

1. Purpose

The Audit, Finance and Risk Committee (the “Committee”) of the SunWater Board assists the Board in fulfilling its responsibilities for oversight of the quality, adequacy and integrity of the company’s finance, audit (internal and external) and risk management practices.

2. Role

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

- Taking a strategic view of the Company’s governance, risk and assurance activities to support the Company’s strategy mitigation of strategic and material business risks and its business operations
- The accuracy and integrity of the Company’s financial reporting
- Systems for the establishment and maintenance of internal controls in order to safeguard the Company’s financial and physical resources
- Action taken regarding external audits
- Systems and procedures to support the Company’s compliance with relevant statutory and regulatory requirements, and
- Financial and non-financial strategic and material business risks arising from the Company’s operations and the adequacy of measures taken to manage those risks.

The Committee’s responsibilities are further outlined in **Attachment A**.

The Committee is to act as a forum by which members can maximise their contributions to Board deliberations.

3. Membership

The following shall apply regarding Committee membership.

- The Committee shall consist of a least three directors appointed by the Board. At least one of these members should have appropriate financial expertise
- Committee members shall be independent, non-executive directors
- The Board may, subject to the consent of the shareholding Ministers, appoint outside experts to the Committee if it believes it is desirable to do so
- Committee members shall be appointed by the Board for such term as the Board considers appropriate
- The Chairman of the Committee shall be appointed by the Board but shall not be the Chairman of the Board
- Remuneration for Committee members and the Committee Chairman is as determined by the shareholding Ministers.

All members of the Board, not formally appointed to the Committee, have a standing invitation to attend meetings of the Committee.

The CEO, CFO and GM Governance, Risk and Assurance will normally be invited to attend Committee meetings but not as a member of the Committee. Other senior staff may also attend Committee meetings as considered appropriate by the CEO and with the agreement of the Committee Chairman.

Committee members’ appointments should be staggered so that a core of experienced members is retained.



4. Authority

Unless expressly delegated by the Board, the committee does not have decision-making powers but acts on the direction of, and makes recommendations to, the Board.

The Committee has the authority to:

- Require members of the Company’s management to attend meetings and provide advice or information
- Access the Company’s documents and records, and
- Meet with and discuss issues and QAO and internal audit providers.

5. Meetings and Procedures

The following shall apply regarding Committee meetings:

- The quorum for meetings shall be a minimum of two members
- If the Committee Chairman is absent from any meeting of the Committee, the members of the Committee present will appoint a Chairman for that meeting
- The Committee Chairman is required to call a meeting of the Committee if requested to do so by the Board or not less than two Committee members
- In accordance with its role and responsibilities outlined in this document, the Committee should determine its own agenda
- 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 Chairman to the Board
- The Committee will meet at least four times per year and at such additional times as the Committee considers necessary
- 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

The Committee shall prepare an annual board calendar outlining standard activities and events to be undertaken by the Committee each year.

6. Conflicts of Interest

The *Directors’ and Executives’ Conflict of Interest Policy* 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 a Committee meeting. 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.

7. Secretary

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

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

8. Relationships

Internal Audit

The Committee will act as a forum for overseeing the planning, monitoring and reporting processes regarding internal audit including recommending to the Board an appropriate annual internal audit plan. This process will form part of

the governance processes that ensure that internal audits assist the Committee with assurance that internal controls are working effectively and are value adding to the business.

The firm or person undertaking internal audits will have a standing invitation to attend Committee meetings.

External Audit

The Committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken but will act as a forum for the discussion of external audit findings and will consider these findings in the context of the views of management.

Representatives of the Company’s External Auditor will have a standing invitation to attend Committee meetings.

At any time at the request of the External Auditor and at least once per annum, the Committee will meet with the External Auditor absent management.

9. Reporting

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

Recommendations to the Board from the Committee will also be included in the next subsequent Board meeting as an agenda item.

The Committee Chairman shall provide a verbal report to the Board on the Committee's activities and outline the Committee’s recommendations to the Board.

10. Review

The Committee shall review at least every two years:

- This Charter, and
- The Committee’s performance assessed against its role and responsibilities.

Any recommended changes should be presented by the committee to the Board for approval.

A Board performance evaluation may specifically include an evaluation of the Committee.

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

11. Approval and review details

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SME:	Company Secretary	Next revision date:	November 2021	Ref No (review):	BOD POL 02 (v3)

12. Attachment A | Audit, Finance and Risk Committee Responsibilities**Financial Oversight Responsibilities**

- Conduct a review of the effectiveness of the budget and forecasting and reporting processes used by management
- Make recommendations to the Board on all matters concerning the financial management and financial position of the Company
- Review the annual financial statements prior to Board approval
- Review significant accounting and reporting issues and understand their effect on the Company's financial reports
- Review the accounting policies and practices adopted by the Company
- Assess whether the resources devoted to the Company's finance function are adequate to ensure a high standard of record keeping and financial reporting
- Review financial policies prior to them being approved by the Board
- Assess matters relating to ethics and integrity across the Company (with the exception of workplace grievances and employee misconduct which is monitored by the Remuneration Committee) including the efficiency of the Code of Conduct

Internal Controls and Assurance

- Make recommendations to the Board in relation to the terms of engagement and evaluation of the Internal Auditor
- Consider the effectiveness of the Company's internal control system including information technology security and control
- Review and recommend that the Board approve the internal audit plan
- Review significant findings of internal audits and actions proposed by management

External Audit

- Make recommendations to the Board in relation to the terms of engagement and evaluation of the external auditor
- Liaise with the external auditors concerning the external audit plan
- Review the reports of the External Auditor and management responses to issues raised
- At least annually, review with the External Auditor, without management present, the quality the Company's accounting and financial risk management policies and procedures
- Review any findings and recommendations of the External Auditor
- Assess the completeness and quality of financial information being provided to the Board
- Compliance
- Assess the adequacy of the Company's Compliance and Policy Management Framework to monitor and ensure compliance with laws, regulations, GOC policies, shareholding Minister directions and notifications
- Assess the adequacy of the Company's system to manage and monitor its contractual obligations
- Review the findings of any examinations by regulatory agencies



- Obtain regular updates from management about compliance matters
- Review the Company's compliance with applicable accounting standards and legislation in the preparation of financial reports.

Risk Management

- Take a holistic view of the Company's governance, risk and assurance system so they are adequate to support the Company's strategy and operations and escalate any concerns to the Board
- Review and recommend to the Board matters that the Committee views as a strategic or material business risk
- Review strategic and material business risks in the context of whether they are within the Board's risk appetite and provide recommendations to the Board
- Review the Company's risk profile (financial and non-financial) to ensure that the Board and management have a shared understanding of the Company's risks and tolerance levels
- Review and assess the adequacy of the Company's risk management policy and framework with respect to the identification and management of strategic and material business risks to the Company, and the mechanisms by which risk issues are reported to the Board
- Review and discuss reports on strategic and material business risks
- Review the Company's insurance strategy.

