

# Brambles

## Audit Committee Charter

**Brambles Limited**

Instituted: 4 December 2006

Amended: 20 August 2007,  
29 January 2009,  
23 June 2009,  
14 February 2011  
1 July 2014  
and 27 June 2017

## 1. Establishment of Committee and Amendment of Charter

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This Charter sets out the basis on which the Board has established an Audit Committee pursuant to the authority contained in, and subject to the provisions of, the Constitution. This Charter may be amended by resolution of the Board.

## 2. Interpretation

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**ASX** means the Australian Securities Exchange.

**ASX Listing Rules** means the listing rules of the Australian Securities Exchange.

**ASX Principles and Recommendations** means *ASX Corporate Governance Principles and Recommendations*, as amended from time to time.

**Board** means the Board of Directors of Brambles.

**Brambles** means Brambles Limited.

**Committee** means the Audit Committee of the Board.

**Constitution** means the constitution of Brambles.

**Directors** means the members of the Board.

**Group** means Brambles and its subsidiaries and controlled entities.

## 3. Objectives

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The objective and purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities by:

- (a) monitoring and reviewing:
  - (i) the integrity of internal and external financial reporting;
  - (ii) internal financial controls and business processes;
  - (iii) the objectivity and effectiveness of the internal auditors;
  - (iv) the effectiveness of the management of the Group's material risks; and
  - (v) the independence, objectivity and effectiveness of the external auditors; and
- (b) making recommendations to the Board in relation to the appointment of the external auditors, the approval of their remuneration and the terms of their engagement.

## 4. Committee Membership

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### 4.1 Structure

- (a) The Committee will consist of at least three members, each of whom will be appointed or removed by the Board, following in each case a review by the Board's Nominations Committee, in consultation with the Chair of the Committee (other than in respect of the Chair's own appointment or removal).

- (b) All members of the Committee must be independent Non-executive Directors, as determined by the Board in accordance with the requirements of the ASX Listing Rules, the ASX Principles and Recommendations and having regard to best practice principles from time to time.
- (c) Members of the Committee will be appointed for a term of three years, subject to earlier removal if determined by the Board in accordance with paragraph (a) above. Members of the Committee are eligible for re-appointment at the end of their term. At the discretion of the Board, membership of the Committee is intended to be rotated periodically, subject to the need to ensure continuity.
- (d) The Chair of the Committee (including a Chair elected under paragraph 5.6):
  - (i) will be elected by, and hold office for the period determined by, the members of the Committee in accordance with the provisions of the Constitution;
  - (ii) must be a member of the Committee;
  - (iii) must be an independent Director; and
  - (iv) must not also be the Chair of the Board.

#### **4.2 Expertise**

- (a) All members of the Committee must be financially literate. At least one member of the Committee must have recent and relevant financial and accounting experience, as determined by the Board.
- (b) At least two members of the Committee must have an understanding of the industries in which Brambles operates.

#### **4.3 Company Secretary**

The Company Secretary or their nominee will act as Secretary to the Committee, unless otherwise determined by the Committee.

### **5. Proceedings**

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#### **5.1 Frequency**

- (a) The Committee will meet as frequently as required but must not meet less than three times a year. Meetings, where appropriate, should coincide with key dates in Brambles' financial reporting cycle.
- (b) The Secretary to the Committee or any member may call a meeting of the Committee.

#### **5.2 Notice**

The dates, times and venues of each meeting of the Committee will be notified by the Secretary to all members of the Committee as far in advance as possible.

#### **5.3 Supporting Papers**

Supporting papers for each meeting of the Committee will be distributed by the Secretary to all members of the Committee as far in advance as possible. Unless the circumstances otherwise require, for example due to the existence of a conflict of interest, all Directors will receive a copy of the supporting papers for each meeting of the Committee, irrespective of their membership of the Committee.

#### **5.4 Attendance**

- (a) Only members of the Committee and the Secretary are entitled to be present at a Committee meeting.
- (b) Subject to clause 5.4(c), the Committee may extend an invitation to any person to attend all or part of any meeting of the Committee which it considers appropriate. In particular, the Committee may meet with:
  - (i) the internal auditors;
  - (ii) the external auditors;
  - (iii) external advisers;
  - (iv) any executive or employee; or
  - (v) any other Non-executive Director,and may do so with or without executive management being present.
- (c) The following persons have a standing invitation to attend the Committee meetings specified:
  - (i) the Chairman of the Board for all Committee meetings; and
  - (ii) all other Non-executive Directors for Committee meetings at which the half-year and full-year financial reports are reviewed.
- (d) The Committee must meet with the internal and external auditors separately at least once a year without executive management being present.

#### **5.5 Quorum**

A quorum for a meeting of the Committee is not less than fifty percent of the members. A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers or discretions vested in, or exercisable by, the Committee.

#### **5.6 Chair**

- (a) In the absence of the Chair, the remaining members will elect one of their number as Chair of the meeting.
- (b) The Chair of the Committee has a casting vote in addition to their deliberative vote, except that the Chair must not exercise a casting vote at any meeting at which only two of the Committee members who are present are entitled to vote.

#### **5.7 Constitution**

Proceedings of the Committee will be governed by the provisions of the Constitution, in so far as they may be applicable.

#### **5.8 Minutes**

Minutes of meetings of the Committee will be distributed to the Chairman for confirmation as soon as practicable and, prior to the next meeting of the Committee, distributed to all Directors unless a conflict of interest exists.

## **6. Authorities**

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### **6.1 Authority of the Committee**

The Committee is authorised to investigate any activity or function of Brambles, any other member of the Group and, so far as practicable, its associates, in accordance with this Charter. The Committee is authorised to make recommendations to the Board regarding appropriate actions resulting from such investigations.

### **6.2 Access**

The Committee has unrestricted access to executive management, all employees and all company records, tax and other financial advisers, legal advisers, and internal and external auditors. Executive management has unrestricted access to the Committee.

### **6.3 Independent advice**

The Committee is authorised to obtain outside legal or other independent professional advice, and to secure the attendance of such advisers if it is considered necessary. The Committee may meet as and when it determines with the external advisers without management being present.

## **7. Duties and Responsibilities**

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Without limiting its role as described in section 3 above, specific duties and responsibilities of the Committee include the following:

### **7.1 Review of Financial Reports**

The Committee must review, and challenge where necessary the actions and judgment of management in relation to full-year and half-year financial reports and other announcements relating to those reports prepared for release to the ASX, regulators and to the public, before making appropriate recommendations to the Board, paying particular attention to:

- (a) critical accounting policies and practices adopted, and any changes in them;
- (b) compliance with applicable accounting standards, the ASX Listing Rules and other legal requirements in relation to the financial reports;
- (c) decisions requiring a major element of judgment;
- (d) the extent to which the financial reports are affected by any unusual transactions, and how they are disclosed;
- (e) significant audit adjustments and any audit recommendations that have not been adjusted;
- (f) the going concern assumption;
- (g) the clarity and adequacy of the financial reports; and
- (h) the management representation letter to the external auditors.

### **7.2 Internal Auditors**

The Committee must:

- (a) approve any proposed change to the head of the internal auditors following a recommendation from management;
- (b) monitor the adequacy of resourcing of the internal auditors, the appropriateness of their standing within the Group, and their independence from executive decision making;
- (c) ensure that no management or other restrictions are placed on the internal auditors;
- (d) ensure that the head of the internal auditors has direct access to the Committee Chair and the Chair of the Board;
- (e) require and approve the audit plans of the internal auditors, including the scope and materiality level of their audits;
- (f) monitor compliance with the audit plans of the internal auditors and the effectiveness of the execution of those plans;
- (g) require and review reports from the internal auditors on their audit findings, management responses and action plans in relation to those findings, and reports from the internal auditors on the implementation of those action plans; and
- (h) facilitate an open avenue of communication between the internal auditors, the external auditors and the Board.

### **7.3 External Auditors**

The Committee must:

- (a) oversee the process for selecting the external auditors, and make appropriate recommendations to the Board regarding the appointment, re-appointment and removal of the external auditors;
- (b) assess the independence, objectivity and effectiveness of the external auditors, and in particular assess whether the Committee is satisfied that the independence of the external auditors has been maintained, having particular regard to any non-audit related services;
- (c) ensure that the external auditors' engagement partners are rotated at appropriate intervals;
- (d) review and recommend to the Board for approval the fees payable to the external auditors;
- (e) review and monitor policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of such services; pre-approve the performance by the external auditors of any non-audit related work in accordance with the Board's policy; pre-approve any proposed fees to be paid to the external auditors for that work; and monitor compliance with the Board's policy on the performance by the external auditors of non-audit related work; and identify and make recommendations to the Board in respect of any matters which the Committee considers require action or improvement;
- (f) ensure that no management or other restrictions are being placed on the external auditors;
- (g) require and review the audit plans of the external auditors, including the nature, scope, materiality level and procedures of their audits;

- (h) monitor compliance with, and the quality and effectiveness of, the audit plans of the external auditors;
- (i) require and review reports from the external auditors in relation to their half-year and full-year financial report audit findings, management responses and action plans in relation to those findings, and reports from the external auditors on the implementation of those action plans; and
- (j) if the external auditors resign, investigate the reasons for their resignation and determine whether Brambles needs to take any action as a result of that resignation.

#### **7.4 “Speaking Up”**

- (a) The Committee must monitor the provision of appropriate protection against victimisation and dismissal of the Group’s employees who make disclosures pursuant to Brambles’ policy on “Speaking up”.
- (b) The Committee must monitor the communication and compliance with Brambles’ policy on “Speaking up” throughout the Group.

#### **7.5 Risk Management**

The Committee must review bi-annually the effectiveness of the management of the Group’s material risks by reviewing regular risk reports on the implementation and effectiveness of risk mitigation steps and by assessing whether internal audit plans are addressing material risks.

#### **7.6 Other duties and responsibilities**

The Committee must:

- (a) review disclosures, including a statement in the Annual Report detailing the Committee’s activities, the membership of the Committee, the number of Committee meetings and attendance over the course of the year; and how, in relation to the provision of non-audit services by the external auditors, auditor objectivity and independence is safeguarded;
- (b) if the Board does not accept a recommendation by the Committee (including on the appointment, re-appointment or removal of the external auditors) and that disagreement is not resolved to the satisfaction of the Committee members, make a statement in the Annual Report explaining the recommendation and setting out the reasons why the Board took a different decision;
- (c) make available the Committee’s Charter on the Company’s website, which explains its role and the authority delegated to it by the Board; and
- (d) conduct an annual review of its Charter.

#### **7.7 Special Projects**

The Committee may undertake any special projects or investigations which the Committee considers necessary, or as may be requested by the Board.

### **8. Reporting**

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#### **8.1 Reporting to the Board**

The Chair of the Committee (or a person nominated by the Chair of the Committee for that purpose) must:

- (a) report to the Board on the Committee's proceedings following each meeting on all matters relevant to the Committee's duties and responsibilities; and
- (b) attend the Board meeting at which Brambles' half-year and full-year financial statements are approved.

## **8.2 Annual General Meeting**

The Chair of the Committee must attend the Annual General Meeting and be available to respond to any shareholder questions on the Committee's activities and areas of responsibility.

## **9. Performance Review**

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The Committee must conduct an annual review of its performance and effectiveness, inviting comments from all members of the Board. It must recommend to the Board any suggested changes in the duties and responsibilities of the Committee and the terms of this Charter.