



**AUSTAR United Communications Limited**

**ABN 088 087 695 707**

**Board Audit & Risk Committee Charter**



## Board Audit and Risk Committee Charter

### 1. Context

It is the policy of Austar United Communications Limited (the Company) to have an Audit and Risk Committee of the Board at all times. This Charter defines the Audit and Risk Committee's function, composition, mode of operation, authority and responsibilities.

### 2. Function

2.1 The function of the Audit and Risk Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- The external reporting of financial information
- The independence and effectiveness of the internal and external auditors
- The effectiveness of internal control processes ensuring quality reporting and controls, proper identification and management of risk and effectiveness of internal control processes
- Compliance with the Corporations Act 2001 (Cth) and ASX Listing Rules
- Compliance with Environmental legislation
- The adequacy of insurance cover for certain specific risks
- Compliance with the Australian Consumer Law

2.2 The Audit and Risk Committee will undertake a self-assessment of its performance at least once every two years.

### 3. Composition and Mode of Operation

#### 3.1 Membership

- The Committee shall be appointed by the Board from among the non-executive directors of the Company and shall consist of no fewer than three members;
- The Chairman of the Committee shall be appointed by the Board and will not be the Chairman of the Board;
- The Committee shall comprise members with sufficient experience and financial skills relevant to the Committee's functions;

#### 3.2 Meetings

- The Committee shall meet at least three times annually and a quorum shall be two members;
- The Chief Executive Officer, the Chief Financial Officer, the Company Secretary/General Counsel, and representatives of the external auditors shall normally attend the meetings. Other Board members shall also have the right of attendance;



- At least once a year the Committee shall meet with the external auditors without executive management being present;
- The Company Secretary shall be the secretary of the Committee;
- The meeting agenda shall provide for the Committee to be kept abreast of trends and developments in corporate governance practices and regulatory changes, and other areas relevant to the Committee's responsibilities.

#### **4. Authority**

- 4.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to cooperate with any request made by the Committee. The Committee will have access to all records, property and personnel within the Group.
- 4.2 The Committee is authorised by the Board to obtain outside legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 4.3 The Committee will undertake a review of its Charter at least once every two years and, where appropriate, make a recommendation to the Board with regard to changes.

#### **5. Responsibilities**

- 5.1 Review of management's risk identification processes and internal Controls.
- 5.2 External reporting of financial information:
- Monitor the integrity and effectiveness of financial reporting processes;
  - Perform an independent review of the financial information prepared by management for external reporting having regard to:
    - any changes in accounting policies and practices
    - major judgemental areas
    - significant adjustments resulting from the audit
    - compliance with Australian Stock Exchange requirements
  - Review the Representation Letter questionnaires submitted by divisional management and the Group Representation letter.
- 5.3 The independence and effectiveness of the internal and external auditors
- Consider the appointment of the external auditor, the audit fee, and any request to change the appointment of the auditor;



- Discuss with the external auditor, before the audit commences, the nature, scope and overall extent of the external audit examination, including the engagement letter;
- Ensure that the external auditor's independence is maintained, including oversight of the extent of non-audit services provided by the auditors and the rotation of audit partners;
- Review the external auditor's management letter and management's response;
- Review and approve the annual Internal Audit plan;
- Review the Internal Auditor's reports and management's responses.

#### 5.4 The effectiveness of internal control processes

- Review the adequacy of the company's internal controls through discussions with external auditors, internal auditors and management;
- Review the controls and security governing the company's IT systems including the IT infrastructure (eg disaster recovery), business controls (data integrity/authorised access/process compliance), and IT projects (eg upgrades) on a case-by-case basis.

#### 5.5 Compliance with the Corporations Act 2001 (Cth) and ASX Listing Rules

- Ensure compliance with the Continuous Disclosure requirements with regard to financial performance;
- Review and ensure implementation of legislated accounting standard changes;
- Ensure that appropriate policies are established and adequate systems are in place to identify and disclose related party transactions;
- Ensure compliance with mandatory governance arrangements.

#### 5.6 Compliance with Environmental legislation

- Review the adequacy of the controls in relation to environmental management, although it is noted that these laws have less impact on the Company due to the nature of its operations.

#### 5.7 Insurance

- Review the outcome of the annual insurance renewal process for certain specific risks and monitor the management of the self-insured portion of insured risks.

#### 5.8 Compliance with the Australian Consumer Law

- Review the effectiveness of AUSTAR's ACL Compliance Program;
- Review the annual external audit report;
- As necessary, consider and approve recommendations to deal with any systemic or recurring compliance issues.



## **6. Reporting**

The Audit and Risk Committee Chairman and Secretary shall ensure that the full Board receives minutes of meetings, is kept regularly informed on general progress and activities, and is briefed promptly on all significant matters.