

Wholesale Energy Risk Management Committee Charter

Adopted by the Board on 31 January 2019

1. Role and Responsibilities

The wholesale energy risk management committee (“the Committee”) is a sub-Committee of the Audit & Risk Committee. The Committee is not a policy-making body but assists the Board and Audit & Risk Committee by implementing Board policy.

Wholesale Energy Risk Management

The role of the Committee includes assisting the Board and Audit & Risk Committee by overseeing the implementation and ongoing operation of Vocus’ wholesale energy risk management framework.

Consistent with Vocus’ determined appetite for wholesale energy risks, the Committee will assist the Audit & Risk Committee by:

- Overseeing the material wholesale energy risks associated with supplying electricity and gas;
- Ensuring activities are undertaken in a controlled environment and within limits consistent with the risk management framework set by the Board;
- Ensuring that wholesale energy risks are identified, understood and managed effectively; and
- Limiting the variance in wholesale energy costs.

Other Committee objectives include:

- Implementing good corporate governance and ethical conduct;
- Overseeing procedures that manage the wholesale energy risk management framework;
- Ensuring that staff are operating in accordance with approved procedures and systems; and
- Ensuring that adequate systems are maintained to minimise error or fraud, and protect the integrity of data and information.

2. Wholesale Energy Risk Management Policy

In fulfilling its duties, the Committee will act in accordance with the Wholesale Energy Risk Management Policy set by the Board. For the avoidance of doubt, the Committee will have the power to enter into transactions of behalf of the company as prescribed in the Wholesale Energy Risk Management Policy.

3. Composition

The Committee will consist of five members, comprising of one non-executive director, Chief Executive Officer, Chief Financial Officer, Chief Executive – Consumer (Australia) and Chief Executive, New Zealand. The Board will appoint the relevant non-executive director. The Board will elect the chair of the Committee. The chair of the Committee must be a non-executive director who is not chair of the Board. If any member’s position becomes vacant, then the members that comprise the Committee will reduce by the number of vacant positions (but only during the period of vacancy).

Membership of the Committee is to be confirmed annually by the Board in alignment with the annual general meeting.

Each non-executive director who is a member of the Committee must be financially literate and have a current working knowledge of the energy industry and wholesale energy risk management principles, so as to enable the Committee to effectively discharge its duties.

4. Invitees

Other persons may attend meetings of the Committee by invitation, but will normally include the following:

- GM of the Consumer Energy business or equivalent in Australia and New Zealand
- GM of Consumer Products or equivalent
- Treasurer
- CFO of the Consumer Division
- RM Hedge, who provide ongoing energy consultancy services and independent advice to the Committee
- Legal counsel for the Energy Business

5. Meetings

The Committee will meet monthly to fulfil its duties. Meetings will be timed to coincide with the availability of the prior month's financial results.

A quorum will be more than half the members, so long as one of the attending members is a non-executive director. In the chair's absence from a meeting, the members present will select a chair for that particular meeting.

All Committee members are expected to attend each meeting in person or through other approved means such as teleconferencing or video conferencing.

The notice and agenda of a meeting will include relevant supporting papers.

6. Voting

Any matters requiring decision will be decided by a majority of votes of members present.

7. Conflicts of Interest

Committee members will be invited to disclose conflicts of interest at the commencement of each meeting. Ongoing conflicts of interest need not be disclosed at each meeting once acknowledged. Where members or invitees are deemed to have a real or perceived conflict of interest, they will be excused from Committee discussions on the issue where a conflict exists.

8. Secretariat Duties

The appropriate Legal Counsel will act as secretary to the Committee. The secretary will assist the chair with the administration of the Committee.

9. Minutes

Minutes must be prepared, approved by the chair and circulated to the members within two weeks of a meeting. The minutes must be ratified by the members present at the meeting and signed by the chair.

10. Reporting to the Audit & Risk Committee

The chair of the Committee is to report to the Audit & Risk Committee (and the Board if required) following each Committee meeting. The manner of reporting may be by distribution of a copy of the minutes supplemented by other necessary information, including recommendations requiring Audit & Risk Committee and/or Board action and/or approval.

In addition, the Committee must update the Audit & Risk Committee at least annually regarding its activities and if appropriate, make recommendations relevant to its roles and responsibilities.

11. Reviews

The Committee must review its performance on an annual basis. The review may be conducted as a self-assessment and will be coordinated by the chair. The assessment may seek input from any person. Training needs will be monitored by the chair.

The Committee must review this charter and the Wholesale Energy Risk Management Policy annually to ensure that it remains consistent with the Board's objectives and responsibilities. Any changes to this Charter and the Wholesale Energy Risk Management Policy requires Board approval.

12. Constitution

If there is any conflict or inconsistency between this charter and Vocus' Constitution, the Constitution prevails.

If there is any conflict or inconsistency between this charter and the Wholesale Energy Risk Management Policy, this charter prevails.

Appendix

Responsibilities of the Wholesale Energy Risk Management Committee

General responsibilities:

- Identifying, understanding, measuring and reporting on all material wholesale energy risks.
- Communicating consistent risk management objectives to staff responsible for the management of wholesale energy risks.
- Ensuring that risk management activities are undertaken in a controlled environment and within limits consistent with the business' risk management philosophy.
- Ensuring that the risks associated with the electricity, gas and other financial products traded with wholesale customers are identified, understood, and managed effectively.
- Ensuring that transactions are undertaken with creditworthy counterparties and customers.
- Limiting the variance in wholesale purchase costs.
- Reviewing electricity and gas liquidity risks, financial and reporting issues (including complex or unusual transactions and highly judgmental areas) and recent professional and regulatory announcements to understand their effect on the management of energy wholesale risks.
- Review management's processes for ensuring and monitoring compliance with energy laws, regulations and other requirements.

Review and make recommendations on:

- Vocus' overall current and future risk appetite and risk management strategy.
- the effectiveness of the energy wholesale risk management framework.
- oversee the implementation of the energy wholesale risk management strategy.
- approve frameworks, policies and processes for managing wholesale energy risk.
- act as an escalation point for risk-related matters.
- review annually the wholesale energy risk management policy which encompasses the risk rating methodology and risk response criteria for the energy division, and make recommendations to the Board for approval.

Other responsibilities:

- Perform other activities related to this charter as requested by the Board.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of this charter annually, requesting Board approval for changes and ensure appropriate disclosure as required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the Committee's and individual members' performance regularly.