

# Audit & Risk Committee Charter

The Board of Macmahon has established an Audit & Risk Committee. This Charter outlines the committee's roles, responsibilities, and terms of operation and should be read in conjunction with the Board Charter.

## 1. Purpose & Responsibilities

The purpose of the Audit and Risk Committee (Committee) is to assist the Board in fulfilling its corporate governance and oversight responsibilities relating to Macmahon's financial reporting and risk management.

The responsibilities of the Committee include:

- a. oversight of statutory financial reporting requirements;
- b. oversight of the integrity of Macmahon's corporate reporting;
- c. oversight of the external audit and internal audit functions;
- d. oversight of the implementation and operation of the Risk Management Framework and constructively challenge management's plans and decisions on all aspects of risk management;
- e. oversight of information security and cyber security posture; and
- f. oversight of the Company's approach to sustainability and environmental, social, and governance (ESG).

The Board has delegated to the Committee the responsibilities set out in **Attachment 1**.

## 2. Authority

Except where expressly stated in this Charter, the Committee discharges its responsibilities by making recommendations to the Board.

The Committee does not have any powers to commit the Board or management to the implementation of its recommendations except where expressly stated in this Charter or as authorised by resolution of the Board.

The Committee has the authority to conduct or direct investigations into any matters within its Charter.

The Committee is not responsible for supervising the performance of management and does not become involved in day-to-day operations, management functions or decision-making.

### **3. Committee Composition**

The Committee will comprise at least three members, all of whom must be non-executive directors with a majority to be independent.

The Committee members will be appointed by the Board.

The Board will appoint the Chair of the Committee, who must be an independent non-executive director and not the Chair of the Board.

The Committee should include members who are all financially literate (that is, be able to read and understand financial statements).

At least one Committee member will have relevant qualifications, that is, be a qualified accountant or other finance professional with experience in financial and accounting matters and some members should have an understanding of the industry in which the entity operates.

If a Committee member ceases to be a director of the Board, that member ceases to be a member of the Committee.

### **4. Administrative Matters**

#### **4.1 Committee Meetings**

The Committee meets at least three times per year, or more often, if necessary, to fulfil its responsibilities.

A quorum of the Committee will comprise at least three members.

If the Committee Chair is unable to attend a meeting, the members present or the Board Chair will appoint another member who is an independent director (and not the Board chair) to act as Chair at that meeting.

Committee members may attend meetings in person or participate by video conference or other electronic means.

Committee decisions may be made by circular or written resolution. A circular or written resolution signed by all Committee members will be effective as a resolution duly passed at a Committee meeting. A resolution may consist of several documents in like form, each signed by one or more members. The expression "written" includes email or other electronic means.

Management is responsible to the Committee for making recommendations to the Committee and implementing recommendations of the Committee, which the Board approves.

#### **4.2 Conflicts of Interest**

A Committee member who has a material personal interest in a matter relating to Macmahon's affairs must give the other Committee members notice of his or her interest.

Committee members shall not participate in discussions and shall not vote on any issues in respect of which there is a material actual or perceived conflict of interest.

#### **4.3 Committee Work Plan, Agenda and Meeting Documentation**

Each Committee meeting will have a structured agenda. The Committee's work plan and meeting agenda are determined by the Committee Chair, with input from the Managing Director & Chief Executive Officer (MD/CEO), the Chief Financial Officer (CFO), and the Company Secretary. Any director or the external auditor may request that a particular item be added to the agenda.

The agenda and supporting documentation for each Committee meeting will be circulated within a reasonable time before the meeting to Committee members, other Directors, the MD/CEO, the CFO, the External Auditor, and other attendees, as appropriate.

#### **4.4 Notice of Meeting and Attendance**

Notice of Committee meetings will be provided to all Directors. Directors who are not members of the Committee may attend Committee meetings and will have access to Committee papers and minutes.

Notice of Committee meetings will also be provided to the MD/CEO, the CFO, and the Lead Audit Partner appointed by the external auditor if necessary, who must attend meetings if requested by the Chair of the Committee. Other members of management and advisers may be invited to participate in the meetings as the Chair of the Committee thinks fit.

The external auditor will be required to meet separately with the Committee, without management, upon the request of the Committee Chair.

#### **4.5 Company Secretary**

The Company Secretary (or their nominee) will be the Secretary of the Committee.

#### **4.6 Minutes**

Minutes of each Committee meeting will be prepared by the Company Secretary (or their nominee), approved by the Chair of the Committee in draft and circulated to all Committee members.

The minutes of a Committee meeting will be approved at the next Committee meeting and then signed by the Chair of the Committee.

The Committee's Chair approved minutes of each Committee meeting will be included in the Board papers.

#### **4.7 Reporting**

The Chair of the Committee will report to the Board on the business matters arising out of a Committee meeting.

The Committee will refer any matter to the Board or another Board Committee where it falls within their responsibility or if it would benefit from the Board or that Board Committee's consideration.

### **5. Access to Information & Advice**

#### **5.1 Access to Management and Others**

The Committee will have free and unfettered access to the CEO, the CFO, executive management, the External Auditor (with or without the presence of management), and to information and may make any enquiries to fulfil its responsibilities.

The CEO, the CFO, executive management, and the External Auditor have free and unfettered access to the Committee.

#### **5.2 Access to Independent Professional Advice**

The Committee has the right to seek independent professional advice, subject to the approval of the Board Chair (or, in the Board Chair's absence, the Deputy Chair), at Macmahon's expense, in respect of any matter related to the discharge of its responsibilities.

Advice received should be distributed to the whole Committee as appropriate.

Committee members are entitled to rely on the expertise of independent experts so long as they are not aware of any grounds that would make such reliance inappropriate.

### **6. Workshops and Training**

The Committee may hold workshops and training sessions to maintain the skills and knowledge required to perform its role effectively.

The Committee keeps themselves informed on material developments in accounting standards and other relevant regulations.

## **7. Review**

### **7.1 Committee Performance Review**

The Board will conduct an annual review of the Committee's performance and effectiveness.

When considered appropriate, the Committee will review its membership and make recommendations to the Board.

### **7.2 Review of this Charter**

The Committee will review this Charter every two years, or sooner if circumstances require, with any amendments recommended to the Board for approval.

## **8. Related Documents**

- Board Charter
- External Audit and Non-Audit Services Policy
- Risk Management Policy
- Group Business and Strategic Risk Management Standard
- Board Delegation of Authority Policy
- Code of Conduct
- Whistleblower Policy
- Anti-Bribery & Corruption Policy

# Attachment 1

## Duties and Responsibilities

In making decisions and recommendations, the Committee will consider its responsibilities and the activities of the Board's other committees and, where appropriate, coordinate with and consider information arising out of those committees and any other relevant factors.

**The duties and responsibilities of the Committee are as follows:**

### 1. Financial Reporting

- 1.1. Review the Group's Annual and Half-Year Reports, including the Directors' Report, Directors' Declaration, financial statements, and the accounting policies on which they are based.
- 1.2. Review the appropriateness of accounting policies and material judgments exercised by management in preparing the annual financial statements.
- 1.3. Review changes to accounting standards and regulatory requirements and their effect on the annual financial statements.
- 1.4. Review of Non-IFRS financial information (i.e. Underlying Earnings) reported to ensure it meets the requirements of ASIC Regulatory Guide 230 Disclosure of Non-IFRS Financial Information.
- 1.5. Review of the representations provided by management concerning Macmahon's half-year and annual financial statements that:
  - a. accounting records are maintained correctly in accordance with statutory requirements;
  - b. the management representation letter to the External Auditor is accurate; and
  - c. the MD/CEO's and the CFO's Declaration under section 295A of the Corporations Act has been formed based on a sound risk management system and internal controls.
- 1.6. Review and monitoring of solvency, including the solvency of subsidiary entities.
- 1.7. Review of write-offs that are outside the MD/CEO's delegation.
- 1.8. Review and approve the implementation of a Deed of Cross Guarantee under ASIC Class Order 98/1418 (DOCG) and the annual affirmation statement for each entity that continues to support being a party to the DOCG.
- 1.9. Make recommendations to the Board for consideration and approval regarding the approval of Macmahon's Annual and Half-Year Reports and the additional matters above.

### 2. External Audit

- 2.1. Recommend to the Board the appointment and, should it be necessary, the removal of the External Auditor, subject to approval by Macmahon's members.
- 2.2. Review and approve the External Auditor's engagement terms, including their annual audit fees.
- 2.3. Review and approve the overall scope and adequacy of the external audit plan, including identified risk areas and any additional procedures considered necessary.
- 2.4. Review the External Auditor's reports and findings and ensure that any identified issues are being managed and rectified appropriately and in a timely manner.
- 2.5. Engage with the External Auditor regarding any matters concerning the external audit, without the presence of management.

2.6. Assess, at least annually, the performance of the External Auditor.

### **3. Independence of the External Auditor and Provision of Non-Audit Services**

- 3.1. Monitor that the Lead External Audit Engagement Partner is rotated at least every five (5) years or more frequently if the Committee considers it desirable to maintain the External Auditor's independence.
- 3.2. Review and assess whether the External Auditor satisfies the eligibility and independence requirements in the Corporations Act, and the Audit Independence tests set out in the APES 110 Code of Ethics for Professional Accountants.
- 3.3. Receive and review a written declaration (before the completion of the statutory financial report) from the External Auditor stating that the External Auditor has complied with all professional and regulatory requirements relating to the External Auditor's independence.
- 3.4. Approve the External Auditor's engagement to provide non-audit services in accordance with the Provision of Non-Audit Services Policy.

### **4. Other Corporate Reporting to Stakeholders**

- 4.1. Monitor the process to verify the integrity of any material price-sensitive corporate reports released to the market that are not audited or reviewed by an External Auditor.
- 4.2. Review and recommend to the Board for approval Macmahon's Annual Corporate Governance Statement.

### **5. Risk Management**

- 5.1. Review the effectiveness and adequacy of the risk management function and resources, including whether it continues to be appropriate for Macmahon's size, business mix, and complexity.
- 5.2. Review Macmahon's Risk Management Framework, including the Group Business and Strategic Risk Management Standard, Risk Appetite and Risk Policy (all together RMF).
- 5.3. Review and recommend to the Board for approval the Risk Management Policy.
- 5.4. Oversee the effectiveness of the RMF to ensure it enables Macmahon to appropriately develop and implement strategies, policies, and controls to manage material risks and satisfy itself that the RMF continues to be effective, and that Management is operating within the Board-approved risk appetite.
- 5.5. Review and recommend to the Board for approval the annual risk management disclosures (if any) in Macmahon's Annual Report.
- 5.6. Oversee the effectiveness of Macmahon's Crisis and Emergency Management Plan.

### **6. Risk Appetite and Risk Profile**

- 6.1. Review and consider reports from management on material risks (including strategic, operational, reputational, and compliance risks) and other risks that, singly or in combination with different risks, may have a material impact on Macmahon.

### **7. Information Management and Cyber Security Posture**

- 7.1. Oversee that Macmahon has systems and processes in place to test the effectiveness of its information security controls.
- 7.2. Review and consider reports from management on information security risks, including any material incidents involving a control weakness and evaluate management's plans to address and remediate the control weakness.

## **8. Compliance**

- 8.1. Review any material non-compliance issues with applicable laws, regulations, and licences and management's corrective actions.
- 8.2. Reviewing any material claims or issues that have occurred involving fraud, corruption, or other significant breakdowns of the Company's internal controls.

## **9. Internal Audit**

- 9.1. Approve the appointment of the Internal Auditor (if any) or Internal Audit services provider and the terms of their engagement.
- 9.2. Review the internal audit function resources and ensure the Internal Auditor has unfettered access to the business and support functions.
- 9.3. Review and approve any internal audit charter and work program and any changes to them, including approving the engagement of any externally appointed internal auditors.
- 9.4. Review all relevant reports and findings by any Internal Auditor and monitor management's response to the findings being rectified in an appropriate and timely manner.
- 9.5. Assess, at least annually, the performance and independence of the internal audit function.

## **10. Insurance**

- 10.1. Review and approve the structure and adequacy of Macmahon's corporate insurance program with regard to the business needs and the insurable risks it has on an annual basis.
- 10.2. Review and recommend to the Board the annual D&O insurance program, premium and policy terms, including reviewing and approving the declarations provided to insurers on D&O insurance.

## **11. Tax Governance**

- 11.1. Review and approve Macmahon's tax Governance Policy (if applicable).
- 11.2. Review and consider the reports from the CFO on material taxation matters and Macmahon compliance with applicable tax laws in Australia and overseas.
- 11.3. Consider the appropriateness of material tax judgments by management applied in preparing the Company's financial statements.
- 11.4. Review and approve Macmahon's Payment Times Reports under the payment Times Reporting Act 2020.

## **12. Treasury and Delegation of Authority**

- 12.1. Review and approve Macmahon's Treasury Policy.
- 12.2. Review and make a recommendation to the Board on Macmahon's Delegation of Authority Policy.

## **13. Sustainability & ESG**

- 13.1. Review and recommend to the Board Macmahon's strategic approach to sustainability and environmental, social, and governance (ESG), including alignment with international standards.
- 13.2. Review and recommend to the Board for approval Macmahon's Sustainability Policy.
- 13.3. Monitor performance and progress against sustainability and environmental, social, people, and community-related targets.
- 13.4. Review of material ESG risks and topics relevant to stakeholders' needs and expectations, including climate-change risks and opportunities.
- 13.5. Review and recommend to the Board for approval Macmahon's annual Sustainability Report.

- 13.6. Review and recommend to the Board for approval any mandatory public reports on ESG or climate change, required under legislation or Accounting Standards.
- 13.7. Review and recommend to the Board for approval Macmahon's annual Modern Slavery Statement.
- 13.8. Review and recommend to the Board for approval Macmahon's and Human Rights Policy.

#### **14. Governance**

- 14.1. Approve policies that require or are reserved for the Committee and relevant to the Committee's remit.
- 14.2. Consider any other matters delegated by the Board to the Committee.

#### **15. Ethics and Code of Conduct**

- 15.1. Review and recommend to the Board for approval the Company's Code of Conduct and monitor the effectiveness of its implementation.
- 15.2. Review and report to the Board on any significant non-compliances relating to the Code of Conduct and other policies.

#### **16. Whistleblower Policy & Reports**

- 16.1. Review and recommend to the Board for approval the Company's Whistleblower Policy and monitor general trends relating to whistleblowing reports received.