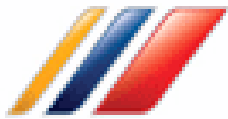


SUPER RETAIL GROUP LIMITED



AUDIT AND RISK COMMITTEE
CHARTER

Approved by the Board of Super Retail Group Limited on 21 June 2004

SUPER RETAIL GROUP LIMITED

AUDIT AND RISK COMMITTEE

CHARTER

1. The Committee – An Overview

The Audit and Risk Committee (**Committee**) is a committee of the Board of Directors (**Board**) of Super Retail Group Limited (**Super Retail Group** or **Company**) established under article 10.6 of the Company's Constitution. This Charter sets out the role, composition, authority, responsibilities and operation of the Committee:

The role of the Committee is to provide ongoing assurance in the areas of:

- financial administration and reporting;
- audit control and independence;
- legal compliance;
- internal controls; and
- risk oversight and management.

The existence of this Committee is considered by Super Retail Group to be a key element of its corporate governance program and part of the Company's commitment to best practice in the area of corporate governance.

The Committee supports the full Board and essentially acts in a review and advisory capacity. The Committee is considered to be a more efficient forum than the full Board for focusing on particular issues relevant to:

- verifying and safeguarding the integrity of the Company's financial reporting;
- establishing a sound system of risk oversight and management, and, internal control;
- establishing a sound system of compliance with laws and regulations, internal compliance guidelines, policies, procedures and control systems and prescribed internal standards of behaviour.

The existence of this Committee and the functions performed by it does not purport to diminish the ultimate responsibility of the Board.

2. Membership Requirements

The Board of Super Retail Group has resolved that:

- there must be at least 3 members of the Committee;
- members of the Committee must only be non-executive independent¹ Directors;
- the Chairman of the Committee must be a non-executive independent Director who is not the Chairman of the Board;
- all members of the Committee must be financially literate, at least one member must have financial expertise (ie is a qualified accountant or other financial professional with expertise of financial and accounting matters) and some members must have an understanding of the industry in which Super Retail Group operates.

¹ Independence being defined as set out in the ASX document entitled "Principles of Good Corporate Governance and Best Practice Recommendations".

The Board will determine from time to time the persons (meeting the above requirements) to be members of the Committee. There is no prescribed term for membership of the Committee. Members may be appointed or removed by a resolution of the Board. Membership shall cease upon a member ceasing to be a Director. An induction for new members of the Committee shall be provided by the Internal Audit Manager which shall include the provision of an induction booklet in a form approved by the Committee.

3. Composition

The current composition of the Committee is of non-executive Directors, the majority of which are independent.

4. Access

In carrying out their responsibilities, the Committee will have direct access to:

- both the Internal and External Auditors (with or without management present); and
- management of Super Retail Group and its subsidiaries.

The Committee shall also have the ability to:

- obtain independent opinions where they consider it necessary to carry out their duties;
- obtain explanations and additional information as it requires from time to time.

5. Meetings

The Committee meets as frequently as it considers necessary to discharge its role effectively (but not less frequently than 3 times per financial year). The Chairman of the Committee shall decide upon the timing of the meetings.

The Chief Financial Officer is required to attend all meetings of the Committee and acts as the Committee Secretary. The Chief Financial Officer maintains minutes of the meetings of the Committee which when signed by the Chairman of the Committee constitute a record of the business of the Committee. These signed minutes are circulated to the full Board at the next following Board meeting.

The Committee Secretary shall be responsible, in conjunction with the Chairman, for drawing up and circulation of agendas and providing any explanatory documentation prior to each meeting.

The Internal and External Auditors and members of Super Retail Group management will be invited to attend Committee meetings at the discretion of the Committee.

A quorum shall consist of two members of the Committee. A motion shall be passed by a simple majority of votes cast in favour by members present and eligible to vote. In the event of an equal number of votes being cast for or against a motion, the motion will be referred to the Board for resolution (ie. The Chairman of the Committee does not have a casting vote).

6. Role and Objectives

The primary role of the Committee is to assist the Board in fulfilling its responsibilities relating to:

- verifying and safeguarding the integrity of the Company's financial reporting and oversee the independence of the external auditors;
- establishing a sound system of risk oversight and management, and, internal control;
- establishing a sound system of compliance with laws and regulations, internal compliance guidelines, policies, procedures and control systems and prescribed internal standards of behaviour.

In addition the Committee is available to perform such reviews and inspections as the Board may from time to time direct.

7. Duties and Responsibilities

The Committee is responsible for:

Financial Integrity

- reviewing and considering the yearly and half yearly accounts;
- reviewing the integrity of the Company's financial reporting;
- consider the appropriateness of the Company's accounting policies and principles and any changes and methods of application;
- discussing the results of the year-end audit and half year review with:
 - the Internal and External Auditors;
 - the Managing Director;
 - the Chief Financial Officer;
 - the Board,prior to the finalisation of the accounts;
- reviewing the management letter issued by the External Auditors;
- reviewing the management representation letter provided by the Managing Director and the Chief Financial Officer.

Internal Control Environment

- review the effectiveness of the Company's internal control environment covering:
 - effectiveness and efficiency of operations;
 - reliability of financial reporting;
 - compliance with applicable laws and regulations and company policy.

Risk Management

- the establishment of policies on risk oversight and management which:
 - describe the roles and respective accountabilities of the Board, the Committee, management and Internal Audit;
 - provide for overseeing the establishment and implementation of the Company's risk management system;

- provide for a review (at least annually) of the effectiveness of the Company's implementation of its risk management system;
- provide (with regular review and update) a risk profile for the Company describing material risks (both financial and non financial) facing the Company;
- oversees (via the Company's Internal Audit function) the Company's internal compliance and control systems established by management. Including reviewing the effectiveness of these systems in identifying, assessing, monitoring and managing material risks throughout the organisation.

Compliance

- assessing the internal processes in place for ensuring legal compliance, in particular those responsibilities imposed under the Corporations Act, and other relevant legislation including the ASX Listing Rules.

Control and Independence

- recommending to the Board the appointment of External Auditors and their fee;
- reviewing the performance of the External and Internal Audit Managers and overseeing and appraising the quality of audits conducted by the Internal and External Auditors;
- establishing processes to ensure the independence and competence of Super Retail Group's External Auditors;
- ensuring that the internal audit function remains independent of the External Auditor;
- reinforce management's commitment to the implementation of approved recommendations;
- maintain, by regular meetings, open lines of communication among the Board, the Internal Audit Managers and the External Auditors, to enable an exchange of views and information, as well as confirm their respective authority and responsibilities;
- approving the Internal and External Audit yearly audit plans for the Company and its subsidiaries and overseeing the scope of audits to be conducted;
- resolving outstanding items arising from any audit as necessary;
- ensuring issues raised by Internal and External Audit are resolved in a timely and positive manner;
- ensuring that no management restrictions are placed upon access to relevant information or personnel by Internal and External Auditors;
- the Internal Audit Manager shall not be appointed or removed by the Managing Director without the prior approval of the Committee.

General

- referring to the Board matters of significant concern arising from the Committee's mandate;
- reviewing and updating this Charter annually.

8. Reporting

The Board will be kept informed of the Committee's activities as necessary by the Chairman of the Committee. The Committee Secretary will circulate signed minutes of meetings of the Committee at the next following meeting of the Board.

The Committee will provide a written report to the Board prior to the publication of the Company's full year accounts. This report will contain all matters relevant to the Committee's role and responsibilities, including:

- assessment of whether external reporting is consistent with committee members' information and knowledge and is adequate for shareholders needs;
- assessment of the management processes supporting external reporting;
- procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- recommendations for the appointment or removal of the External Auditor;
- assessment of the performance and independence of the External Auditors and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
- assessment of the performance and objectivity of the Internal Audit function;
- the results of its review of risk management and internal compliance and control systems;
- the results of the annual review of the terms of this Charter.

SUPER RETAIL GROUP LIMITED

DEFINITION OF THE AUDIT & RISK COMMITTEE'S ROLE

The role of the Committee is to:

- improve the credibility and objectivity of the accounting process;
- aid communication between the board and senior financial management;
- provide an effective reporting line and maintain the objectivity of the internal audit function;
- improve the quality of internal and external reporting of financial and non-financial information;
- recommend improvements in the correlation between financial and non-financial information and reports;
- strengthen the role and influence of non-executive directors; and
- promote an ethical culture throughout the organisation.

External Reporting

The Committee should:

- assess significant estimates and judgements in financial reports by examining the processes used to derive material estimates and judgment and seek verification of those estimates from Internal and External Auditors;
- review management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to external reporting by the entity of financial and non-financial information;
- ensure that a comprehensive process is established by the entity's management to capture issues for the purpose of continuous reporting to the ASX;
- assess information from Internal and External auditors that affects the quality of financial reports;
- ask the External Auditor for an independent judgment about the appropriateness of the accounting principles used and the clarity of financial disclosure practices used by the entity;
- review documents and reports to regulators and make recommendations to the board on their approval or amendment;
- assess the management of non-financial information in documents to ensure that conflicts with financial statements and other documents do not occur, and assess the internal control systems covering information releases which have the potential to adversely reflect on the entity's conduct;
- review the completeness and accuracy of the entity's main corporate governance practices as required by the ASX Listing Rules; and
- recommend to the board whether the financial and non-financial statements should be signed based on the Committee's assessment of them.

Internal Control and Risk Management

The Committee should assess the internal processes for determining and managing key risk areas such as:

- non-compliance with laws, regulations, standards and best practice guidelines (eg. Environmental and industrial relations laws);
- important judgments and accounting estimates;
- litigation and claims;
- fraud and theft; and
- relevant business risks not dealt with by other board committees.

The Committee should:

- ensure that effective risk management systems are in place and that macro risks are reported to the board at least annually;
- receive from management reports relating to suspected and actual fraud, thefts and breaches of law;
- examine the effectiveness of the internal control system with management, Internal and External Auditors;
- evaluate the processes of assessing and improving internal controls;
- assess existing controls management has in place for unusual transactions or transactions with more than an accepted level of risk;
- assess the effectiveness of and compliance with the code of ethical conduct; and
- meet periodically with key management, Internal and External auditors and compliance staff to understand the entity's control environment.

Related Party Transactions

The Committee should review and monitor the propriety of related party transactions.

External Audit

The Committee Should:

- make recommendations to the board on the appointment, remuneration and monitoring of the effectiveness and independence of the External Auditor;
- ensure the recommendations made by management to replace the External Auditor are carefully evaluated and reported to the board before the board makes a final decision;
- review the External Auditor's fee and be satisfied that an effective, comprehensive and complete audit can be conducted for the External Auditor's set fee;
- agree to the terms of engagement of the external audit before the start of each audit;
- invite the External Auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- review the scope of the external audit and any additional procedures with the External Auditor on a periodic basis;
- inquire of the external auditor as to any specific points of divergence with the entity's management;
- monitor and examine management's response to the External Auditor's findings and recommendations;
- review all representation letters signed by management and ensure all information provided is complete and appropriate;

- make a time to meet with the External Auditor without having management present at least once each year; and
- review the External Auditor's independence based on the External Auditor's relationships and services with the entity and other organisations.

Non-Audit Work by External Auditor - Policy

The Board regularly reviews the conduct of non-audit work by the External Auditor to ensure that the independence of the External Auditor is not affected by conflicts. Under that policy, the External Auditor is prohibited from performing services where the External Auditor:

- may be required to audit their own work;
- participate in activities that would normally be undertaken by management;
- are remunerated through a 'success fee' structure;
- act in an advocacy role for the Company.

The External Auditor is permitted to provide non-audit services that are not perceived to be in conflict with auditor independence, including tax advice services. An approval framework be put in place, which will require approval by Senior Management for all assignments, with any assignments greater than the audit fees for that year, then Committee approval is also required. Notwithstanding the restrictions outlined above, the Board has the right to request the External Auditor to carry out a specific assignment, if it is determined by the Board that it would be in the best interests of the shareholders and the Company.

Internal Audit

The Committee Should:

- review the Internal Audit Manager's mission, charter and resourcing;
- communicate its expectations to the Internal Audit Manager in writing;
- ensure that the Internal Audit Manager reports directly to the Chief Financial Officer and/or the Committee itself;
- review and approve the internal audit plan and work program;
- evaluate the effectiveness of the internal audit plan and work program and consider the implications of internal audit findings;
- evaluate management's responsiveness to the Internal Audit Manager's findings and recommendations;
- evaluate the process the entity has in place for monitoring and assessing the effectiveness of the Internal Audit Manager;
- oversee the co-ordination of the Internal Audit Manager with the External Auditor; and
- make a time to meet with the Internal Audit Manager without the presence of management at least once a year.