1. Purpose

The purpose of Sunwater's Internal Audit function is to strengthen the organisation's ability to create, protect and sustain value by providing independent, risk-based and objective assurance, advice, insight and foresight on the effectiveness of governance, risk management and internal control processes.

2. Mandate and Charter

The Internal Audit function is established under the authority of the Sunwater Audit and Risk Committee (ARC).

This Charter establishes the Internal Audit function's mandate, authority, organisational position, reporting relationships, scope of work, and types of services, and defines the roles and responsibilities necessary for the function to operate effectively and in alignment with the Global Internal Audit Standards.

3. Organisational Position and Reporting Relationships

The Chief Audit Executive (CAE) is responsible for managing the Internal Audit function and ensuring its alignment with the Global Internal Audit Standards.

At Sunwater, the CAE role is performed by the Company Secretary. The CAE reports:

- Functionally for internal audit operations (in accordance with the ARC Charter) to the ARC through the Chair; and
- Administratively to the Chief Executive Officer (CEO).

The CAE has free and unrestricted access to the Chair and members of the ARC and may meet with the ARC without management present.

4. Authority and Access

All Internal Audit work is undertaken under the authority of the ARC.

The ARC authorises internal audit staff and service providers to:

- have full, free, and unrestricted access to all functions, records, systems, property, and personnel relevant to the performance of Internal Audit work, subject to accountability for confidentiality and safeguarding of records and information;
- allocate resources, set frequencies, select subjects, determine scope, apply techniques, and issue reports in order to fulfil the approved Internal Audit Plan and this Charter; and
- obtain assistance from Sunwater personnel and engage specialist expertise where necessary to perform Internal Audit services.

The Internal Audit position within Sunwater and detailed roles and responsibilities for the audit function are provided in the Internal Audit Procedure.

5. Independence, Objectivity and Safeguards

The Internal Audit function will be positioned and operated so that it can perform its responsibilities independently and objectively, and free from interference in determining the scope of internal audit work, performing engagements, and communicating results.

Internal auditors must maintain objectivity and must promptly disclose any actual, potential or perceived conflict of interest or impairment to independence or objectivity. Where relevant, the nature of impairment, its impact and the proposed safeguards will be documented and communicated to the ARC.

Internal audit will not undertake assurance engagements for specific operations or activities for which the CAE or an internal auditor had responsibility within the previous 12 months, unless appropriate safeguards are implemented and approved by the ARC.

The CAE will confirm the organisational independence of the Internal Audit function to the ARC at least annually.

6. Nature and Scope of Internal Audit Activities

The Internal Audit function provides independent assurance and advisory services designed to evaluate and improve the effectiveness of governance, risk management and internal control processes.

The nature and scope of internal audit activities extend across Sunwater's operations, programs, systems, and governance arrangements. It is not restricted to any specific function or activity and may include reviews of any operations, programs, system or entity within Sunwater's authority, including subsidiary, controlled and associated entities, where applicable.

Internal audit provides a range of assurance and advisory services, which may include:

- audits with a compliance, financial or operational/performance focus;
- management-requested services in response to issues or emerging risks;
- multi-stage reviews at key project milestones; and
- continuous auditing of controls using technology.

Assurance Servies comprise independent and objective assessments designed to provide assurance on the effectiveness of governance, risk management and control processes.

Advisory Services are provided to support stakeholders through advice, insight or facilitation without providing assurance or assuming management responsibility. The nature and scope of advisory services will be agreed with the relevant stakeholders.

Where opportunities to improve governance, risk management, or control processes are identified during an engagement, these will be communicated to the appropriate level of management.

7. Roles and Responsibilities

Role	Responsible For
Audit and Risk Committee	• Approving the Internal Audit Charter • Approving the risk-based Internal Audit Plan, including any significant changes to the Plan • Approving the Internal Audit budget and resource plan • Approving the appointment and removal of the CAE • Assessing CAE performance • Overseeing significant co-sourced or outsourced Internal Audit arrangements, where relevant • Receiving regular reports on significant Internal Audit findings, themes, opinions and the status of management actions • Making appropriate inquiries of management and the CAE regarding any inappropriate scope or resource limitations • Meeting with the CAE without management present, as required • Assessing, at least annually, the adequacy, independence, quality and effectiveness of the Internal Audit function
Chief Audit Executive	• Managing the Internal Audit function in accordance with this Charter and aligned to the Global Internal Audit Standards • Developing a risk-based Internal Audit Plan for approval by the ARC • Implementing the approved Internal Audit Plan and reporting progress against the Plan • Seeking to resolve disagreements with management relating to scope, access, findings, agreed actions or reporting of results and, where unresolved or likely to impair the Internal Audit function's mandate, independence or delivery of the approved Internal Audit Plan, escalating the matter to the ARC

Role	Responsible For
	• Communicating significant risk exposures, control issues, governance issues, fraud risks, and other matters requiring the attention of the ARC. • Escalating any management response to risk that may be unacceptable to Sunwater. • Maintaining effective relationships with the ARC, management, external audit, and other assurance providers • Establishing and maintaining a Quality Assurance and Improvement Program (QAIP) • Evaluating the sufficiency of Internal Audit resources and advising the ARC of the impact of any shortfall and options to address it • Providing an annual report to the ARC on the performance, independence, quality and overall effectiveness of the Internal Audit function • summarise work and achievements for the year to demonstrate value delivered, and to provide an opinion on the overall state of internal controls and systemic issues identified.
Management	Management will support the Internal Audit function in fulfilling its mandate and operating in accordance with this Charter and aligned to the Global Internal Audit Standards. Management is responsible for: • Supporting the organisational independence, standing and effectiveness of the Internal Audit function • Implementing the ARC decision relating to the Internal Audit function • Providing timely access to personnel, information, systems, premises and records required for Internal Audit to perform its work • Ensuring the CAE is informed of significant risks, control issues, suspected fraud, major projects, regulatory matters and material business changes relevant to the Internal Audit Plan • Considering Internal Audit and agreed management actions in a timely manner and agreeing accountabilities and implementation timeframes • Establishing and maintaining effective governance, risk management and internal control processes, noting that Internal Audit does not assume management responsibility for these activities

8. Resourcing and Delivery Model

The ARC approves the Internal Audit budget and resource plan and oversees whether the Internal Audit function has sufficient resources to fulfil its mandate and deliver the approved Internal Audit Plan.

The CAE is responsible for evaluating whether financial, human and technological resources are sufficient to fulfil the Internal Audit mandate and deliver the approved Internal Audit Plan. Where resources are insufficient, the CAE will inform the ARC of the impact of the shortfall and provide options to address it.

Internal Audit may operate through a flexible resourcing model, including in-house, co-sourced and outsourced arrangements, having regard to the nature, scale and complexity of Sunwater’s risks, the objectives and scope of engagements, and the skills and capabilities required.

Where external service providers are engaged to deliver all or part of the Internal Audit Plan, the CAE remains accountable for the Internal Audit function’s conformance with the Global Internal Audit Standards and for ensuring that the services provided are subject to appropriate direction, supervision, quality assurance and performance monitoring.

External service providers will be engaged to in accordance with Sunwater’s procurement, delegation and probity requirements. Roles, responsibilities, methodologies, quality requirements and reporting expectations will be clearly defined in the relevant contract or service agreement.

9. Relationship with Other Assurance Activities

Sunwater adopts an integrated assurance approach consistent with the IIA Three Lines Model to support effective governance, risk management and internal control. Under this model:

- First line – Management is responsible and accountable for achieving objectives and for identifying, assessing, managing and monitoring risks, including designing, implementing and operating effectiveness of controls.
- Second line – risk, compliance and other oversight functions provide complementary expertise, support, monitoring and challenge to assist management in managing risk and maintaining effective control processes.
- Third line - Internal Audit provides independent and objective assurance and advisory services on the adequacy and effectiveness of governance, risk management and control processes, including the effectiveness of first and second line activities.

To support appropriate assurance coverage across Sunwater, the CAE will establish and maintain effective working relationships with the external auditor and other internal and external assurance providers. Internal Audit will share information, coordinate activities where appropriate, and consider reliance on the work of other assurance providers to improve assurance coverage, avoid unnecessary duplication and promote an efficient integrated assurance approach.

In determining whether reliance may be placed on the work of another assurance provider, the CAE will consider the provider's independence, objectivity, competency, due professional care, and the scope, objectives and results of the work performed. Where reliance is placed on the work of others, the CAE remains accountable for Internal Audit conclusions and opinions

Internal Audit may, with the approval of the CAE, provide the external auditor and other assurance providers with access to relevant Internal Audit plans, reports and selected workpapers where this supports coordination, reliance and efficient assurance coverage. Such access will be subject to Sunwater's confidentiality, legal, contractual and information governance requirements.

10. Confidentiality and Information Use

All records, documentation and information accessed while undertaking Internal Audit work will be used solely for the performance of the Internal Audit activities and will be protected in accordance with Sunwater's confidentiality, legal and information governance requirements.

Internal Audit personnel and service providers are responsible and accountable for maintaining the confidentiality of the information they receive during their work.

All internal audit documentation and work papers remain the property of Sunwater, including where Internal Audit services are provided by external service providers.

11. Quality Assurance and Improvement Program

The CAE will establish and maintain a quality assurance and improvement program that covers all aspects of the Internal Audit function, including services delivered through the co-sourced and outsourced arrangements.

The quality assurance and improvement program will evaluate the Internal Audit function's alignment with the Global Internal Audit Standards and assess the efficiency, effectiveness and continuous improvement of the function.

The CAE will communicate the results of the quality assurance and improvement program, including internal and external assessments, to the ARC at least annually.

An external quality assessment will be undertaken at least once every five years by a qualified, independent assessor or assessment team from outside Sunwater.

12. Compliance with Values

The activities of Internal Audit are always conducted in accordance with the values of Sunwater. Work of Internal Audit and the results of each audit shall remain confidential to Sunwater and will not be disclosed to third parties unless at the consent of the CAE and/or ARC.

13. Related Legislation and Documents

- Audit and Risk Committee Charter
- *Corporations Act 2001* (Cth)
- Internal Audit Action Close Out Process Guideline
- International Professional Practices Framework, including the Global Internal Audit Standards (2024) and Topical Requirements
- Sunwater Internal Audit Procedure

14. Definitions

Defined Term	Explanation
Assurance	Statement intended to increase the level of stakeholders' confidence about Sunwater's governance, risk management, and control processes over an issue, condition, subject matter, or activity under review when compared to established criteria.
Assurance services	Services through which internal auditors perform objective assessments to provide assurance aligned with the internal audit plan. These assessments are aligned with the internal audit plan. Special audits may also be commissioned in response to specific incidents or concerns.
Chief Audit Executive (CAE)	The leadership role responsible for effectively managing all aspects of the internal audit function and ensuring the quality performance of internal audit services. At Sunwater, the CAE role is performed by the Company Secretary.
Competency	Knowledge, skills, and abilities.
Conflict of interest	A situation, activity, or relationship that may influence, or appear to influence an internal audit's ability to make objective professional judgments or perform responsibilities objectively.
Engagement	A specific internal audit assignment or project that includes multiple tasks or activities designed to accomplish a specific set of related objectives. See also "assurance services" and "advisory services."
Fraud	Any intentional act characterised by deceit, concealment, dishonesty, misappropriation of assets or information, forgery, or violation of trust perpetrated by individuals or organisations to secure unjust or illegal personal or business advantage.
Governance	The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of Sunwater toward the achievement of its objectives.
Independence	The freedom from conditions that may impair the ability of the internal audit function to carry out internal audit responsibilities in an unbiased manner.
Integrity	Behaviour characterised by adherence to moral and ethical principles, including demonstrating honesty and the professional courage to act based on relevant facts.

Defined Term	Explanation
Internal audit function	A professional individual or group responsible for providing Sunwater with assurance and advisory services.
Internal audit plan	A document, developed by the chief audit executive, that identifies the engagements and other internal services anticipated to be provided during a given period. The internal audit plan will be risk-based, aligned with Sunwater's objectives, and dynamically updated to reflect changes in risk.
Internal auditing	An independent, objective assurance and advisory service designed to add value and improve Sunwater's operations. It helps Sunwater accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.
Objectivity	An unbiased mental attitude that allows internal auditors to make professional judgments, fulfill their responsibilities, and achieve the Purpose of Internal Auditing without compromise.
Quality assurance and improvement program	A program established by the CAE to evaluate and ensure the internal audit function conforms with the Global Internal Audit Standards, achieves performance objectives, and pursues continuous improvement. The program includes internal and external assessments.

15. Creation, Review and Approval

This Charter will be reviewed biannually or when a significant change occurs, with any changes endorsed and approved by the Audit and Risk Committee.

Owner	Audit and Risk Committee	Effective Date	June 2026
eDMS	4088263	Next Review Date	June 2028