

1. PURPOSE

To assist the Board of Directors in fulfilling its corporate governance and oversight responsibilities under section 27 of the *Government Trading Enterprises Act 2023*, for the financial reporting process, the system of internal control, the audit process, risk management, and the Corporation's process for monitoring compliance with applicable laws, regulations and the Corporation's Code of Conduct.

The Audit and Risk Committee (Committee) refers matters to the Board for approval and/or guidance or discharges authority delegated by the Board. To the extent that any responsibility of the Committee overlaps with any responsibility of the People and Safety Committee, or any other committee of the Board, the Chair of each committee will liaise and action as appropriate.

2. AUTHORITY

The Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organisation,
- Resolve any disagreements between management and the auditor regarding financial reporting,
- Pre-approve all auditing and non-audit services,
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation or any other matter within the scope of its responsibility,
- Seek any information it requires from employees - all of whom are directed to cooperate with the Committee's requests - or external parties, and
- Meet with Corporation officers, external auditors, outside counsel, or others as necessary.

3. COMPOSITION

The Committee is to have three non-executive Directors who will be the members of the Committee. The Committee may recommend to the Board the appointment of a non-director to be a member of the Committee. The Chair of the Board is not to be the Chair of the Committee.

Any Directors may attend (but not vote at) a Committee meeting if they are not members.

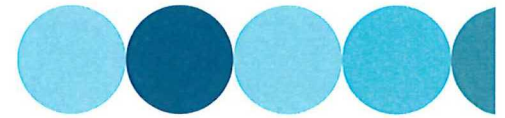
A meeting of the Committee cannot proceed unless the number of members of the Committee present are directors of the Water Corporation exceeds the number of members present who are not.

Directors can serve up to three of their terms of Board service on the Committee.

All Committee members are to have either accounting/financial, risk management or relevant public sector or relevant industry experience.

The Chair of the Committee must be 'suitably qualified' for the position on the basis that the individual:

- has current membership of CPA Australia as a CPA; or
- has current membership of Chartered Accountants Australia and New Zealand as a Chartered Accountant; or



- has current membership of the Institute of Public Accountants as a Member of the Institute of Public Accountants; or
- has current membership of the Institute of Internal Auditors as a Professional Member; or
- has appropriate membership of an overseas accounting body that is approved in writing by any two of the aforementioned bodies as having requirements for membership equivalent to those of the approving body.

The Board is to appoint members of the Committee.

4. MEETINGS

The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. The Chair will convene a special meeting if so requested by any Committee member, the Board of Directors or the representative of the Office of the Auditor General. The Head of Risk & Assurance can request a special meeting with the Committee at any time it is considered necessary. All Committee members are expected to attend each meeting, in person or via tele or video-conference (or similar communications equipment by means of which the Board meetings may be held as determined by the Committee as permitted under section 26(2) of the *Government Trading Enterprises Act 2023*).

The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

CHAIR OF THE COMMITTEE

The role of the Chair is to oversee the planning and conduct of meetings, including the approval of the agenda and draft minutes, and reporting to the Board.

COMPANY SECRETARY

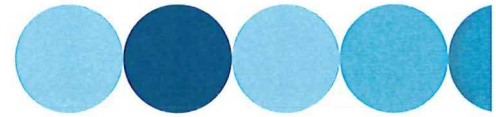
The Company Secretary prepares the meeting agenda for the approval of the Chair, circulates the agenda and papers prior to the meeting, prepares minutes and circulates them and maintains final meeting papers and minutes.

5. RESPONSIBILITIES

The Committee will carry out the following responsibilities:

FINANCIAL REPORTS

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.



- Review other sections of the Annual Report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted Australia Auditing Standards.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review the management of taxation-related risks and compliance with taxation laws including the lodgement of tax returns.

INTERNAL CONTROL

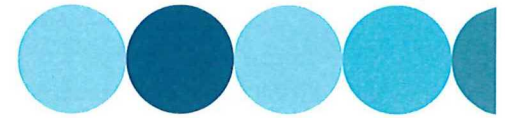
- Consider the effectiveness of the Corporation's internal control system, including information technology security and fraud.
- Understand the scope of internal and external auditors' reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

RISK MANAGEMENT

- Ensure an appropriate overall risk management framework is in place each year by:
 - Reviewing the Corporation's Corporate Risk Report to ensure that material business risks to the Corporation are dealt with appropriately.
 - Ensuring that there is regular review and update of the Corporation's Corporate Risk Report.
 - Ensuring that the material business risks are dealt with in a timely manner to mitigate exposures to the Corporation.
 - Reviewing the Corporation's performance against risk appetite as set by the Board.

INTERNAL AUDIT

- Review with management and the Head of Risk & Assurance the Charter, activities, staffing, and organisational structure of the internal audit function.
- Have final authority to review and approve the annual audit plan and all major changes to the plan.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Head of Risk & Assurance.
- Evaluate the Head of Risk and Assurance's performance.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
- On a regular basis, meet separately with the Head of Risk & Assurance to discuss any matters that the Committee or internal audit believes should be discussed privately.



EXTERNAL AUDIT

The Auditor General is responsible for the appointment and performance evaluation of the external auditor (Auditor General Act 2006). The main duties and responsibilities of the Committee in relation to the external auditors therefore exclude appointment and performance related duties and are as follows:

- Review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit.
- Ensure the annual report provides a full analysis of the total fees paid to external auditors, including a break down of fees for non-audit activities (if any).

COMPLIANCE

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the reports issued to, and findings resulting from, any compliance examinations by regulatory agencies, specifically the Economic Regulation Authority, and any auditor observations.
- Obtain regular updates from management regarding compliance matters.

ETHICS

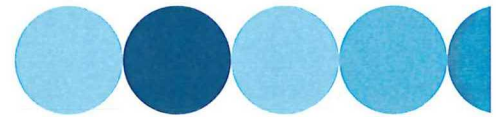
- Monitor the development of organisational culture that demands, values and supports high standards of probity and ethical behaviour.
- Review the process for communicating the Code of Conduct to Corporation personnel, and for monitoring compliance with the Code.

REPORTING RESPONSIBILITIES

- Regularly report to the Board of Directors about Committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, and the Board of Directors.
- Review reports the Corporation issues that relate to Committee responsibilities.

OTHER RESPONSIBILITIES

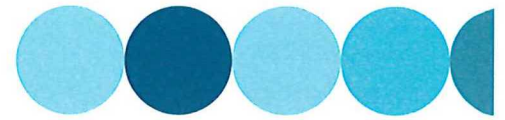
- Recommend for Board approval of the Annual Insurance Renewal and the Insurance Broker Contract including exercising any contract options.
- Oversee insurance claims that exceed \$300k.
- Oversee litigation and prosecutions against the Corporation that exceed \$500k.
- Perform other activities related to this Charter as requested by the Board of Directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Committee Charter every two years, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this Charter have been carried out.



- Evaluate the Committee's and individual member's performance on a regular basis.

6. CONFLICT OF INTEREST

Committee members should declare any actual, perceived, or potential conflicts of interest and undertake actions to mitigate the conflict. The conflicts are to be recorded by the Company Secretary.



Appendix 1

Corporate Governance Glossary of Terms

Word	Definition
Approve	To agree to
Audit	An official and systematic examination of the records of the Corporation (whether financial or otherwise) with verification by reference to corroborating evidence with a purpose to establishing the accuracy and integrity or otherwise of the records.
Compliance	The act or process of adhering to a law, regulation, policy, standard or guideline.
Consider	To think about, especially in order to make a decision, to weigh the merits of.
Govern	To conduct the affairs of the Corporation.
Legal requirements	Requirements of or based on law.
Manage	To take an active part in running of a business; to be responsible for decision-making.
Monitor	To watch, supervise, or check, for the purpose of auditing.
Recommendation	A collective decision expressed in a formal document. Resolutions relating to internal affairs.
Regulatory requirements	Rules or restrictions imposed by Regulations.
Review	To inspect, examine or consider for a second time.