

1. Introduction

The Charter outlines the roles, responsibilities, and composition of the Audit 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 assurance practices

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 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 risk and fraud control plans to manage those risks
- Systems for the establishment and maintenance of internal controls in order to safeguard the Company's financial and physical resources
- Action taken regarding external and internal audits.

4. Responsibilities

The Committee is responsible for:

Role	Responsible For
Financial Oversight Responsibilities	<ul style="list-style-type: none"> • Conducting a review of the effectiveness of the budget and forecasting and reporting processes used by management • Making recommendations to the Board on all matters concerning the financial management and financial position of the Group • Assessing the completeness and quality of financial information including annual financial statements being provided to the Board • Reviewing significant accounting and reporting issues and understanding their effect on the Company’s financial reports • Reviewing the processes and controls that support the opinions provided in the CEO and CFO certifications for the Group’s half-year and full-year financial reporting, and management’s report on internal controls over financial reporting processes, including the disclosures made • Reviewing the accounting policies and practices adopted by the Group • Assessing whether the resources devoted to the Group’s finance function are adequate to ensure a high standard of record keeping and financial reporting • Reviewing financial policies prior to them being approved by the Board
Internal Controls and Assurance	<ul style="list-style-type: none"> • 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 • 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

Role	Responsible For
	<ul style="list-style-type: none"> Monitoring the timely resolution of significant internal control deficiencies identified by the Internal Auditor, the External Auditor, management, or regulators Providing information to the Risk Committee in relation to any significant internal control matter where the control is inadequate or has not operated, or is not operating as intended, and could have a significant impact on the Group's risk profile, including the Enterprise Risk Framework and the Group's risk appetite
Internal Audit	<ul style="list-style-type: none"> Approving the appointment and the removal of the GM Governance, Risk and Assurance and the Senior Internal Auditor Approving the Internal Audit Charter Approving the Group's annual internal audit plan, including any significant changes to it and overseeing progress against it Receiving regular reports from GM Governance, Risk and Assurance and Senior Internal Auditor on significant audit findings and the timeliness and adequacy of management's responses and progress in resolving the outstanding significant audit findings Assessing, at least annually, the adequacy, independence, and effectiveness of Internal Audit function and providing feedback to the GM Governance, Risk and Assurance
External Audit	<ul style="list-style-type: none"> Making recommendations to the Board in relation to the terms of engagement and evaluation of the external auditor Liaising with the external auditors concerning the external audit plan Reviewing the reports of the External Auditor and management responses to issues raised 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 Reviewing any findings and recommendations of the External Auditor Reviewing the independence of the External Auditor
Risk Management	<ul style="list-style-type: none"> Reviewing procedures for the effective identification and management of the Group's financial and fraud risks 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 Considering, and reporting to the Risk Committee, any financial and/or internal control matter relevant to the Company's financial position Considering, and reporting to the Culture Committee, any financial and/or internal control matter relevant to the determination of variable remuneration outcomes for the CEO and the CEO's direct reports
Committee Performance	<ul style="list-style-type: none"> Through the Committee Chairman, undertake an annual review of Committee performance
Secretary	<p>The Company Secretary will be the secretary of the Committee and is responsible for:</p> <ul style="list-style-type: none"> In consultation with the Committee Chairman, coordinating 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. The Company Secretary may, with the approval of the Board, appoint a Committee Secretary, to undertake these duties.



5. Interaction with Other Committees

There are certain responsibilities that should be excluded from the Audit Committee and performed by other Committees of the Board.

However, matters relating to such responsibilities could assist the Audit Committee in its decision-making process on matters for which it is responsible. Similarly, matters relating to the responsibility of the Audit Committee could assist other Committees in their decision-making process for matters for which they are responsible.

Accordingly, the Audit Committee Chairman may liaise with the Chairman of any other Board Committee in his or her discretion. For example: The Audit Committee Chairman may liaise with the Risk Committee Chairman to assist the Audit Committee in its review of the Company’s internal control risks or to organise and conduct joint meetings of the two committees on topics of common interest.

To maintain clarity of roles and to avoid conflict, certain responsibilities of the Audit Committee and the other Board Committees are set out in the table below:

Responsibility	Accountable	Informed
Oversight of quality and integrity of financial statements	Audit	Risk
Oversight of compliance with legal, tax and financial regulatory requirements	Audit	Risk
Oversight of auditor qualifications and independence	Audit	Risk
Oversight of the performance of the internal audit function	Audit	Risk
Assessing the internal process for determining and managing fraud and theft risk and testing the integrity of the fraud control plan	Audit	Risk
Oversight of Effectiveness of CMF	Risk	Audit
Oversight of effectiveness of the ERM framework including: <ul style="list-style-type: none"> • Strategic and operational risks • Project risks • Dam safety risks • Information security risks • Reputational risks 	Risk	Audit
Oversight of HSE risks	Safety and Culture	Risk
Oversight of environmental and sustainability risks	Safety and Culture	Risk
Oversight of attraction and retention risks	Safety and Culture	Risk
Oversight of customer risks	Safety and Culture	Risk

6. Membership

- The Committee shall consist of a least three directors appointed by the Board all of whom should be independent, Non-executive Directors.
- At least one of the Committee members should have appropriate financial expertise and preferably be CPA or CA qualified.

- A member of the Audit Committee should also be a member of the Risk Committee to assist with the flow of relevant information between the two Committees.
- 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
- 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 and must not be the Chairman of the Board.
- Committee members' appointments should be staggered so that a core of experienced members is retained.
- 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 receive meeting material and attend meetings of the Committee.
- The CEO, CFO, GM Governance Risk and Assurance, Senior 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 Chairman.

7. Access and Advice

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.

The GM Governance Risk and Assurance has a direct reporting line to the Committee, while maintaining an administrative reporting line to the Company Secretary. Consequently, the Governance, Risk and Assurance function reports directly to the Committee through the Committee Chairman.

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 Chairman and in consultation with the CEO.

8. 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 three 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 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. Reporting

- Minutes of Committee meetings shall be included in the Board papers for the next subsequent Board meeting.
- A report from the Committee Chairman outlining recommendations to the Board from the Committee will be prepared by the Committee Chairman and be included in the next subsequent Board meeting.

11. Review

- The Committee shall review at least every two years:
 - This Charter, and
 - The Committee’s performance assessed against its role and responsibilities
- Any outcomes from this review should be referred 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.

12. Approval and Review Details

Owner:	Board	Issue Date:	March 2021	Document No:	2605344
SME:	Company Secretary	Next Revision Date:	March 2023	Reference No:	BOD POL 11