



**CanWest Global  
Communications Corp.**

## **AUDIT COMMITTEE CHARTER**

Date of original issue: January 29, 2004

Date of last amendment: July 15, 2004

## 1. **DEFINITIONS**

In this Charter the following terms have the meaning set out below.

**“Affiliated Entity”** A person or company is considered to be an Affiliated Entity of another person or company if one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or company, or the person or company is (i) both a director and an employee of an Affiliated Entity or (ii) an Executive Officer, general partner or management member of an Affiliated Entity.

**“Audit Services”** means the professional services rendered by the Corporation’s external auditor for the audit and review of the Corporation’s financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements.

**“Board”** means the Board of Directors of the Corporation.

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

**“Control”** means the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise.

**“Corporation”** means CanWest Global Communications Corp.

**“Director”** means an individual elected to the Board as a Director by shareholders at the annual meeting of shareholders of the Corporation or appointed to the Board.

**“Executive Officer”** of an entity means an individual who is (i) a chair of the entity; (ii) a vice-chair of the entity; (iii) the president of the entity; (iv) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production; (v) an officer of the entity or any of its Subsidiary Entities who performs a policy-making function in respect of the entity; or (vi) any other individual who performs a policy-making function in respect of the entity.

**“Financially Literate”** An individual is Financially Literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

**“Immediate Family Member”** means an individual’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the individual or the individual’s immediate family member) who shares the individual’s home.

**“Independent Director”** means a Director who has no direct or indirect material relationship with the Corporation.

**“Material Relationship”** means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member’s independent judgment and includes:

- (i) an individual who is, or has been, an employee or Executive Officer of the Corporation, unless the prescribed period has elapsed since the end of the service or employment;
- (ii) an individual whose Immediate Family Member is, or has been, an Executive Officer of the Corporation, unless the prescribed period has elapsed since the end of service or employment;
- (iii) an individual who is, or has been an Affiliated Entity of, a partner of, or employed by, a current or former internal or external auditor of the Corporation, unless the prescribed period has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;
- (iv) an individual whose Immediate Family Member is, or has been, an Affiliated Entity of, a partner of, or employed in a professional capacity by, a current or former internal or external auditor of the Corporation, unless the prescribed period has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;
- (v) an individual who is, or has been, or whose Immediate Family Member is or has been, an Executive Officer of an entity if any of the Corporation's current Executive Officers serve on the entity's compensation committee, unless the prescribed period has elapsed since the end of the service or employment;
- (vi) an individual who has a relationship with the Corporation pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any Subsidiary Entity of the Corporation other than as remuneration for acting in his or her capacity as a Member of the Board or any board committee, or as a part-time chair or vice-chair of the Board or any board committee or receives, or whose Immediate Family Member receives, more than \$75,000 per year in direct compensation from the Corporation, other than as remuneration for acting in his or her capacity as a Member of the Board or any board committee, or as a part-time chair or vice-chair of the Board or any board committee, unless the prescribed period has elapsed since he or she ceased to receive more than \$75,000 per year in such compensation; and
- (vii) an individual who is an Affiliated Entity of the Corporation or any of its Subsidiary Entities.

For the purposes of subclause (vi), the indirect acceptance by a person of any consulting, advisory or other compensatory fee includes acceptance of a fee by a person's spouse, minor child or stepchild, or a child or stepchild who shares the person's home or an entity in which such person is a partner, member, an officer such as a managing director occupying a comparable position or Executive Officer or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any Subsidiary Entity of the Corporation.

**“MD&A”** has the meaning ascribed to it in National Instrument 51-102.

**“Member”** means a Director.

**“National Instrument 51-102”** means National Instrument 51-102, *Continuous Disclosure Obligations*.

**“Non-Audit Services”** means services other than Audit Services.

**“prescribed period”** means the shorter of the period commencing on March 30, 2004 and ending immediately prior to the determination required herein and the three (3) year period ending immediately prior to the determination required herein.

**“Subsidiary Entity”** A person or company is considered to be a Subsidiary Entity of another person or company if (i) it is controlled by that other, or that other and one or more persons or companies each of which is controlled by that other, or two or more persons or companies, each of which is controlled by that other, or (ii) it is a Subsidiary Entity of a person or company that is the other’s Subsidiary Entity.

## 2. **OBJECTIVES**

The main objectives of the Committee are to:

- (a) assist the Board in meeting its responsibilities for identification of the principal risks of the business of the Corporation including financial, accounting and legal matters and for evaluating the internal systems and controls intended to manage such risks;
- (b) evaluate the accuracy and credibility of the financial reports prepared by management;
- (c) support and preserve the independence of the audit function;
- (d) provide effective oversight of the financial reporting process and to report regularly to the Board on its activities and findings;
- (e) recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation and the compensation of the external auditor;
- (f) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (g) pre-approve all Non-Audit Services to be provided to the Corporation or its Subsidiary Entities by the Corporation’s external auditor;
- (h) review the Corporation’s financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information;

- (i) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in paragraph (h), and must periodically assess the adequacy of those procedures;
- (j) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and
- (k) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

### **3. COMPOSITION**

- (a) The Committee shall be composed of not less than three Members, all of whom shall be Independent Directors and all of whom shall be Financially Literate. Notwithstanding the foregoing, a Member who is not Financially Literate may be appointed to Committee provided that the Member becomes Financially Literate within a reasonable period of time following his or her appointment.
- (b) Members shall serve for a one year term unless they resign, and may be reappointed to serve consecutive terms.
- (c) The Chair and the Secretary of the Committee shall be appointed by the Board.
- (d) The Committee shall meet at least four times per year and may meet more often if required.
- (e) A quorum at meetings of the Committee shall be two Members.
- (f) The Committee shall establish its own procedures, including the timing and place of meetings and such other procedures as it considers necessary or advisable.

The Chair of the Board and Chief Executive Officer, the Chief Financial Officer, and, if any, the President and Chief Operating Officer, shall be entitled to attend all meetings of the Committee unless they are requested by the Committee not to do so.

### **4. AUTHORITY**

The primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board. The Committee is a standing committee of the Board established to assist the Board in fulfilling its responsibilities in this regard.

The Committee shall have unrestricted direct access to the Corporation's personnel, documents, external auditors and internal auditors and will be provided with the resources necessary to carry out its responsibilities. The Committee shall have the authority to engage independent counsel and other advisers as it deems necessary to carry out its duties and to set and pay the compensation for any advisers so engaged. In carrying out

its mandate, the Committee's review of the various activities of the Corporation shall include such investigation, analysis and approval of such activities as it may consider necessary.

## **5. RESPONSIBILITIES**

The responsibilities of the Committee shall be:

### **(a) *ANNUAL FINANCIAL INFORMATION***

Review with management and, where appropriate, with the external auditors and recommend or report to the Board with regard to:

- the annual financial statements and the accounting policies, accounting judgements, accruals, estimates, material related party transactions and other matters relevant to their preparation.
- MD&A to be included in the Annual Report.
- other financial information to be included in the Annual Report.
- the Annual Information Form (AIF).
- the status of any material pending or threatened litigation.
- annual press releases.
- other matters in connection with the annual external audit including:
  - (i) the scope of the engagement and procedures to be followed
  - (ii) audit fees
  - (iii) an assessment by the external auditors of the quality and acceptability of the Corporation's accounting practices as applied in its financial reporting.

### **(b) *QUARTERLY REPORTS***

- Review and approve the process, including the degree of involvement of the external auditors, for the preparation of quarterly reports to ensure their accuracy and reliability.
- Review with management and with the external auditors and approve, prior to release, any quarterly report to shareholders (including the unaudited year-end financial results as part of the 4<sup>th</sup> quarter report).
- Review with management and recommend for adoption by the Board quarterly press releases.

### **(c) *OTHER PUBLIC DISCLOSURE DOCUMENTS***

- Review the process for the preparation of prospectuses and offering memoranda and other public disclosure documents to ensure their accuracy and reliability.

**(d) ACCOUNTING SYSTEMS AND INTERNAL CONTROLS**

- Advise the Board on the adequacy, accuracy, timeliness and reliability of financial reports and on the efficacy of internal accounting, auditing and management control procedures.

**(e) INTERNAL AUDIT**

- Review the resources, budget, reporting relationships and planned activities and results of the internal audit function.

**(f) LEGISLATIVE COMPLIANCE**

- Review compliance with withholding and other deductions, remittances requirements e.g. Income tax, Canada Pension Plan.

**(g) REPORTING**

- Report to the Board on the results of monitoring compliance with the Corporation's business conduct standards and potential conflicts of interest.
- Report, through the Chair, to the Board following each meeting of the Committee on the major items of discussion, decisions and recommendations made by the Committee.

**(h) DUE DILIGENCE**

- Report to the Board annually regarding receipt of certificates from management confirming compliance with:
  - (i) all required withholding, deductions and remittances
  - (ii) Corporate business conduct standards

**(i) INDEPENDENCE OF EXTERNAL AUDITORS**

- Obtain annually from the external auditors a formal written independence affirmation disclosing all relationships between them and their related entities and the Corporation and its related entities and engage in a dialogue with them if any disclosed relationship or service may impact their objectivity and independence.

**(j) APPOINTMENT AND FEES OF EXTERNAL AUDITORS**

- Review the performance of and service provided by the external auditors and make recommendation to the Board concerning the appointment and fees of external auditors for the ensuing financial year.

**6. OTHER**

- (a) Make recommendations to the Board relating to its responsibilities herein.
- (b) Annually review currency/appropriateness of the Charter and report to the Board in that regard.