

AUSTIN ENGINEERING LIMITED

ABN 60 078 480 136

BOARD RISK COMMITTEE CHARTER

1. Membership

- a. Membership of the Risk Committee shall be no less than three (3) Directors. With at least two thereof being Independent Non-Executive Directors of the Company. The Chair of the Committee shall be determined as follows:
 - by an ordinary resolution of the Board; and
 - shall be an Independent Director; and
 - shall not be the Chairman of the Board or Managing Director
- b. The initial period of appointment shall be for a period of two (2) years from the date of the Committee's first meeting and thereafter, membership shall be reviewed annually by the Board.
- c. The Members of the Committee will be appointed and removed by the Board.

2. Definitions

In this Charter the following terms shall have the meaning ascribed to them:

"the Act" means the Corporations Act 2001 (Cwlth) and regulations made pursuant thereto.

"ASX" means the Australian Stock Exchange Limited.

"Board" means the Board of Directors of the Company.

"Chair" means Chairperson of the Committee.

"Charter" means the Charter of the Committee.

"Committee" means the Risk Committee as a sub-committee of the Board.

"Company" means Austin Engineering Limited, A.B.N 60 078 480 136 and its subsidiaries and associated entities.

"Constitution" means the constitution of the Company.

"Director" means a director of the Company who has been appointed to the position of director by a resolution of the Board or according to the Constitution or the Act.

"Independent" in respect of a Member or a Director means a Member or Director as the case may be who complies with the provisions for independence set out in item 2 of Section 3 "Appointment of Directors" of the Company's Board Charter.

"Member" means a member of the Committee appointed in accordance with Regulation 1 of the Charter.

"Secretary" means the Secretary of the Committee appointed in accordance with Regulation 8 of the Charter.

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3. Meetings of the Committee

- a. The Committee may determine its own processes at its first meeting, which shall be documented in the minutes thereof and referred to the Board for ratification.
- b. The Committee shall meet at least twice per year but with sufficient frequency to properly fulfil its functions and to further its objectives.
- c. The Committee shall determine a schedule of regular meetings at its first meeting and in October each year thereafter for the following calendar year.
- d. Although the Committee may conduct its function as it sees fit, formal agendas and minutes shall be prepared for Committee meetings.
- e. The Committee's meetings shall be convened by the Committee Secretary at the request of the Chair or by resolution of the Board. The Secretary shall convene a meeting of Committee Members by formal notice in writing in reasonable advance time of the meeting to which it relates. Reasonable notice shall be determined by the Committee from time to time but shall be not less than fourteen calendar days except for urgent compliance matters. Every Notice of Meeting shall contain, as well as the date, time, place and method of the meeting, a list of the matters to be discussed or reason for the meeting. A formal agenda shall be prepared for each meeting, unless all Members entitled to attend agree to dispense with an agenda, which shall refer to matters to be considered at that meeting. All agendas, papers and other documents shall be circulated to all Members at least five business days before the holding of the meeting, except for urgent compliance matters.
- f. A quorum of members shall be two.

4. Purpose

The Committee's purpose is to identify and recommend implementation of policies, practices and processes, to receive reports from management, and to monitor performance, so that the Company discharges its responsibilities to exercise due care, diligence and skill in relation to:

- Risk management systems
- Health, safety and environmental management systems
- Business risk policies and practices
- Protection of assets
- Compliance with relevant risk-related laws, regulations, standards and best practice guidelines

The Committee has no executive or governing status and reports to the Board of Directors.

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5. Responsibilities

The Committee shall report to and be directly responsible to the Board in respect of the following matters:

Internal Controls - Risk Management

The Committee must:

- Satisfy itself that the Company has appropriate resources and effective systems to identify, assess, treat and report risks material to the achievement of the Company's strategic plans and objectives.
- Develop and regularly assess, in conjunction with management and the Board, the Company's overall risk appetite, tolerance and strategy.
- Review the Company's key risk management documents annually, including the risk appetite statement, risk management policy and framework, Company risk register, risk controls assurance register, and risk internal controls review plan.
- Ensure the Company has an effective risk management system that specifically addresses economic, social and environmental matters.
- Addresses the effectiveness of the internal control, risk management and performance management systems with management and auditors.
- Seek advice from providers of internal controls that key risk management control functions are working effectively.
- Monitor and critique management's responsiveness to findings and recommendations from the internal controls program as it relates to risk management.

Other Responsibilities

Other duties the Committee shall address include:

- Review the Company's Health, Safety and Environmental program and performance.
- Review the resourcing of the Company's risk management function and ensure it has adequate resources, authority and access to information to enable it to perform its function effectively.
- Review the Company's insurance arrangements and approve arrangements for Director's and Officer's Liability Insurance.
- Perform other activities related to the Charter as requested from time to time by the Board.

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6. Powers:

- a. The Committee shall have wide ranging powers to seek information, reports, explanations from the Company and to question any employee of the Company and any consultant, contractor and internal or external auditor or person who for the time being is acting in any of those positions or performing those functions in respect of any matters it considers relevant or incidental to the discharge of its function and furtherance of its objectives.
- b. The Committee shall have the power to consider and to use whatever forum is conducive to producing appropriate and truthful results of its enquiries having regard to the proper, adequate and competent discharge of its functions.
- c. Notwithstanding the above, the Committee shall be mindful of and shall protect the rights of employees of the Company in the exercise of its powers. In so doing, the Committee may give to any employee any undertaking that it considers necessary, desirable and in the best interest of the company as a whole. The Committee may also determine that such enquiries are to be conducted "in camera" and may exclude the attendance of any person, except an Independent Member of the Committee, if it is the Committee's view that this method is necessary, or likely to be necessary, in the best interest of the Company as a whole.
- d. The Committee may seek advice, reports and other independent counsel as it determines in its absolute discretion is necessary to discharge its function and furtherance of its objectives.
- e. In exercising its duties the Committee may meet with the Company's nominated risk management executives and/or its external auditors and insurance underwriters "in camera" as it determines necessary.
- f. The Committee's powers shall be investigative and advisory only. The Committee shall have no power to make determinations on behalf of the Company, but shall recommend to the Board on matters for Board determination.

7. Secretary and other administrative support:

- a. The Committee shall appoint a Secretary to provide administrative support to the Committee.
- b. The Secretary will take minutes of the proceedings and resolutions of all Committee meetings, including the names of those in attendance. Minutes of the Committee meetings will be circulated to all Members of the Committee for approval.
- c. The Committee may co-opt further administrative and technical support as it determines is necessary or desirable to its proper and efficient performance of its functions and achievement of its objectives.

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8. Reporting to the Board

- a. Draft minutes of each Committee meeting and a verbal summary from the Committee Chair shall be provided at the following full Board meeting.
- b. The Committee Chair shall further report to the Board in respect of:
 - other risk-related matters the Committee believes needs to be reported to the Board; and
 - any recommendations requiring Board action and/or approval.
- c. Where it becomes evident to the Committee that a review and/or amendment to the Charter is necessary and/or desirable the Committee shall submit to the Board a recommendation for the Charter to be amended.