

AUDIT COMMITTEE CHARTER

1. PURPOSE

The Board of Directors of ARB Corporation Limited (the “**Company**”) has established an Audit Committee (the “**Committee**”). The purpose of the Committee is to review all published financial accounts, statements and reports issued by the Company with a view to making a recommendation to the Board as to whether they give a true and fair view of the financial position and performance of the Company as required by the Corporations Act 2001 (Cth) and all applicable accounting standards.

2. RESPONSIBILITIES

2.1 The responsibilities of the Committee shall include:

- a) reviewing the independence of the external auditors;
- b) reviewing with management as appropriate the terms of the external audit engagement in order to:
 - i. make recommendations to the Board concerning the appointment, re-appointment, removal and remuneration of the auditors;
 - ii. ensure that there is an appropriate degree of co-ordination between the external auditors and management;
 - iii. ascertain the extent to which the scope of the planned audit can be relied upon to detect weaknesses in internal controls or non-compliance with legal requirements; and
 - iv. assess the extent of non-audit services to be provided by the external auditors, with particular consideration for the potential of those services to impair the external auditors’ judgement or independence in respect of the Company;
- c) monitoring the external audit process with the objective of ensuring there is a good working relationship between management and the auditors;
- d) reviewing all management letters issued by the external auditors and considering any significant recommendations by the auditors in relation to the financial accounts or to strengthen the internal controls and reporting systems of the Company;
- e) monitoring and reviewing management’s responsiveness to external audit findings and recommendations;
- f) monitoring and assessing the overall performance and effectiveness of the external auditors to ensure that they are meeting the needs of the Company;
- g) reviewing all published financial accounts of the Company which require approval by the Board of Directors and discussing the accounts as necessary with the external auditors and management;
- h) reviewing any material accruals, provisions, or estimates which are subject to judgement and which affect significantly the financial accounts as well as any other sensitive matters, such as disclosure of related party transactions;

- i) reviewing any material changes in accounting policies or practices and their effects on the financial accounts of the Company;
- j) assessing the adequacy and effectiveness of internal controls, policies and procedures with respect to the Company's accounting and financial reporting systems and relevant regulatory and legal requirements;
- k) reviewing any relevant compliance report, prepared by management, to identify and consider any matters of significance; and
- l) considering any other matter which, in the Committee's judgement, is relevant in relation to its recommendations to the Board concerning the approval of the financial accounts.

3. STRUCTURE AND COMPOSITION

3.1 The Committee shall be structured and composed of:

- a) at least three (3) members who have been appointed to the Committee by the Board;
- b) a majority of independent Directors;
- c) only members who are non-executive Directors;
- d) members who have an understanding of financial statements and general accounting principles; and
- e) at least one (1) member who has financial experience,

so that it complies with the ASX Listing Rules.

3.2 The Chairman of the Committee will be appointed by the Board and must be an independent non-executive Director who is not the Chairman of the Board.

3.3 The Board may determine the appointment of any member of the Committee at any time.

3.4 The auditors of the Company, both internal and external, may be invited to attend all meetings of the Committee.

3.5 The Committee may invite such other persons, including management, to attend meetings of the Committee as deemed appropriate.

3.6 The Company Secretary or nominee shall act as secretary for all meetings of the Committee.

4. MEETINGS

4.1 The Committee shall meet as required to review the financial accounts and information to be approved by the Board for subsequent publication and shall hold such meetings as it deems necessary.

4.2 At a meeting of the Committee, the number of members whose presence is necessary to constitute a quorum shall be two (2).

4.3 Any member of the Committee, the Finance Director or the auditors may request the Chairman to convene a meeting of the Committee at any time. That request shall be in writing and include an outline of the purpose for that meeting.

4.4 The Chairman of the Committee shall convene a meeting for a date no later than 21 days after receipt of that request.

4.5 The external auditors have the right to meet separately with the independent non-executive Director members of the Committee.

5. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

5.1 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.

5.2 The Committee may take such independent legal, financial and other advice as it considers necessary, with the cost to be borne by the Company.

6. RELIANCE

Committee members are entitled to rely on employees of the Company or professional advisers or consultants engaged by the Committee or the Company where:

- a) there are reasonable grounds to believe that the employee, adviser or consultant is reliable and competent; and
- b) the reliance was made in good faith and after making an independent assessment of the information.

7. REPORTS TO THE BOARD

The Committee shall keep the Board informed of its activities through the minutes of all its meetings and shall formally advise the Chairman of the Board of any matters or recommendations requiring attention by the Board.

8. SELF ASSESSMENT

The Committee shall assess its effectiveness periodically. This Charter shall be reviewed and updated as required.

First approved: 15 July 2004
Amended: 2 March 2006
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