



## INTRODUCTION

The Audit Committee (Committee) is established as a committee of the Board of Caltex Australia Limited (Caltex or Company) on the terms set out in this charter and in accordance with the Board's charter and the Company's Constitution.

## ROLE OF THE COMMITTEE

The Committee assists the Board to fulfil its responsibilities in relation to the integrity of reporting to shareholders and the market on the financial performance and position of Caltex Australia Limited and the Caltex Group (Caltex).

The Committee oversees matters relating to the appointment, performance and tenure of Caltex's external auditor. The Committee approves the terms of engagement of the external auditor.

The Committee oversees matters relating to the independence of Caltex's external auditor.

The Committee undertakes a number of functions delegated by the Board, including approving the internal audit plan and the scope of work of the internal audit function. The Committee reviews the effectiveness of the internal audit function and provides a reporting line independent of management.

The Committee addresses the appropriateness of Caltex's accounting policies, its practices to manage material financial risks and the integrity of Caltex's financial reporting so that financial reports present a true and fair view of Caltex's financial performance and position.

## RESPONSIBILITIES OF THE COMMITTEE

### *Advisory role*

The Committee undertakes the following functions and, as appropriate, advises or makes recommendations to the Board:

### *Integrity of reporting*

- Review and discuss with management and the external auditor the appropriateness of accounting policies applied in Caltex's financial reports and any significant financial reporting issues and judgements made in connection with the preparation of the financial statements
- Review the draft financial reports (including the financial statements and notes and the directors' declaration), draft directors' reports and accompanying draft financial material containing market sensitive information intended for publication, including analyst presentations, for release to the market
- Review and discuss with management the key developments in relation to accounting, reporting and tax issues and their impact on Caltex
- Review management's recommendation for a dividend and dividend reinvestment plan.
- Discuss with management and the external auditor any correspondence with regulators and any published reports that raise material issues regarding Caltex's financial results and reports or accounting policies

### *Financial risk management and compliance*

- Monitor the adequacy, integrity and effectiveness of the critical systems and internal controls used to manage Caltex's material and any emerging financial risks, as implemented by management, including the identification, assessment, elimination, avoidance and control of these risks
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## Audit Committee Charter

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- Receiving statements from management in relation to the effectiveness of risk management and internal control systems implemented to address material financial risks
- Review and recommend to the Board Caltex's financial, tax and other material financial risk management policies
- Review declarations to be made by the Managing Director & CEO and the Chief Financial Officer in relation to financial reports including as required by section 295A of the *Corporations Act 2001* (Cth) (Corporations Act)
- Review reports on litigation matters with the potential to have a significant impact on Caltex

### **External audit**

- Review reports from the external auditor and discuss findings with the external auditor and management
- Monitor services provided by the external auditor, including:
  - the total amount of fees paid for statutory financial audit services and all other services (non-audit services)
  - the nature of non-audit services provided
  - the ratio of audit to non-audit services
- Advise the Board of any matters that:
  - may affect the directors' annual statement in relation to the independence of the external auditor
  - are not in compliance with the Board-approved policy for the provision of services by the external auditor
- Review the Provision of Services by the External Auditor Policy
- Review independence declarations to be made by the external auditor in relation to the full year and half year
- Assess the external auditor's performance and consider matters relating to the appointment, re-appointment or replacement of the external auditor, as required

### **Internal audit**

- Review and approve the scope of the annual internal audit plan, other than that approved by the OHS&ER committee
- Review reports from internal audit covering major issues arising from the financial internal audit plan, the status of actions taken by management to address internal audit findings, any incidents reported through the Caltex employee hotline and any disclosures made by whistleblowers in relation to suspected breaches of the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth)
- Review the scope, activities, responsibilities, resources, budget and staffing of the internal audit function
- Approve the appointment of the Head of Internal Audit.
- Review the effectiveness of the internal audit function, including whether it has all necessary access to management and the right to seek information and explanations
- Review the independence of the internal audit function, including its independence from the external auditor

### DELEGATED AUTHORITY

The Board has delegated authority to the Committee to undertake the following functions:

#### *External audit*

- Approve the scope of work of the external audit plan (including the full year audit and the half year audit or review)
- Approve procedures to ensure that there is adequate audit coverage of major financial risks of the business
- Approve the terms of engagement of the external auditor (including the fees to perform the desired scope of the full year audit and the half year audit or review)
- In accordance with the Board's policy for the provision of services by the external auditor, approve proposed engagements reserved for Committee approval
- Approve the statements to be made to the Board in relation to the independence of the external auditor for the full year and the provision of that advice to the Board on the Committee's behalf
- Approve policies and practices in relation to:
  - the appointment and monitoring of the external auditor
  - the rotation of external audit partners
  - external auditor independence
  - and approve a summary document to be made available on the Caltex website in relation to these policies and practices

#### *Internal audit*

- Approve the annual internal audit plan in relation to financial risks
- Approve the internal audit charter
- Participate in, and approve the appointment or removal of the Head of Internal Audit

### MEMBERSHIP & ATTENDANCE

The Committee should comprise a minimum of three non-executive directors (other than the Board Chairman) appointed by the Board. All members of the Committee should be independent directors.

The Committee Chairman and Committee members are appointed by the Board. The Committee Chairman must be an independent director.

The Managing Director & CEO, Chief Financial Officer, Head of Internal Audit, and other members of the senior management team as requested by the Chairman, are invited to attend all Committee meetings. The Committee Chairman may invite other members of management or external parties (as appropriate) to attend all or part of a meeting.

Representatives of the external auditor are invited to attend all Committee meetings.

### SKILLS & COMPETENCIES OF COMMITTEE MEMBERS

The Committee should bring a variety of perspectives and skills to matters before the Committee and, in particular:

- all Committee members should be able to read and understand financial statements
- at least one member of the Committee should have accounting or related financial management qualifications and experience

## MEETINGS WITH EXTERNAL & INTERNAL AUDITORS

The Committee Chairman should meet as required with the external auditor in the absence of Caltex management. Matters discussed with the external auditor will include the external auditor's judgements about the appropriateness of accounting policies applied in Caltex's financial statements and whether any Caltex employee has attempted to improperly influence or mislead any member of the external audit team for the purpose of materially misstating the financial statements.

The Committee Chairman should meet with the Head of Internal Audit at least once between Committee meetings and otherwise, as required, without other Caltex management present.

## MEETINGS

### *Quorum*

The quorum for a Committee meeting is **two** Committee members.

### *Number of meetings*

The Committee will meet as required but should meet **at least four times** a year.

### *Preliminary meetings*

At the beginning of each Committee meeting, the Committee should meet:

- o firstly, in the absence of the external auditor and Caltex management, to allow Committee members to raise issues and the Committee Chairman to raise any issues discussed with the external auditor and / or the internal auditor
- o secondly, with the internal auditor in the absence of other Caltex management and the external auditor
- o thirdly, with the external auditor in the absence of Caltex management

### *Committee agendas and program*

The Committee Chairman will approve the agenda for each committee meeting.

The Committee Secretary, in consultation with the Chief Financial Officer, will develop a program of items of business to be considered by the Committee during the year

Copies of minutes of each Committee meeting will be made available to all Directors and the Committee Chairman will update the Board on any significant matters that arose out of that meeting.

## COMPANY SECRETARY

The Company Secretary will serve as the Committee Secretary. If this person is unable to attend a Committee meeting, an appropriate member of the Caltex Secretariat will attend the meeting in the capacity of Committee Secretary.

## ACCESS TO INFORMATION & ADVISERS

Any Committee member may request a copy of any or all reports between the external auditor and management, and the internal auditor and management.

In addition, Committee members are authorised to require management to provide any information the Committee requires to discharge its responsibilities.

The Committee and Committee members have direct access to Caltex's senior management and advisers (both external and internal).

## **Audit Committee Charter**

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The Committee may obtain external professional advice

### **REVIEW OF COMMITTEE PERFORMANCE**

The Committee should review its own performance, paying particular attention to the extent to which its responsibilities in this charter have been met.

### **REVIEW OF CHARTER**

The Committee will review this charter at least every two years and recommend to the Board any changes considered appropriate.

The Charter was last reviewed and approved by the Committee on 14 February 2019 and reviewed and approved by the Board on 22 February 2019.

### **PUBLICATION**

This charter will be made available from the Caltex website ([www.caltex.com.au](http://www.caltex.com.au)).