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## AUDIT AND RISK COMMITTEE CHARTER

The Audit & Risk Committee has been established by resolution of the Board of Macmahon Holdings Limited (“Macmahon” or the “Company”).

### MEMBERSHIP

The Audit & Risk Committee shall be structured so that it:

- consists only of non-executive Directors;
- consists of a majority of independent Directors (where possible); and
- has at least three members.

In addition, the Audit & Risk Committee shall comprise:

- at least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters; and
- at least one member who has an understanding of the industry in which Macmahon operates.

### CHAIRMAN

The Board will appoint an independent Director, other than the Chairman of the Board, to be the Chairman of the Audit & Risk Committee.

### SECRETARY

The Company Secretary will be the Secretary of the Audit & Risk Committee.

### OTHER ATTENDEES

The Chief Executive Officer and Chief Financial Officer as well as other members of senior management may be invited to be present for all or part of the meetings of the Audit & Risk Committee, but will not be members of the Committee.

Representatives of the external auditor will normally attend each meeting of the Audit & Risk Committee and at least once a year the Committee shall meet with the external auditors without any management staff or executives present.

### QUORUM

A quorum will be two members who are independent Non-executive Directors.

### MEETINGS

Audit & Risk Committee meetings will be held not less than two times a year so as to enable the Committee to undertake its role effectively. In addition, the Chairman is required to call a meeting of the

Audit & Risk Committee if requested to do so by any member of the Board or Audit & Risk Committee, the Chief Executive Officer or the external auditor.

### **AUTHORITY**

The Audit & Risk Committee is authorised by the Board to investigate any activity within its charter. The Audit & Risk Committee will have access to management and auditors (external and internal) with or without management present and has rights to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Audit & Risk Committee.

The Audit & Risk 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.

The Audit & Risk Committee is required to make recommendations to the Board on all matters within the Audit & Risk Committee's charter.

### **REPORTING PROCEDURES**

The Audit & Risk Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment/amendment before being signed by the Chairman of the Audit & Risk Committee.

### **RESPONSIBILITIES OF THE AUDIT COMMITTEE**

The Audit & Risk Committee is responsible for oversight of the Company's risk management framework together with reviewing the integrity of Macmahon's financial reporting and overseeing the independence of the external auditors. In particular, the Audit & Risk Committee has the following duties:

### **FINANCIAL STATEMENTS**

1. To review the audited annual and half yearly financial statements and any reports which accompany published financial statements before submission to the Board, with particular focus on:
  - any changes in accounting policies and practices;
  - major judgment areas;
  - impairment or significant adjustments;
  - any issues resulting from the internal and external audit;
  - compliance with accounting policies and standards; and
  - compliance with legal requirements.

### **RELATED PARTY TRANSACTIONS**

2. To monitor and review the propriety of any related party transactions.

## EXTERNAL AUDIT FUNCTION

3. To confirm to the Board the appointment of the external auditor in accordance with the Company's External Auditor Selection Policy.
4. Each year, to review the performance and appointment of the external auditor, the audit fee, any fees paid for non-audit services, their independence and any questions of resignation or dismissal.
5. To discuss with the external auditor before the audit commences the nature and scope of the audit.
6. To meet privately with the external auditor on at least an annual basis.
7. To determine that no management restrictions are being placed upon the external auditor.
8. To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).
9. To review the external auditor's management letter and management's response.
10. To ensure the external auditors confirm their independence annually.
11. To consider any proposals for the external auditor to provide non-audit services that will result in the external auditor receiving fees of \$50,000 or more per year for non-audit services. The committee will consider such proposals, in accordance with the following principles:
  - The external auditor should only be engaged to provide non-audit services when they are best suited to undertake the work and the engagement will not create a conflict of interest. Services that may tend to create a conflict include those where the external auditor:
    - participates in activities that are normally undertaken by management;
    - is remunerated by way of success fees, contingent fees or commissions;
    - acts in an advocacy role for Macmahon; and
    - may be required to audit their own work.
  - The following services must not be provided by the external auditor:
    - book-keeping, preparation of, and other services in relation to, accounting records and financial statements;
    - the design and implementation of financial information systems, or financial controls;
    - valuation services, appraisals or fairness opinions;
    - senior management secondments;
    - executive recruitment services;
    - actuarial services;
    - management functions;
    - legal services or acting for or assisting in the resolution of a dispute or litigation; and
    - broker-dealer, investment advisor or investment banking services.

#### **INTERNAL CONTROLS / AUDIT FUNCTION**

12. To make recommendations to the Board regarding internal audits including the appointment and fee of any externally contracted auditor to perform this function.
13. To review the appointment, remuneration, evaluation, retention and dismissal of any internal auditor.
14. To review the reporting lines of the internal audit function to ensure that the internal auditor is allowed adequate independence.
15. To ensure that any management restrictions are being placed upon the internal auditor.
16. To ensure that internal audits are adequately resourced (including qualified personnel, funding and equipment).
17. To consider the major findings of internal audit investigations and management's response.
18. To ensure any internal auditor has direct access to the Chairman of the Audit & Risk Committee.
19. To monitor the progress of any internal audits approved by the board.
20. To provide oversight of Macmahon's fraud and corruption control activities.
21. To oversee Macmahon's regulatory compliance, and to review any regulatory reports on Macmahon's operations.

#### **RISK MANAGEMENT OVERSIGHT**

22. The development and maintenance of a risk management policy and methodology for the Company to be endorsed by the Board. The Committee shall define and document a policy for risk management, including objectives for, and its commitment to, risk management;
23. To ensure appropriate management accountability for risk management exists as well as ensuring that appropriate systems and control procedures are established;
24. To review with management the entity's risk management framework at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that they remain within the risk appetite set by the Board.
25. To make recommendations to the Board to ensure that the Company has robust processes to identify, measure, monitor and manage the material business risks faced by the business.

#### **COMMUNICATION**

26. To provide, through regular meetings, a forum for communication between the Board, senior financial management, staff involved in internal control procedures and the external auditors.
27. To enhance the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public.
28. To review and monitor compliance with the Company's Whistleblower Provisions and Code of Conduct.

#### **ASSESSMENT OF EFFECTIVENESS**

29. To evaluate the adequacy and effectiveness of Macmahon's administrative reporting, operating and accounting policies through active communication with operating management, internal auditors and the external auditors.