

# AUDIT & RISK COMMITTEE CHARTER



## 1. INTRODUCTION

### 1.1 Appointment

The Audit & Risk Committee (**Committee**) is appointed by the board of directors (**Board**) of Southern Cross Media Group Limited (**SCA**) to assist the Board in discharging its oversight responsibilities.

### 1.2 Delegation of authority

This charter sets out the authority delegated by the Board to the Committee under clause 12.19 of SCA's constitution and details the manner in which the Committee will operate.

## 2. OBJECTIVES

The objectives of the Committee are to assist the Board in the Board's oversight of:

- (a) the integrity of SCA's accounting and financial reporting systems;
- (b) SCA's accounting and financial policies, practices and disclosures;
- (c) SCA's taxation strategy and management of the Company's taxation affairs, consistent with the principles and tax risk appetite set by the Board ;
- (d) the effectiveness of SCA's risk management framework in ensuring SCA operates within the risk appetite set by the Board; and
- (e) the appointment, independence, performance and remuneration of the external auditor and the integrity of the external audit process as a whole.

## 3. DUTIES AND RESPONSIBILITIES

### 3.1 Financial reporting

The Committee is responsible for:

- (a) ensuring the appropriateness of SCA's material accounting policies and practices which underlie financial reports;
- (b) reviewing the reasonableness of significant estimates and judgments in the financial reports by making inquiries of management and the external auditor;
- (c) reviewing annual and half-year financial reports and making recommendations to the Board for adoption and publication of these reports; and
- (d) reviewing and monitoring the procedures in place to ensure SCA complies with legislative and other reporting requirements for financial statements and reporting, including the Corporations Act and ASX Listing Rules.

### **3.2 Risk management and internal control**

The Committee is responsible for:

- (a) monitoring the effectiveness of SCA's risk management framework and SCA's processes and practices for managing risk, including satisfying itself that:
  - (i) the risk management framework deals adequately with new and emerging risks; and
  - (ii) SCA is operating within the risk appetite set by the Board;
- (b) making recommendations to the Board in relation to changes that should be made to SCA's risk management framework and the risk appetite set by the Board;
- (b) monitoring the effectiveness of SCA's internal control framework;
- (c) reporting to the Board on internal control processes for identifying and managing fraud and other material risk areas;
- (d) monitoring SCA's insurance program, having regard to SCA's business and the insurable risks associated with its business; and
- (e) monitoring the effectiveness of relevant Board policies and making recommendations to the Board relating to changes in those policies, including the Risk Management Framework, Risk Management Policy, Whistleblower Policy, Securities Trading Policy, Taxation Risk and Governance Policy, Delegation of Authority Policy, and External Communications Policy.

### **3.3 External audit**

The Committee is responsible for maintaining open lines of communication between the Board, management and the external auditors to enable information and points of view to be freely exchanged. In particular, the Committee is responsible for:

- (a) overseeing selection, appointment, rotation and removal of the external auditor;
- (b) making recommendations to the Board about appointment of the external auditor and their fee;
- (c) reviewing the scope of the external audit plan, the performance of the external auditor, and overseeing and appraising the quality of audits conducted by the external auditor;
- (d) meeting separately with the external auditor at least once a year to discuss any matters that the Committee or auditor believes should be discussed privately; and
- (e) reviewing and approving matters relating to auditor independence having particular regard to the provision of non-audit services.

#### **4. COMPOSITION**

##### **4.1 Minimum number of members**

The Committee will comprise at least three members, each of whom is a non-executive director and financially literate. At least one Committee member must have financial reporting, accounting, auditing or related financial management expertise. The majority of Committee members must be independent directors.

##### **4.2 Board to determine members**

The members of the Committee will be determined by the Board.

##### **4.3 Chairman**

The Committee will appoint one of its members as the Committee chairman. The Committee chairman must be an independent non-executive director who is not the Chairman of the Board.

#### **5. MEETINGS**

##### **5.1 Frequency**

The Committee will meet at least twice a year, with additional meetings as required to fulfil its duties. In addition, the chairman is required to call a meeting of the Committee if requested to do so by any Committee member, a director or the external auditor.

##### **5.2 Quorum**

A quorum at any meeting shall consist of two Committee members.

##### **5.3 Decisions**

Matters will be decided by a majority of votes made by Committee members present at meetings. The chairman does not have a casting vote.

##### **5.4 Attendance by other directors**

Each director of the Board may attend meetings of the Committee and request papers for or from any meeting but will not have any voting rights (unless a Committee member). However, the Committee may require non-Committee members to withdraw from a meeting of the Committee where the Committee considers it appropriate to do so.

##### **5.5 Attendance by others**

The Committee may invite other persons to attend its meetings as it deems necessary.

##### **5.6 Secretary**

The company secretary will act as secretary of the Committee and will keep the minutes of the Committee's meetings which will be provided to all Committee members and the Board.

## **5.7 Reporting to Board**

The chairman of the Committee will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

## **6. ACCESS TO INFORMATION AND ADVICE**

### **6.1 Information from management**

The Committee may seek further information on any issue from management so that the Committee may discharge its duties and responsibilities.

### **6.2 Independent advice**

Committee members may obtain independent professional advice at SCA's cost, subject to first discussing the request with the Chairman of the Board who will facilitate obtaining such advice and, where appropriate, will provide a copy of the advice to each of the other directors.

### **6.3 Meetings with management and auditors**

The Committee may at any time meet any member of management, the external auditor or the internal auditor (if applicable) in a separate session to discuss any matters that the Committee, any member of management, external auditor or internal auditor (if applicable) considers should be discussed privately.

## **7. CHARTER REVIEW**

The Committee will review this Charter every two years after its adoption by the Board having regard to regulatory, community and investor requirements. The Committee will recommend any changes required to the Charter for approval by the Board.