



Powerhouse Ventures Limited (PVL)

AUDIT & RISK COMMITTEE CHARTER

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1. Scope

The Audit & Risk Committee is appointed by the Board of Directors of Powerhouse Ventures Limited and performs the functions outlined in this charter, for each of the following entities that have operations that require oversight by the Committee:

- Powerhouse Ventures Limited (PVL)
- other wholly owned subsidiaries or controlled entities as required from time to time.

The reference to the Board in the Charter means the Board of PVL and/or the Board of each entity referred to above.

2. Objectives

The Audit & Risk Committee (“the Committee”) is a sub-committee of the Board of Directors that assists the Directors in discharging the Board’s responsibilities of oversight and governance in relation to financial and audit matters as well as in the setting of the risk appetite and oversight of the risk profile of PVL. In this role, the Committee has no executive responsibility. It is responsible for performing its duties in accordance with its Charter and making recommendations to the Board of Directors on the adequacy of internal and external audit, as well as in making recommendations to the Board on the effective discharge of its responsibilities for risk management and the management of compliance obligations. The objectives of the Committee reflect these important roles and include the following:

Audit

- assisting the Board of Directors to discharge its responsibilities to exercise due care, diligence and skill in relation to the:
 - reporting of financial information to users of the financial reports;
 - application of accounting policies;
 - internal control system;
 - evaluation and monitoring of the Company’s exposure to fraud; and,
 - consideration and approval of disclosure and capital raising documents, including information memorandum, investment statement or prospectus review and verification (excluding IPO related activity).
- providing a formal forum for communication between the Board and senior financial management;
- improving the efficiency of the Board by delegating tasks to the Committee where such tasks should be discussed in sufficient depth;

- improving the effectiveness of internal and external audit functions and the communication between the Board and the internal and external auditors;
- ensuring the independence of the external auditor; and,
- providing a structured reporting line for internal audit and ensuring maintenance of the independence and objectivity of the internal auditor.

Risk

- recommending the risk profile and risk appetite of PVL, for approval by the Board;
- receiving and reviewing reports from Management concerning PVL's risk management strategies;
- recommending and overseeing the process developed by Management to identify principal risks, evaluating their potential impact and implementing appropriate strategies to manage those risks;
- recommending principles, strategies, policies and processes for managing risk;
- receiving and reviewing reports from Management regarding resolution of significant risk exposures and risk events;
- reviewing and monitoring the risk implications of new and emerging risks, organisational change, regulatory change and major initiatives;
- providing a formal forum for communication between the Board and Senior Management; and,
- improving the efficiency of the Board by receiving tasks delegated to the Committee where such tasks should be discussed in sufficient depth.

3. Duties and Responsibilities

The Committee is required to discharge the following duties and responsibilities:

Audit

External Reporting

To review and report to the Board on:

- annual, half-yearly and quarterly Financial Reports including recommendations to the Board for the adoption of these reports;
- the reasonableness of significant estimates and judgments in the financial reports;
- the appropriateness of the accounting principles and policies used and the clarity of financial disclosures in conjunction with the external auditor;
- the responses to complaints regarding accounting and auditing matters; and,
- oversight of compliance with:
 - all relevant laws including tax and company laws;
 - relevant listing rules and regulations; and,
 - all statutory reporting requirements.

The Committee will ensure each person who performs the CEO or CFO function provides a declaration to the Board that, in their opinion, the financial records of the Company for a financial year and for each external reporting period have been properly maintained and that the financial statements and the notes for the financial year comply with the accounting standards and give a true and fair view of the financial position and performance of the Company.

The Committee will ensure the declaration is given before the Directors approve the financial statements.

The declaration provided by the CEO and CFO must state that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The provision of these declarations must extend to apply to the financial statements for any financial period, not just for the financial year.

Internal Audit

To review and report to the Board on:

- appointment of any Internal Auditor;
- Internal Audit's role, Charter, qualifications and resources;
- Internal Audit reporting lines and independence (i.e. to the MD, CFO and Chairman of the Committee);
- the scope of any internal audit plan and work programme, including whether it covers all material risks and financial reporting requirements (in conjunction with the external audit plan);
- the progress of the internal audit programme and the implications of internal audit findings on the control environment;
- Management's responses to Internal Audit's findings and the timeliness in which action plans are completed; and,
- the process PVL has in place for monitoring and assessing the effectiveness of internal audit.

External Audit

To report to the Board on:

- recommendations on the appointment of the external auditor and monitoring of effectiveness and independence;
- whether the auditor is fit and proper;
- any requirement for the external auditor to rotate its lead audit partner and the audit review partner;
- the external auditor's fee and whether an effective, comprehensive and complete audit can be conducted for the proposed fee;
- recommendations on the term of the engagement with the external auditor and reviewing that engagement at least annually, including whether the auditor confirms his or her independence to the Committee and meets the applicable independence tests;

- the scope of the external audit particularly the identified risk areas and whether, in conjunction with the internal audit programme, all material risks and financial reporting requirements are covered and any additional agreed-upon procedures on a regular and timely basis;
- the external audit plan, audit results and implications of the external audit findings for the control environment;
- all representation letters signed by management ensure that the information provided is consistent with the Committee's knowledge;
- inquiries of the auditor if there have been any significant disagreements with Management, irrespective of whether or not they have been resolved; and,
- the monitoring and critiquing of Management's responsiveness to the external auditor's findings and recommendations.

Other Responsibilities

- review and approve the fraud management framework prepared by Management;
- review the fraud risk assessment performed by Management;
- ongoing monitoring of the management and rectification of significant fraud risk exposures by Management;
- discuss with Management and the external auditor any correspondence with regulators or government agencies which raise material issues or could impact on matters regarding the financial statements or accounting policies;
- discuss with the Company Secretary any legal matters that may have a material impact on financial statements;
- the members of the Committee should meet with the both external and internal auditors without Management personnel being present at least once per annum. These meetings should address, amongst other things, whether the external or internal auditors (as the case may be) have received co-operation from Management and whether there have been any impediments to carrying out their respective audits;
- the Chairperson of the Committee should meet regularly and separately with the Chief Financial Officer, the internal auditor and with the external audit partner;

- the establishment and maintenance of whistleblowing policies and procedures that enable employees of PVL to confidentially submit information about which the employee may have concerns on the following:
 - accounting
 - internal control
 - compliance
 - audit
 - other matters
- the establishment of processes for:
 - communicating these whistleblowing policies and procedures to employees
 - dealing with matters raised by those employees
- the establishment of processes in support of the Board for:
 - consideration and approval of disclosure and capital raising documents, including information memorandum, investment statement or prospectus review and verification (excluding IPO related activity).
- responsible for ensuring the external auditor is invited to attend the Annual General Meeting of the Company.

Risk

The Committee will recommend to the Board the parameters of the risk management strategy, monitor the risk profile and oversee inherent risks. This will include (but is not limited to) the following matters:

Liquidity Risk

- the framework for the management of liquidity risk;
- liquidity position and requirements;
- appropriate liquidity risk policies; and,
- funding and equity capital plans.

Balance Sheet Risk

- review positions in relation to management of interest rate risk;
- review positions in relation to management and structure of the balance sheet; and,
- balance sheet management policies.

Credit Risk

To review reporting relating to:

- the framework for the management of credit risk;
- monitoring of the risk profile, performance and management of credit portfolios;
- appropriate credit risk policies; and,
- appropriate credit limits.

To engage in credit approval processes in accordance with investment and lending policy.

Operational Risk

To review reporting relating to:

- the framework for the management of operational risk;
- monitoring the performance of operational risk management and controls;
- appropriate operational risk policies;
- litigation risk;
- reliance on external service providers;
- operational and business systems, including disaster recovery planning; business continuity management; and, crisis management;
- workplace health and safety issues (noting primary responsibility rests with the Human Resources and Remuneration Committee);
- environmental sustainability;

- reviewing reports from Management concerning the annual insurance strategy, including the adequacy of coverage and limits of insurance policies; and,
- provision of reports on any material matters arising out of the insurance programme during the year.

Compliance Risk

To review reporting relating to:

- the adequacy and effectiveness of the programme of compliance established within PVL;
- the processes in place for ensuring new and changed legal and regulatory requirements are identified and reflected in PVL processes;
- the scope and depth of compliance review activities and the resulting impact any review findings have on the risk profile of PVL;
- the nature and effectiveness of action plans implemented to address identified compliance weaknesses; and,
- to oversee the establishment and maintenance of risk based controls to mitigate the risks associated with money laundering and terrorism financing.

Market Risk associated with the investment portfolio is specifically delegated to the Investment Committee

Other Responsibilities

To review reporting relating to:

- the monitoring of the performance of other risk types (as appropriate);
- changes anticipated for the economic and business environment, including consideration of emerging trends and other factors relevant to PVL 's risk profile;
- oversee FMA statutory reporting requirements pertaining to risk matters;
- oversee adequacy of internal risk monitoring and reporting requirements.

4. Specific Complaints Procedures

The Committee will respond to complaints regarding accounting and auditing, including complaints from those who wish to remain anonymous. The complaints procedure will operate as follows:

- the complaints will be brought to the attention of the Committee by the Company Secretary;
- the complaints will be discussed by the Committee and if so directed, the Company Secretary will conduct an investigation and report back to the Committee on the outcome of the investigation;
- the scope of any investigation will be set by the Committee;
- where appropriate, the Committee may request the external auditor to assist in any investigation;
- the Company Secretary will respond to any complaint at the direction of the Committee;
- the Company Secretary will maintain a register of complaints and report to each Committee meeting, the details of any complaints received and the status of any outstanding complaints;
- the complaints procedure operates independently of the PVL Whistleblower policy. Complaints received in accordance with the Whistleblower policy will be investigated in accordance with the procedures outlined in the Policy, which may or may not involve the Chairperson of the Committee.

5. Excluded Responsibilities

The Board has not required the Committee to oversee the following areas:

- Board and Management performance and compensation, which is overseen by the Human Resources and Remuneration Committee; and,
- corporate governance, which is overseen by the Corporate Governance and Nomination Committee and the Board.

6. Board Committee Standing Procedures

This Board Committee Charter is to be read in conjunction with the separately documented Board Sub Committee Standing Procedures.