

Audit Committee Charter

Tabcorp Holdings Limited

ACN 063 780 709

Adopted by the Board on 3 December 2019

Committee Charter

The Audit Committee (“**Committee**”) is established under rule 90 of the Constitution of Tabcorp Holdings Limited (the “**Company**”).

1 Purpose

The primary purpose of the Committee is to assist the Board to fulfil its duties and responsibilities relating to:

- (a) the preparation of the financial statements and associated external reports;
- (b) oversight of the Company’s systems and financial controls;
- (c) the Company’s relationship with the external auditor and the external audit function generally, as well as its independence, objectivity and performance;
- (d) the Company’s relationship with the internal auditor and the internal audit function generally; and
- (e) oversight and monitoring of the Company’s Whistleblower Policy and Framework.

2 Membership of the Committee

The Committee must consist of:

- only non-executive directors;
- a majority of independent directors;
- an independent Chairman, who is not Chairman of the Board; and
- a minimum of 3 members of the Board.

The Board will appoint the Chairman and members of the Committee.

The Board may appoint additional non-executive directors as members of the Committee or remove and replace members of the Committee. Members may withdraw from membership of the Committee by written notification to the Board. If a member ceases to be a director of the Company, that member ceases to be a member of the Committee.

The Board or Committee will periodically assess the Committee’s membership and performance.

It is intended that all members of the Committee should be financially literate and have familiarity with financial management and the members between them must have the accounting and financial expertise and a sufficient understanding of the industry in which the Company operates to be able to discharge the Committee’s mandate effectively.

At least one member should have relevant formal qualifications and experience (for example, a qualified accountant, auditor or other finance professional with experience of financial, accounting and auditing matters).

The Company Secretary will be Secretary of the Committee and must attend all Committee meetings as recording secretary unless otherwise determined by the Committee.

3 Role and Responsibilities

The Committee's primary roles are to review, report to, and where appropriate make recommendations to, the Board in relation to:

- (a) the reporting of financial information and associated external reporting;
- (b) the appropriate application and amendment of accounting policies;
- (c) the appointment, independence and remuneration of the external auditor; and
- (d) the internal audit function.

The Committee will consider any matter relating to the affairs of the Company delegated to it by the Board.

The Committee will undertake the following specific responsibilities:

Financial and external reporting

- (a) Review and make recommendations to the Board as to whether the Company's financial statements 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, as a basis for recommendation to and adoption by the Board.
- (b) Oversee, and review the adequacy of, the Company's corporate and financial reporting and disclosure processes.
- (c) Review the appropriateness of, and any amendments to, accounting policies.
- (d) Review the appropriateness of significant accounting and financial reporting issues, including judgements and choices exercised by management in preparing the Company's financial reports and related disclosures.

Financial risk management and internal controls

- (e) Review the adequacy of procedures in place to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management.
- (f) Review, and oversee the resolution of, reports received by the Company regarding accounting, internal accounting controls and auditing matters or deficiencies.
- (g) Receive and evaluate reports from management detailing matters that may have a material impact on the financial statements.
- (h) Review, and make recommendations to the Board on, representations received from management regarding the integrity of financial reporting and the effective operation of risk management and internal control systems in relation to financial reporting.
- (i) Review related party transactions involving the Company to determine their appropriateness and assess whether consideration should be given to seeking shareholder approval.

Taxation

- (j) Receive and evaluate reports from management on taxation matters, including strategies, key risks, correspondence from regulators, legislative developments and the Company's compliance with applicable taxation legislation and regulations.
- (k) Oversee, and review the adequacy and effectiveness of, the Company's tax risk management framework, including policies, processes and procedures.

Internal Audit

- (l) Recommend to the Board the appointment of the EGM Internal Audit who should be suitably qualified and able to bring the requisite degree of skills, independence and objectivity to the role, and, where appropriate, their removal.
- (m) Review and approve any changes to the Internal Audit Charter.
- (n) Review and approve the annual internal audit plan to confirm:
 - (1) the internal audit plan reflects adequate coverage of controls and processes including those in key risk areas; and
 - (2) the internal audit function is adequately resourced and co-ordinated with the external auditor.
- (o) Review and consider all reports issued by the EGM Internal Audit detailing key findings and management's agreed actions plans.
- (p) Annually review and assess the performance, independence and objectivity of the EGM Internal Audit.

External Audit

- (q) Recommend to the Board for approval, the appointment, compensation and, where appropriate, the removal of the external auditor.
- (r) Review the scope, adequacy and effectiveness of the external audit and annual external audit plan, placing emphasis on areas where the Committee or the external auditor believe special attention is necessary.
- (s) Review reports and other written communications issued by the external auditor in relation to the Company's financial reports, accounting policies, other activities, and management's responses to any issues raised and recommendations of the external auditor.
- (t) Annually review and assess the performance, independence and objectivity of the external auditor and the external audit function.
- (u) Approve and monitor compliance with the External Auditor Independence Policy in relation to the supply of non-audit services by the external auditor.
- (v) Review the independence of the external auditor and determine whether the provision of non-audit services by the external auditor is compatible with the general standard of independence for auditors, and does not compromise the independence requirements, imposed by the Corporations Act.
- (w) Review and recommend to the Board for approval disclosures in the Company's annual accounts in relation to fees paid to the external auditor, including non-audit services, and a statement with respect to the auditor's independence.
- (x) Oversee procedures for the rotation of the lead external audit engagement partner to maintain the external auditor's independence.

Whistleblower Policy and Framework

- (y) Oversee and monitor the Company's Whistleblower Policy, Framework and disclosures in support of, and in compliance with, the Company's statutory responsibilities in relation to whistleblower reports, including identifying broader trends and themes and/or emerging risks and directing management to address these.
- (z) Review on an annual basis the adequacy and effectiveness of, and recommend to the Board for approval any changes to, the Company's Whistleblower Policy and Framework.

4 Relationship with the external auditor

The Committee provides a link between the external auditor and the Board. The external auditor has a direct reporting line to the Committee and, through that Committee, to the Board.

The Committee must periodically meet with the external auditor without management being present to discuss the external audit and any issues with management.

5 Relationship with the internal auditor

The Committee provides a link between the internal audit function and the Board. While the EGM Internal Audit reports to the Chief Financial Officer, the EGM Internal Audit also has a direct reporting line to the Committee Chairman and the Committee and, through that Committee, to the Board.

The Committee must meet periodically with the EGM Internal Audit without management being present to discuss the progress of the internal audit work program and any issues with management.

6 Rights of access and authority

Except where expressly stated in this Charter, the Committee discharges its responsibilities by making recommendations to the Board. The Committee does not have any executive powers to commit the Board to the implementation of its recommendations except where expressly stated in this Charter or as authorised by resolution of the Board.

The Committee has authority to conduct or direct investigations into any matters within its Charter.

The Committee has rights of unrestricted access to management and to auditors (external and internal) without management present, and rights to seek explanations and additional information from both management and auditors.

The Committee may seek the advice or services of the Company's auditors, solicitors or such other independent advisers, consultants or specialists as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.

As appropriate, the Committee will inform the Chairman of the Board of its decision to authorise such an investigation or obtain such external services.

7 Administrative matters and procedures

The proceedings of the Committee will be conducted in accordance with provisions set out in Attachment 1.

8 Interaction with other Committees

The Committee will, in discharging its duties, seek to co-ordinate its activities with the Risk and Compliance Committee where appropriate. The Committee Chairman will liaise with the Chairman of the Risk and Compliance Committee on an ongoing basis to ensure that no material matter is overlooked by the two Committees.

9 Reporting

It is intended that a report of the actions of the Committee or a copy of the minutes of the Committee meeting or both will be included in the Board papers for the next Board meeting following a meeting of the Committee.

The Committee Chairman will, if requested, provide a brief oral report at the next Board meeting as to any material matters arising out of the Committee meeting. All directors may, within the Board meeting, request information from members of the Committee.

The Committee will, where appropriate, provide reports to the Risk and Compliance Committee and People and Remuneration Committee on matters relevant to the Committee's specific responsibilities that may be relevant to those Committee's duties and responsibilities.

10 Review

The Committee will, at least annually, review the Committee Charter and recommend any proposed amendments to the Board for approval.

Administrative matters and procedures

Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil the Committee's role. However, it is intended that the Committee will meet no less than quarterly.

Quorum

A quorum of the Committee will comprise any two members.

Chairman

If the Chairman of the Committee is unable to attend a Committee meeting, the members present may appoint another member who is an independent director to act as Chairman at that meeting.

Convening and notice of meeting

Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee.

Notice of Committee meetings will be given to every member of the Committee as well as non-executive directors who are not members of the Committee and such directors may attend Committee meetings. 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.

Non-committee members, including the MD & CEO, CFO, Chief Risk Officer, the EGM Internal Audit, the external auditor and other members of management may attend all or part of any meetings of the Committee at the invitation of the Committee Chairman.

Agenda and meeting materials

The Company Secretary will prepare an agenda for each Committee meeting for review by the Committee Chairman. Any member may require an item of business to be included on the agenda provided the Committee Chairman and the Company Secretary have been given prior notice.

The agenda and meeting materials for each Committee meeting will be issued to members and other attendees (as appropriate) within a reasonable timeframe prior to that meeting.

Circulating resolutions

The provisions of the Company's Constitution dealing with circulating resolutions apply to resolutions of the Committee.

Minutes

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee Chairman, be confirmed at the next Committee meeting and signed by the Chairman. All minutes of the Committee must be entered into a minute book maintained for that purpose and be open at all times for inspection by any director.