

## RISK COMMITTEE CHARTER

The Risk Committee is constituted as a committee of the Board of CS Energy Limited. The Risk Committee Charter outlines the role and responsibilities as well as the composition and meeting requirements of the Committee as set out below.

### Role of the Committee

The primary role of the Risk Committee is to provide independent oversight and make recommendations to the Board for its consideration and approval. The Committee's role is to ensure that Management has:

- Implemented an effective policy and plan for managing risk that will ensure the Company achieves its objectives. This covers both enterprise risk and market and trading risk associated with the sale of electricity; and
- Disclosure regarding risk is comprehensive, timely and relevant.

This shall include providing oversight across the company for all categories of risk as well as the Company's risk control processes and reporting systems, which collectively identify and manage risk and ensure compliance with policies, procedures and legal obligations.

### Duties and Responsibilities

To achieve this primary role the Committee will undertake the following tasks within the delegations set out in this Charter:

#### Risk Management Policy

- Oversee the development of the Risk Management Policy and recommend for approval to the Board;
- Oversee the development and management of the Market Risk Policy and the Market Risk Committee and make appropriate recommendations to the Board;
- Make recommendations to the Board concerning the levels of risk tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the Board;
- Ensure that appropriate frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks, including Energy and Trading risks; and
- Conduct an annual review and report to the Board on the adequacy, appropriateness and effectiveness of the Company's risk management systems and processes for identifying, assessing, monitoring and managing key risk areas and implementation.

#### Risk Management Process and Reporting

- Monitor how Management has implemented the Risk Management Policy and the Market Risk Policy within the business using risk management systems and processes;
- Ensure the process for identifying new risks remains current and occurs regularly;
- Ensure that Management considers and implements appropriate risk treatment responses;
- Review reporting concerning risk management to ensure it is timely, comprehensive and relevant; and
- Ensure that Management has implemented and is providing appropriate oversight of risk management functions related to risk emanating from subsidiary companies activities.

#### Consultation

- Oversee the operation and reporting of the Market Risk Committee, and provide direction and guidance on the management of Energy and Trading risks for consideration by that management committee;
- Oversee the operation and reporting of the Risk and Compliance Committee and provide direction and guidance on the management of enterprise risk for consideration by that management committee;

- Liaise closely with other Board sub-committees (Audit Committee, People and Safety Committee and Major Capital and Technical Committee) to exchange information relevant to risk management; and
- Maintain, through regular meetings a forum for communication between members of the Committee, Executive Management Team, the Chief Executive and key risk representatives as to the progress of nominated risk treatment plans.

### **Other Responsibilities**

- Ensure that Management maintain an insurance program that appropriately addressed those risks that cannot be treated by transferring them to the insurance market;
- Ensure that Management has implemented and is providing appropriate oversight of the company's legal and regulatory compliance processes including compliance by subsidiary companies;
- Review issues raised by the External Auditor or Internal Audit that impact the risk management framework or the Company's management of risk; and
- Direct any special investigations deemed necessary and obtain independent advice where considered necessary to carry out these duties and rely upon this advice.

### **Composition**

The Risk Committee will comprise at least 3 Directors of CS Energy Limited. The Committee shall elect a Chairperson from amongst the members.

### **Term of Membership**

The term of membership shall endure whilst each member remains a Director of CS Energy.

### **Quorum**

A quorum shall consist of a minimum of two (2) Committee members entitled to be present at the meeting. If the elected Chair is not available within five minutes of the scheduled start time of a meeting then the committee shall elect an interim Chair from among the members for that meeting.

### **Meetings**

The Committee shall determine the frequency of regular meetings and such additional meetings as the Chair shall decide in order to fulfil its duties. As a default the Committee would meet on a quarterly basis.

### **Secretariat**

The Company Secretary is the Secretary of the Committee, and will be jointly responsible with the Risk and Assurance Manager for drawing up the agenda which shall be agreed with the Chair and then circulated to Committee members, prior to the meeting. The Secretary shall be responsible for keeping the minutes of the meetings of the Committee, and circulating them, as required, to committee members and to the CS Energy Management Team.

### **Access**

The Committee shall have authority to seek any information it requires from any officer or employee of the company. The Committee has the authority to consult independent experts for advice, as it reasonably considers necessary to execute its duties and responsibilities.

## Duties and Responsibilities

The Committee shall consider any matters relating to Risk associated with the activities of the Company and any other matter specifically referred to it by the Board.

## Authority and Delegation

The Committee will act in terms of the delegated authority of the Board as recorded in this charter. It has the power to investigate any activity within the scope of its terms of reference.

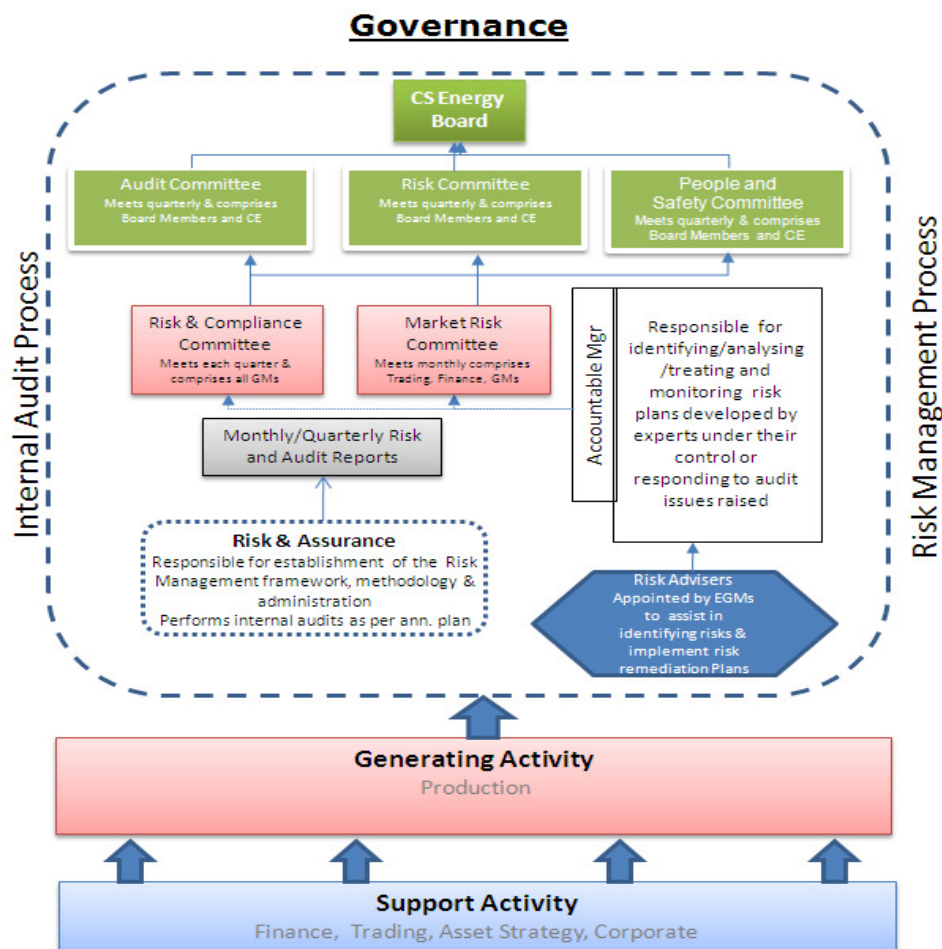
The Committee will have reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

## Reporting

The Committee will;

- Receive reports from Management concerning the risk implications of new and emerging risks, organisational change, major initiatives and any significant external factors in order to monitor them; and
- Receive reports from Management concerning the resolution of significant risk exposures and risk events in order to monitor them and, if appropriate, require Management undertake or change the actions being taken.

The reporting process is diagrammatically presented in the following flow diagram.



Special purpose reports shall be prepared for consideration by the Committee at the request of the Committee.

### **Committee Reporting and Self Evaluation**

A summary of the role of the Committee may be included in the Company annual report.

Risk Committee self evaluation shall be conducted as part of the full board evaluation and self assessment processes.

### **Review of this Charter**

This Charter will be reviewed by the Board at least every two years, and will be amended (as appropriate) to reflect current best practice and changes in regulatory requirements.