

# STANWELL CORPORATION LIMITED

## AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

This Charter outlines the purpose and responsibilities of the Audit and Risk Management Committee of the Stanwell Corporation Limited ('Stanwell') Board.

### 1.0 PURPOSE

The primary function of the Audit and Risk Management Committee ('Committee') is to assist the Board to carry out the following activities:

- Review and monitor Stanwell's financial management and reporting processes;
- Review and oversee systems of risk management, internal control and legal and regulatory compliance;
- Oversee the process for:
  - identifying and managing significant business risks; and
  - implementing appropriate and adequate control, monitoring and reporting mechanisms;
- Monitor and assess the performance of the internal and external audit functions; and
- Monitor and assess new technologies, and systems of cyber security, data governance and modelling integrity;

### 2.0 RESPONSIBILITIES

#### Financial Management and Reporting

- Review the full year financial statements with Management and the internal audit function and external audit provider and consider:
  - critical accounting policies and practices and any changes to them;
  - decisions requiring a major element of judgement;
  - the extent to which the financial statements are affected by unusual transactions;
  - the clarity of disclosures;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - compliance with accounting standards; and
  - the representations and attestations from the Chief Executive Officer and Chief Financial Officer for the purpose of section 295A of the Corporations Act;
- Recommend to the Board whether the financial statements should be approved based on the Committee's review; and
- Review and make recommendations to the Board on any proposed dividend.

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## Audit - External

- Consider the scope of work, reports and activities of the external auditor including interaction with the internal audit function;
- Review and confirm the independence of the external audit provider;
- Review the effectiveness of the annual audit and the performance of the external auditors (to the extent relevant); and
- Provide the opportunity for the Committee to meet with the external audit provider in the absence of management at least once a year.

## Audit - Internal

- Provide a structured independent reporting line for the internal audit function on professional internal audit issues;
- Review the internal audit function reports on significant findings and recommendations on internal control;
- Monitor management's responses to reviews and recommendations of the internal audit function regarding internal control systems and procedures;
- Review and if appropriate approve the charter, Five Year Internal Audit Strategy and activities for the internal audit function;
- Review the performance, objectivity, independence and effectiveness of the internal audit function;
- Monitor to ensure that the internal audit function is adequately resourced; and
- Provide the opportunity for the Committee to meet with the internal audit function in the absence of management at least once a year.

*The Committee has the authority to approve the internal audit function's charter, audit strategies and resourcing.*

## Risk Management

- Review and make recommendations to the Board on Stanwell's Enterprise Risk Management Framework and processes for identifying, monitoring and managing significant business risks (both financial and non-financial), including emerging risks and risks associated with significant projects.
- Review and make recommendations to the Board on the adequacy and effectiveness of the six-month review of the site and divisional Enterprise Risk Registers as reported in the Six-month Enterprise Risk Report, including the identification of significant business risks (both financial and non-financial); the Treatment Plans including timeframe to reach the Target Risk rating; and the appropriateness of Stanwell's Target enterprise risk profile;
- Review and if necessary, make recommendations to the Board in respect of the adequacy and effectiveness of key aspects of Stanwell's trading risk identification, model governance and management practices;
- Review and if necessary, make recommendations to the Board in respect of the adequacy and effectiveness of Stanwell's Business Resilience Framework and the information technology disaster recovery process; and
- Monitor and if necessary, make recommendations to the Board in respect of the adequacy and effectiveness of Stanwell's fraud prevention controls.

## Compliance

- Review the effectiveness of Stanwell's Legal Compliance and Regulatory Management System for identifying, monitoring and managing compliance with relevant laws, regulations and associated government policies;
- Review and if necessary make recommendations to the Board on material breaches of compliance requirements; and
- Review and if necessary make recommendations to the Board on the outcomes of investigations into 'Reportable Conduct', including the identification of systemic issues and Stanwell's compliance with its legal and regulatory obligations in respect of these.

## Insurance

- Review and make recommendations to the Board on Stanwell's insurance strategy, having regard to the business and insurable risks associated with its business;
- Review and make recommendations to the Board on the annual review of insurance covers including premiums and deductibles; and
- Monitor key milestone progress on insurance claims.

## Information Communication and Technology

- Monitor and if necessary, make recommendations to the Board in respect of the implementation of Stanwell's Information Communication and Technology strategy;
- Receive information about technology and data trends and their implications for Stanwell;
- Monitor and if necessary, make recommendations to the Board on the implementation of Stanwell's Data Strategy and the adequacy and effectiveness of the data governance framework;
- Review and if necessary, make recommendations to the Board on the adequacy and effectiveness of Stanwell's systems used to control cyber security risk and monitor compliance with cyber security legislation and regulation applicable to Stanwell's and its assets; and
- Monitor and if necessary, make recommendations to the Board on Stanwell's cyber threat environment and security posture, including information on direct attacks.

## Policy Reviews

Make recommendations to the Board in relation to policies and practices that apply to any of the following areas:

- Board Delegations of Authority;
- Financial administration and related planning and risk management;
- Treasury and corporate finance;
- Accounting practices;
- Audit;
- Information Technology, (and related Data, Modelling and Cyber Security governance frameworks and practices)
- Australian Reports and Compliance Analysis Centre (AUSTRAC);
- Enterprise Risk management, and legal and regulatory compliance;
- Energy trading (and related risk and credit risk management);
- Fraud prevention;
- Procurement (and related supply chain risk management and procurement process integrity); and

- Capital Investment and Project Governance (and related Future Energy Investment and Project Management Framework).

#### **Other areas**

Consider (and report as required) on any matters specifically referred to it by the Board.

### **3.0 MEMBERSHIP; QUORUM; SECRETARY**

#### **Membership**

Membership of the Committee will consist of a minimum of two (2) and a maximum of five (5) Directors appointed by the Board, one of whom shall be the Chair of the Committee as appointed by the Board.

The Chair of the Stanwell Board is ineligible to be appointed Committee Chair but may be an appointed member of the Committee.

The Committee membership will include:

- members who are financially knowledgeable (that is, able to read and understand financial statements); and
- at least one member who has financial expertise (that is, is a qualified accountant or other financial professional with experience in financial and accounting matters).

Membership of the Committee expires if the relevant person ceases to be a Stanwell Director.

Any Stanwell Director may at any time attend a Committee meeting, but will not be entitled to vote.

#### **Quorum**

Two (2) Committee Members are required to be present to constitute a quorum.

#### **Committee Secretary**

The Company Secretary (or his/her delegate) will be the Committee Secretary.

The Committee Secretary will be responsible for:

- the preparation and circulation of a meeting agenda;
- minuting Committee proceedings in consultation with the Committee Chair;
- recording any action items arising from the meeting; and
- general administrative coordination of the Committee's activities.

### **4.0 COMMITTEE AUTHORITY**

The Committee is authorised by the Stanwell Board to:

- conduct or authorise an investigation into any matter within its area of responsibility;
- seek information from any Director, officer or employee of Stanwell or any company in the Stanwell Group, or from any officer, agent or representative of any of them; and
- seek information it reasonably requires from, and hold discussions with, the Internal Auditor and/or Stanwell's external auditor.

The Committee is authorised with prior approval of the Chair or the Chair of the Audit and Risk Management Committee, to obtain independent external professional advice at Stanwell's expense and to secure the attendance of external parties with relevant experience and expertise if it considers it necessary.

Except as specifically set out in this Charter or in a Board-approved policy, the Committee has no delegated authority to approve matters referred to it, nor does it have any executive power to implement its recommendations or findings.

## 5.0 COMMITTEE MEETINGS

### Meetings

Committee meetings will be held at such times, and to deal with such issues, as are agreed by the Committee in order to discharge its roles and responsibilities. The Committee Chair may call additional meetings as he/she deems appropriate. The Committee Chair must call a meeting if requested to do so by the Board to consider a matter. An annual meeting schedule for regular Committee meetings is to be approved in advance by the Committee.

Meetings must be conducted on a formal basis and be effectively minuted.

To the extent not specifically set out in this Charter, the rules and procedures adopted by the Stanwell Board in respect of Board meetings will be used in Committee meetings.

### Agendas

The Committee Chair, Chief Executive Officer, Chief Financial Officer and Committee Secretary are, as is relevant to the subject-matter, responsible for ensuring that the Committee considers in a timely way matters within the scope of this Charter.

The Committee Chair and the Committee Secretary are responsible for finalising each meeting agenda. Agendas and papers should be distributed to all Committee Members at least five working days prior to a meeting.

### Minutes

The Committee Secretary is responsible for keeping the minutes of the Meeting.

Minutes (or draft minutes if not yet confirmed) of Committee meetings will be submitted to the next meeting of the Board.

### Reporting by Committee Chair

The Committee Chair must give a summary report (including the decisions and recommendations) of each Committee meeting at the next Stanwell Board Meeting.

### Attendees at Committee meetings

Representatives from Stanwell's external and internal auditors may be invited to attend Committee Meetings (in part or in whole). At least once per year, the Committee shall meet with the external and internal auditors without management being present.

External and Internal Auditors have a right of direct and unfettered access to the Committee through the Committee Chair.

Stanwell staff may be required to attend Committee meetings (in whole or in part) on a regular basis or from time to time.

### Conflicts

Committee Members must comply with Board and Stanwell's policies in relation to management of conflicts of interest.

## **Public Comment**

Public comment on matters relative to activities of the Committee is to be carried out as delegated in Board policies. Unless authorised pursuant to such policies or unless specifically approved by the Board, Committee Members may not make public comment on Committee activities and decisions.

## **6.0 ANNUAL REPORT OF COMMITTEE ACTIVITIES; COMMITTEE EVALUATION**

Annually, the Committee Chair will submit a brief report to the Board Meeting in respect of Committee activities for the past year, together with any recommendations for improving Committee performance, including any recommended changes in respect of this Charter. Should any changes to this Charter become necessary from the Committees' viewpoint at any time, such changes will be put to the Stanwell Board for consideration at its next meeting.

The Committee will participate in any evaluation of Board or Committee performance, as required by the Board.

## **7.0 TERMS OF REFERENCE REVIEW**

This Charter, and any amendments or replacement, may only be approved by the Stanwell Board. This Charter must be reviewed annually by the Board.

## **8.0 PUBLICATION OF CHARTER**

A copy of the charter will be made available at [www.stanwell.com](http://www.stanwell.com).