



# Audit and Risk Committee Charter

<b>Designation</b>	Board Committee
<b>Reports to</b>	Board
<b>Membership</b>	Not less than three (3) Non-executive Directors, with a majority of members being independent Directors in accordance with the criteria set out in Clause 4 of the Board Charter.
<b>Overall Purpose</b>	<p>The overall purpose of the Committee is to protect the interests of Company shareholders and other stakeholders by overseeing, on behalf of the Board:</p> <ul style="list-style-type: none"><li>▪ the quality and integrity of the Company's financial statements, accounting policies, financial reporting and disclosure practices;</li><li>▪ compliance with applicable legal and regulatory requirements and internal policies and codes of conduct;</li><li>▪ the effectiveness and adequacy of the control environment and the processes for identifying and managing risk;</li><li>▪ the external audit function; and</li><li>▪ treasury and taxation practices.</li></ul> <p>The Committee will assist the Board by making appropriate recommendations. The Committee does not make decisions on behalf of the Board unless such authority in respect of any matter is expressly delegated by the Board.</p>
<b>Secondary Function</b>	To perform such special reviews or investigations as the Board may consider necessary.
<b>Chairperson's Role</b>	<p>The Chairperson of the Audit and Risk Committee shall be independent and shall not be the Chairperson of the Board.</p> <p>The Committee Chairperson shall:</p> <ul style="list-style-type: none"><li>▪ be knowledgeable of the Company's business and financial and auditing processes;</li><li>▪ oversee planning and conduct of Committee meetings including approval of agendas and minutes;</li><li>▪ oversee written and verbal reporting to the Board on key matters arising from the Committee; and</li><li>▪ be involved in the selection of Committee members.</li></ul>
<b>Member Requirements</b>	<p>All members of the Audit and Risk Committee will be Non-Executive Directors with the majority being independent in accordance with the criteria set out in Clause 4 of the Board Charter.</p> <p>While the Chairperson of the Board is precluded from chairing the Audit and Risk Committee, the Chairperson of the Board may be a member of the Audit and Risk Committee.</p> <p>All Committee members will be financially literate and at least one member will have accounting or related financial experience.</p>
<b>Meeting Arrangements</b>	<p>The Audit and Risk Committee shall meet at least two (2) times a year. Additional meetings may be held if requested by the Committee Chairperson.</p> <p>A quorum for Audit and Risk Committee meetings will require a minimum of two (2) members, with at least one (1) member being an independent Director.</p>

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The Chief Executive Officer and Chief Financial Officer will be present for the entirety of all meetings except where the Committee Chairperson consents or requests otherwise. The Chairperson may invite other senior management to attend meetings as appropriate.

Voting at Committee meetings is restricted to Committee members.

The internal and external auditor will attend meetings at the invitation of the Chairperson. The Chairperson may invite other advisors, consultants or experts as appropriate.

The Committee will regularly meet with external and internal auditors, without management.

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#### **Secretarial**

The Company Secretary (or designate) shall be the secretary of the Committee and will be responsible for the minutes of meetings.

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#### **Responsibilities**

The Audit and Risk Committee shall oversee the external audit function. This oversight will include:

- reviewing the performance of the external auditor;
- making recommendations to the Board of Directors regarding the continuation or termination of the external auditors' engagement and/or any material revision to the terms of the engagement;
- evaluating the independence of the external auditor and ensuring that the provision of non-audit services by the external auditor does not adversely impact independence;
- reviewing the appropriateness of the audit approach, scope and methodology;
- reviewing the results of the auditors work with particular emphasis on unresolved or unadjusted issues between auditors and management; and
- providing a direct line of communication between the external auditor and the Board which is independent of Management.

The Audit and Risk Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices by:

- reviewing compliance with Accounting Standards, Financial Reporting Standards, Australian Securities Exchange requirements and other legal requirements;
- reviewing the position taken by Management on significant transactions and accounting issues and/or any unusual or highly judgemental matters;
- monitoring the effectiveness of the accounting and internal control systems;
- reviewing half year and full year Financial Statements and making the necessary recommendations to the Board;
- ensuring that there are no unresolved issues between management and the external auditors; and
- reviewing other financial information distributed externally as required.

The Audit and Risk Committee will review other key financial processes to ensure prudent management practices are in place for funding, tax planning and reporting.

The Audit and Risk Committee shall assist the Board with regard to oversight of the Company's risk management practices by:

- developing an understanding of key risk areas and the consequences of major risk events;
  - gaining assurance as to the adequacy of the Company's policies and processes for integrating risk management into its operations;
  - requiring that indicators be defined for problem projects and that a process is in place for their escalation;
  - reviewing the tax strategy and management of tax risks; and
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- reviewing the insurance strategy and determining the extent to which it aligns with the risk exposure of the Company.

The Audit and Risk Committee shall review the processes and internal controls that management have put in place to ensure compliance with laws, regulations and internal codes of conduct.

The Audit and Risk Committee shall oversee the risk management function. This oversight will include:

- reviewing the performance of the Commercial and Risk team and the approval of the annual risk management plan;
- reviewing significant risk review findings and action taken by management to address these; and
- facilitating a direct line of communication from the risk function.

<b>Reporting Mechanism to the Board</b>	The Committee Chairperson will report to the Board after each Committee meeting on the outcome of Committee proceedings and any reviews, and any recommendations.
<b>Access to Information and Independent Advice</b>	<p>The Committee has the authority, subject to the law, to require access to any information, document, report or material in the possession of any employee of the Company or any related body corporate, and all employees must comply with such requests from the Committee.</p> <p>The Committee may, with prior written approval of the Chairperson of the Board, obtain such independent legal, financial and other advice as it considers necessary, with the cost to be borne by the Company.</p>
<b>Reliance</b>	<p>Committee members are entitled to rely on employees of the Company or professional advisers or consultants engaged by the Committee or the Company where:</p> <ol style="list-style-type: none"> <li>there are reasonable grounds to believe that the employee, adviser or consultant is reliable and competent; and</li> <li>reliance was made in good faith and after making an independent assessment of the information.</li> </ol>
<b>Review Processes</b>	<p>The Charter, composition and annual agenda for the Audit and Risk Committee will be reviewed at least annually. Any changes to this Charter will require the approval of the Board.</p> <p>The Audit and Risk Committee will undertake a formal process of self-assessment on at least an annual basis. The results of this assessment will be communicated to the Board in order to assist the Board in its periodic review of the Audit and Risk Committee effectiveness.</p>

This Policy was approved by the Decmil Group Limited Board on 27 April 2021.



**Andrew Barclay**  
Chair of the Board