

Audit and Risk Management Committee Charter

Last approved by the Board of Directors: 24 July 2020

1 Purpose

The function of the Audit and Risk Management Committee (the **Committee**) is to assist the Board of Directors in fulfilling its responsibilities to security holders by overseeing APA Group's systems for financial reporting, audit and enterprise risk management, including monitoring the process for identifying, assessing and developing strategies to manage material risks for APA Group (both financial and non-financial). This includes responsibility for overseeing APA Group's:

- Financial and other periodic corporate reporting;
- Relationship with the external and internal auditors and overseeing the external and internal audit functions generally;
- Material risk profile (including any health, safety, environment and heritage (**HSEH**) risks of a material nature referred by the HSE Committee);
- Processes for identifying and managing financial and non-financial risk;
- Internal controls and systems; and
- Processes for monitoring compliance with applicable laws and regulations.

2 Membership

- The Committee is comprised of non-executive directors, a majority of whom are independent, with at least three members. Independence is determined according to the Independence of Directors Policy.
- All Committee members will have a working familiarity with basic accounting and finance practices and an understanding of APA Group's risk environment. At least one Committee member will have financial expertise (i.e. qualified accountant or other financial professional).
- The Committee Chairman is appointed by the Board and is an independent director. The Chairman of the Board may not be appointed the Committee Chairman. Should the Committee Chairman be absent from any meeting, the members of the Committee present will appoint one of those independent directors to be Chair of that meeting.
- The external auditor reports directly to the Committee and, for administrative purposes, the Chief Financial Officer.

- The internal auditor reports directly to the Committee and, for administrative purposes, to the Group Executive Governance & External Affairs.
- The Committee, in its discretion, has direct access to the Chief Financial Officer and the General Manager Risk, Compliance & Insurance.

3 Meetings

- The Committee will meet a minimum of four times annually and more frequently, if required by the Committee Chairman. Meetings should correspond with the financial reporting cycle.
- A quorum will consist of not less than two members.
- A duly convened meeting of the Committee at which a quorum is present shall exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- The external and internal auditors are invited to attend Committee meetings to discuss relevant matters including audit related agenda items.
- The Committee, in its discretion, can request the external or internal auditors to attend more or less of the meeting as required. The provision of the Committee papers, or selected aspects of the Committee papers, to the external or internal auditors is at the discretion of the Committee.
- The Committee will meet at least annually with the external and internal auditors (separately or together) without management present to discuss any matters the Committee or these groups believe should be discussed privately.
- Special meetings may be convened as required. If the external or internal auditor requests a meeting, the Secretary of the Committee will inform the Committee Chairman of that request and the Committee Chairman will determine whether to convene the meeting.
- The Secretary of the Committee is the Company Secretary, or his or her designated representative.
- The Secretary of the Committee will be responsible for scheduling meetings, coordinating the preparation of the agenda, minutes and other supporting documents for the meeting.
- The agenda and supporting documentation will be circulated to the Committee members within a reasonable time before each meeting. The Secretary of the Committee will circulate minutes of the meetings to the Members of the Committee.
- As a minimum, the Committee Chairman (or other Committee member) will attend the Board meetings at which the financial statements (full year and half year) are approved and, as required, provide a summary of the Committee's deliberations, conclusions and recommendations for the Board.

4 Authority

- The Committee is a committee of the Board and will have no authority independent of the functions delegated to it by the Board.

- The Committee is authorised by the Board to investigate any activity it deems appropriate, consistent with its responsibilities and duties.
- The Committee is authorised to seek any relevant information it requires from employees of APA Group in order to perform its duties.
- To the extent the Committee deems necessary, it may, at APA Group's expense, retain legal, accounting or other advisors.

5 Reporting and referrals

- The Committee will regularly update the Board about Committee activities and make appropriate recommendations.
- The Committee will oversee the preparation of any reports required by law or listing rules or requested by the Board, including required reports on corporate governance in the Annual Report.
- All of the papers presented to the Committee will be made available to the Board and/or included in the Board papers.
- The minutes of each Committee meeting will be distributed to directors with the papers for the next Board meeting following the date of the Committee meeting.
- The Committee Chairman will report to the next Board meeting on any matters under consideration. At the discretion of the Committee, the Chairman will refer matters considered to be of major importance (with the referral noted for the Board's information), to the Board or to other standing committees of the Board if they are within that committee's responsibilities. This would include, for example, reporting on risk outcomes and considerations relevant to the People and Remuneration Committee's recommendations in relation to remuneration outcomes for management.
- The Committee will also receive reports and referrals from the Board and other standing committees of the Board on matters that are within its own responsibilities.

6 Responsibilities

To fulfil its responsibilities and duties, the Committee will:

6.1 Financial Reporting Processes

- Review and discuss with management and the external auditor the half year and annual financial reports (including notes to the financial accounts and other disclosures) to ensure they reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of APA Group, as a basis for recommending to the Board whether the financial reports should be approved and adopted.
- Review the process to verify the integrity of any periodic corporate report APA Group releases to the market that is not audited or reviewed by the external auditor.
- Review and make recommendations to the Board in relation to the appropriateness of APA Group's accounting and financial reporting policies, judgements and practices, including the effect of changes in accounting

standards and practices, Australian Securities Exchange listing requirements and corporate legislation. This includes reviewing and discussing with management and the external auditor the application of those policies, judgements, practices and standards in the preparation of APA Group's financial statements and reports.

- Review and discuss with the external auditor their report regarding significant findings in the conduct of their audit and management's responses.
- Discuss with management and the external auditor the results of the auditor's work and their overall view on whether the system of internal controls over financial information is operating appropriately.
- Before the Board approves APA Group's financial statements for a financial period, receive and discuss with management and the external auditor the process and related information supporting the declaration made to the Board by the Managing Director and Chief Executive Officer and Chief Financial Officer that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of APA Group and that the opinion has been formed on the basis of a sound system of management and internal control which is operating effectively.
- Determine that no restrictions are being placed on the internal audit process or the external auditor.

6.2 Oversight of External Auditor

- Recommend to the Board the appointment and termination of the external auditor.
- Review the annual external audit plan with the external auditor and approve the plan and audit fees.
- Review and discuss with the external auditor any matters relating to the conduct of the external audit including management letters from the external auditor and management's responses.
- Review significant findings and recommendations made by the external auditor and management's responses and ensure that they are discussed and acted on appropriately.
- Receive, review and report to the Board on non-audit services, including determining compliance with the Board's policy on maintaining the independence of the external auditor.
- Review the Board's policy on maintaining independence of the external auditor and recommend any changes, if necessary.
- Review and monitor the qualifications, performance and independence of the external auditor having regard to the skills and capabilities of the lead external audit staff.
- Meet separately with the external auditor without management personnel present, if required, and twice a year when the half year and full year financial audits are reported.

6.3 Risk Management

- Review and recommend to the Board APA Group's risk appetite statement.
- Monitor the performance of the business by reference to APA Group's risk appetite statement.
- Review and approve APA Group's risk management system (including policy, standard and framework) for identifying, assessing and managing risk (both financial and non-financial).
- Review at least annually APA Group's operation of the risk management system, including to satisfy itself that effective and appropriate audit, risk management (including in respect of both financial and non-financial risks), compliance and control systems are in place to protect the business assets and to ensure that APA Group is operating with due regard to the risk appetite statement approved by the Board.
- Regularly review APA Group's material risk profile, as contained in APA Group's risk registers.
- Receive and review reports from the Health, Safety and Environment Committee, including in relation to material HSEH risks and compliance and the processes in place for managing such risks.
- Monitor the effectiveness of the risk management framework and the system of internal controls and regularly receive and review reports on internal controls and processes, including in respect of new sources of risks and the risk controls and mitigation measures that management has put in place to deal with those risks.
- Review and report to the Board on any emerging risks.
- Review and evaluate the adequacy of risk management strategies and make recommendations to the Board, where appropriate, in relation to:
 - key areas of risk including the maintenance, operations or replacement of energy infrastructure assets of APA Group; and
 - any statutory, regulatory, tax or treasury policy requirements.
- Review any significant incidents including fraud and any material break-downs of APA Group's internal controls together with "lessons learned".
- Review and monitor APA Group's insurance program and insurable risks.
- Meet separately with the Chief Financial Officer and the General Manager Risk, Compliance & Insurance without other management personnel being present, if required.

6.4 Internal Audit

- Approve the appointment of the internal auditor and approval of their remuneration arrangements.
- Review the resources and organisation of the internal audit function.
- Oversee, review and approve the scope of the annual internal audit plan.
- Review and discuss with the Group Executive Governance & External Affairs and Chief Financial Officer significant internal audit reports, and/or findings.

- Determine that no restrictions are being placed on the internal auditor.
- Meet separately with the internal audit lead/head to discuss matters that the Committee or internal auditor believes should be discussed privately and at least annually when the annual audit plan is to be approved.
- Review significant findings and recommendations made by the internal auditor and management's responses and ensure that they are discussed and appropriately acted on.
- Review the performance of the internal auditor having regard to their qualifications, performance and independence.

6.5 Compliance with laws, regulations, internal policies and industry standards

- Review and approve key compliance policies and the APA Group compliance management system (including compliance policy and framework).
- Review and recommend to the Board for approval the AFSL Compliance Plans and monitor ongoing compliance with the AFSL Compliance Plans.
- Review and monitor the effectiveness of compliance management systems, policies and practices.
- Monitor the development and ongoing review of appropriate legislative and regulatory compliance programmes, including continuous disclosure.
- Receive, review and discuss with management regular reports on compliance activity.
- Review information regarding material breaches of APA's Code of Conduct and Anti-Bribery and Corruption Policy and material disclosures reported under the Whistleblowing Policy, including reviewing the resolution of such breaches or disclosures including consideration of any relevant "lessons learned".
- Review and approve the policies, processes and framework for dealing with concerns of employees and any complaints received by APA Group or material disclosures reported under the APA Whistleblower Policy, including in respect of anti-bribery and corruption, matters relevant to the AFSL Compliance Plans, accounting, internal controls or auditing matters.
- Meet separately with the General Manager Risk, Compliance & Insurance and Group Executive Governance & External Affairs without management personnel being present, if required.

7 Review

- This Charter should be reviewed and updated by the Committee annually and changes required should be recommended to the Board for approval.
- The Committee should annually review its own performance as part of the overall Board assessment process.