

BID CORPORATION LIMITED

INTERNAL AUDIT CHARTER

The Bid Corporation Ltd ('Bidcorp') Board ('board') is ultimately responsible for overseeing the establishment of effective systems of internal control in order to provide reasonable assurance that the company's financial and non-financial objectives are achieved. This responsibility has been delegated to the Group Audit and Risk Committee ('GARC') to execute this responsibility through the establishment of the Bidcorp Internal Audit Function ('IAF').

1. PURPOSE OF THE CHARTER

- 1.1. This document defines the role, organisational status, authority, responsibilities and scope of activities of the IAF. It also includes the principles underlying the realisation of the objectives of the function and the translation thereof into operational activities.
- 1.2. The identification and prevention of fraud is management's responsibility. Internal audit is well qualified to assist management to identify the main fraud risks facing the various Bidcorp global businesses and can assist management in investigating potential frauds and in designing appropriate controls to minimise the effects of the risks.

2. AUTHORITY AND INDEPENDENCE

- 2.1. The IAF is established and its responsibilities are defined by the GARC.
- 2.2. The GARC is responsible for maintaining a professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter, specifically a suitably qualified individual who has internal audit as his/her express work responsibility to perform the role of the Bidcorp Group Internal Audit Manager ('IAM').
- 2.3. Internal audit staff should be provided sufficient continuing professional development to ensure that the IAF continues to be suitably staffed with qualified individuals who possess the appropriate knowledge and experience in order to ensure adequate coverage of the audit environment.
- 2.4. The IAF reports to the chief executive of the respective auditable entity or an appropriate nominated deputy. There is also a reporting line to the Bidcorp group internal audit manager, and an open-door policy to the chairman of the GARC.
- 2.5. The IAF should have the opportunity to be invited to meeting forums of the entity executive committee, however the IAM is not a member of these committees in order to protect independence.

Organisational structure

- 2.6. The organisational structure must promote the independence of the IAF as a whole and to allow the IAF to form its judgments objectively.
- 2.7. In order to adhere to independence requirements, the IAF should not be required to:
 - 2.7.1. perform any operational duties for the organisation or its affiliates;
 - 2.7.2. initiate or approve accounting transactions external to the internal audit function;
 - 2.7.3. direct the activities of any employee in the organisation not employed by the IAF; and / or
 - 2.7.4. assume any role other than an advisory function in the design, installation or operation of control procedures.
- 2.8. The IAF has free and unrestricted access to management, employees, activities, physical locations and to all information considered necessary for the proper execution of the internal audit plan (as approved).
- 2.9. Any attempted scope limitation by management of the IAF in performing its duties in the rollout of the GARC-approved internal audit plan must be reported to the relevant business Chief Executive and/or to the group internal audit manager and the GARC chairman.
- 2.10. IAF co-ordinates its' work with that of the other assurance providers. The external auditors must be consulted in determining the activities of internal and external audit in order to minimise duplication of audit effort.
- 2.11. The IAF is subject to strict accountability for safekeeping and confidentiality of any information accessed in the performance of its duties.

3. RESPONSIBILITIES

The IAF provides assurance to the organisation and its stakeholders that the company operates in a responsible manner by performing the following functions:

- 3.1. Reviewing the reliability and integrity of financial and operational information and the means used to identify, measure, classify and report such information.
- 3.2. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets.
- 3.3. Participating in the implementation and operation of computer-based systems to determine compliance with required IT standards.
- 3.4. Evaluating the company's governance processes.

- 3.5. Systematically analysing and evaluating business processes and associated controls.
- 3.6. Reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports.
- 3.7. Appraising the adequacy of the action taken by operating management to correct reported deficient conditions; accepting adequate corrective action and continuing reviews with appropriate management personnel on action until there has been a satisfactory resolution of the matter.
- 3.8. Performing an objective assessment of the effectiveness of risk management and the internal control framework.
- 3.9. Providing a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.
- 3.10. Conducting special examinations at the request of management, including the reviews of representations made by persons outside the company.

4. INTERNAL AUDIT PLAN

- 4.1. The annual allocation of internal audit resources to the different possible activities is established on the basis of an approved annual internal audit plan.
- 4.2. The divisional audit and risk committee (DARC) is responsible for approving the business/regional plans based on the agreed scope of work. These approved business/regional plans are presented to GARC for final review and approval.
- 4.3. The internal audit plan is to be presented for approval annually and reviewed at quarterly DARC meetings. Changes to the approved audit plans are to be presented to the quarterly DARC meetings for consideration and approval.
- 4.4. Identification and prioritisation of audit areas is to be based on the assessment of risks pertaining to the achievement of the company's objectives and the related audit significance.
- 4.5. The internal audit plan is to ensure risk-based coverage of the operations, risks and processes over rolling period.

5. INTERNAL AUDIT REPORTING

- 5.1. All IAF reports are to be presented and discussed with management of the entity being audited, in terms of factual findings and proposed action, before they are submitted to higher management levels or the DARC. An exception is made where management fraud is suspected.
- 5.2. IAF must provide an annual written assessment regarding the effectiveness of the system of internal controls, internal financial controls and risk management to the board. This enables the board to report on the effectiveness of the system of controls in the annual integrated report.

- 5.3. IAF must conduct a documented review of the key financial reporting controls in identified financial systems and processes every year.

6. QUALITY ASSURANCE REVIEW

- 6.1. The GARC should annually assess the effectiveness of the IAF. Internal audit should be assessed against the following criteria (at a minimum):
 - 6.1.1. delivery against the approved internal audit plan;
 - 6.1.2. timeliness of reporting of findings and activities;
 - 6.1.3. management's acceptance of the internal audit findings and corrective action on findings;
 - 6.1.4. level of cooperation and interaction with other assurance providers within the agreed combined assurance approach;
 - 6.1.5. maintenance of adequate staffing / sourcing levels to achieve the requirements of this charter; and
 - 6.1.6. compliance with professional standards inclusive of quality assurance assessments on the level of compliance achieved.

7. EVALUATION

- 7.1. The GARC must perform an annual evaluation of the effectiveness of the IAF.

8. APPROVAL

- 8.1. On an annual basis this Internal Audit Charter should be reviewed by the GARC Chairman and recommended to the board for approval.