AUDIT AND RISK SUB-COMMITTEE CHARTER

1. Purpose

The purpose of the Audit & Risk Committee is to assist the Board in fulfilling its governance and oversight responsibilities by:

- *providing independent oversight of financial management and reporting,*
- *compliance with legislative and regulatory obligations*
- *risk management and internal control frameworks, and the effectiveness of internal and external audit functions.*

In performing this role, the Committee supports the Board's obligations under the Financial Management Act 1994 and Standing Directions, while recognising that responsibility for day-to-day management rests with executive management

2. Authority

2.1 Board Issued Authority

The Board of Directors ("Board") continuously reviews current trends and best practice in relation to corporate governance. As part of the Board's plans to fulfil its obligations in this area, it has constituted an Audit & Risk Committee to assist with:

- effective management of financial and administrative risks
- reliable management and financial reports
- compliance with laws and regulations
- effective internal control and risk management
- maintenance of an effective and efficient audit program.

The Board recognises that the role of the committee is that of governance oversight and not of management. The Committee is obliged to meet obligations set out in clause 3.2.1.1 of the Standing Directions under the Financial Management Act 1994 when exercising its functions.

2.2 Authority to Seek Further Information

Within the scope of its responsibilities, the Committee may seek any information it requires from:

- Executive Management; (Executive Management includes the MD).
- any employee following request to Executive Management or the Company Secretary.
- any employee in a situation where any conflict of interest may arise by approaching Executive Management.
- external parties.

3. Composition

3.1 Audit and Risk Sub-Committee

- The Audit & Risk Committee will comprise of three non executive members of the Board and two external independent persons with suitable knowledge and experience.
- A quorum shall be three with at least one external independent member.
- Any Board Director may attend Audit and Risk Committee meetings.

3.2 Independent Member Appointment

- The definition of "independent" members of the committee includes board directors, provided they meet criteria described in Guideline 3 of the Standing Directions of the Minister for Finance under the Financial Management Act 1994.Terms and Conditions of Appointment of independent external members:
- External Independent members of the Audit and Risk Committee are appointed for a maximum of three terms unless a suitable replacement cannot be found;
- Expressions of interest are sought for the positions prior to the current member's term expiring;
- Expressions of interest are assessed and ranked by two members of the Executive Management team;
- Management assessed rankings are submitted to the Chairperson of the Audit and Risk Committee for consideration;
- A selection panel of up to three Board Directors will be nominated by the Chairperson of the Board to conduct interviews;
- The selection panel will make a recommendation to the Board of a suitably qualified candidate;
- New external members will be inducted into the committee by the Chief Financial Officer and the Manager Governance and Compliance.

4. Chair

The Chairperson of the Audit & Risk Committee will be nominated by the Board from time to time. The Chairperson of the Board cannot be the Chairperson of the Audit & Risk Committee. Amongst other things, the Chair will be responsible for:

- setting meeting agendas,
- ensuring effective participation,
- reporting to the Board,
- overseeing Committee evaluations.

5. Meetings

- The committee shall meet at least quarterly. Additional meetings may be convened at the discretion of the Chairperson or at the written request of any one of the members. The Audit & Risk Committee may invite other people (including management) to its meetings as it considers necessary.
- The Audit & Risk Committee shall report to the Board after every meeting and should report annually, summarising the activities of the committee during the previous financial year.

- Members of the Audit & Risk Committee should attend every meeting of the committee.
- Meetings can be either in person or virtual.

6. Responsibilities

Financial Management & Reporting Oversight

- Understand key financial risks and management strategies; provide feedback to the Board.
- Review annual financial statements and operations reports on financial performance and sustainability; advise the Board on adoption.
- Assess adequacy and timeliness of financial information provided to the corporation and Board.
- Meet with management and external auditor to review statements, accounting policies, and audit results.
- Understand internal controls for transaction approval and financial data processing.
- Evaluate quality and timing of management reporting to ensure effective internal and external risk and financial condition reporting.
- Oversight over budget guideline/ assumption paper during the pre-work phase to identify key risks prior to budget preparation.

Compliance & Risk Responsibilities

- Review major changes to accounting policies, internal controls, and regulatory impacts on financial statements.
- Monitor findings from regulatory examinations and compliance updates with material impact.
- Ensure compliance with Financial Management Act 1994, Standing Directions, and other relevant legislation; conduct annual compliance assessment.
- Monitor compliance with non-financial regulatory requirements (e.g., Essential Services Commission).
- Confirm management has processes for identifying and managing risks within the corporation's risk threshold.
- Evaluate effectiveness of internal control and risk frameworks; ensure implementation of audit recommendations.
- Monitor strategic risks within the committee's remit.

Audit Oversight

- Ensure internal and external audit scopes address key risk areas.
- Review and follow up on audit reports regarding internal controls.

External Audit

- Understand external audit strategy and scope; ensure unrestricted auditor access.
- Discuss audit issues, scope limitations, and significant findings; ensure appropriate management responses.
- Meet privately with external auditor annually; maintain open access to Audit & Risk Committee Chair.
- Extend standing invitation to external auditor for all committee meetings.

Internal Audit

- Endorse annual and three-year rolling internal audit program for Board approval; ensure coverage of key risks and IT systems.
- Maintain independence and objectivity of internal audit; review performance annually.
- Receive assurance on risks and controls; ensure recommendations are acted upon.
- Recommend appointment/dismissal of internal auditors; review coordination with external audit.
- Meet privately with internal auditor as needed.

7. Reporting

- Monitor investigations of suspected fraud and major litigation.
- Regularly update the Board on committee activities and significant financial matters.
- Report urgent issues promptly.
- Ensure annual reporting on Gifts, Benefits & Hospitality compliance to the Board.
- Conduct annual self-assessment and report outcomes to the Board

8. Review of Charter

This Charter will be reviewed every 2 years.

9. Administrative Support

The Leading General Manager, with the assistance of the Governance Team will:

- prepare and circulate agendas,
- distribute meeting papers,
- prepare minutes,
- track actions.

10. Conflicts of Interest

Conflicts of interest are declared at each meeting and noted in the minutes and Interest Register where required.

11. Confidentiality

All information discussed, shared, or presented during meetings of this group is considered confidential (with the exception of reporting back to the board) unless otherwise explicitly designated as public. Participants agree to:

- Protect sensitive, proprietary, and personal information disclosed during meetings.
- Not disclose or distribute any confidential information to external parties without prior approval from the Chair (or designated authority).
- Use information obtained through the meeting solely for its intended purpose and in accordance with EGW policies and legal requirements.

This obligation of confidentiality applies to all participants and continues beyond their involvement in the meeting or group.