



AUDIT AND RISK COMMITTEE CHARTER

1. INTRODUCTION

The board of directors of Prime Media Group Limited (**Board**) has established the Audit and Risk Committee (**Committee**). The Board has adopted this Charter to set out the composition, role and responsibilities of the Committee.

2. THE COMPOSITION, ROLE AND RESPONSIBILITIES OF THE COMMITTEE

2.1 Composition of the Committee

- The Committee will consist of a minimum of three members of the Board.
- The Committee will consist of only non-executive directors.
- The Committee will include at least one independent director.
- The Board Charter states:

The Board considers an independent director to be a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

- The Chairman of the Committee will be elected annually by the members of the Committee. The office of Chairman of the Committee will not be occupied by the Chairman of the Board.
- The Committee will include members who are financially literate and at least one member of the Committee will have relevant qualifications and experience (that is, they will be a qualified accountant or other finance professional with experience of financial and accounting matters).
- The Board may appoint additional Directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.
- The Board will review the membership of the Committee at least once in each year. The Committee may make recommendations to the Board in relation to the Committee's membership.

2.2 Role of the Committee

- The role of the Committee includes assisting the Board with:
 - Enterprise-wide risk management.
 - Overseeing the adequacy of the controls established by management to identify and manage areas of potential risk and to safeguard the assets of Prime Media.
 - Assessing the reliability and integrity of information for inclusion in Prime Media's financial statements.
 - The appointment, reward, and performance of the external auditor and the integrity of the audit process as a whole.
 - Ensuring compliance with legal and regulatory requirements.
 - Assessing the Chief Executive Officer's compliance with the limits on their authority.

- Many of the principles and procedures recorded in this Charter are expressed in a flexible and non-exhaustive manner. The Board and Committee believe that it is appropriate and necessary to adopt such an approach in order to respond to changing business circumstances, the needs of shareholders and external regulatory developments.
- The Committee may delegate all or a portion of its responsibilities to a subcommittee of the Committee.
- Ultimate responsibility for the practices of audit and risk management rests with the full Board.

2.3 Key responsibilities of the Committee

- In the area of **risk management and compliance**, the key responsibilities of the Committee are to:
 - advise the Board and make recommendations on the establishment and implementation of a risk management framework;
 - review annually the effectiveness and operation of the risk management framework;
 - conduct regular reviews of the key strategic and emerging risks for Prime Media;
 - review, evaluate and report on the procedures in place to ensure compliance with all laws and regulations (particularly those which have a major potential impact on Prime Media);
 - review, evaluate and report on the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules and *Corporations Act 2001* (Cth)); and
 - assess the Chief Executive Officer's compliance with the limits on their authority.
- In the area of **audit and financial reporting**, the key responsibilities of the Committee are to:
 - nominate and implement the procedures for selecting and appointing the external auditor, including approving the contractual arrangements with the external auditor;
 - review and provide recommendations on the rotation of external audit engagement partners;
 - review annually the performance, effectiveness and independence of the external auditor;
 - make recommendations to the Board on the removal of the external auditor;
 - review and approve the external audit plan annually (including the auditors' qualifications and the scope of the external audit);
 - review and determine the quantum of any non-audit services to be provided by the external auditor and their firm;

- review Prime Media's financial statements for accuracy, adequacy and clarity and to ensure they reflect a true and fair view as a basis for recommendation to and adoption by the Board;
- review Prime Media's financial statements for compliance with accounting standards and policies and relevant laws such as the *Corporations Act 2001* (Cth); and
- assist the Board in its determination of the reliability and appropriateness of accounting policies, financial disclosure and reporting.

3. EXTERNAL AUDIT POLICY

3.1 Assessment of the external auditor

- The Committee will review the performance of the external auditor after the completion of each end-of-year audit.
- In evaluating the performance and effectiveness of the external auditor, the Committee will consider, among other things:
 - the timeliness and quality of communications;
 - the competency and industry knowledge of the external audit staff; and
 - the adequacy and availability of resources to achieve the scope of work outlined in the external audit plan.

3.2 The independence of the external auditor

- The Committee will review and assess the independence of the external auditor. This may include (but will not be limited to) any relationships the external auditor has with Prime Media or any other entity that may impair (or be perceived to impair) the external auditor's judgement or independence.
- This review and assessment will be carried out annually at the time the external auditor presents its audit plan to Prime Media. Following its review and assessment, the Committee will make a recommendation to the Board.

3.3 Rotation of the external audit engagement partner

- The external audit engagement partner is required to rotate at least once every four years.

4. MEETINGS OF THE COMMITTEE

- The Committee will meet as often as the Committee members deem necessary in order for the Committee to fulfil its role. It is, however, intended that the Committee will ordinarily meet at least two times each year.
- The quorum is two members of the Committee.
- If the Chairman of the Committee is absent, the other members of the Committee must elect one of their number as chair for that meeting.
- The Committee (or any member of the Committee) may invite any person to attend all or part of a meeting of the Committee.
- Any member may, and the Company Secretary will upon request from any member of the Committee, convene a meeting of the Committee.

- Notice of every meeting will be given to every member of the Committee at the member's advised address for service of notice. However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.
- The Company Secretary will attend all Committee meetings to take detailed minutes. After the minutes have been approved by the Chairman of the Committee, they will be presented at the next Board meeting along with any documents tabled before the Committee meeting. All minutes must be entered into a minute book maintained for that purpose. The minute book must be open at all times for inspection by any Director.
- The Chairman of the Committee will, if requested, provide a brief oral report on any material matters arising out of a Committee meeting. All Directors will be permitted, during a Board meeting, to request information from the Chairman of the Committee or members of the Committee.

5. ACCESS TO RESOURCES AND INDEPENDENT ADVISERS

- The Committee will have access to adequate internal and external resources (including access to advice from external consultants or specialists) to carry out its activities.
- The Committee may obtain information from, and consult with, management.
- The Committee may obtain independent professional advice to assist with the proper exercise of its powers and discharge of its duties.
- The Committee will have access to external auditors (without management present) and may seek explanations and additional information from them.

6. INCONSISTENCY WITH CONSTITUTION

- If there is any inconsistency between the Prime Media Constitution and this Charter, the Prime Media Constitution will prevail to the extent of the inconsistency.

7. COMMITTEE CHARTER REVIEW

- The Board will review this Charter annually and will, if necessary or desirable, amend the Charter.

Adopted by the Board on 24 August 2011

Last reviewed on 23 September 2015