

# Finance, Risk and Assurance Committee Charter

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## Role

The Finance, Risk and Assurance Committee (**Committee**) assists the Board to discharge it's:

- responsibilities for establishing and monitoring CS Energy's (**CSE**) effective governance, risk compliance frameworks;
- duties in relation to CSE's financial risk management, corporate and financial reporting, and external and internal audit (**assurance**) functions; 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 Company's GRC management;
- Ensure that Management has implemented and is providing appropriate oversight of the Company's legal and regulatory compliance processes, including any current legal proceedings.

### Risk Management Framework

- Periodically 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;
- Review material risks, scenario testing and sensitivity analysis.

### Risk Capacity and Risk Limits

- Annually review CSE's risk capacity, risk appetite and risk limits and ensure that relevant risks categories, including Strategic Risk, Market Risk, Credit Risk, Energy Risk, Enterprise Risks, are managed within this appetite;
- Review and assess the likelihood of occurrence, severity of impact of those risks and mitigating measures affecting those risks;
- Recommend to the Board appropriate insurance cover and monitor that the insurance program is appropriate;
- Monitor and review risk categories, incidents and material risks.

### 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.

### Compliant and Reliable Financial Reporting

- To ensure that CSE's accounting policies and practices are appropriate and comply with the Corporations Act, Australian Accounting Standards, Taxation Law and generally accepted accounting principles.
- 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 and to review the efficiency, effectiveness and objectivity of both the external auditors and assurance in relation to their respective responsibilities. The Committee may seek 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 CSE's annual assurance plan, and relevant changes, to establish the plan is adequate, placing emphasis on areas identified by the Board, the Committee, management and assurance.
- 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.
- To review assurance recommendations and agreed corrective actions (including scope and timeframe and Management requested changes).

### Corporate Plan and Treasury Governance

- 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 and foreign currency exposure.

### 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 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 Program;
- Insurance strategy and placement;
- Market Risk Policy;
- Group Financial Policies;
- Assurance Charter;
- Annual Assurance Plan; and

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.

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. 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. the Chief Executive Office and relevant executives) it deems necessary.

### Procedures

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

### 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.

### 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. A copy of the Charter is available at [www.csenergy.com.au](http://www.csenergy.com.au).