

## **AUDIT COMMITTEE CHARTER**

### **Structure**

This Charter should be read in conjunction with the Statement of Corporate Governance Principles, the Risk Management Policy and the Policy for the Provision of Audit and Non- Audit Services by the External Auditor.

### **Composition**

The Committee shall be comprised of only Non Executive Directors, of at least four in number, the majority of whom must be independent.

The Chairman of the Committee must be independent and must not be the Executive Chairman of the Board.

The Audit Committee of the Board of Ten Holdings Limited is currently comprised of:

- Mr P Gleeson (Chairman)
- Mr D Hawkins
- Mr P Mallam
- Mr B Long (Ex Officio)

### **Chairman**

The Board must appoint the Chairman of the Committee. Should the Chairman of the Committee be absent from a meeting, the members of the Committee present must appoint a Chairman for that particular meeting.

### **Frequency of Meetings**

The Committee must meet a minimum of three times per year.

### **Written Consent**

Any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting, if a written consent thereto is signed by all the members of the Committee, provided that such written consent must be filed with the Minutes of the proceedings of the Committee.

### **Quorum**

A quorum must consist of two members of the Committee.

## **Communication**

The Committee will have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate.

## **Attendance**

The Executive Chairman, Chief Executive Officer and Chief Financial Officer and the external audit engagement partner will be invited to attend meetings as required. Other Company executives and/or advisers and other parties external to the Company as the Chairman of the Committee thinks fit, may be invited to attend meetings.

## **Secretary**

An appropriate individual will be appointed to act as Secretary to the Committee.

## **Minutes**

Minutes of the meeting of the Committee must be prepared by the Secretary within one month of the meeting. In addition, they must be circulated to all directors with the papers for the next meeting of the Board of Directors.

Minutes of meetings must be confirmed and signed at the next subsequent meeting of the Committee.

## **Duties and Scope**

### **1. General**

The role of the Committee is to assist the Board of Directors of the Company in fulfilling its responsibilities in relation to the Company's corporate governance framework, the identification of areas of significant business risks and the monitoring of:

- Adherence to the Company's Statement of Corporate Governance Principles
- Maintenance of an effective and efficient external audit
- Maintain a Policy for the Provision of Audit and Non-Audit Services by the External Auditor (refer appendix A)
- Management and external reporting
- Effective management of business risks
- Compliance with laws and regulations; and

- Business dealings, in particular related party transactions, by Directors, management and employees giving rise to actual or potential conflicts of interest and the appropriate disclosure of such dealings, including to formulate and update appropriate corporate governance policies and to submit these to the Board for its approval.

## **2. Specific**

### **2.1. Audit - (refer appendix A)**

- Evaluate the adequacy of the Company's internal control system as established by management by reviewing written reports from the external auditors and risk manager and to monitor management's responses and actions to correct any noted deficiencies.
- Review the findings of the external auditor and the actions proposed by management in response.
- Ensure, so far as practical, that no management restrictions are being placed upon either the external auditors or risk manager.
- Recommend to the Board, in such terms as the Committee determines, the appointment of the external auditors and the level of audit fees.
- Review the audit plan of the external auditors.
- Evaluate the overall effectiveness of external audit through regular meetings with the engagement partner.
- Meet with the external auditors independently of Executive Management at each Audit Committee meeting.

### **2.2. External Reporting**

- Review the annual and half yearly financial statements with the Chief Executive Officer and Chief Financial Officer and the external auditors and where appropriate recommend their acceptance by the Board.
- Review all other statutory financial reports to be made by the Board of the Company to the public and such other financial reports as decided by the Board, prior to their release.
- Review and where appropriate recommend approval of all significant accounting policy changes.

- Request as appropriate reports from management, the external auditors on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Company's financial reporting process.

### **2.3. Risk Management & Business Risks**

- Ensure the development of an appropriate risk management strategy so as to ensure business risk is effectively addressed by the Company (refer separate policy on Risk Management).
- Report on and monitor risk management priorities including oversight of reporting to the Board on an exception basis (where required) and routinely on matters of interest to the Board
- Monitor the adequacy and effectiveness of the Company's administrative, operating and accounting policies and internal control mechanisms through appropriate reports submitted at least twice a year from management, the risk manager and the external auditor
- Monitor the effectiveness and security of the Company's IT systems and data by reviewing appropriate written reports from parties determined by the Committee
- Evaluate the Company's exposure to fraud by reviewing written reports from the external auditor.

### **2.4. Compliance & Corporate Governance**

- Monitor compliance with the Company's Statement of Corporate Governance and to review or investigate allegations of any significant breach of the Statement or of good corporate governance practice and to report to the Board in respect of such compliance, reviews and investigations at least annually, or more frequently if circumstances require.
- Formulate for Board review and approval and facilitate the implementation of appropriate procedures to enable individual Directors to have access to independent professional advice, as considered necessary.
- Act as a resource for individual Directors and the Company as a whole on questions of corporate governance and corporate ethics, including providing decisions and/or advice on such matters as are referred to the Committee by the Chairman, the Board, other Board committees or the Chief Executive Officer.
- Review and monitor compliance with and investigate allegations of any breach of appropriate internal controls and reporting standards, mechanisms and

procedures to ensure that the Board is informed at all times of all material corporate governance matters affecting the Company.

## 2.5. Other

- Evaluate and direct (if approved by the Board) any special projects or investigations deemed necessary; and
- Report to the Board on all relevant matters within its terms of reference so that the Board can take any necessary action.

## Appendix A - Policy for the Provision Of Audit and Non Audit Services By the External Auditor

### Objectives

The Company embraces high standards of corporate governance. As part of this, the external auditor will not be permitted to provide services that are in conflict with the role of auditor. The Audit Committees are responsible for reviewing auditor independence.

It is important that the Company is not disadvantaged by arbitrary rules which might preclude the external auditor from providing non-audit services that it is qualified to do while maintaining a position of independence, on terms acceptable to the Company.

For many services, the depth of the external auditor's insight into, and understanding of, our business and industry can enhance the quality of the service and reduce costs. In other cases, the external auditor may have a natural advantage in a particular topic or skill, which makes the use of their services particularly desirable.

Management and the Audit Committees are best placed to work with the external auditor in an open and frank way to ensure independence standards are met, including deciding in the interests of members whether a particular service should be provided by the external auditor or another service provider.

Within these overall objectives, the Audit Committees have determined that the external auditor should not be engaged:

- a) if any of the Fundamental Principles of Independence would be breached; or
- b) in relation to specifically Prohibited Services.

## **Fundamental Principles of Independence**

In order for the external auditor to be eligible to undertake any non-audit services assignment, the external auditor must not as a result of the assignment:

- have mutual or conflicting interests with the Company;
- audit their own work;
- act in a management capacity or as employee; or
- act as an advocate for the Company.

## **Specifically Prohibited Services**

The external auditor will not provide the following services:

- bookkeeping or services related to accounting records which form the source of the financial report;
- appraisals, valuations and fairness opinions where the subject of the opinion is a material component of the financial report and is based on significant subjectivity;
- executive recruitment or extensive human resource functions;
- the design and implementation of financial and accounting systems;
- acting as an advocate in litigation or other proceedings;
- internal audit services of a recurring nature; and
- actuarial, legal and investment banking services.

Other services may be provided by the external auditor subject to meeting professional and other regulations and safeguards.

## **Approval process**

The Audit Committees has approved the provision of the following audit services and non-audit services to Ten Network Holdings Limited and /or its subsidiaries, and material investee entities, by PwC:

## **Approved audit and audit related services**

Audit services comprise audit and review engagements undertaken pursuant to the Corporations Act 2001, other legislative and regulatory requirements which require review or audit, and sundry assurance opinions arising from debt covenants and any other contractual arrangements.

## **Approved non-audit related services**

### **Business advisory services:**

- Accounting consultations and/or providing expertise related thereto including Australian and U.S. GAAP.

### **Taxation Services:**

- Assistance with tax compliance assignments and/or providing special expertise;
- Preparation and/or review of foreign affiliate calculations;
- Assistance to the corporate tax group with respect to responding to requests or reassessment proposals from Australian tax authorities;
- Consultation with respect to new legislative developments in corporate taxation;
- Consultation with respect to Australian state taxes;
- Consultation with respect to indirect taxation matters, compliance and planning. Indirect taxes include GST, stamp duties and payroll taxes such as workers' compensation, health taxes and Australian pension plans;
- Employee relocation tax services, including planning, compliance and assistance with tax authorities inquiries, (re)assessments, objections, etc.; and
- Consultation with respect to tax structuring for acquisitions, divestitures, and financing arrangements, including assistance to internal and external legal counsel.

Any other individual engagement for non-audit services must be discussed and approved by the Chairman of the Audit Committee in advance.

## **Monitoring**

Consistent with the current practice of providing analysis of discretionary consulting spend, management shall provide the Audit Committee with reports of non-audit fees incurred.

## **Certification**

The external auditor will provide the Audit Committees with an annual certification of their continued independence, and in particular confirm that they have not carried out any engagements during the year that would impair their professional independence as auditor.

