

SKYCITY ENTERTAINMENT GROUP LIMITED

AUDIT AND RISK COMMITTEE CHARTER LAST REVIEWED DECEMBER 2018

The Board of directors of SKYCITY Entertainment Group Limited has established a Committee of directors known as the Audit and Risk Committee. The objectives, composition, term of office, duties and responsibilities of the Committee are set out in this Charter and in the Board Charter to which this Committee Charter is attached as Schedule 4.

1. Objectives

- 1.1 The primary objective of the Committee is to assist the Board of directors in fulfilling its responsibilities relating to financial accounting and reporting, external and internal audit, tax planning and compliance, treasury, and risk management.
- 1.2 The Committee's responsibilities involve:
- ensuring the integrity of the company's internal and external financial reporting
 - ensuring the integrity of the company's financial management processes and systems
 - overseeing and appraising the quality and objectivity of the audits conducted by the company's internal and external auditors
 - ensuring the independence of the external auditor
 - subject to shareholder approval at the company's Annual Meeting, setting the fees for the external audit work
 - ensuring that the lead external audit partner is rotated not less than every five years
 - reviewing the extent and scope of non-audit services provided to the company 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
 - providing a formal forum for free and open communication between the Board, the internal and external auditors, and management
 - serving as an independent and objective party to review the financial information presented by management to shareholders, regulators and the general public
 - determining the adequacy of the company's administrative, operating, cashiering and accounting controls
 - reviewing and assessing the company's overall internal control environment and business assurance function
 - reviewing the company's risk management programme and the effectiveness of its risk management activities
 - ensuring that the company is in a state of readiness to maintain business continuity in the event of adverse circumstances
 - ensuring the company is appropriately insured to cover losses which may occur as a result of adverse circumstances.

2. Duties, Responsibilities, and Scope

The main responsibilities of the Committee are summarised below:

- financial statements and reports
- compliance with generally accepted accounting principles
- tax planning and compliance
- internal and external audit
- accounting policies and procedures
- expenditure authorities
- treasury policy and operations
- dividend policy
- risk management
- business continuity planning
- insurance coverage
- gaming regulatory compliance
- casino licensing
- stock exchange and company law compliance
- anti-money laundering compliance – Australia and New Zealand.

The duties and responsibilities of the Committee include but are not limited to the matters as set out under the following headings. The Committee is not responsible for monitoring and reporting to the Board on the management of health and safety, environmental and other critical safety issues, which matters are the responsibility of the Board.

2.1 Audit

- recommending to the Board the appointment of the external and internal auditors
- reviewing and approving the audit plans of the external and the internal auditors
- consulting with the auditors on any significant proposed regulatory, accounting or reporting issues and assessing the potential impact of such on the company's financial reporting processes
- evaluating the overall effectiveness of both the internal and external audit programmes through regular meetings with the internal and external auditors
- determining that no management restrictions are being placed upon either the external or internal auditors.

2.2 Financial Statements and Accounting Policies

- reviewing and approving all significant accounting policy changes
- reviewing the company's annual financial statements and the form and content of stock exchange financial reporting with the Chief Financial Officer, the external auditors, and the company's tax advisors and recommending acceptance and approved by the Board.

When conducting the review of the financial statements, the Committee considers the following matters:

- the underlying quality of the financial reporting as set out in the financial statements and the notes thereto
- 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 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 corporations law
- certification by the Chief Executive Officer and the Chief Financial Officer to the Board that the company's financial reports represent a true and fair view in all material respects of the company's financial position and operational results and are in accordance with relevant accounting standards, including that these certification statements are based on a comprehensive system of financial risk management and internal control and compliance procedures.

The procedures for Board sign-off of financial statements and the issue of representation letters to auditors will include written confirmation from the Chief Executive Officer and the Chief Financial Officer that the financial statements meet financial reporting requirements (including presenting a true and fair view of the company's financial position and operational results) and that all material matters have been disclosed.

2.3 Internal Control Environment and Internal Audit

- monitoring the company's internal control environment and assessing its adequacy. To receive and review a detailed summary of internal audit findings and the status of any corrective actions required
- evaluating the adequacy and effectiveness of the company's administrative, operating and accounting policies (internal control environment) through active communication with operating management, the internal and external auditors, and monitoring management's responses and actions to correct any noted deficiencies
- evaluating the company's potential exposure to fraud.

2.4 Risk Management, Business Continuity and Insurance

- reviewing and approving, on an annual basis, the company's risk management programme and business continuity plans
- evaluating the effectiveness of the company's risk management policies, practices and procedures
- reviewing, on an annual basis, the company's risk profile
- reviewing, on an annual basis, the activities undertaken to maintain the company's business continuity capability
- reviewing the company's insurance covers, including directors and officers and public liability insurance and recommending the annual renewal of policies to the Board.

2.5 General

- recommending to the Board the delegation of authority levels and limits within the business
- reviewing all financial reports to be released to the public, prior to their release
- recommending to the Board the dividend policy for the company and the dividends to be paid to shareholders
- monitoring the company's debt and interest position and overall cash and treasury management

- monitoring the company's tax position and areas of potential tax risk
- reviewing any regulatory reports submitted to the company and monitoring management's response to them
- receiving reports as appropriate, from the company's auditors
- identifying and directing any special projects or investigations deemed necessary
- reporting to the Board on the work performed by the Committee to fully discharge its duties during the year
- reviewing the company's gaming regulatory compliance (excluding compliance with host responsibility programmes which is a function of the Corporate Social Responsibility Committee)
- monitoring issues pertaining to the company's casino licences and its relationships with government licensing agencies in each of the company's gaming jurisdictions
Monitoring the company's compliance with New Zealand and Australian Stock Exchange Listing Rules and receives copies of any NZX, ASX, or Financial Markets Authority correspondence on any matters on which criticism of the company's activities has been expressed
- monitoring that the company is complying at all times with the New Zealand Companies Act and the Australian Corporations Law and any other commercial legislation which applies to the company's business operations in any relevant jurisdiction
- monitoring the company's compliance with anti-money laundering legislation in Australia and New Zealand
- attending to any other matter relating to the financial affairs of the company as would be appropriately dealt with by this Committee of the Board.

3. Composition

- 3.1 The Committee will be appointed by the Board and will comprise a minimum of three directors, all of whom will be non-executive and a majority of whom will be independent. Independence of directors is as defined in Schedule 2 of the Board Charter.
- 3.2 The Board appoints the chairperson of the Committee who shall be independent. The chairperson is appointed (or reappointed) at the first scheduled Board meeting after the Annual Meeting of shareholders in each calendar year. In the absence of the chairperson at any meeting of the Committee, the attending members shall elect one of themselves to chair the meeting. The chairperson of the Board may not also be the chairperson of the Committee.
- 3.3 Members of the Committee must be financially literate and one of the members must have financial expertise, including a knowledge and understanding of accounting rules and standards.

4. Meetings

- 4.1 The Committee holds at least three scheduled meetings in a financial year plus such additional meetings as the Committee shall decide are required in order to carry out its responsibilities.
- 4.2 The chairperson will call a meeting of the Committee if requested to do so by any Committee member, by the Chief Executive Officer, the Chief Financial Officer, the General Counsel, or the company's internal or external auditors.

- 4.3 The Chief Executive Officer attends each meeting of the Committee in an ex officio capacity.
- 4.4 The Chief Financial Officer attends meetings of the Committee to report on accounting policies, the company's financial statements, and tax matters.
- 4.5 The Group General Manager Risk attends meetings of the Committee to report on internal audits, the internal control environment, risk management and business continuity planning.
- 4.6 The Company Secretary acts as secretary of the Committee and is responsible, in conjunction with the chairperson, for drawing up the agenda and circulating it, supported by explanatory papers/reports to Committee members, prior to each meeting.
- 4.7 The Committee secretary records the minutes of meetings of the Committee and ensures that the minutes are circulated to all directors.
- 4.8 A quorum is a majority of members attending a meeting of the Committee.
- 4.9 The Committee meets with the internal and external auditors without management present, as a standing agenda item at each scheduled meeting of the Committee.
- 4.10 All directors have a standing invitation to attend any meetings of the Committee.
- 4.11 The chairperson of each meeting of the Committee will report back to the Board on the key points of discussion, the decisions taken, and the recommendations of the Committee, to the next scheduled meeting of the Board.

5. Decision-Making

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

6. Members' Powers and Authority

- 6.1 The Committee may delegate any of its responsibilities to the chairperson of the Committee or to a subset of its members, from time to time and on such conditions as the Committee considers appropriate.
- 6.2 The Committee is authorised to investigate any activity covered by its terms of reference.
- 6.3 The Committee has the authority of the Board to:
 - retain, terminate and consult with outside or other independent external advisers and experts at the company's expense
 - secure the attendance at meetings of external parties with relevant experience and expertisewhere the Committee deems it appropriate in order to fulfill its functions.

- 6.4 Committee members are not full time employees of SKYCITY. Committee members are entitled to rely on SKYCITY 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 may be inappropriate.

7. Access

- 7.1 The Committee shall have unlimited access to the company’s internal and external auditors and to senior management of the company.
- 7.2 The external and internal auditors, the Manager Security and Surveillance, the Group General Manager Risk, and the General Counsel will report directly to the Audit and Financial Risk Committee on any matter relevant to the Committee’s responsibilities under this Charter.

8. Accountability to the Board

- 8.1 The Board annually reviews this Charter and the Committee’s performance in terms of its responsibilities as set out in this Charter.

9. Disclosure

- 9.1 A copy of this Charter is maintained on the company’s website.

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