

# AUDIT COMMITTEE CHARTER

## 1. PURPOSE

The Board of Directors of Wesfarmers 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. In fulfilling this purpose, the Committee will oversee:

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

## 2. RESPONSIBILITIES

2.1 The responsibilities of the Committee shall include:

- (a) the review of all published financial accounts of the Company which require approval by the Board of Directors, and discussion of the accounts with the external auditors and management prior to their submission to the Board;
- (b) the review of the audit plans for the internal and external auditors, including the degree of co-ordination between the two parties;
- (c) the review of the planned audit scope to ascertain the extent to which it can be relied upon to detect weaknesses in internal controls or non compliance with legal requirements;
- (d) assessing management’s programmes and policies which deal with the adequacy and effectiveness of internal controls over the Company’s accounting and financial reporting systems;
- (e) the review of all management letters issued by the internal and external auditors and review any significant recommendations by the auditors to strengthen the internal controls and reporting systems of the Company;
- (f) reviewing any changes in accounting policies or practices and subsequent effects on the financial accounts of the Company;
- (g) reviewing 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;
- (h) reviewing jointly with management, the internal and external auditors 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;
- (i) reviewing with management the terms of the external audit engagement in order to make recommendations to the Board concerning the appointment, re-appointment, removal and remuneration of the auditors;

- (j) reviewing and assessing non-audit services to be provided by the external auditors, with particular consideration to the potential of those services to impair the external auditors' judgement or independence in respect of the Company;
- (k) reviewing and monitoring management's responsiveness to external audit findings;
- (l) assessing the effectiveness of internal controls, policies and procedures in identifying business and financial risks and controlling their financial impact;
- (m) assessing the effectiveness of the Company's Compliance Programme in ensuring compliance with relevant regulatory and legal requirements;
- (n) assessing the effectiveness of internal processes for ensuring compliance with the Company's policies and procedures;
- (o) the review of compliance reports, prepared by management, to identify and consider any matters of significance;
- (p) assessing and monitoring the performance and effectiveness of the external auditors;
- (q) reviewing and monitoring the company's continuous disclosure policies and procedures; and
- (r) 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.

### **3. STRUCTURE AND COMPOSITION**

- 3.1 The Committee shall be structured in accordance with clause 7.3 of the Board Charter and must comprise:
- (a) only non-executive directors;
  - (b) at least 3 members;
  - (c) a majority of non-executive directors who satisfy the criteria for independence in clause 4 of the Board Charter;
  - (d) members who have an understanding of financial statements and general accounting principles; and
  - (e) at least one member who has financial experience.
- 3.2 The Chairman of the Committee will be appointed by the Board and must be a non-executive director who satisfies the criteria for independence in clause 4 of the Board Charter and 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 Finance Director or his nominee may be invited to attend all meetings of the Committee.
- 3.5 The auditors of the Company, both internal and external, may be invited to attend all meetings of the Committee.
- 3.6 The Committee may invite such other persons to attend meetings of the Committee as deemed appropriate.
- 3.7 The Company Secretary or nominee shall act as secretary for all meetings of the Committee.

## **4. MEETINGS**

- 4.1 The Committee shall meet to review the financial accounts and information, as required, to be approved by the Board for subsequent publication and shall hold such additional meetings as it deems necessary.
- 4.2 At a meeting of the Committee, the number of directors 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 shall convene a meeting for a date no later than 21 days after receipt of that request.

## **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, with a view to ensuring that its performance accords with Best Practice. The Committee's Charter shall be reviewed annually and updated as required.

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