

# Audit and Finance Committee Charter

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## Role

The Audit and Finance Committee (**Committee**) assists the Board to discharge its duties in relation to CS Energy's (CSE) financial risk management, corporate and financial reporting, management of the external and internal audit (**assurance**) functions.

## Responsibilities

### Compliant and Reliable Financial Reporting

- To ensure that the entity's accounting policies and practices are appropriate and comply with the Corporations Act, Australian Accounting Standards, Taxation Law and generally accepted accounting principles. The Committee should discuss with the external auditor its view on the quality and acceptability of the entity's accounting principles and policies, including the appropriateness of the accounting judgements exercised by management. The Committee should also review the adequacy of CSE's corporate reporting processes.
- To review and discuss with management and the external auditor, before submission to the Board, the full year financial statements, corporate reporting documents, and reports required by law to accompany financial statements that are to be released to third parties.
- To receive and review the management representation letter and the declarations by the Chief Executive Officer and Chief Financial Officer made in accordance with the Corporations Act and relevant State legislation, prior to the presentation of these to the Board.
- To review and recommend to the Board that the full year financial statements and corporate reporting documents be approved and released.
- To assess the effects of any new or proposed accounting practices, principles or developments, disclosure requirements and legislative or regulatory pronouncements.

### Maintenance of Effective and Efficient Audit Processes

- To confirm that there have been no unjustified restrictions or limitations placed on auditors. To review the efficiency, effectiveness and objectivity of both the external auditors and assurance in relation to their respective responsibilities. The Committee may seek regular review of the independence of the assurance function by an external party.
- To review the scope for the external audit to establish their adequacy, placing emphasis on areas as determined by the Board, the Committee, management and/or the external auditors.
- Approve the annual assurance plan and any changes proposed to the plan at any time during the year to establish the plan is adequate, placing emphasis on areas where the Board, the Committee, management and assurance believe special emphasis is necessary.
- To review and assess the findings made by assurance and external auditors and the action taken and timetable proposed by management in response to the findings.

### Market Risk

- Approve and oversee the operation, management and implementation of the Market Risk Policy;
- Oversee the operation and reporting of the Market Risk Committee through the review of meeting minutes, and provide direction and guidance on the management of market risks for consideration by that management Committee; and
- Monitor the Revenue Strategy business environment and strategy.

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## Corporate Plan and Treasury Governance

- To review and recommend for approval to the Board the annual Statement of Corporate Intent (SCI) and Corporate Plan submissions to the Shareholders.
- To review and recommend for approval to the Board decisions relating treasury matters such as CS Energy's Financing Plan, Financial Covenants, Credit Rating / Review.

## Other responsibilities

- To report to the Board on the Company's ability to pay dividends, consistent with its review of the relevant financial statements and the Company's current dividend policy.
- To report any matter identified during the course of carrying out its duties that the Audit and Finance Committee considers should be brought to the attention of the Board.
- To perform or undertake on behalf of the Board any such other tasks, investigations or actions as the Board may from time to time authorise.
- Provide an adequate system of internal control, (Internal Control Framework) including management of business financial risk and the safeguard of assets.

## Authority and Delegation

The Committee:

- is a Board committee and not an executive committee;
- must not perform any management functions or assume any management responsibilities and will have an objective, independent role; and
- will act within its delegated authority as recorded in this Charter.

Despite the delegations below, the Committee Chair may determine, at their discretion, that any matter should instead be referred to the Board for the Board's consideration.

## Specific Delegations

The Board has delegated specific and general authority for the Committee to make decisions on behalf of the Board and to approve the:

- Market Risk Policy,
- Group Financial Policies,
- Assurance Charter;
- Annual Assurance Plan; and
- Assurance recommendations and agreed corrective actions (including scope and timeframe and Management requested changes).

These specific delegations preclude the Chief Executive (or their sub-delegates) from approving these items, unless the Committee makes a specific sub-delegation in relation to them.

## General Delegations

The Committee may also consider and approve, on behalf of the Board, any matter recommended to it by Management (whether it wholly or partly accepts the Management recommendation, or not), where the matter:

- is directly relevant to the Role of the Committee or Responsibilities above;
- does not more directly rest within another Board Committee's delegated authority; and
- is not reserved to the Board in the Authorities and Delegation or any other policy.

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In the event of any doubt (raised by Directors or Management) as to whether the Committee has delegation to decide or investigate a matter, the Committee Chair may determine whether the decision is within the delegation of this Committee. The determination of the Chair and the decision is to be reported to the next Board meeting.

These general delegations do not preclude the Chief Executive (or their sub-delegates) from exercising duly delegated authority in these matters.

## Composition

The Board will appoint at least three non-executive Directors to the Committee who, in the opinion of the Board:

- Are independent of the Company management and free from any relationship that, in the business judgment of the Board, would interfere with the exercise of their independent judgment as a member of the Committee; and
- Have sufficient financial knowledge and industry understanding to enable them to discharge their duties.
- Members will be appointed to the Committee for as long as they remain a Director of CSE or until such time as the Board determines otherwise.

The Committee Chair will be a member of the Committee, other than the Chair of the Board of Directors, appointed by the Board. All Directors have a standing invitation to attend meetings of the Committee.

A quorum consists of two Committee members. Where only one Committee member is available, then any other Board Director may attend to constitute a quorum.

The Secretary of the Audit and Finance Committee will be the Company Secretary, or such other person as nominated by the Board.

The Audit and Finance Committee may invite such other persons to attend its meetings (eg the Chief Executive Officer and relevant executives) as it deems necessary.

## Procedures

The Committee will meet as frequently as required, but at least four times per year. The assurance or external auditors may request a meeting if they consider that one is necessary.

The Committee Chair may call a specific Committee meeting if requested to do so by the Board, any Director of the Board, external audit or assurance.

If the Committee Chair is not available within five minutes of the scheduled start time of a meeting, then the Committee will elect an interim Chair from among the members for that meeting.

The Committee Secretary is jointly responsible with the Chief Executive Officer for settling the agenda which will be agreed with the Chair prior to a meeting. The Secretary is responsible for keeping the minutes of the meetings of the Committee which will be prepared and circulated to the Committee and Board after each meeting.

The Committee Chair must report to the Board after each Committee meeting, including recommendations on any specific decisions or actions the Board should consider and other matters relevant to the Committee's role and responsibilities.

The Committee may have access to adequate internal and external resources, including seeking advice or assistance from external advisors or consultants if required to enable the Committee to fulfil its role. It may also direct any special investigations or obtain independent advice where considered necessary to discharge its responsibilities.

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## Committee Reporting and Self Evaluation

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

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

## Review of Committee Charter

The Committee will review this Charter at least annually and recommend any changes to the Board.

## Conflicts and Conduct

Committee members will comply with the Board and CSE's standard and procedures in relation to management of conflicts of interest.

Directors are expected to abide by the CSE [Code of Conduct](#).

The Board has also elected to adopt the [Director Code of Conduct](#) from the Australian Institute of Company Directors.