

## Board Audit, Risk & Compliance Committee Charter (v12.0)

REV NO.	DATE	REVISION DESCRIPTION	APPROVAL
0	1998	Board Audit & Risk Charter. Prepared by: Manager Internal Audit	Board
1	September 2006	Board Audit & Risk Charter updated to include recommendation from KPMG peer review. Prepared by: Manager Business Risk & Internal Audit	Board
6	February 2013	Charter updated to best practice based on new guide to best practice jointly published by the Auditing and Assurance Standards Board, Australian Institute of Company Directors and the Institute of Internal Auditors – Australia. Prepared by: Manager Business Risk & Internal Audit	Board
7	July 2014	Revise Charter to reflect new business structure.	Board
8	September 2014	Significant restructuring to bring Charter into alignment with revised ASX Corporate Governance Principles (3 <sup>rd</sup> Ed).	Board
9	October 2014	Minor correction on page 3 to read “without management present”.	Board and BARCC Chair 22 October 2014
10	December 2015	Amendments to Section 4: Access to Advice; Voting and addition of Circular Resolutions.	Board 16 December 2015
10.1	August 2017	Minor amendments to reflect current organisational titles.	CoSec 31 August 2017
11	December 2018	Annual Charter Review. Prepared by: Company Secretary / General Counsel	Board, 13 December 2018
12	December 2019	Charter Review to incorporate revised 4 <sup>th</sup> Edition of the ASX Corporate Governance Principles. Prepared by: Company Secretary/General Counsel	Board, 19 December 2019

Next Review due:

December 2022

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## 1. Purpose

The Board Audit, Risk & Compliance Committee (BARCC) assists the Board to discharge its responsibilities. These responsibilities relate to overseeing corporate and financial reporting processes; risk management and internal control; external audit; internal audit, and compliance with relevant laws, regulations, internal policies, codes, charters, and industry standards.

## 2. Authority

Within its scope of responsibilities, the Board authorises the BARCC to:

- perform the activities identified within this Charter;
- oversee the work of the external and internal auditors;
- approve the terms of the external and internal audit engagement including the audit fee;
- approve in advance all auditing and non-auditing services provided by internal audit;
- approve in advance all auditing and non-auditing services provided by the external auditors, acknowledging that the *Audit Act 2008* (Tas) prescribes the Auditor General as the Company's external auditor and noting that the Auditor General may conduct performance or compliance audits at his own cost;
- consider any disagreements between management and the external and internal auditors;
- require the attendance of management at meetings as appropriate;
- have unrestricted access to employees and relevant company information;
- meet with external and internal auditors, independent and internal legal counsel, and other external advisers, as necessary;
- meet at any time without management present; and
- engage relevant, independent external advisers as it considers necessary to carry out its duties.

## 3. Composition

The Committee will consist of:

- a minimum of three non-executive directors of Aurora Energy, a majority of whom are independent, and
- other non-Board members as the Board determines from time to time.

The Chairperson of the Committee will be an independent director, other than the Board Chairperson.

The Board will appoint Committee members, including the Committee Chairperson, for terms of one year each.

The Committee will comprise a mix and balance of relevant skills, knowledge and experience and each member will be financially literate. At least one member will have accounting and related financial expertise.

The Committee may appoint a suitable person to the role of Committee Secretary.

The Committee Chairperson will formally induct new Committee members on the objectives, practices and responsibilities of the Committee.

## **4. Meetings**

### **4.1 Meeting Frequency**

The Committee will meet at least four times each year, with further meetings to be convened as necessary to fulfill the Committee's responsibilities.

### **4.2 Electronic Meetings**

Meetings may be conducted by teleconference, phone or email as necessary to meet the Committee's objectives.

### **4.3 Circular Resolutions**

As provided under the Constitution, resolutions of the Committee may be passed without a meeting. The Committee prefers that this option is a last resort and used only when an alternative form of meeting is not possible.

While the outcome of a circulating resolution will be advised to all Directors as soon as it is finalised, it will also be recorded in the minutes at the next Board meeting.

### **4.4 Quorum**

A quorum shall comprise two directors.

In the absence of the Committee Chairperson, or appointed delegate, the remaining Committee shall elect one of their members to chair the meeting.

### **4.5 Voting**

In accordance with the Company's Constitution, if a vote of the Committee is tied, the Committee Chairperson will have a casting vote in addition to a vote as a Committee member.

### **4.6 Notice**

An Agenda for meetings will be provided with the meeting pack at least a week prior to each meeting, confirming the date, time and venue for the meeting. The meeting pack will include relevant supporting papers for the agenda items to facilitate discussion and decision making.

Subject to the approval of the Committee Chairperson, the Committee Secretary may also provide documents by email for meetings or agenda items provided at short notice.

### **4.7 Access to Advice**

The Committee is authorised to obtain independent professional advice as necessary, including securing the attendance of outsiders with relevant experience and expertise.

The Committee may meet with external advisers without management being present.

The CEO, head of finance, head of risk and compliance, head of legal and head of internal audit each has direct access to the Committee Chairperson to report matters of immediate concern within their respective area of responsibility.

Additionally, the manager responsible for internal audit and compliance has direct access to the Committee Chairperson if an internal matter of material significance is not adequately dealt with and despite the best efforts of the responsible manager to have it addressed. If the need for this direct access arises, the provisions of the Public Interest Disclosures Policy preventing disclosers from detrimental action or reprisals will be invoked.

The Committee can authorise the General Manager People and Commercial Services, Company Secretary/General Counsel or Committee Secretary to undertake tasks to assist the Committee to carry out its functions.

#### **4.8 Board Reporting**

The Committee Chairperson, or another delegate, shall report to the Board following each meeting.

The Committee Secretary shall retain minutes of proceedings and resolutions of Committee meetings and ensure they are included in subsequent Board meeting papers.

#### **4.9 Attendance at Meetings**

The following positions have a standing invitation to attend meetings:

- Chief Executive Officer;
- General Manager People and Commercial Services; and
- Company Secretary/General Counsel.

Any director who is not a Committee member is also invited to attend committee meetings. Committee papers are available to non-Committee members via the Committee Secretary.

The Committee will ensure that the external auditor attends key meetings and is available to answer questions from shareholders relevant to the audit.

Other individuals will be invited to attend at the request of the Committee via the Committee Secretary.

#### **4.11 Review the Committee Charter**

The Committee will review its Charter at least every three years and recommend changes to the Board.

## **5. Responsibilities**

The Committee will undertake the following responsibilities.

### **5.1 Financial Reporting**

The Committee will review and provide advice to the Board regarding:

- the adequacy of the Company's corporate reporting processes;
- whether the Company's financial statements reflect the Committee's understanding of, and otherwise provide a true and fair view of, the Company's financial position and performance;
- the appropriateness of the accounting standards, judgements or choices exercised by management in preparing the Company's financial statements; and
- any matters that may significantly affect the financial condition or affairs of the Company.

Prior to approval of the financial statements, the Committee will receive from management a declaration that, in its opinion:

- the Company's financial records have been properly maintained;

- the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company; and
- the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## **5.2 Working with the External Auditor**

The Committee will review and provide advice to the Board regarding:

- the appointment or removal of the external auditor, noting the limitations of the *Audit Act 2008* (Tas);
- the rotation of the audit engagement partner, including any decision by the Auditor-General to outsource the external audit under the provisions of the Audit Act;
- the scope and adequacy of the external audit;
- the independence and performance of the external auditor;
- any proposal for the external auditor to provide non-audit services and any impact on the independence of the external auditor.

## **5.3 Working with the Internal Audit Activity**

The Committee will review and provide advice to the Board regarding:

- appointment or removal of an outsourced internal audit provider;
- the scope and adequacy of the internal audit work plan; and
- the effectiveness, objectivity and performance of the internal audit function.

## **5.4 Risk Management, Compliance and Internal Control**

The Committee will review and provide advice to the Board regarding:

- the Company's risk appetite;
- the adequacy of the Company's processes for managing risk;
- the adequacy of the Company's processes for managing compliance with relevant legal, regulatory and internal obligations;
- the adequacy of the Company's processes of internal control;
- any incident involving fraud or other break down of the Company's internal controls;
- the extent and effectiveness of the Company's emergency management and disaster recovery plans;
- any incident involving fraud and corruption or other break down of the Company's internal controls including any material incidents arising from the Company's Whistleblower Policy and Code of Conduct; and
- the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business.

## **5.5 Other Responsibilities**

The Committee will investigate, review, advise or report on any other relevant matters requested by the Board.

**6. Publication**

This Charter will be published on Aurora Energy’s website.

**Approved by the Board on 19 December 2019.**

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long, sweeping horizontal line that curves slightly upwards at the end.

**Board Chair**