

Board Portfolio Risk Committee Charter



Portfolio Risk Committee

Introduction

This Charter sets out the role and responsibilities of the Portfolio Risk Committee to assist the Board in managing risks pertaining to Snowy Hydro's price risk hedging activities.

1. Role and responsibilities

The Committee's role is to assist the Board in the effective discharge of its responsibilities in relation to managing the risk in relation to Snowy Hydro's price risk hedging activities.

The Committee has authority from the Board to review and investigate any matter within the scope of this Charter and make recommendations to the Board in relation to the outcomes.

The Committee has no delegated authority from the Board to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.

2. Duties

The Committee has the following duties:

- (a) Portfolio Risk
 - (i) report to the Board on the effectiveness of portfolio risk management policies and procedures, including credit risk, market risk and liquidity exposure as arises from futures trading and other sources of risk, including those arising from Financial Services and other regulatory compliance obligations;
 - (ii) periodically review portfolio risk strategy and performance covering new and existing products, trading authorities, tradable capacity, transmission, fuel for generation purposes, regulatory issues and market rules, and new and emerging technologies;
 - (iii) advise the Board on the current and projected liquidity exposure associated with Snowy Hydro's price risk hedging activities;
 - (iv) periodically review the capital requirements of Snowy Hydro's hedging activities and recommend appropriate capital buffers;
 - (v) periodically review the adequacy of risk credit and liquidity limits and recommend appropriate limits to the Board;
- (b) Management Systems, for risks within this Charter:
 - (i) review management's risk management culture;
 - (ii) review the appropriateness of systems and processes developed by management to identify, assess and respond to risks;

- (iii) review and bring to the attention of the Board any material new and significant risks;
- (iv) review the effectiveness of portfolio operations procedures, systems and internal control frameworks; and
- (v) follow up on any recommendations or improvement strategies;
- (vi) bring to the attention of the Board any actual or potential material breaches of any of Snowy Hydro's portfolio risk management policies and procedures or regulatory compliance obligations;
- (vii) review and recommend approval of relevant elements of each annual internal audit plan to the Audit and Compliance Committee of the Board; and
- (viii) review recommendations from internal auditors and monitor the implementation of recommendations;
- (c) investigate and report to the Board on any matter specifically referred to the Committee by the Board. Where appropriate, refer matters to the Executive Portfolio Risk Committee for investigation. Follow up on any recommendations or improvement strategies;
- (d) review and recommend Board approval of corporate scorecard KPI outcomes pertaining to the:
 - (i) FY22 balance sheet plan and corresponding delivery of target credit rating and negative pledge compliance; and
 - (ii) Asset IRR for the Snowy 2.0 project.

3. Membership

The Members of the Committee will be appointed by the Board and shall consist of:

- (a) at least three Non-Executive Directors, a majority of whom must be Independent Directors.
- (b) an independent, Non-Executive Director as Chair of the Committee.

A quorum will comprise two members of the Committee.

Each member of the Committee will have one vote and questions will be decided by a majority of votes. In the case of an equality of votes, the Committee Chair will have a casting vote, provided more than two of the members present are entitled to vote.

The Company Secretary or their nominee will act as the Secretary to the Committee and will keep minutes of proceedings and resolutions of the Committee together with copies of supporting papers. These records will be available to any Board member upon request.

4. Meetings and resources

The Chair will convene meetings of the Committee as necessary but not less than four times each year.

Unless otherwise agreed by all Committee members, notice of each meeting and circulation of supporting papers, must be forwarded to each member of the Committee and any person invited to attend, not less than four business days prior to the date of the meeting.

Members of the Board may attend meetings of the Committee. Members of management may attend Committee meetings at the discretion of the Committee Chair. Other persons may attend meetings of the Committee by invitation only, or with prior arrangement with the Committee Chair.

The Committee may meet without ex officio management members present if the Committee Chair or the Committee considers it appropriate.

The Committee Chair, or their nominee, will report to the Board after each meeting of the Committee. The minutes of each Meeting must be included in the papers for the next scheduled Board meeting.

The Committee may seek any information reasonably necessary to discharge its responsibilities from any officer or employee of Snowy

The Committee has a right of access to the external auditor, and will make itself reasonably available to the external auditor. The Committee may take advice from external parties at Snowy Hydro's expense as reasonably appropriate to discharge its responsibilities.

The Committee may initiate, after consultation with the Chair and the Board, any investigation that is reasonably necessary to discharge its responsibilities. The costs of any such investigation will be borne by Snowy Hydro.

5. Performance and Assessment

At least once each year the Committee must report on, and the Board will review, the performance of the Committee. This review will incorporate the views of relevant stakeholders.

The Committee must review this Charter annually to ensure its relevance and effectiveness and make recommendations to the Board in relation to any proposed change.