
- overseeing the financial reports and the results of external audit of these reports (including assessing whether external reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs);
- receiving the certificates from the Chief Executive Officer and the Chief Financial Officer as to the financial reports, the appropriateness of the company's risk management systems and efficient and effective working of those systems;
- assessing the performance of the external auditors and determining whether the audit committee is satisfied that independence in the external audit function has been maintained having regard to the provision of non-audit services;
- assessing the performance and objectivity of the internal audit function;
- determining whether new policies or training should be implemented to safeguard against possible risks or non-compliance with applicable laws, regulations or Company policies;
- monitoring compliance with the Company's policies and procedures that recognise the Company's business, environmental and statutory responsibilities and overseeing incident investigations;
- annually reporting to the Board the results of the committee's review of risk management and internal compliance and control systems. This report will include the committee's view on whether the Company's risk management framework continues to be sound and whether management is operating with due regard to the risk appetite set by the Board.

6 Relationship with the external auditor

The committee provides a link between the external auditor and the Board and has the responsibility and authority to recommend to the Board the appointment and removal of the external auditor and to review the terms of their engagement.

The committee requires that a person may not play a significant role in managing the audit for the external auditor (normally the lead and review auditor) for more than 5 out of any 7 successive years and that the external auditor:

- submit on a periodic basis to the committee, a formal written statement delineating all responsibilities and work completed by the auditor;
- consider whether the external auditor's provision of non-audit services to the company (if any) is compatible with maintaining the independence of the external auditor; and
- if applicable, recommend that the Board take appropriate action in response to the external auditor's report to satisfy itself of the external auditor's independence.

7 Review

The Board will, at least once in each year:

- review the membership and charter of the committee to determine its adequacy for current circumstances and the committee may make recommendations to the Board in relation to the committee's membership, responsibilities, functions or otherwise;
- meet separately with the internal and external auditors to (independently of management) discuss their results of their audits;
- prepare and consider any report or other disclosures to be included in the company's annual report or other communications to shareholders on the relationships between the external auditors and the company (including disclosure of non-audit services); and
- review with management and the external auditor, the financial report to be included in the annual report including:
 - the external auditor's responsibilities under generally accepted accounting standards;
 - significant accounting policies;
 - management judgements and accounting estimates;
 - adjustments arising from the audit; and
 - the external auditors' judgements about the quality, not just the acceptability, of accounting principles as applied in the financial report.