

Audit and Risk Committee Charter

1. Introduction

The Charter outlines the roles, responsibilities and composition of the Audit and Risk Committee (Committee) of the Board of Sunwater and the manner in which it discharges its responsibilities for Sunwater and its subsidiaries (Group).

2. Purpose

The primary purpose of the Committee is to provide objective review and oversight across the Group for the:

- quality, adequacy and integrity of the company’s financial reporting,
- audit (internal and external) and associated assurance practices
- oversight across the Group for all categories of risk, setting risk appetite and ensuring an appropriate enterprise risk framework that supports well planned and resilient business operations

3. Role of the Committee

The role of the Committee is to assist the Board to discharge its responsibilities by making recommendations particularly with respect to the following areas:

- Taking a strategic view (the outputs) of the Group’s audit and assurance activities to support the Company’s strategy and business operations
- The accuracy and integrity of the Group’s financial reporting
- The oversight of the Group’s fraud and theft risks and associated fraud and theft control plans to adequately manage those risks
- Systems for the establishment and maintenance of internal controls in order to safeguard the Company's financial and physical resources
- Actions taken and delivered regarding external and internal audits.
- The oversight and governance of enterprise risks impacting the Group
- The design, implementation and operation of the Group’s Enterprise Risk Framework (ERF)
- Setting and monitoring the risk appetite and assessing the overall risk profile of the Group
- Monitoring the effectiveness of the Compliance Management Framework (CMF)
- Risk culture and behaviours.

The Committee is responsible for overseeing risk and risk-related activities of the Group, other than those that are reserved by the Board or delegated to other Board Committees or to the CEO under Board delegations.

4. Responsibilities of the Committee

The Committee is responsible for:

Financial Oversight Responsibilities

- a. Conducting a review as required of the effectiveness of the budget and forecasting and reporting processes used by management
 - b. Making recommendations to the Board on all matters concerning the financial management and financial position of the Group
 - c. Assessing the completeness and quality of financial information including annual financial statements being provided to the Board
 - d. Reviewing material accounting and reporting issues and providing assurance to the Board on their effect on the Company’s financial reports
 - e. Reviewing the processes and controls that support the opinions provided in the CEO and CFO certifications for the Group’s full-year financial reporting,
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	<p>and management’s report on internal controls over financial reporting processes, including the disclosures made</p> <ul style="list-style-type: none"> f. Reviewing the accounting policies and practices adopted by the Group g. Assessing whether the resources available for the Group’s finance function are adequate to ensure a high standard of record keeping and financial reporting h. Reviewing financial policies prior to them being recommended to the Board for approval.
Internal Controls and Assurance	<ul style="list-style-type: none"> a. Overseeing management’s design and implementation of the Group’s internal control framework and the processes for assessing the effectiveness of the Group’s internal controls b. Obtaining assurance from management, the Internal Auditor and the External Auditor on a periodic basis, and reporting to the Board, on the adequacy and effectiveness of the Group’s internal control framework and implementation of that framework c. Monitoring the timely resolution of significant internal control deficiencies identified by the Internal Auditor, the External Auditor, management or regulators
Internal Audit	<ul style="list-style-type: none"> a. Approving the appointment and the removal of Internal Audit staff and Co Source Partners. b. Approving the Internal Audit Charter c. Approving the Group’s annual internal audit plan, including any significant changes to it and overseeing progress against it d. Receiving regular reports on significant audit findings and the timeliness and adequacy of management’s responses and progress in resolving the outstanding significant audit findings e. Meeting with the Internal Audit team leadership without Management as required. f. Assessing, at least annually, the adequacy, independence, and effectiveness of Internal Audit function and providing feedback to the Internal Audit team.
External Audit	<ul style="list-style-type: none"> a. Making recommendations to the Board in relation to the terms of engagement and evaluation of the External Auditor. Noting that it is mandatory under Qld Government policy that QAO (or their subcontracted auditors) is the external auditor b. Liaising with the External Auditor concerning the external audit plan c. Reviewing the reports of the External Auditor and management responses to issues raised d. At least annually, reviewing with the External Auditor, without management present, the quality of the Company’s accounting and financial risk management policies and procedures e. Reviewing any findings and recommendations of the External Auditor

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Risk & Resilience Management

- a. Overseeing the design, implementation and operation of the Group’s Enterprise Risk Framework (ERF) (including key controls), and reviewing reports on the ERF so that it supports management to operate effectively within the risk appetite set by the Board
- b. Reviewing and recommending to the Board for approval of, and changes to, the Risk Appetite Statement (RAS)
- c. Monitoring, and reporting to the Board on the Group’s current and future risk profile as assessed against the RAS and the implications of such assessment for either varying risk limits or recommended management actions
- d. Monitoring, and reporting to the Board on new and emerging sources of risk and the controls and mitigating measures put in place to deal with those risks, and recommend referral of emerging risk to appropriate Board Committees and/or working groups
- e. Monitoring and reviewing issues that may impede the goals, objectives and performance of the company
- f. Receiving and reviewing reports from management or any Board Committee:
- g. On any significant breaches of, or material deviation from, the ERF
- h. On any material incident involving a break-down of risk controls, and
- i. Relating to the resolution of significant risk matters and incidents, and monitoring management’s remediation plans.
- j. Reviewing procedures for the effective identification and management of the Group’s financial and fraud risks
- k. Reviewing the process of developing and implementing the fraud control plan, to provide assurance that the Group has appropriate processes and systems in place to prevent, detect and effectively respond to fraud-related information
- l. Monitor the oversight of all enterprise risks. In doing so, the Committee recognises the responsibilities delegated to other Committees by the Board and acknowledges that the activities of other Committees may emphasise specific risk monitoring through their respective activities.
- m. Monitor and reviewing business resilience and continuity risk and processes.

Cyber Security Information Communication and Technology

- a. Monitor and if necessary, make recommendations to the Board in respect of the implementation of Sunwater’s Information Communication and Technology strategy;
- b. Receive information about technology and data trends and their implications for Sunwater; and
- c. Review and if necessary, make recommendations to the Board on the adequacy and effectiveness of Sunwater’s systems used to control cyber security risk and monitor compliance with cyber security legislation and regulation applicable to Sunwater’s and its assets.

Compliance

- a. Review and approve the Compliance Management Framework (CMF)



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	<ul style="list-style-type: none"> b. Evaluate the effectiveness of the CMF in identifying, monitoring and managing operational compliance with obligations that may impact the material risk types c. Review the implementation of compliance actions intended to proactively manage the impact of regulatory change on the Group’s operations d. Monitor the recovery and risk treatment plan for material compliance events e. Monitor risk management and compliance with legislative responsibilities in relation to Dam Safety f. Board Governance Documents review.
Insurance	<ul style="list-style-type: none"> a. Oversee the assessment and implementation of the Group’s insurance program having regard to insurance advice on the Group’s business needs and the insurable risks
Risk and Compliance Culture	<ul style="list-style-type: none"> a. Provide guidance to management on maintaining and evolving the risk and compliance culture having regard to the risk and compliance reporting available to the committee.

5. Interaction with Other Committees

- a. The Audit and Risk Committee Chair may liaise with the Chair of any other Board Committee in his or her discretion.

6. Membership

- a. The Committee shall consist of a least three directors appointed by the Board.
- b. At least one of the Committee members should have appropriate financial expertise and preferably be CPA or CA qualified.
- c. The Board may, subject to the consent of the shareholders, appoint outside experts to the Committee if it believes it is desirable to do so.
- d. Committee members shall be appointed by the Board for such term as the Board considers appropriate.
- e. The Chair of the Committee shall be appointed by the Board and the Chair of the Sunwater Board is ineligible to be appointed Committee Chair but may be an appointed member of the Committee.
- f. Membership of the Committee expires if the relevant person ceases to be a Sunwater Director.
- g. Remuneration for Committee members and the Committee Chair is as determined by the shareholding Ministers
- h. All members of the Board, not formally appointed to the Committee, have a standing invitation to receive meeting material and attend meetings of the Committee.
- i. The CEO, CFO, Company Secretary, Internal Auditor and representatives of the Queensland Audit Office have standing invites to attend Committee meetings but not as members of the Committee. Other senior executives and senior staff may also attend Committee meetings as considered appropriate by the CEO and with the agreement of the Committee Chair.

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7. Access and Advice

- a. The Committee will have free and unfettered access to the CEO and the CEO's direct reports, any other relevant internal and external party and information, and may make any enquiries necessary to fulfil its responsibilities.
- b. The Internal Audit team has a direct reporting line to the Committee, while maintaining an administrative reporting line to the Company Secretary.
- c. The Committee may obtain independent advice at Sunwater's expense, including by engaging and receiving advice and recommendations from appropriate independent experts with prior approval of the Board Chair and in consultation with the CEO.

8. Meetings and Procedures

The following shall apply regarding Committee meetings.

- a. The quorum for meetings shall be a minimum of two members.
- b. If the Committee Chair is absent from any meeting of the Committee, the members of the Committee present will appoint a Chair for that meeting.
- c. The Committee Chair is required to call a meeting of the Committee if requested to do so by the Board or not less than two Committee members.
- d. In accordance with its role and responsibilities outlined in this document, the Committee should determine its own agenda.
- e. There is no formal voting procedure given the Committee doesn't have delegated decision-making authority. However, dissenting views of Committee members will be recorded in the minutes of the Committee meeting and reported by the Committee Chair to the Board.
- f. The Committee will meet at least four times per year and at such additional times as the Committee considers necessary.
- g. Agendas and other papers for Committee meetings will be provided to Committee members at least five business days prior to the date set for the relevant Committee meeting.
- h. The Committee shall prepare an annual calendar outlining standard activities and events to be undertaken by the Committee each year.

9. Conflicts of Interest

The Directors' & Executives' Conflict of Interest Procedure applies to all proceedings of the Committee. In accordance with that policy, Committee members and Executives attending the meeting are required to declare any interests that could constitute an actual, potential or perceived conflict of interest with respect to their participation or attendance at the Committee. Such declarations must be made on a member's appointment to the Committee and in relation to specific agenda items at the outset of each Committee meeting.

10. Secretary

The Company Secretary will be the secretary of the Committee and is responsible for:

- a. In consultation with the Committee Chair, coordinating and sending notices of meetings and agendas to Committee members, and
- b. Recording and keeping minutes of Committee meetings and attending to the preparation, distribution and confirmation of other Committee papers as required.

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- c. The Company Secretary may, with the approval of the Board, appoint a Committee Secretary, to undertake these duties.

11. Reporting

Minutes of Committee meetings shall be included in the Board papers for the next subsequent Board meeting.

A report from the Committee Chair outlining recommendations to the Board from the Committee will be prepared by the Committee Chair and be included in the next subsequent Board meeting.

12. Review

The Committee shall review at least every two years the Committee’s performance assessed against its role and responsibilities.

From time to time, the Board may review the structure, role and performance of Board Committees and make such changes as it considers desirable.

13. Approval and Review Details

Owner:	Board	Issue Date:	February 2023
SME:	Company Secretary	Next Revision Date:	February 2025

