

Board Portfolio Risk Committee Charter



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1. Introduction

This Charter sets out the role, responsibilities and composition of the Board Portfolio Risk Committee (**Committee**) to assist the Board of Snowy Hydro Limited (ACN 090 574 431) (**Company**) (**Board**) to fulfil responsibilities for the Company and its controlled entities (**Snowy Hydro**).

2. Role

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 Board has delegated authority to the Committee to fulfil the responsibilities set out in the responsibilities section below. The Board may delegate authority to the Committee to fulfil additional responsibilities from time to time.

This Charter should be read in conjunction with Snowy Hydro's Board Charter.

3. Responsibilities

The Committee has the following responsibilities:

- (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 wholesale market activities;
 - (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;
 - (vi) review and recommend the Portfolio and Trading Risk Management Framework to the Board and oversee its implementation by management;

- (b) Management Systems, for risks within this Charter:
- (i) review management's risk management culture;
 - (ii) review the appropriateness and effectiveness of systems and processes developed by management to identify, measure, manage, assess and respond to risks. This covers the risks associated with Snowy Hydro's wholesale market activities, including identifying responsibilities, providing adequate separation of duties and avoiding conflicts of interest;;
 - (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;
 - (v) follow up on any recommendations or improvement strategies;
 - (vi) review Snowy Hydro's policies and practices to facilitate compliance with laws relating to Snowy Hydro's Australian Financial Services Licence;
 - (vii) review reports from management on financial crime matters (including any material breaches of any bribery and corruption policies) and compliance with Australian Transaction Reports and Analysis Centre (**AUSTRAC**) obligations;
 - (viii) 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;
 - (ix) review and recommend approval of relevant elements of each annual internal audit plan to the Audit and Compliance Committee of the Board; and
 - (x) 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; and
- (d) review and recommend to the Board for approval Snowy Hydro's Anti-Money Laundering and Counter Terrorism Financing Program and its related documents.

4. Conflicts of Interest

The Conflicts of Interest subsection of the Board Charter applies to Committee Members and proceedings of the Committee.

5. Membership

The Members and Chair 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 (as defined in the Board Charter); and.
- (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.

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.

5.2 Meetings and resources

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

In the absence of the Committee Chair, Committee members will elect an Independent Director to act as Chair for that meeting.

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. Other persons may attend Committee meetings at the discretion of the Committee Chair.

The Committee may meet without management or other persons 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 once approved by the Committee 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.

The Committee may refer any matter to another Committee where relevant to the discharge of their responsibilities.

6. 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 (by 1 December) to ensure its relevance and effectiveness and make recommendations to the Board in relation to any proposed change.