

Finance, Risk and Audit

Role

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

- Responsibilities for establishing and monitoring CS Energy Limited's (**CSE** or **Company**) 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 Enterprise legal and regulatory compliance processes, including any current legal proceedings, and
- Monitor and review management reports on reported non-compliances.

Enterprise Compliance Management Framework

- Periodically review and approve CSE's Enterprise Compliance Management Framework to ensure it remains fit for purpose and ensure open access to the Committee Chair to directly discuss compliance matters.

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) integrating both financial and sustainability control considerations,
- Monitor and ensure that there is an appropriate risk management culture, including an appropriate approach to conduct risk management ensuring that risk management extends to climate-related matters,
- Review material risks, scenario testing and sensitivity analysis, including climate scenario analysis, and
- Annually review and endorse CSE's Risk Assurance Map to identify assurance gaps or overlaps in key risk areas.

Risk Appetite and Risk Limits

- At a minimum, annually review CSE's financial risk appetite limits.

- Periodically review CSE's risk appetite statements and key risk indicators 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, and
- Monitor and review internal and external strategic and emerging risks and recommend necessary changes to enterprise risks to the Board.

Compliant and Reliable Financial and Sustainability 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 and the Australian Sustainability Reporting Standards.
- 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 including climate-related financial disclosures.
- To receive and review the management representation letter and the declarations by the Chief Executive Officer and Chief Financial Officer are 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, including climate-related financial disclosures 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, including climate-related financial disclosures.
- 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 annually.
- Together with management, review the Internal Audit structure, resourcing, independence and access to senior management, the Committee and the Board.
- Review and approve the annual internal audit plan and review any significant changes made to the Plan.

- Review and approve Internal Audit strategy.
- Review reports of results of Internal Audit engagements and audit-related activities, audit performance and other matters.
- Provide the opportunity for the Committee to meet with Head of Internal Audit (**HolA**) in the absence of management at least once a year.
- Enquire of the HolA to determine any scope or budget limitations that may impede the execution of Internal Audit responsibilities.
- Review the results of the Internal Audit Quality Assurance and Improvement Plan.
- With input from CEO approve the appointment and removal of the HolA.
- Provide input to support the performance evaluation and remuneration of HolA.

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 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 noted by the Committee. All 'Moderate' rated management requested extensions over 3 months to be noted by the Committee.

Financing Plan and Treasury Governance

- To review and recommend for approval to the Board decisions relating to treasury matters such as CSE'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.

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 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,
- Enterprise Compliance Management Framework,
- Insurance strategy and placement,
- Energy Markets Risk Policy,
- Group Treasury Policy,
- Authorities and Delegations,
- Internal Audit Charter, and
- Annual Internal Audit Plan (Committee approves on behalf of the Board, and provides to the Board for endorsement).

These specific delegations preclude the Chief Executive Officer (**CEO**) (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 Delegation of Authority Policy 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 Committee Chair and the decision is to be reported to the next Board meeting.

These general delegations do not preclude the CEO (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. All Directors have a standing invitation to attend meetings of the Committee.

The Committee will invite relevant specialists or advisors to Committee meetings as and when required.

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 as nominated by the Board.

The CEO has a standing invitation to attend all Committee meetings. The Committee may invite such other persons to attend its meetings (e.g. other Senior Executives) as it deems necessary.

Procedures

The Committee will meet as frequently as required, but at least three times per year.

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. The HoIA, the Head of Risk and Compliance (on Compliance matters) or external auditors may request a meeting if they consider that one is necessary.

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 CEO for settling the agenda which will be agreed with the Committee Chair prior to a meeting. The Committee 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.

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.

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. Any substantive changes will be formally endorsed by the Committee and approved by the Board.

A copy of the Charter is available at www.csenergy.com.au.

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](#).