

## 1. PURPOSE

- (a) This Audit and Risk Committee Charter sets out the objectives, composition, term of office, duties and responsibilities of the Audit and Risk Committee (the **Committee**) that has been established by the board of directors (**Board**) of Sky Network Television Limited (**Sky**).
- (b) The primary function of the Committee is to assist the Board in fulfilling its responsibilities in relation to accounting and reporting, external and internal audit, tax planning and compliance, treasury and general risk management. However, the Board retains ultimate responsibility for these matters.
- (c) The Committee is responsible for the oversight of:
- the integrity of the internal and external financial reporting processes of Sky and its subsidiaries (the **Group**);
  - the integrity of the Group's financial management processes and systems;
  - the quality and objectivity of the audits conducted by the Group's external auditors;
  - the independence and performance of the external auditor;
  - subject to shareholder approval at Sky's annual meeting, the remuneration for the external audit work;
  - the rotation of the lead external audit partner not less than every five years;
  - the extent and scope of non-audit services provided to the Group by the external auditor and the ratio of audit fees to non-audit fees in any financial reporting period and assessing whether the extent of any non-audit fees may have any bearing on the auditor's actual or perceived independence;
  - communications between the Board, the external auditors and the management;
  - the financial information presented by management to shareholders, regulators and the general public;
  - the adequacy of the Group's overall internal control environment;
  - the Group's risk management programme and evaluating the effectiveness of its risk management activities; and
  - the monitoring, reviewing and reporting on key risks and issues.
- (d) In undertaking its duties, the Committee has reasonable access to the resources of the Group and will seek to maintain an effective working relationship with the Chief Executive Officer (**CEO**), the Chief Financial Officer (**CFO**), other senior management and the Group's auditors.

## 2. SCOPE, AUTHORITY AND COMPOSITION

### COMPOSITION

The Committee is a standing committee appointed and accountable to the Board.

The size and composition of the Committee is determined by the Board. In considering appropriate members for the Committee, the Board will look for a mix of skills and experience, in particular in the areas of financial management reporting and risk management.

The Committee shall comprise of at least three members, all of whom are non-executive directors of Sky and a majority of whom are independent directors. At least one member of the Committee must have an accounting or financial background. The chair of the Committee (**Committee Chair**) must be an independent non-executive director who is not the chair of the Board. The secretary of the Committee will be the company secretary.

The Board may appoint additional members or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

## **MEETINGS**

The Committee will meet as frequently as required, but must not meet less than three times a year.

A quorum for a meeting of the Committee is two members.

All directors who are not members of the Committee may attend meetings of the Committee should they wish to do so.

The Committee may invite other attendees to attend the meetings as required to assist the Committee with its deliberations. The Committee Chair will provide the opportunity for the external auditor to meet with the Committee without executive directors or other management representatives present. A standing invitation exists for the CEO and CFO to attend Committee meetings.

The Committee will maintain minutes of all its meetings.

## **CONSULTATION**

The Committee shall have unrestricted access to executive management, external and any internal auditors, all employees, Group records and to financial and legal advisors.

## **REPORTING**

The Committee Chair will verbally report to the Board on the matters discussed at Committee meetings, together with any recommendations to the Board. Committee meeting minutes will be provided to the Board in a timely manner (in draft, as confirmed by the Committee Chair, for expediency). All Committee papers and minutes are made available to the Board.

## **MEMBERS' POWERS AND AUTHORITY**

The Committee makes decisions or makes recommendations to the Board on the matters set out in this Charter or which would otherwise be seen as falling within the scope of the Committee's mandate. The Committee does not take actions or make decisions on behalf of the Board unless specifically mandated to do so.

The Committee may delegate any of its responsibilities to the Committee Chair or to a subset of its members from time to time, and on such conditions as the Committee considers appropriate.

The Committee is authorised to investigate any activity covered by its terms of reference.

The Committee has the authority of the Board to retain, terminate and consult with outside or other independent external advisors, and experts at the Group's expense.

Committee members are not full-time employees of the Group. Committee members are entitled to rely on the Group executives on matters within their responsibility and on external professionals on matters within their area of expertise and, subject to evaluation and review may assume the accuracy of information provided by such persons, provided that the Committee member is not aware of any reasonable grounds upon which such reliance or assumption is not appropriate.

# **3. DUTIES AND RESPONSIBILITIES**

## **ROLES AND RESPONSIBILITIES**

The main responsibilities of the Committee are the oversight of the following:

- financial statements and reports;
- compliance with generally accepted accounting principles;
- tax planning and compliance;

- external audit;
- accounting policies and procedures;
- expenditure authorities;
- treasury policy and operations;
- dividend policy;
- fraud detection and reporting;
- financial management;
- internal control system;
- risk management system;
- risk management reporting;
- systems for protecting Group assets; and
- compliance with applicable laws, regulations, standards and best practice guidelines as they relate to financial and non-financial disclosures.

The duties of the Committee include but are not limited to the matters as set out in Appendix One.

#### **4. INDEPENDENCE OF EXTERNAL AUDIT**

The Committee is responsible for ensuring the independence of the external auditors. The underlying principle is that the role of the external auditors shall be restricted to audit or audit-related activities.

The Committee will monitor the perceived and actual independence of the external auditor in accordance with the guidelines specified in Appendix Two - "External Audit Independence Group Policy".

#### **5. REVIEW**

The Committee will assess its effectiveness annually. The Board is responsible for reviewing this Charter and any amendments to it. This Audit and Risk Committee Charter was last reviewed on 22 August 2023.

## **APPENDIX ONE - AUDIT AND RISK COMMITTEE COVERAGE**

### **EXTERNAL REPORTING AND ACCOUNTING POLICIES**

The Committee will consider and recommend to the Board adoption of the half-year and annual financial statements (including the notes thereto) and all other financial statements prepared by the Group.

The Committee will consider the appropriateness of the Group's accounting policies and principles and any changes, as well as the methods of applying them, so as to ensure they comply with NZ-GAAP, New Zealand Law and NZX and ASX listing rules.

When overseeing the activities of management the Committee considers and makes recommendations to the Board in relation to:

- the underlying quality of the financial reporting as set out in the financial statements and notes thereto and whether the financial statements reflect the Committee's understanding of, and otherwise provide a true and fair view of, the financial position and performance of the Group;
- the adequacy of Sky's corporate reporting processes and internal control framework;
- changes in accounting policy and practice;
- any significant accounting estimates, accruals, and judgments included in the financial statements;
- accounting implications of new and significant transactions;
- the appropriateness of the accounting judgements or choices exercised by management in preparing Sky's financial statements, including the appropriate treatment and classification of costs as between capital and revenue;
- management practices and any significant disagreements between management and the external auditors;
- the propriety of related party transactions;
- compliance with applicable New Zealand, Australian and international accounting standards, New Zealand and Australian stock exchange requirements and legislative requirements relating to financial reporting, and company / corporations law;
- the implications of any legal matters which could significantly impact the financial statements; and
- the implications of any tax issues which could significantly impact the financial statements.

The Committee will obtain a declaration from the CEO and CFO that, in their opinion, the Group's financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the Group's financial position and performance and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### **INTERNAL CONTROL – REVIEWING AND IMPROVING PROCESSES**

The Committee will review and evaluate with the CEO, CFO and auditors, the processes in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk and unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.

### **INTERNAL AUDIT**

The Committee will:

- review the activities and organisational structure of any internal audit function and ensure no unjustified restrictions or limitations are made;
- review the qualifications of any internal audit personnel and concur in the appointment, replacement, reassignment or dismissal of the director of any internal audit function;
- review the effectiveness of any internal audit function and approve any annual internal audit program;
- assess the independence, objectivity and performance of any internal audit function;
- ensure that significant findings and recommendations made by any internal auditors are received and discussed by the Audit and Risk Committee on a timely basis; and
- ensure that management responds to recommendations by any internal auditors.

## **RISK MANAGEMENT AND INSURANCE**

The Committee will assess internal processes for determining and managing key risk areas, in particular relating to significant strategic and operational risks and issues impacting the Group.

This includes but is not limited to:

- evaluating the effectiveness of the Group's risk management policies, practices and procedures;
- reviewing and approving on an annual basis the Group's risk management program and business continuity plans;
- monitoring management's performance against the Group's risk management framework, including whether it is operating within the risk appetite set by the Board;
- reviewing any material incident involving fraud or a break-down of the Group's risk controls and the "lessons learned";
- receiving reports from any internal audit on its reviews of the adequacy of the Group's processes for managing risk;
- receiving reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- making recommendations to the Board in relation to changes that should be made to Sky's risk management framework or to the risk appetite set by the Board; and
- overseeing the Group's insurance covers and recommending the annual renewal of policies to the Board, having regard to Sky's business and the insurable risks associated with its business.

## **EXTERNAL AUDIT**

The Committee will:

- review and recommend to the Board the engagement of external auditors including:
  - the fees payable to the auditor for audit and non-audit work;
  - the scope and adequacy of the external audit;
  - the timing of the audit of the Group's financial statements; and
  - the rotation of the audit engagement partner;
- consult with the external auditors on any significant proposed regulatory, accounting or reporting issues and assess the potential impact of such on the Group's financial reporting processes;
- review with the external auditors, the auditors' report on the Group's financial statements and associated responses made by management to the issues raised;
- determine that no management restrictions are being placed on the external auditors and that there have been no significant disagreements with management irrespective of whether or not they have been resolved; and
- evaluate the independence and performance of the external auditors, and where appropriate recommend that the Board replace the external auditors and approve any proposed discharge of the external auditors.

## **APPENDIX TWO – EXTERNAL AUDIT INDEPENDENCE GROUP POLICY**

### **OBJECTIVE**

The objective of this policy is to ensure that audit independence is maintained, both in fact and appearance such that Sky's external financial reporting is viewed as being highly reliable and credible.

### **APPROVED AUDITOR**

The Committee shall only approve a firm to be auditor if that firm:

- would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances as capable of exercising objective and impartial judgement on all issues encompassed within the auditor's engagement;
- has not, within two years prior to the commencement of the audit, had as a member of its audit engagement team any of Sky's executive directors or any member of Sky's management who act in a financial oversight role; and
- does not allow its audit partners to be directly compensated for selling non-audit services to Sky.

### **GUIDELINES FOR PROVISION OF NON-AUDIT SERVICES**

The Board has delegated authority to approve the provision of non-audit services from the auditors to the Committee Chair. No non-audit services may be procured from the auditors unless first justified to and approved by the Committee Chair.

The external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of valuation services where such valuation forms an input into audited financial services and also includes the design or implementation of financial information systems.

The external auditor should not perform any function of management or be responsible for making management decisions. This includes responsibility for the performance of any internal audit.

The external auditor should not be an advocate of the Group or any company within the Group. This includes being a promoter of Sky's shares or legal advocacy.

### **SERVICES PERMITTED TO BE PERFORMED**

#### **AUDIT AND AUDIT-RELATED SERVICES**

The external auditor is permitted to provide the following audit and audit-related services:

- statutory audits of Sky and any subsidiary or affiliate of Sky;
- limited reviews of the half-year results and financial position of the Group;
- statutory returns and other required audit obligations in respect of public issuer, securities or regulatory documents and other associated audit or regulatory reporting and includes any annual review of the share register;
- consultations with management as to the accounting or disclosure treatment of transactions or events and or the potential impact of new or amended exposure drafts and any other financial reporting standards applicable to the Group;
- general assistance with understanding accounting standards and applicable regulatory rules;
- consultations and recommendations in connection with internal control reporting requirements;
- assessment of risk management controls; and
- due diligence review of prospective and other financial information as requested by the Board in connection with public filing.

#### **OTHER SERVICES REQUIRING APPROVAL OF THE COMMITTEE CHAIR**

Subject to prior written approval of the Committee Chair, the external auditor may provide the following services:

- accounting due diligence and similar services relating to potential business acquisitions and dispositions;

- taxation services of an assurance nature such as review of tax computations and returns prior to filing;
- provision of remuneration advice; and
- provision of concepts or information as input to developments in financial management or reporting areas but not in any implementation or other associated service provision to the Group.

### **SERVICES NOT PERMITTED**

The Group's external auditor cannot be used for any other purpose, which may or could be regarded as compromising their independence as auditor. For the avoidance of doubt "any other purposes" includes but is not restricted to the following activities:

- staffing of temporary roles;
- internal audit;
- compilation of information required for reporting purposes;
- actuarial assurance;
- organisational design;
- information technology security risk audit;
- advice on business process improvement and operational efficiency;
- program management;
- business process outsourcing;
- other management consultancy;
- computer consultancy;
- valuations;
- value-for-money reviews;
- legal services; and
- documentations of financial policies and procedures.

### **PROCEDURAL REQUIREMENTS**

The auditors will annually agree the scope of audit services and fees with the Committee.

The auditors are required to report in writing to the Committee on an annual basis any matters that may reasonably be thought to have a bearing on their independence, the provision of non-audit services and confirm that they are independent.

The ratio of audit-non audit services should not be more than 1:1.

All non-audit services to be performed by the external auditor require pre-approval from the Committee Chair.

Representatives of the external auditor (including at least the engagement partner) will attend each annual general meeting to answer any questions by shareholders about the external audit and the content of the auditor's report.

Where there is any doubt as to the appropriateness of engaging the external auditor in an activity, management shall make recommendations to the Committee who in turn will review the circumstances and risks and make a recommendation to the Board.