



Boral Limited Audit & Risk Committee Charter

Updated and adopted by Boral Limited Board 5 December 2019

Boral Limited
ABN13 008 421 761

Audit & Risk Committee Charter

1. Scope and Authority

The primary function of the Audit & Risk Committee is to assist the Board of Directors in fulfilling its responsibilities by reviewing:

- the financial information that will be provided to shareholders and the public;
- the integrity and quality of the Group's financial statements and disclosures;
- the systems and processes that the Board and management have established to identify and manage areas of significant financial and non-financial risk as well as the effectiveness the Group's risk management framework;
- and monitoring risk management culture; and
- the Group's auditing, accounting and financial reporting processes.

In carrying out its responsibilities the Committee has full authority to investigate all matters that fall within the terms of reference of this Charter. Accordingly, the Committee may:

- obtain independent professional advice in the satisfaction of its duties at the cost of the Group; and
- have such direct access to the resources of the Group, as it may reasonably require, including management and the external and internal auditors.

The Committee acts primarily as an advisory body to the Board and in making recommendations to the Board. The Committee does not, as of itself, have the power or authority of the Board in dealing with the matters on which it advises except where certain powers are specifically set out in this Charter or are otherwise delegated by the Board.

Subject to any regulatory obligations, it is not the responsibility of the members of the Committee to determine that the Group's financial statements and disclosures are complete and accurate and in accordance with applicable rules and regulations or to plan or conduct audits.

The Committee will undertake the functions set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (as amended from time to time) of an audit committee and a risk committee, and will take into account those risk committee functions undertaken by the Board's Health Safety & Environment Committee as set out in its charter (being those relating to the Group's operational risks specific to health, safety and environment matters).

2. Composition

The Audit & Risk Committee shall comprise at least three non-executive Directors all of whom the Board considers to be independent.

The Committee's members between them shall have the accounting and financial expertise and a sufficient understanding of the industry in which the Company operates, to be able to discharge the Committee's mandate effectively.

The Chairman of the Committee is to be selected by the Board, but shall not be the Chairman of the Board.

A quorum for Committee Meetings is two members of the Audit & Risk Committee.

3. Meetings

The Committee shall meet not less than four times a year or more frequently as circumstances require.

Non-executive Directors who are not members of the Committee may attend any Committee meetings and observe proceedings.

The Group's CEO, CFO and senior financial management, Company Secretary, external auditor and internal auditor shall be available to attend all Meetings. The Committee may invite such other members of the management team and such other people as it deems appropriate to attend the Committee and to provide information as necessary so that the Committee may be fully informed on the relevant matter.

As part of its responsibility to foster open communication, the Committee should meet separately with management, the external auditor and the internal auditor in private session, at least annually.

Audit & Risk Committee Minutes will be confirmed at the following Meeting of the Committee and shall be noted by the Board at the appropriate time.

4. Reporting

The key matters discussed at each Committee Meeting are to be ordinarily reported by the Chair of the Committee to the Board at the next Board Meeting. The report should include all matters relevant to the Committee's role and responsibilities including:

- the review of the Group's financial statements;
- an assessment of whether external reporting is in compliance with statutory responsibilities;
- an assessment of management processes supporting external statutory reporting;
- recommendations for selection, appointment or removal of an external auditor;
- an assessment of the performance and independence of the external and internal auditors; and
- other matters that require Board action or approval.

The Committee will also consider if any material matters arising out of each Committee meeting should be advised to any other Committee and, if so, ensure that this occurs.

5. Responsibilities

The Board and the external auditor are accountable to the shareholders. The Audit & Risk Committee is accountable to the Board. The internal auditor is accountable to the Audit & Risk Committee and the CEO.

To fulfil its responsibilities, the Committee shall:

a) Financial reporting and internal financial controls

- Review with management and the external auditor the Group's financial statements in respect of each half year and full year.
- Review with management and the external auditor the accounting policies and practices adopted by the Group and compliance with accounting standards, ASX Listing Rules and relevant legislation.
- Discuss with management and the external auditor management's choice of accounting principles and material judgements, including whether they are aggressive or conservative and whether they are common or minority practices.
- Recommend to the Board that the Group's financial statements reviewed by the Committee for each half year and full year be approved and signed on behalf of the Board.
- Review the declarations made by the CEO and CFO in relation to the financial statements, financial records and systems regarding compliance with the Corporations Act and the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council and management processes followed before those declarations and any representations by senior management regarding compliance are made.
- Approve the internal audit plan and receive reports from internal audit including in regard to the effectiveness of the Group's internal financial controls and its reviews of the adequacy of the Group's processes for managing risk.
- Reviewing the reliability of management information procedures including management reporting to the Board.
- Participate in training arranged by the Group in relation to financial and accounting developments.

b) The effectiveness of the Group's risk management framework

The Committee will, at least annually, evaluate the effectiveness of the Group's risk management framework and that the Group is operating with due regard to the risk appetite set by the Board. This will include an evaluation of the systems for identifying and managing risks that are material to the achievement of the Group's strategy and objectives. Management will present to the Committee reviews of the system of risk identification and management. The presentations will address:

- The procedures for identifying strategic and business risks and controlling their impact on the Group.
- The process developed by Management to implement appropriate risk controls and mitigation measures to manage such risks.

- The systems in place to monitor and report on risks and to identify material changes to the risk profile of the Group, including new and emerging risks.

The Committee will report the results of the evaluation, and will recommend to the Board any corrective action resulting from its evaluation.

c) External audit

- If and when necessary, recommend to the Board the external auditor to be proposed to shareholders.
- Review with the external auditor the planned scope of their audit and subsequently their audit findings including any internal control recommendations.
- Periodically consult with the external auditor without the presence of management about the quality of the Group's accounting principles, material judgement and any other matters that the Committee deems appropriate.
- Review the performance of the external auditor, including their independence and objectivity.
- Review the external audit plans and monitor any changes in scope.
- Review reports by the external auditor outlining all of its professional relationships with the Group including the provision of services that may affect their objectivity or independence.
- Review and discuss with the external auditor all significant relationships they have with the Group to determine their independence.
- Monitor adherence to the policy regarding provision of non-audit services, including approval of certain non-audit services which may be provided by the external auditor. In this regard, the external auditor should not provide services that have the potential to impair the independence of their audit role. The external auditor, however, is permitted to perform other non-audit services that are not, and are not perceived to be, in conflict with their audit services.

d) Internal audit

- Recommend to the Board the appointment or dismissal of the internal auditor.
- Review the qualifications, organisation, strategic focus and resourcing of the internal audit function.
- In conjunction with the CEO, review the performance of the internal auditor, including their independence and objectivity.
- Review the internal audit plans and monitor any significant changes in scope.
- Review reports by the internal auditor outlining all of its professional relationships with the Group including the provision of services that may affect their objectivity or independence.
- Periodically consult privately with the internal auditor about any significant difficulties encountered including restrictions on scope of work, access to required information or any other matters that the Committee deems appropriate.

e) Legal and Regulatory Compliance

Review the implications of legal and regulatory compliance issues reported to the Audit & Risk Committee via the management questionnaires.

f) Fraud

Review reports from management and internal audit on any material incidents of fraud, theft, losses or break-down of internal controls, including the actions taken to prevent any recurrence and any “lessons learned”.

g) Environment, Sustainability and Remuneration Reporting

Having regard to the functions undertaken by the Board’s Health Safety & Environment Committee and Remuneration & Nomination Committee as set out in their respective charters, where appropriate review (with management and, if appropriate, external auditors) the Group’s material reports which are prepared and lodged in compliance with its statutory obligations concerning the environment, sustainability and remuneration matters.

h) Charter

Review this Charter at least annually and if appropriate, recommend changes to the Board.

6. Other matters

The Committee shall also perform any other activities consistent with this Charter that the Committee or Board deem appropriate.