

# RISK AND AUDIT COMMITTEE CHARTER

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## 1. Role and Purpose of the Committee

The Risk and Audit Committee (**Committee**) is a committee of the Board of Directors. The Committee will assist the Board in the effective discharge of its responsibilities for oversight and governance of financial, risk, audit, corporate governance and compliance matters.

The Committee is responsible for performing its duties in accordance with this Charter and making recommendations to the Board of Directors on the adequacy of audit arrangements, financial reporting, risk management, compliance and corporate governance.

## 2. Duties and Responsibilities

The Committee will:

### 2.1 External Reporting

- Make recommendations to the Board on the appointment or if necessary, the replacement of an external auditor.
- Review the annual financial report and to make recommendations to the Board for approval of that report.
- Review the reasonableness of significant estimates, judgements and notes in the financial reports by making enquiries of management and external auditors.
- Review the declarations provided by the Managing Director and Chief Financial Officer in accordance with section 295A of the Corporations Act and review the process adopted by them when certifying that the financial reports are based on a sound system of risk management and internal compliance and control.
- Review the appropriateness of AEMO's material accounting policies and procedures.
- Review the scope of the external audit, the terms of the annual engagement letter and audit fees.
- Monitor the performance of the external auditors, including their independence and objectivity.

### 2.2 Internal and Market Audits

- Make recommendations to the Board on the appointment, or if necessary, the replacement of the internal and market auditors.
- Review and approve the audit plan for the internal auditor.
- Review the findings of the internal and market auditors.
- Review the effectiveness of the internal and market audit functions.
- Monitor the performance of the internal and market auditors, including their independence and objectivity.

### 2.3 Risk Management

- Monitor the implementation and ongoing effectiveness of the risk management framework for identifying, assessing, monitoring and managing material risk throughout the company.
- Review the risk management framework to ensure the exposure to material risk is being appropriately managed.
- Review the corporate risk management plan.
- Review the Company's insurance requirements and consider whether appropriate coverage is in place.

### 2.4 Compliance

- Monitor the development and ongoing review of appropriate legislative and regulatory compliance programmes (excluding work health, safety and environment).
- Review reporting on legislative and regulatory compliance, including any instances of breaches or non-compliance.

### 2.5 Corporate Governance

- Monitor that an appropriate set of corporate governance policies and procedures applicable to the company are developed and reviewed on a regular basis.
- Make recommendations to the Board on the adoption or amendment of the corporate governance policies and procedures.

### 2.6 Other Responsibilities

- Be the contact for whistleblower disclosures through the Committee Chair.

- Consider matters as are referred to the Committee by the Board or other Board Committees.

### **3. Composition**

#### 3.1 Membership

The Committee will be appointed by the Board of Directors. It is to be composed of at least three Non-Executive Directors.

The Chairman of the Committee (Committee Chairman) will be appointed by the Board of Directors.

All other directors are entitled to attend Committee meetings.

The Committee may invite attendance from:

- The Managing Director.
- The statutory, market and internal auditors.
- Any other persons considered appropriate to attend meetings of the Committee.

#### 3.2 Skills and Development

A member of the Committee may, with approval from the Committee Chairman, at the company's expense, attend seminars or training courses on issues relating to the functions and responsibilities of the Committee.

#### 3.3 Committee Secretary

The Company Secretary will undertake the role of Committee Secretary.

### **4. Meetings**

#### 4.1 Holding of Meetings

The Committee will meet regularly at times determined by the Committee Chairman, but no less than four times per year. A member of the Committee may request that a meeting of the Committee be convened at any other time. The internal or external auditor may request that a meeting of the Committee be convened.

The Committee will meet with the auditors in the absence of management at least annually.

#### 4.2 Quorum

Two members present, in person or by using any technology, constitutes a quorum.

#### 4.3 Attendance of Meetings

The Committee Secretary will distribute in advance of a meeting of the Committee the agenda and any related papers to each member of the Committee and any other persons determined by the Committee. The agenda will also be distributed to all other directors and copies of papers made available.

#### 4.4 Committee Minutes

The Committee Secretary will prepare minutes of the meeting for approval at the next Committee meeting.

### 5. Reporting to the Board

The draft minutes of each Committee meeting will be submitted to the next Board meeting.

The Committee Chairman, or delegate, must report to the Board after each Committee meeting concerning the key outcomes from the meeting.

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