



THE STAR

**The Star Entertainment Group  
Limited**  
(ABN 85 149 629 023)

Audit Committee  
Terms of Reference

*1 June 2020*

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## 1 Introduction to the Terms of Reference

### 1.1 General

The Audit Committee is a committee of the Board established pursuant to the Company's Constitution.

These Terms of Reference set out the functions and responsibilities of the Audit Committee and detail the manner in which the Audit Committee will operate.

### 1.2 Authorities

The Audit Committee has the authority and power to exercise the responsibilities set out in these Terms of Reference and under any separate resolutions of the Board granted to the Audit Committee from time to time.

The Audit Committee does not have the power or authority to make decisions for or on behalf of the Board, unless specifically authorised to do so under these Terms of Reference or as directed by the Board.

### 1.3 Board approval

The Board has approved the Audit Committee Terms of Reference.

The Board may approve updates and amendments to the Audit Committee Terms of Reference from time to time.

### 1.4 Definitions

Unless the contrary intention is expressed in the Terms of Reference, the following words (when used in this Audit Committee Terms of Reference) have the meaning set out below:

**Board** means the Board of Directors of the Company from time to time.

**CEO** means the Managing Director and Chief Executive Officer of the Company.

**CFO** means the Chief Financial Officer of the Company.

**Committee** means the Audit Committee of the Board.

**Company** means The Star Entertainment Group Limited (ACN 149 629 023).

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a person appointed as a director of the Company.

## 2 Role of the Committee

### 2.1 Corporate governance and oversight responsibilities

The role of the Committee is to consider and make recommendations to the Board on its corporate governance and oversight responsibilities relating to financial accounting practices, financial risk management and system of internal control, external reporting, and the internal and external audit functions.

## 2.2 Independence of external auditors

The Committee also has responsibility to ensure the independence of the external auditors and will periodically assess this independence by considering the relationships and services provided by the external auditors and others that may lead to actual or perceived lack of independence.

## 3 Responsibilities of the Committee

### 3.1 Key responsibilities

The responsibilities of the Committee primarily pertain to assisting the Board in carrying out its accounting, auditing and financial reporting responsibilities, including:

#### **General**

- (a) overseeing and appraising the co-ordination, coverage and quality of audits conducted by both the internal and external auditors;
- (b) maintaining open lines of communication among the Board, the internal auditors and the external auditors to exchange views and information, as well as to confirm the auditors' respective authority and responsibilities;
- (c) reviewing (on an independent and objective basis) the financial information to be presented to shareholders, regulators and the general public (including associated announcements to the Australian Securities Exchange, media releases and investor presentations), before recommending them to the Board for approval;
- (d) monitoring the effectiveness of internal financial and accounting controls, including information technology controls of the Company;
- (e) reviewing the adequacy of the Company's corporate reporting processes and internal control framework;

#### **Financial accounting compliance**

- (f) evaluating:
  - (i) the adequacy and effectiveness of the Company's administrative, operating and accounting policies, including communication with management, internal auditors and external auditors;
  - (ii) the adequacy of the Company's information management and accounting control system by reviewing written reports from the internal and external auditors, and monitoring management's responses and actions to correct any noted deficiencies;
  - (iii) the materiality of any matters relating to the Company's financial controls or compliance (including matters that may have a bearing on the Company's financial statements) that are referred to in whistleblower reports and/or other reports provided by the Ethics Panel or that are referred to the Audit Committee by other Committees;
- (g) monitoring:
  - (i) management's compliance with delegated authority from the Board in respect of financial expenditure and operational decisions;
  - (ii) management's attention to ethical considerations regarding the Company's financial policies and practices;
  - (iii) the standard of corporate conduct in areas such as arm's-length dealings and potential conflicts of interest;

- (h) reviewing reports from management, the internal auditors and external auditors on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Company's financial reporting process;
- (i) identifying and directing any special projects or investigations deemed necessary with respect to financial accounting compliance;

### **External financial reporting**

- (j) reviewing:
  - (i) the Company's financial statements as to whether they reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;
  - (ii) all financial reports of the Company prior to recommending them to the Board for approval and public release;
  - (iii) any correspondence from regulators and others regarding the Company's financial reporting and related matters and monitoring management's response to them;
  - (iv) the appropriateness of the Company's financial reporting disclosures and accounting policies, judgements or choices exercised by management in preparing the Company's financial statements, before recommending all significant changes to the Board for approval;
  - (v) significant transactions outside the Company's ordinary course of business;
  - (vi) the half-yearly and annual financial statements and reports (including associated announcements to be made to the Australian Securities Exchange) with the CEO, the CFO and the external auditors, and making related recommendations to the Board;
  - (vii) the process adopted by the CEO and the CFO leading to their written declarations to the Board (as required under section 295A of the Corporations Act) that, in their opinion:
    - (A) the financial records of the Company have been properly maintained;
    - (B) the financial statements and notes comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company; and
    - (C) the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively;
  - (viii) the CEO's and the CFO's written declarations to the Board under section 295A of the Corporations Act;
- (k) reporting to, or informing the Board or its relevant Committee/s, of decisions about the Company's financial outcomes that may have an impact on other matters for consideration (for example, determination of significant items for disclosure in the Company's financial reports that may have an impact on remuneration or employee incentive plan outcomes);

### **Internal Audit**

- (l) recommending to the Board the appointment (and, where appropriate, replacement) of the executive responsible for internal audit matters;
- (m) reviewing the internal auditor's role and responsibilities, and the adequacy of the resources and organisation of the internal audit function;

- (n) reviewing and approving the annual internal audit plan (and variations) and confirming that the internal audit plan reflects coverage of key risk areas in relation to the systems of financial, operational and management control;
- (o) monitoring:
  - (i) the progress of the internal audit plan together with any additional investigative reviews, and considering the implications for the control environment;
  - (ii) the implementation of agreed action plans by management in response to the internal auditor's findings and recommendations;
- (p) assessing the performance, independence and objectivity of the internal audit function and evaluating its overall effectiveness;
- (q) determining that no restrictions are being placed upon the internal auditors and having the internal auditors regularly report to the Committee on their independence;
- (r) reviewing reports from the internal auditors detailing their key findings and the agreed action plans by management;

#### **External audit**

- (s) recommending to the Board the nomination (and where appropriate, replacement) of the external auditors, procedures for the selection and appointment of the external auditors and rotation of external audit engagement partners, and if appropriate, recommending that tenders be called to assist in deciding which external auditor should be recommended;
- (t) reviewing and approving the external audit plan (and variations) and fees payable to the external auditors for audit and non-audit work;
- (u) reviewing:
  - (i) reports prepared by external auditors; and
  - (ii) the scope and adequacy of the external audit;
- (v) evaluating the overall performance, effectiveness and independence of the external auditors;
- (w) assessing whether the external auditors' provision of non-audit services impairs or appears to impair their judgment or independence and, if required, developing policies to manage the process for approving non-audit services.

## **3.2 Relationship with the external auditors**

The external auditors have an unrestricted right to discuss any issues they deem necessary with the Chairman of the Committee or, if deemed appropriate by the external auditors, with the Chairman of the Board.

The Committee will require the external auditors to confirm, in writing, that they have complied with all professional and regulatory requirements relating to auditor independence prior to the completion of each half-yearly and annual accounts.

In accordance with the Corporations Act, the Board will not invite any past or present lead audit partner of the firm currently engaged as the Company's external auditors to fill a vacancy on the Board.

The lead external audit partner will be required to rotate off the audit after their involvement in accordance with the Corporations Act before that partner can again be involved in the Company's external audit.

Internal audit services, if outsourced, will be provided by a firm other than the external audit firm.

It is expected that the external auditors will immediately contact the Chairman of the Committee if management has placed restrictions on access by the external auditors or there are significant unresolved issues between management and the external auditors.

### **3.3 Provision of non-audit services by external auditors**

As specified in section 2.2, the Committee has responsibility to ensure the independence of the external auditors and will periodically assess this independence by considering the relationships and services provided by the external auditors and others that may lead to actual or perceived independence or lack of independence. In this regard, the Committee will apply the following guidelines.

The external auditors:

- (a) shall not provide services that are considered to be in conflict with the role of the statutory auditors. These services include those where the auditors may ultimately be required to express an opinion on its own work, and in particular:
  - (i) bookkeeping or other services relating to the accounting records or financial statements;
  - (ii) financial information systems design and implementation;
  - (iii) appraisal or valuation services and fairness opinions;
  - (iv) actuarial services;
  - (v) internal audit services;
  - (vi) management functions or human resources;
  - (vii) strategic and business planning services;
  - (viii) broker or dealer, investment adviser or investment banking services;
  - (ix) legal services and expert services unrelated to the audit; and
  - (x) tax advocacy or tax structuring advice;
- (b) may be permitted to provide non-audit services that are not perceived to be in conflict with the role of the auditors where their detailed knowledge of the Company's activities could permit cost and output efficiencies (for example, tax compliance support), provided stringent independence requirements are satisfied. These services, where provided, must first be approved by the Chairman of the Committee and then advised to the Committee at its next meeting.

The Committee will recommend to the Board the appropriate disclosure in the annual accounts of the full details of fees paid to the external auditors including an analysis of non-audit services.

### **3.4 Other responsibilities**

The Committee will perform other oversight functions, duties and responsibilities as requested by the Board or expressly delegated to the Committee from time to time.

The duties and responsibilities of a member of the Committee are in addition to those set out for a member of the Board.

## **4 Composition and Structure of the Committee**

### **4.1 Composition**

The Committee should be of sufficient size, independence and expertise to conduct its duties effectively. The Committee will comprise at least three members appointed by the Board.

All members must be independent Non-Executive Directors. The Board will appoint one of these members (other than the Chairman of the Company) as the Chairman of the Committee.

Members will be financially literate at the time of their appointment to the Committee. At least one member shall have a comprehensive financial background. Members will also have a good knowledge of the key businesses the Company operates.

Other members of the Board are entitled to attend Committee meetings, but will not be entitled to vote on any matter being considered by the Committee.

### **4.2 Removal or resignation**

If a member of the Committee ceases to be a Director of the Company, that member ceases to be a member of the Committee. The Board may remove a member of the Committee.

### **4.3 Secretary**

The Secretary of the Committee is the Company Secretary. The Secretary of the Committee will be responsible, in conjunction with the Chairman of the Committee and the CFO, for determining the agenda for each meeting.

## **5 Meetings of the Committee**

### **5.1 Frequency**

The Committee will meet as frequently as required but not fewer than four times a year.

The Committee may call such additional meetings as the Chairman of the Committee decides are necessary for the Committee to fulfil its duties.

In addition, the Chairman of the Committee is required to call a meeting of the Committee when requested to do so by a Committee member, the CEO, the CFO, the Company Secretary, the internal auditors or the external auditors.

The Committee or the Chairman of the Committee will meet with the external auditors and/or internal auditors, in the absence of management, at least once per annum, and on any occasion during the year as requested by either the Chairman of the Committee or the internal or external auditors.

### **5.2 Minutes of meetings**

The Secretary of the Committee (or his/her authorised delegate) will be responsible for taking the minutes of Committee meetings.

The Secretary of the Committee (or his/her authorised delegate) will circulate minutes of Committee meetings to all Committee members after the Chairman of the Committee has given preliminary approval.



The minutes of Committee meetings will be approved by the Committee and signed by the Chairman of the Committee.

The Secretary of the Committee must retain for the Company's records, one hard copy of the signed minutes of each Committee meeting (including the respective meeting agendas and supporting papers).

Minutes, meeting agendas and supporting papers shall be made available to any Director upon request to the Secretary of the Committee, providing no conflict of interest exists and subject to compliance with relevant Company policies (including, but not limited to, the Board Papers Retention Policy).

To the extent practicable, copies of the minutes of each Committee meeting will be included in the papers for the next Board meeting after each meeting of the Committee.

### **5.3 Meeting attendance**

With the exception of the meetings to take place without management (as outlined in section 5.1) and unless otherwise directed by the Chairman of the Committee, the CEO, the CFO and the Company Secretary will attend each meeting of the Committee.

Representatives of the internal and external auditors and any other employee may also attend by invitation at the discretion of the Committee.

The CEO, the CFO, the Company Secretary and any other invitees do not have any voting rights at any Committee meeting, regardless of the resolution being considered at the meeting.

### **5.4 Quorum, voting and resolutions**

A quorum will comprise any two Committee members.

Should the Chairman be absent from any meeting, and there are at least two members still present, the members of the Committee present shall appoint one of their number to be Chairman of that meeting.

Only Committee members are entitled to vote in relation to any decisions made by the Committee. Each Committee member will have one vote. Questions arising at any meeting of the Committee are decided by a majority of votes, and, in the case of an equality of votes, the Chairman of the Committee meeting has a second or casting vote (except when only two Committee members are eligible to vote on the question).

The Committee may pass resolutions by circulating resolution by adopting the procedures set out in the Company's Constitution.

Members of the Committee will not participate in discussions and will not vote on any issue in respect of which there is an actual or perceived conflict of interest.

## **6 Reporting to the Board**

The Committee will, as is appropriate, on a timely basis:

- (a) circulate minutes of Committee meetings to all Directors after each Committee meeting, subject to the existence of any conflict of interest;
- (b) update the Board about Committee activities and make recommendations to the Board as required; and

- (c) inform the Board of matters that may significantly impact the financial condition or affairs of the business.

## **7 Independent External Advice**

The Committee may engage an independent external adviser in relation to any Committee matter, at the expense of the Company.

A Committee member may engage an independent external adviser in relation to any Committee matter, at the expense of the Company, although before the external advice is sought, consent must be obtained from the Chairman of the Board.

The Chairman of the Committee may determine that any external advice received by the Committee or by an individual Committee member be circulated to the other Directors.

## **8 Access to employees, other persons and resources**

The Committee may:

- (a) access any employee or other individual (including members of management) to ask questions and/or to seek explanations and additional information relating to Committee matters;
- (b) access internal and external auditors, with or without management being present;
- (c) access all relevant Company records, subject to compliance with relevant Company policies (including, but not limited to, the Board Papers Retention Policy);
- (d) invite any employee or other individual to attend a meeting of the Committee; and
- (e) access Company resources to enable the Committee to discharge its duties;

as the Committee considers appropriate.

## **9 Assessment and Evaluation of the Committee**

An evaluation of the Committee's performance against the requirements of the Committee Terms of Reference will be conducted on an annual basis or as considered appropriate by the Chairman of the Committee.

The Board will evaluate the effectiveness of the Committee at regular intervals as considered necessary by the Chairman of the Board.

## **10 Access to the Terms of Reference**

The Committee Terms of Reference will be available for viewing by any person on the Company's website or a copy will be sent upon request.

## **11 Review of the Terms of Reference**

The Committee Terms of Reference is subject to review by the Committee and the Board every two years or as required, and will be amended as appropriate to reflect current market practice in good corporate governance and the required duties and responsibilities of audit committees. Any amendments made will be in accordance with applicable securities exchange requirements.