



Audit and Risk Management Committee Charter

Nine Entertainment Co. Holdings Limited ACN 122 203 892

Adopted by the board on 18 October 2013

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1 Role of the Board Audit and Risk Management Committee and Authority

- A. The Nine Entertainment Co. Holdings Limited (**NEC**) board (**Board**) Audit and Risk Management Committee (**Committee**) assists the Board in fulfilling its responsibilities for corporate governance and oversight of NEC's financial reporting, internal control structure, risk management systems and external audit functions.
- B. The Committee is empowered to investigate any matter, with full access to all books, records, company operations, and people of NEC and the authority to engage independent accounting, legal, compliance, risk management or other professional advisers as it determines necessary to carry out its duties.
- C. The Committee is a committee of the Board established in accordance with NEC's Constitution and authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this Charter and granted to it under any separate resolutions of the Board from time to time.

2 Membership

- A. The Committee should to the extent practicable given the size and composition of the Board from time to time, comprise:
 - (i) at least three members each of whom must be non-executive directors; and
 - (ii) a majority of directors who are independent (and it must satisfy this description if required by statute or regulation).
- B. All Committee members should be financially literate (ie able to read and understand financial statements).
- C. The Chair of the Committee should be an independent non-executive director who does not chair the Board (and must satisfy this description if required by statute or regulation).
- D. All Committee members should have a reasonable understanding of the NEC businesses and industry in which they participate.
- E. Members will be appointed for a fixed period of no more than three years, with Committee members generally being eligible for re-appointment for so long as they meet the relevant criteria.
- F. The appointment and removal of Committee members is the responsibility of the Board.
- G. Members may resign as a Committee member upon reasonable notice in writing to the Committee chair.
- H. If a Committee member ceases to be a director of the Board their appointment as a member of the Committee is automatically terminated with immediate effect.
- I. The company secretary is secretary to the Committee.

3 Meetings

- A. The Committee will meet at least two times annually or as frequently as is required to undertake its role effectively.
- B. The Committee will meet in private with the external auditor at least once each year and at other times as considered appropriate.
- C. Any Committee member may, and the company secretary must upon request from any member, convene a meeting of the Committee.
- D. The committee may invite any executive director, executive, other staff member or external auditor to attend all or part of a meeting of the committee.
- E. The proceedings of all meetings will be minuted by the company secretary. All minutes of the Committee are available for inspection by any director.
- F. A quorum for any meeting will be at least two Committee members.

4 Duties and Responsibilities

- A. The Committee's key responsibilities and functions are to assist the Board in discharging its responsibilities:
 - (i) To prepare and present NEC's financial statements and reports;
 - (ii) In relation to NEC's financial reporting, which, without limitation, includes:
 - a) reviewing the suitability of NEC's accounting policies and principles, how they are applied and ensuring they are used in accordance with the statutory financial reporting framework;
 - b) assessing significant estimates and judgements in financial reports;
 - c) assessing information from internal and external auditors to ensure the quality of financial reports;
 - d) recommending to the Board whether the financial and associated non-financial statements should be signed based on the Committee's assessment of them.
 - (iii) In relation to the entry into, approval or disclosure of related party transactions (if any);
 - (iv) In overseeing NEC's financial controls and systems;
 - (v) To review, monitor and approve NEC's risk management policies, procedures and systems; and
 - (vi) To manage audit arrangements and auditor independence.

5 Reporting

- A. The Committee will:
- (i) Regularly report to the Board on all matters relevant to the Committee's role and responsibilities;
 - (ii) Report and, as appropriate, make recommendations to the Board after each Committee meeting on matters dealt with by the Committee; and
 - (iii) As and when appropriate, seek direction and guidance from the Board on audit, risk management and compliance matters.
- B. Minutes of Committee meetings will be included in the papers for the next full Board meeting.
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6 Preparation and Presentation of Financial Statements and Reports

The Committee will:

- A. After review with management and the external auditor, recommend to the Board the half year and full year financial statements, the preliminary financial reports to be lodged with ASX and all related financial reports and statements;
 - B. Review representation letters to be signed by management to ensure that all relevant matters are addressed;
 - C. Discuss matters raised by the external auditor as a result of their work;
 - D. Assess the impact of changes in accounting standards and review recommendations for adoption of such changes in the financial accounts; and
 - E. Ensure that appropriate processes are in place to form the basis upon which the Chief Executive Officer and Chief Financial Officer execute their certifications under section 295A of the Corporations Act 2001 (Cth) (**Corporations Act**) to the Board at year end in relation to the systems of internal controls, and that that system is operating effectively in all material respects in relation to financial reporting risks.
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7 Financial Controls and Systems, Risk Management Policy, Procedures and Systems

- A. The Committee will oversee the effectiveness of NEC's financial controls and systems, oversee the risk management function (as detailed below) and evaluate the structure and adequacy of the group's insurance coverage periodically.
 - B. The risks faced by NEC include regulatory and compliance risk, investment risk, legal risk, financial risk, reputation risk, operational and execution risk and strategic risk.
 - C. Responsibility for risk management is shared across the organisation. Key responsibilities include:
 - (i) The Board is responsible for overseeing the establishment and approving the risk management strategy and policies of the Company.
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- (ii) The Board has delegated to the Audit and Risk Management Committee responsibility for:
 - (a) identifying major risk areas;
 - (b) reviewing, monitoring and approving NEC's risk management policies, procedures and systems to provide assurance that major business risks are identified, consistently assessed and appropriately addressed;
 - (c) ensuring that risk considerations are incorporated into strategic and business planning;
 - (d) providing risk management updates to the Board and any supplementary information required to provide the Board with confidence that key risks are being appropriately managed;
 - (e) reviewing reports from management concerning compliance with key laws, regulations, licences and standards which NEC is required to satisfy to operate;
 - (f) overseeing tax compliance and tax risk management; and
 - (g) reviewing any significant findings of any examinations by regulatory agencies.
- (iii) NEC management is responsible for establishing NEC's risk management framework, including identifying major risk areas and developing NEC's policies and procedures, which are designed effectively to identify, treat, monitor, report and manage key business risks.
- (iv) The Chief Executive Officer and Chief Financial Officer are to provide to the board declarations in accordance with section 295A of the Corporations Act.
- (v) Each employee and contractor is expected to understand and manage the risks within their responsibility and boundaries of authority when making decisions and undertaking day to day activities.

D. Reporting is an important part of the risk management function:

- (i) It is the responsibility of the Audit and Risk Management Committee to report to the Board about NEC's adherence to policies and guidelines approved by the Board for the management of risks.
- (ii) The Chief Executive Officer and Chief Financial Officer are each responsible for reporting to the Audit and Risk Management Committee any proposed changes to the risk management framework and to that committee and to the Board any exposures or breaches of key policies or incidence of risks, where significant.

E. Risk issues will be identified, analysed and ranked in a consistent manner. NEC will deal with risks in the following way:

- (i) Identify the nature of the risk.
- (ii) Determine the seriousness of such risk, and who the risk is to be reported to.
- (iii) Develop a risk mitigation plan.
- (iv) Implement the risk mitigation plan.
- (v) Monitor and report progress of risk mitigation plan.

8 External Audit

A. The Committee:

- (i) Is responsible for making recommendations to the Board on the appointment, reappointment or replacement (subject to shareholder ratification, as required), remuneration, monitoring of the effectiveness, and independence of, the external auditor;
- (ii) Will discuss annually with the external auditor the overall scope of the external audit;
- (iii) Must pre-approve all audit and non-audit services provided by the external auditor (other than taxation services) and will not engage the external auditor to perform any non-audit or assurance services that may impair or appear to impair the external auditor's judgment or independence in respect of NEC. The Committee may delegate a pre-approval dollar limit to the Chief Financial Officer and authority to a member of the Committee to pre-approve amounts in excess of this between Committee meetings;
- (iv) Will advise the Board on statements to be made in the directors' report regarding non-audit services in accordance with the Corporations Act;
- (v) Will annually request from the external auditor a report which sets out all relationships that may affect its independence; and
- (vi) Will review the procedures for selection and appointment of the external auditors and rotation of external audit engagement partner.

9 Committee Performance

- A. The Board will, at least once in each year, review the membership and Charter of the Committee to determine their respective adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.
- B. The Committee shall make an evaluation of its performance at least once every two years to determine whether it is functioning effectively by reference to current best practice.