



**4X4 ACCESSORIES**

## **Audit and Risk Committee Charter**

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**ARB Corporation Limited**

**ACN 006 708 756**

**Last reviewed: 15 February 2022**

## Audit and Risk Committee Charter

### 1. Purpose

The Board of Directors of ARB Corporation Limited (the “**Company**”) has established an Audit and Risk Committee (the “**Committee**”). The purpose of the Committee is to:

- a) 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;
- b) review and make recommendations to the Board regarding the adequacy and integrity of the Company’s risk management framework and system of internal controls;
- c) review whether or not the Company is in compliance with relevant laws and regulations;  
and
- d) monitor the performance and independence of the Company’s external auditor.

To the extent practicable, the Company has followed the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition).

### 2. Responsibilities

2.1 The responsibilities of the Committee shall include:

#### ***External Audit***

- 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;

### ***Financial Reporting***

- 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) assessing the appropriateness of the Company's accounting policies and principles and any changes to them 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) receiving from management confirmation that the integrity of financial reports is founded on a sound system of risk management and internal control which is operating effectively;
- l) reviewing any relevant compliance report, prepared by management, to identify and consider any matters of significance;
- m) 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;

### ***Risk Management and Internal Compliance and Control Systems***

- n) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems;
- o) approving and recommending to the Board for adoption, policies and procedures on risk oversight and management to establish an effective and efficient system for:
  - i. identifying, assessing, monitoring and managing risk; and
  - ii. disclosing any material changes to the risk profile;

- p) reviewing and updating the risk profile of the Company as appropriate;
- q) monitoring the efficiency and effectiveness of the internal risk control system;
- r) assessing if management has controls in place for unusual transactions and any potential transactions that may carry more than an acceptable degree of risk;
- s) monitoring management's response to reviews and recommendations of the external auditors regarding internal control systems and procedures (if any);
- t) monitoring the need for a formal internal audit function and its scope;

#### ***Insurance***

- u) reviewing the Company's insurance program at least annually having regard to the Company's business and the insurable risks associated with the Company's business;

#### ***Disclosure and Reporting***

- v) ensuring management establishes a comprehensive process to capture information that must be disclosed to ASX in accordance with the Company's continuous disclosure obligations;
- w) reviewing for completeness and accuracy the reporting of corporate governance practices in accordance with the ASX Listing Rules;

#### ***Other Responsibilities***

- x) overseeing the implementation of the Company's code of conduct and assessing compliance with it; and
- y) receiving disclosures from eligible whistleblowers pursuant to the Company's whistleblowing policy, and if it considers appropriate, investigating disclosures or allegations made to the Committee.

### **3. Structure and composition**

3.1 The Committee shall be structured and composed of:

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

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; and
- 3.6 The Company Secretary will fulfil the role of secretary to the Committee and will assist the Chairman to develop and distribute Committee agendas, papers and calendars.

#### **4. Meetings**

- 4.1 The Committee will meet as often as it considers necessary;
- 4.2 At a meeting of the Committee, the number of Directors whose presence is necessary to constitute a quorum shall be more than half the members of the Committee;
- 4.3 In the Chairman's absence from a meeting, the members of the Committee present at the meeting will select a Chairman for that particular meeting;
- 4.4 Any matters requiring decision will generally be decided by consensus or, if consensus is not achievable, by a majority of votes of Committee members present;
- 4.5 Any member of the Committee, the Chief Financial Officer 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;
- 4.6 The Chairman of the Committee shall convene a meeting for a date no later than 21 days after receipt of that request;
- 4.7 The external auditors have the right to meet separately with the independent director member(s) of the Committee;
- 4.8 Where members or invitees at meetings of the Committee are deemed to have a real or perceived conflict of interest, they will be excused from Committee discussions and deliberations on the issue where a conflict exists; and
- 4.9 Committee meetings may be held by any technological means allowing members to participate in discussions. A member who is not physically present but is participating by technological means is taken to be present.

#### **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; and
- 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**

6.1 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**

7.1 The Committee reports to the Board; and

7.2 The Chairman of the Committee shall keep the Board informed of its activities following each Committee meeting and provide the Board with the minutes of all its meetings. The Chairman shall advise the Chairman of the Board of any matters or recommendations requiring attention by the Board.

## **8. Self-assessment**

8.1 The Committee shall assess its effectiveness periodically and report the results of the review to the Board;

8.2 This Charter shall be reviewed and updated as required to ensure it remains consistent with the Board's objectives and responsibilities. The Board may change this Charter from time to time by resolution.