

**INTRAPOWERS LIMITED ABN 26 123 699 043  
AND CONTROLLED ENTITIES**

**AUDIT AND RISK COMMITTEE CHARTER**

This charter governs the operations of the Audit & Risk Committee ("Committee") for IntraPower Limited and its controlled entities ("the Company"). The Committee shall review and reassess the charter at least annually and obtain the approval of the Board of Directors for any changes.

**1. Membership**

- 1.1. In accordance with Recommendation 4.1 of the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations (2<sup>nd</sup> edition)*, the Committee shall be members of, and appointed by, the Board of Directors and shall preferably comprise at least two directors that have diverse, complimentary backgrounds, and are independent of management and the company. In addition, the Committee chair shall have leadership experience and a strong finance, accounting and/or business background, and shall not be the Chairman of the Board of the Directors. All Committee members shall be financially literate, or become financially literate within a reasonable period of time after appointment.
- 1.2. The Company Secretary is also a member of the Committee, who also acts as the Committee Secretary. The Company Secretary will prepare an agenda and circulate to members, and will also record the minutes of the Committee meetings.
- 1.3. Representatives of the external auditors are invited to form part of the Committee from time to time.
- 1.4. Committee members should be given the opportunity to attend technical or professional development courses to assist them in keeping up to date with legislative, accounting or other relevant issues, along with risk management training associated with the Company.
- 1.5. New members should be provided with a copy of the Committee's Charter and other specific information about the Company.
- 1.6. The CEO and CFO and the external auditors will be invited to attend meetings as required.
- 1.7. Committee members shall be considered independent so long as they do not have any relationship with the Company that may interfere with the exercise of independent judgment.

**2. Purpose**

- 2.1 The Committee shall provide assistance to the Board of Directors in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure and external audit functions. In doing so, it is the responsibility of the Committee to maintain free and open communications between the Committee, external auditors and management of the Company.
- 2.2 In discharging its oversight role, the Committee is empowered to investigate any matter brought its attention with full access to all books, records, facilities and personnel of the company and has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.

**INTRAPOWER LIMITED ABN 26 123 699 043  
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**AUDIT AND RISK COMMITTEE CHARTER (CONTINUED)**

**3. Duties and responsibilities**

**3.1 Financial reporting**

The primary responsibility of the Committee is to oversee the Company's financial reporting processes on behalf of the Board of Directors, and report to the Board of Directors on the following:

- The annual and half-year financial reports and make recommendations to the Board of Directors for the adoption of these reports;
- The internal audit reports and make appropriate inquiries to the CFO;
- The adequacy of the Committee charter on an annual basis;
- The appropriateness of the Company's material accounting policies and principles;
- The reasonableness of significant estimates in the financial reports by making inquiries of management and the external auditor;
- The appropriateness of the accounting principles used and financial disclosures in conjunction with the external auditor;
- The reporting of the Company's main corporate governance practices as required by the Australian Stock Exchange ("ASX") listing rules; and
- The Committee's response to complaints regarding accounting and auditing matters.

**3.2 Internal control and risk management**

The Committee shall report to the Board of Directors on the following:

- Internal processes for identifying and managing key risk areas, particularly:
  - a) Important judgments and accounting estimates;
  - b) Business risk, including market risk and operational risk; and
  - c) Consideration of environmental, community and social risks.
- Adequacy of the Company's risk management systems and control systems with management and the external auditors;
- The Company's risk profile and risk management; and
- Processes the Company has in place for assessing internal controls, particularly those related to areas of significant risk.
- In accordance with Recommendation 7.1 of the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations (2<sup>nd</sup> edition)*, the Committee has the following processes in regards to risk:
  - The Committee will meet six monthly to review the risks that could impact the business.
  - The Committee will list and define the risks that confront the business at the time of the review and that are expected to emerge in the coming 12 months.
  - Each risk will be assigned two measurements.
    - The likelihood of the risk leading to harm.
    - The impact of the risk if it was to eventuate.
  - The Committee will assign each risk a probability and the impact of the harm derived from the risk.
  - This scoring will produce a matrix of risks that will be plotted on a quadrant.
  - The Committee will then prioritise mitigation plans in accordance with the risks position on the risk matrix.
  - The Committee will report this process to the board every six months.

**3.3 External audit**

The Committee shall be directly responsible for making recommendations to the Board of Directors on the following:

**INTRAPOWER LIMITED ABN 26 123 699 043  
AND CONTROLLED ENTITIES**

**AUDIT AND RISK COMMITTEE CHARTER (CONTINUED)**

- The appointment, reappointment or replacement (subject, if applicable, to shareholder ratification) of the external auditor;
- Monitor the effectiveness and independence of the external auditor, including resolution of disagreements between management and the external auditor regarding financial reporting;
- The remuneration of the external auditor;
- The terms of the engagement with the external auditor;
- The scope of the external audit, and shall pre-approve all audit and non-audit services provided by the external auditors, but shall not engage the external auditors to perform any non-audit/assurance services that may impair the external auditor's judgment or independence in respect of the Company;
- Results of the external audit, and the implications of the results on the control environment;
- Representation letters signed by management and the consistency of the content of those letters with the Committee's knowledge of those matters;
- Management's response to the external auditor's findings; and
- Rotation of the audit engagement partner and review partner at least every five years.

**3.4 Internal audit**

The Committee shall report to the Board of Directors on the following:

- Activities, budget, staffing and organisational structure of any internal audit function, and any recommendation changes thereto, as well as staff qualifications;
- The adequacy and direction of any internal audit function;
- Audit results and their implications;
- Management's response to any internal audit findings and recommendations.

**3.5 Compliance**

The Committee shall report to the Board of Directors on the following:

- The adequacy of the Company's compliance with its legal and regulatory obligations;
- The processes in place for ensuring changes to its legal and regulatory obligations are managed;
- The scope of compliance audit activities; and
- The effectiveness of plan to address areas of non-compliance.

**4. Meetings**

**4.1** The Committee shall meet at least three times each year. The purpose of these meetings shall be to:

- Review and approve the half-year financial report (to be held prior to the board meeting at which the half-year financial report is adopted);
- Review and approve the annual financial report (to be held prior to the board meeting at which the half-year financial report is adopted); and
- Review, update and approve the external audit plans, policies for risk management, governance, compliance and internal control procedures, and the Committee Charter.

**4.2** The Committee chair or the Chairman of the Board of Directors may call a meeting of the Committee at any time, or if so requested by any member of the Committee.

**4.3** A quorum will consist of two members, however at least one independent director must be present.

**INTRAPOWER LIMITED ABN 26 123 699 043  
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**AUDIT AND RISK COMMITTEE CHARTER (CONTINUED)**

**5. Communications and complaints**

- 5.1 The Committee shall review the half-year financial report and the annual financial report prior to the filing of these reports with the ASX. In addition, the Committee shall discuss the financial results and any other matters required to be communicated to the Committee by the external auditors under generally accepted auditing standards.
- 5.2 The Committee shall review all representation letters signed by management to ensure the information provided is complete and appropriate.
- 5.3 The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential and anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing practices or matters.