



# Audit and Risk Committee Charter

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# Audit and Risk Committee Charter

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# Audit and Risk Committee Charter

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## 1. PURPOSE

The Audit and Risk Committee (the **Committee**) is a committee of the Board of Energy Queensland Limited (**EQL**).

This Charter outlines the authority, role and responsibilities of the Committee as well as the membership and meeting requirements of the Committee.

## 2. ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The Committee assists the Board in fulfilling its oversight responsibility of EQL and its subsidiaries (the **EQL Group**) including financial integrity and financial reporting, effectiveness of the fraud and internal control framework, policy framework; audit and assurance, risk culture, policy, framework and approach; compliance culture, policy, framework and approach; and resilience and insurance.

The role and responsibility of the Committee is to review and make recommendations to the Board as appropriate on matters including:

### Financial integrity and financial reporting

- Financial planning, financial target setting and governance of budget process;
- Financial reporting (including the preparation of financial accounts) and financial outcomes;
- Content of the annual statutory financial statements and assess compliance with accounting standards and regulations;
- Regulatory information notices;
- Chief Executive Officer (CEO) and Chief Financial Officer (CFO) statements about financial reporting and internal controls;
- Compliance with tax laws including income tax, goods and services tax, payroll tax and other tax obligations.

### Sustainability framework and reporting

- Sustainability framework including climate change risk management and strategy (management of carbon emissions and impacts of climate change on business and assets);
- Sustainability reporting (including the preparation of such reporting in the financial accounts) and sustainability outcomes.

### Effectiveness of fraud and internal control framework

- Evaluate the adequacy and effectiveness of internal controls through active communication with management, the internal audit function, external auditors, and other assurance providers;
- Oversight of complaints of corrupt conduct against the EQL Group or its staff and compliance with public interest disclosure requirements.

### Audit and Assurance

- Internal audit and assurance charter;
- Internal audit plans to ensure that appropriate areas are selected for review, that plans are risk focused and are compliant with the requirements of the internal audit and assurance charter;

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- Internal audit's performance against the internal audit plan and management responses to recommendations;
- Engage with external audit and assess the adequacy of management response to issues identified by external audit;
- The appointment of internal and external auditors (other than the Auditor-General) as required;
- Implementation of internal and external audit recommendations;
- Coordination between internal and external audit;
- Performance of the internal audit function and external auditors.

### Policy Framework

- Oversight of the EQL Policy Framework;
- Review and endorsement of EQL Board Policies relevant to this Committee.

### Risk and Compliance

- Embedding a dynamic, risk aware, ethical culture.
- The adequacy and effectiveness of the Risk Management and Compliance Management Policies, the Enterprise Risk Management Framework and the Enterprise Compliance Management Framework, including:
  - processes for identifying, monitoring, and managing both financial and non-financial risks and opportunities; and
  - processes for identifying and managing legislative obligations and change to ensure EQL achieves compliance.
- Monitoring EQL's risk and compliance performance, including whether EQL is operating within the risk appetite set by the Board.
- Portfolio Risk profiles including controls and response performance, material changes to these profiles, incident trends and learnings, emerging risks and opportunities, and the effectiveness of relevant risk and compliance management programs.
- Monitoring of financial risk, including risks associated with wholesale markets and trading strategy and oversight of the financial market risks managed by Ergon Energy Queensland Pty Ltd and compliance with AFSL licences.
- Insurance strategy, approach, and coverage.

### Organisational Resilience

- Adequacy and effectiveness of EQL's Organisational Resilience Strategy and Emergency and Business Disruption Framework including crisis management, business continuity management arrangements, response and recovery plans and processes.
- Critical infrastructure resilience arrangements, including compliance with the relevant legislation and rules.

The Committee will refer audit reports relating to digital and cyber matters to the Digital Enablement Committee for review and oversight of actions arising from recommendations. The Committee will also refer digital and cyber risk matters to the Digital Enablement Committee for consideration.

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The Digital Enablement Committee shall retain oversight over the independent assurance over digital projects, including the recommendation for approval of the assurance plan for digital projects, the appointment of the assurance partners, and consideration of reports provided by the assurance partners.

The Committee discharges the above responsibilities and the above role in relation to the EQL Group. The Committee acts as a forum to discuss issues on behalf of the Board and to maximise members' contributions to Board deliberations.

### 3. AUTHORITY AND DELEGATION

The Committee has authority to conduct or authorise investigations into any matters of alleged corrupt conduct or in relation to a public interest disclosure.

The Committee has authority to approve the internal audit plans and any changes proposed to the plan at any time during to year.

The Committee may examine any matter in relation to its objectives, within the overall framework approved by the Board and consider any other matter or carry out tasks as directed by the Board.

Subject to the above authority and delegation, and section 7 of this Charter, the Board has not delegated any decision making authority to the Committee in its own right.

### 4. MEMBERSHIP OF THE COMMITTEE

Members of the Committee are appointed by the Board. Membership of the Committee will consist of a minimum of three independent directors who are financially literate, it is preferable for at least one of whom to possess formal accounting or finance qualifications.

The members of the Committee are responsible for ensuring the efficient and effective operation of the Committee and taking the appropriate steps to ensure that they have the requisite knowledge and training to undertake their role.

### 5. CHAIR

The Committee Chair (the **Chair**) is appointed by the Board and shall not be the Chair of the Board.

If the Chair is absent from any meeting of the Committee, the members of the Committee present at that meeting will appoint a Chair for that meeting.

### 6. COMMITTEE MEETINGS

#### 6.1 Circulation of agendas and Committee papers

The Company Secretary, in conjunction with the Chair, will be responsible for drawing up and circulating the agenda (supported by explanatory documents) to the Committee in advance of each meeting.

Committee papers are expected to be provided seven days in advance of meetings.

#### 6.2 Attendance

Committee members may not substitute a representative to attend on their behalf.

The CEO may attend Committee meetings at the standing invitation of the Committee to provide advice, information and recommendations to the Committee as required.

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The Chair may invite other officers or employees of the EQL Group, or external parties to attend a meeting of the Committee as it deems necessary.

Any Director may attend as a visitor at Committee meetings from time to time.

### 6.3 Quorum

The quorum for a Committee meeting is two Committee members.

### 6.4 Conflicts of Interest

In accordance with the Director Conflicts of Interest Policy, Committee members must disclose any business or other relationship that, in the reasonable opinion of the Board or Committee, would materially interfere with the exercise of his or her independent judgement as a member of the Committee.

The Committee member must disclose any actual, potential or perceived conflict of interest arising at a Committee meeting, or may provide a standing declaration of interests to the Committee. The Company Secretary must note all declarations of interest in the Committee meeting minutes.

Where a member is deemed to have a real or perceived conflict of interest, they will absent themselves from the meeting while that matter is discussed.

### 6.5 Minutes

The Company Secretary will be responsible for recording and keeping the minutes of meetings of the Committee and circulating them to the Committee members, the Board members and the CEO as appropriate.

### 6.6 Frequency of meetings

The Committee will hold at least four meetings annually, or more frequently as determined by the Committee to fulfil its duties. In addition, the Company Secretary (in consultation with the Chair) is required to call a meeting of the Committee if requested to do so by at least two Committee members.

### 6.7 Access to management and information

The Committee will have access to senior management and all documents, reports and records in pursuit of its objectives. Committee members should direct all access related enquiries to the Company Secretary.

## 7. APPOINTMENT AND PERFORMANCE OF THE INTERNAL AUDIT FUNCTION

Under the internal audit charter, the Committee plays a key role in overseeing the performance of the internal audit function leader (**GM Internal Audit and Assurance**) appointed by EQL as part of its oversight of the internal audit function.

The Committee must be consulted on and approve the appointment or dismissal of the GM Internal Audit and Assurance.

The Chair (on behalf of the Committee) shall also provide input into the annual performance review of the GM Internal Audit and Assurance (including any remuneration reviews).

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### **8. ENGAGEMENT OF CONSULTANTS**

The Committee has the power to engage independent external consultants as necessary for meeting its obligations in relation to its role, subject to Board approval.

### **9. REPORTING TO THE BOARD**

The Committee reports to the Board. The Chair will provide a report to the Board following each meeting to advise the Board about Committee activities, including its findings and recommendations.

### **10. OTHER COMMITTEES**

The Committee will interact cooperatively with the other committees established by the Board where required to provide effective oversight recommendations to the Board, according to the roles set out in each committee's Charter.

### **11. ASSESSING COMMITTEE PERFORMANCE**

The Committee will complete a self-assessment process in accordance with the framework approved by the Board.

### **12. REVISION OF CHARTER**

The Committee will review this Charter at least annually to ensure its relevance and effectiveness of the Committee, and make recommendations for any amendments to the Board for approval.

This Charter will be made available on EQL's website.

Approved by the Board on 24 July 2024.