

**Antofagasta plc**  
**Audit and Risk Committee**  
**Terms of Reference**  
**(Revised and adopted on 9 March 2018)**

1. The Audit and Risk Committee shall comprise Independent Non-Executive Directors of the Company, selected by the Board on the recommendation of the Nomination and Governance Committee and in consultation with the chairman of the Audit and Risk Committee, and shall consist of no fewer than three members. At least one member of the Audit and Risk Committee should have recent and relevant financial experience. The Nomination and Governance Committee must from time to time review the composition of the Audit and Risk Committee. Each Audit and Risk Committee member shall be appointed for an initial period of up to three years, extendable by no more than two additional periods of up to three years each. The Chairman of the Company shall not be a member of the Audit and Risk Committee.
2. The chairman of the Audit and Risk Committee must be appointed by the Board.
3. The secretary to the Audit and Risk Committee may be selected from time to time from among those present at a meeting, but shall otherwise be the Secretary to the Board.
4. Meetings of the Audit and Risk Committee shall be held at least three times a year. The external auditors may request a meeting if they consider one is necessary. Accordingly, the secretary to the Audit and Risk Committee shall call meetings of the Audit and Risk Committee at least three times annually at appropriate times during the Company's financial reporting cycle and at any other time(s) on the request of any member of the Audit and Risk Committee or the external auditors. The secretary shall circulate the papers for Audit and Risk Committee meetings in good time before each meeting to allow members of the Audit and Risk Committee and, if attending, the external auditors to properly consider their contents.
5. The quorum for meetings of the Audit and Risk Committee is any two of its members.
6. Individuals other than members of the Audit and Risk Committee, including officers of the Company's group and the external auditors, should attend meetings when requested by the Audit and Risk Committee. In normal circumstances, the external auditors should be invited to attend Audit and Risk Committee meetings on a regular basis.
7. The Audit and Risk Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to require any information from any employee and all employees are directed to co-operate with any request made by the Audit and Risk Committee.
8. The duties of the Audit and Risk Committee are:

*External Audit*

- 8.1 to consider and make recommendations to the Board, for it to be put to the shareholders for their approval in general meeting, in relation to the appointment and re-appointment of the external auditor and any questions of resignation or dismissal, including, if an auditor resigns, investigating the issues leading to the resignation and deciding whether any action is required;
- 8.2 to ensure that at least once every ten years the external audit contract is put out to tender and to ensure all tendering firms have such access as is necessary to information and individuals during the tendering process;

- 8.3 to approve the terms of engagement of the external auditor and the audit fee (which it should satisfy itself is the appropriate level of fee to conduct an effective and high quality audit);
- 8.4 to review, monitor and report to the Board on the independence, objectivity, qualification, expertise and resources of the external auditor and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements, a consideration of all relationships between the Company and the audit firm and any safeguards established by the external auditor;
- 8.5 to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, to consider whether such non-audit services affect the independence of the external auditor, and to report to the Board any matters in respect of which it considers action or improvement necessary and to recommend any steps to be taken;
- 8.6 to discuss with the external auditor, before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- 8.7 to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);
- 8.8 to review the external auditor's management letter and management response and any representation letter requested by the external auditor;
- 8.9 to meet, at least annually, the external auditor without management present;

*Financial and Narrative Reporting and related matters*

- 8.10 to review the preliminary announcements, annual financial reports, half-yearly financial reports and (as appropriate) any other statements containing financial information (having regard to matters communicated to it by the auditor) before submission to the Board, focusing particularly on:
  - (i) the overall integrity of the financial statements of the Company;
  - (ii) any changes in accounting policies and practices;
  - (iii) significant financial reporting judgements;
  - (iv) significant adjustments resulting from the audit;
  - (v) the going concern assumption (see also paragraph 8.19(iv) below);
  - (vi) the clarity and completeness of the Company's published financial information;
  - (vii) whether the disclosures made are set properly in context;
  - (viii) whether the Company has adopted appropriate accounting policies and, where necessary, made appropriate estimates and judgements;
  - (ix) compliance with accounting standards; and
  - (x) compliance with UKLA and legal requirements;

- 8.11 to evaluate, at least annually, the risks to the quality and effectiveness of the financial reporting process and to consider the need to include the risk of the withdrawal of the auditor from the market in that evaluation;
- 8.12 if requested by the Board, to provide advice on whether the content of the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, having assessed whether the narrative in the front of the report is consistent with the accounting information in the back;
- 8.13 to review the ore reserves and mineral resources estimates included in the annual report and accounts, and to meet at least once a year with the Competent Persons responsible for preparing the relevant estimates for publication;
- 8.14 to monitor and review the tax strategy of the Group and any significant tax issues affecting it at least once a year;

*Internal Audit & Risk Management*

- 8.15 to monitor and review the effectiveness of the internal audit function;
- 8.16 to approve the appointment and removal of the Head of Internal Audit who shall report directly to the Audit and Risk Committee;
- 8.17 to assist the Board with monitoring and reviewing the Group's risk management and internal control systems on an on-going basis, including monitoring material financial, operational and compliance controls;
- 8.18 to assist the Board with its annual review of, and report on, the effectiveness of the Group's internal control and risk management systems, including meeting at least once annually with the Head of Internal Audit without senior management present, to discuss the internal audit, control and risk management functions (other than in relation to those matters for which the Audit and Risk Committee is responsible), and to review the Company's statement on internal control prior to endorsement by the Board;
- 8.19 to assist the Board to draw on the results of the on-going monitoring process to obtain sound, appropriately documented evidence to support the relevant statements and confirmations required from the Board in the annual report (and, in the case of (iii) below, the half-yearly financial statements) including:
  - (i) that the Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
  - (ii) how the Board has assessed the prospects of the Company, over what period it has done so and why it considers that period to be appropriate;
  - (iii) whether the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment; and
  - (iv) the appropriateness of adopting the going concern basis of accounting in the financial statements and whether there are any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of the approval of the financial statements;

- 8.20 to advise the Board on the Company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment;
- 8.21 to oversee and advise the Board on the current risk exposures of the Group and future risk strategy and the steps taken to manage those risks;
- 8.22 to review the Company's capability to identify and manage new risk types;
- 8.23 to review arrangements whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;
- 8.24 to consider and make recommendations to the Board for the appointment and removal of the Crime Prevention Officer (*Oficial de Prevención de Delitos*), and notwithstanding the Crime Prevention Officer's reporting obligations to the Board, to generally monitor and oversee the performance of the Crime Prevention Officer's role;
- 8.25 to review the Company's procedures for detecting fraud and corruption, including the Crime Prevention Model, and monitor reporting of fraud and improper acts;
- 8.26 to review the Company's systems and controls for the prevention, detection, reporting and investigation of bribery and receive management reports on non-compliance;

*General*

- 8.27 to comply with the principles and provisions of the UK Corporate Governance Code (as amended from time to time) on corporate reporting, risk management, internal control and audit, or explain why it is justified for the Company not to do so; and
  - 8.28 to consider other matters as referred to the Audit and Risk Committee by the Board.
9. The Audit and Risk Committee chairman must report to the Board after each meeting on the matters within the competence of the Audit and Risk Committee. In particular, the Audit and Risk Committee chairman should report to the Board on how it has discharged its responsibilities, including:
- 9.1 the significant issues that it has considered in relation to the financial statements and how these were addressed;
  - 9.2 its assessment of the effectiveness of the external audit process and recommendation on the appointment or reappointment of the external auditor; and
  - 9.3 any other issues requested by the Board.
10. The Audit and Risk Committee shall produce an annual report about its activities which will form a separate section of the Company's annual report. This report should include:
- 10.1 a summary of the role of the Audit and Risk Committee;
  - 10.2 the names and qualifications of all members of the Audit and Risk Committee during the period;
  - 10.3 the number of Audit and Risk Committee meetings;

- 10.4 the significant issues it has considered in relation to the financial statements, and how these issues were addressed, which should include those matters that have informed the Board's assessment of whether the Company is a going concern;
  - 10.5 an explanation of how it has assessed the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current audit firm, when a tender was last conducted, and any contractual obligations that acted to restrict the Audit and Risk Committee's choice of external auditors;
  - 10.6 if the external auditor provides non-audit services, an explanation of how auditor objectivity and independence is safeguarded.
11. The Audit and Risk Committee chairman should attend the Company's annual general meeting to answer any shareholder questions on the Audit and Risk Committee's activities.
  12. The Audit and Risk Committee is authorised by the Board, at the expense of the Company, to obtain outside legal, accounting or other independent professional advice and to secure the attendance of outsiders with relevant experience or expertise if it considers necessary.
  13. The Audit and Risk Committee shall review its own performance, composition, constitution and terms of reference at least annually, and recommend any changes to the Board.
  14. The minutes of any meetings of the Audit and Risk Committee, to be taken by the secretary, should be circulated to all members of the Board (excluding such members of the Board who have a conflict of interest in respect of the matters covered by the minutes).