

# Audit Committee Charter

**Risk and Assurance**  
**Monadelphous Group Limited**

Division:  
Engineering Construction  
Maintenance and Industrial Services

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## **i. Company Definition**

This document applies to all sites, employees and activities of Monadelphous Group Limited (herein referred to as The Company).

### **1 Purpose**

The Board of Directors of Monadelphous Group Limited (“the Board”) has established an Audit Committee (“the Committee”) within the terms of the Board Charter to oversee:

- the financial reporting processes of the Company to ensure financial accounts and statements, approved and published by the Board, are complete, accurate and timely.
- the Company’s relationship with the external auditors.
- the risk management framework, internal controls and policies and procedures which the Group uses to identify and manage business risks.
- the policies and procedures for ensuring compliance with relevant regulatory and legal requirements.

### **2 Role**

The role of the Committee shall include:

- the review of all published financial accounts which require approval by the Board of Directors to ensure they provide a true and fair view of the financial position and performance of the Company, and discussion of the accounts with the external auditors and management prior to their submission to the Board.
- the review of the audit plans for the external auditors.
- the review of the planned external audit scope to ascertain the extent to which it can be relied upon to detect weaknesses in internal control, fraud, other illegal acts or non-compliance with other legal requirements.
- the assessment of management’s programmes and policies which deal with the adequacy and effectiveness of internal controls over the Company’s accounting and financial reporting systems.
- the review of all management letters, issued by the external auditors, and review of any significant recommendations by the auditors to strengthen the internal controls and reporting systems of the Group.
- the review of any changes in accounting policies or practices and subsequent effects on the financial accounts of the Group.
- the review of any accruals, provisions, or estimates which are subject to judgment and significantly affect the financial accounts as well as other sensitive matters, such as disclosure of related party transactions.
- the review of the independence of the external auditor, including any proposals for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor.
- the review, jointly with management, of the performance of the external auditors, including to ensure that there are no unresolved issues between the parties that could materially affect the audited financial accounts and that there is a good working relationship between management and the auditors.
- the review, with management, of the terms of the external audit engagements in order to make recommendations to the Board concerning the appointment, re-appointment, removal and remuneration of the external auditors, including rotation of the audit engagement partner.
- the assessment, at least annually, of the effectiveness of the Company’s risk management framework in identifying business and financial risks (including contemporary and emerging risks) and controlling their financial impact, and that the Company is operating with due regard to the risk appetite set by the Board.
- making recommendations to the Board in relation to changes that should be made to the Company’s risk management framework or to the risk appetite set by the Board.
- reviewing and making recommendations to the Board in relation to any material incident involving fraud or a break-down of the Company’s internal controls and the lessons learned.
- receiving and reviewing reports from group assurance on its reviews of the adequacy of the Company’s processes for managing risk.
- receiving and reviewing reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks.
- ratifying the appointment or removal of the head of the group assurance function, the scope and adequacy of the internal audit work plan, and the independence, objectivity and performance of the group assurance function.

- the consideration of any other matter which, in its judgment, should be taken into account in reaching its recommendations to the Board concerning the approval of the financial accounts.

The Committee shall have no executive powers, unless formally delegated with specific powers, by resolution of the Board.

### 3 Structure

- 3.1 The Committee shall be structured in accordance with the Board Charter and shall:
- consist of at least three members, all of whom are non-executive directors and a majority of whom are independent directors.
  - be chaired by an independent director, who is not the Chairman of the Board.
  - consist of members that, between them, have the necessary accounting and financial expertise and technical knowledge as well as a sufficient understanding of the industry in which the Company operates.
- 3.2 The Board may determine the appointment of any member of the Committee at any time.
- 3.3 The Chief Financial Officer or his nominee may be invited to attend all meetings of the Committee.
- 3.4 The external auditors of the Company may be invited to attend meetings of the Committee.
- 3.5 The Committee may invite such other parties to attend meetings as deemed appropriate.
- 3.6 The Company Secretary shall act as secretary for all meetings of the Committee.

### 4 Meetings

The Committee shall meet twice yearly to review the financial accounts and information that is to be approved by the Board for subsequent publication and shall hold additional meetings as it deems necessary.

At a meeting of the Committee, the number of directors whose presence is necessary to constitute a quorum shall be two.

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.

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

### 5 Access to Information and Independent Advice

The Committee members have the authority to seek any information they reasonably require from any employee of the Group as considered necessary to discharge their responsibilities as Committee members and all employees must comply with such requests, and may interview management and internal and external auditors (with or without management present).

The Committee members may take such independent legal, financial and other advice as they consider necessary. The cost of the advice shall be borne by the Company, subject to the prior approval of the Chairman.

### 6 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 Company of any matters or recommendations requiring attention by the Board.

### 7 Self Assessment

The Committee shall assess its effectiveness regularly, and at least annually, with a view to ensuring that its performance accords with Best Practice. The Committee's Charter shall be reviewed annually and updated as required.

This Charter was approved, by way of a Resolution, in the Meeting of the Board dated 11 June 2020.



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**Chairman of the Board**