

# Audit and Risk Committee Charter

## 1 Role

The Board of Locality Planning Energy Holdings Limited (LPE) has established a Board and Audit and Risk Committee (The Committee) as part of its responsibilities in relation to the Corporate Governance of LPE. The Committee is not a policy making body but assists the Board by implementing Board Policies.

The role of the Audit and Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance and to oversee risk.

This Charter defines the Committee's function, composition, mode of operation, authority and responsibilities.

The Committee is also guided by the Company's Risk Management Policy.

## 2 Composition

- a) The Committee is a committee of the Board,
- b) The Committee must comprise at least three members.
- c) Committee membership will be comprised of at least two board members and where applicable, appropriately qualified external member/s. An external member may be a former member of the Board,
- d) All appointments to the Committee including external members and the appointment of the Chairperson shall be approved by the Board.
- e) The Board may remove and replace members of the Committee by resolution.
- f) All members of the Committee must be able to read and understand financial statements and at least one member of the Committee will be a qualified accountant holding a current accounting certification (CPA or CA).
- g) Where practical, the Chairperson of the Committee must not be the Chair of the Board of Directors.
- h) The Chairperson shall have leadership experience and a strong finance, accounting, or business background.
- i) Other persons may attend meetings of the Committee, by invitation. Persons who may usually be invited include external auditors, senior executives as well as appointing any qualified person who it deems necessary to assist with the Audit and Risk Committee carrying out its

function. These persons may take part in the business of and discussions at the meeting but have no voting rights.

- j) Membership of the Committee is to be confirmed annually by the Board in alignment with the AGM. Terms of appointment to the Audit & Risk Committee are to provide for both continuity of membership and fresh perspective.
- k) The Committee has the power to appoint any qualified person who it deems necessary to assist with the Committee carrying out its function.

### 3 Purpose

The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- a) The quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices.
- b) Compliance with all relevant applicable laws, regulations and Company policies.
- c) The effectiveness and adequacy of relevant internal control processes;
- d) The management and safeguarding of the Company's assets.
- e) The performance of the Company's external auditors and their appointment and removal.
- f) The independence of the external auditor and the rotation of the lead engagement partner.
- g) The identification and management of financial risks.
- h) Perform such special reviews or investigations as the Board may consider necessary.

### 4 Duties and responsibilities of the Committee

#### 4.1 Review of Financial Reports

- a) Review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company's financial reporting.
- b) Oversee the financial reports and the results of the external audits of those reports.
- c) Assess whether external reporting is adequate for shareholder needs.

- d) Assess management processes supporting external reporting.
- e) Establish procedures for treatment of accounting complaints.
- f) Review the impact of any proposed changes in accounting policies on the financial statements.
- g) Review the half yearly and annual results.

#### 4.2 Relationship with External Auditors

- a) Recommend to the Board procedures for the selection and appointment of external auditors and for the rotation of external auditor partners.
- b) Review performance, succession plans and rotation of lead engagement partner.
- c) Approve the external audit plan and fees proposed for audit work to be performed.
- d) Discuss any necessary recommendations to the Board for the approval of half yearly or annual reports.
- e) Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.
- f) Where practical, meet with the external auditors at least once on a half yearly basis without management being present and at any other time the Committee considers appropriate.
- g) Provide pre-approval of audit and non-audit services that are to be undertaken by the external auditor.
- h) Ensure adequate disclosure as may be required by law of the Committee's approval of all non-audit services provided by the external auditor.
- i) Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.
- j) Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act 2001(Cth).

#### 4.3 Internal Audit Function

- a) Monitor and assess the need for a formal internal audit function and its scope.

- b) Assess the performance and objectivity of any internal audit procedures that may be in place.
- c) Review risk management and internal compliance procedures.
- d) Monitor the quality of the accounting function.
- e) Review the internal control reports on a half yearly basis.

#### 4.4 Risk Management

- a) Oversee the Company's risk management policy, systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.
- b) Review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

#### 4.5 Other

- a) The Committee will oversee the Company's Workplace Health and Safety Processes.
- b) The Committee will oversee procedures for whistle-blower protection.
- c) As contemplated by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and to the extent that such deviation or waiver does not result in any breach of the law, the Committee may approve any deviation or waiver from the Company's Code of Conduct. Any such waiver or deviation will be promptly disclosed where required by applicable law.
- d) Monitor related party transactions.

### 5 Meetings

- a) The Committee will meet at least each financial half and additionally as circumstances may require for it to undertake its role effectively.
- b) Meetings are called by the Secretary as directed by the Board or at the request of the Chairperson of the Committee.
- c) Where deemed appropriate by the Chairperson of the Committee, meetings and subsequent approvals and recommendations can be implemented by a circular written resolution or conference call.
- d) A quorum shall consist of two members of the Committee. In the absence of the Chairperson of the Committee or their nominee, the members shall elect one of their members as Chairperson of that meeting.

- e) Decisions will be based on a majority of votes, with the Chairperson having a casting vote.
- f) The Committee Chairperson, through the Secretary, will prepare a report of the actions of the Committee to be included in the Board papers for the next Board meeting.
- g) Minutes of each meeting are included in the papers for the next full Board meeting after each Committee meeting.

## 6 The Company Secretary

- a) The Company Secretary or their nominee shall be the Secretary of the Committee and shall attend meetings of the Committee as required.
- b) The Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to the other members of the Board.
- c) The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

## 7 Reliance on information or professional or expert advice

Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- a) An employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned.
- b) A professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence.
- c) Another Director or Officer of the Company in relation to matters within the Director's or officer's authority.

## 8 Access to advice

- a) Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- b) Members of the Committee may meet with the auditors, both internal and external, without management being present.
- c) Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chairperson. Any



costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

## 9 Review of Charter

- a) The Committee Charter will be reviewed annually in line with the Annual General Meeting and the disclosure of Corporate Governance practices (Listing Rule 4.7.3, 4.7.4, 4.10.3, 12.7).
- b) The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner and will update the Charter as required or as a result of new laws or regulations.
- c) The Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to the Company's website.

## 10 Report to the Board

- a) The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities.
- b) The Committee must brief the Board promptly on all urgent and significant matters.