

Finance, Risk and Audit Committee Charter

Role

The Finance, Risk and Audit Committee (**Committee**) assists the Board to discharge its:

- responsibilities for establishing and monitoring CS Energy's (**CSE**) governance, risk and compliance frameworks;
- duties in relation to CSE's financial risk management, corporate and financial reporting, and external and internal audit functions;
- external regulatory and policy-related compliance obligations, including, but not limited to, those in accordance with the requirements of *the Corporations Act 2001* (Cth), the *Government Owned Corporations Act 1993* (Qld), the Corporate Governance Guidelines for Government Owned Corporations, Australian Accounting Standards Board and Taxation Law; and
- other matters as determined by the Board.

Responsibilities

Governance, Risk and Compliance

- Approve and oversee the operation, management and implementation of CSE's Governance, Risk and Compliance (**GRC**) Policy and report to the Board at least annually as to the adequacy, appropriateness and effectiveness of the CSE's GRC management;
- Ensure that management has implemented and is providing appropriate oversight of the CSE's legal and regulatory compliance processes, including any current legal proceedings.

Risk Management Framework

- Annually review CSE's Risk Management Framework so that it enables material and emerging risks to be identified and managed in a timely and effective way and supports development of CSE's risk culture;
- Review management reports on any material breakdown of internal controls (including incidents of fraud);
- Monitor and ensure that there is an appropriate risk management culture, including an appropriate approach to conduct risk management;
- Review material risks, scenario testing and sensitivity analysis.

Risk Appetite and Risk Limits

- Annually review CSE's, risk appetite and risk limits and ensure that relevant risk categories approved by the Board are managed in accordance with this appetite and any exceptions are reported;
- Recommend to the Board appropriate insurance cover and monitor that the insurance program is appropriate and adequate;
- Monitor and review the adequacy of Board approved risk categories, incidents and reported enterprise risks.

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Market Risk and associated Energy Risks

- Approve the Market Risk Committee Charter, ensuring that all market risks and associated energy risks (i.e. credit, liquidity, regulatory compliance and relevant operational risks) are adequately captured under the remit of this management committee.
- Approve the Market Risk Policy, delegating oversight of its operation, management and implementation to the Market Risk Committee;
- Oversee the operation and reporting of the Market Risk Committee and provide strategic direction and guidance on risk appetite and management of such risks, for consideration by that committee; and
- Monitor the revenue strategy, and performance against this strategy, in light of the business environment and overall CSE strategy.

Compliant and Reliable Financial Reporting

- To ensure that CSE's accounting policies and practices are appropriate and comply with the *Corporations Act 2001* (Cth), Australian Accounting Standards Board, Taxation Law.
- 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 2001* (Cth) 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.

External Audit

- Assess the quality and effectiveness of the audit conducted, provide feedback and evaluate performance of the auditor.
- Review with the external auditor the scope and terms of the audit and the audit fee including a review of non-audit services provided by the external auditor.
- Review the audit plan for coverage of material risks and financial reporting requirements
- Monitor and review auditor independence and objectivity.
- Establish ongoing communications with the auditors and ensure access to Directors and the Committee.
- Review reports from the external auditors (including auditor's reports, closing reports and management letters). Discuss with the external auditors matters relating to the conduct of the audit, including any difficulties encountered, any restrictions on scope of activities or access to information, significant disagreements with management and the adequacy of management response.

Internal Audit

Assess the overall effectiveness and evaluate performance of the internal audit function.

- Review and approve the Internal Audit Charter.
- Together with management, review the internal audit structure, independence and access to senior management, the Committee and the Board.
- Review and approve the annual internal audit plan and any significant changes made to the plan.
- Review reports of results of internal audit engagements and audit-related activities, audit performance and other matters.
- Enquire of the HOiA to determine any scope or budget limitations that may impede the execution of internal audit responsibilities.

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Maintenance of Effective and Efficient Audit Processes

- To confirm that there have been no unjustified restrictions or limitations placed on auditors and to review the efficiency, effectiveness and objectivity of both the external auditors and Internal Audit in relation to their respective responsibilities. The Committee may seek review of the independence of the audit function by an external party.
- To review status of management actions following audits and agreed corrective actions, other than 'Low' rated findings. All management requested extensions to management actions rated 'significant' to be approved by the Committee. All 'moderate' rated management actions over 3 months to be approved by the Committee .

Corporate Plan and Treasury Governance

- To review and recommend for approval to the Board decisions relating to treasury matters such as CS Energy's Financing Plan, QTC Lending Terms / Review, Financial Covenants, Credit Rating / Review and material foreign currency and commodity price risk exposure.

Other responsibilities

- To report to the Board on the CSE's ability to pay dividends, consistent with its review of the relevant financial statements, forecast financial position and the CSE's current dividend policy.
- To report any matter identified during the course of carrying out its duties that the 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.

Authorities 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;
- will act in terms of the delegated authority of the Board 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 following CSE matters and where relevant associated policies:

- Governance Framework;
- Enterprise Risk Management Framework;
- Compliance Framework ;
- Insurance strategy and placement;
- Market Risk Policy;
- Group Financial Policies; and

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- Internal Audit Charter. and
- Annual Assurance Plan [FRAC approves on behalf of the Board and provides to the Board for endorsement]

These specific delegations preclude the Chief Executive Officer (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.

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 Officer (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 CSE's 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
- 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. 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 Committee will be the Company Secretary, or such other person nominated by the Board. The Committee may invite such other persons (e.g. relevant executives) it deems necessary.

The Chief Executive Officer has a standing invitation to attend all Committee meetings.

Procedures

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

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

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 Company 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 Company Secretary is responsible for keeping the minutes of the meetings of the Committee which will be prepared and circulated to the Committee and the Board after each meeting.

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The Committee Chair should 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.

Reporting and Self Evaluation

A summary of the role of the Committee may be included in CSE's Annual Report.

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

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 of CSE has also elected to adopt its own [Director Code of Conduct](#).

Charter Reviews

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