

Powerhouse Ventures Limited (PVL)

**FRAUD AND CORRUPTION CONTROL
POLICY**

INTRODUCTION

Purpose

The purpose of this policy is to monitor and prevent dishonest and/or fraudulent activity in relation to the dealings of Powerhouse Ventures Ltd (“PVL” or the “Company”) and to establish procedures for reporting fraudulent activities to Management, and for the assignment of responsibility for controls and investigations relating to fraud.

Scope

This policy applies to any actual or suspected fraud or corruption involving Board members and employees, as well key stakeholders such as shareholders, consultants, vendors, contractors, and/or any other parties with a business relationship with the Company.

Policy Parameters

This policy should be read in conjunction with the PVL Whistleblower policy.

POLICY

Company Management is responsible for the detection and prevention of fraud, misappropriations and other inappropriate conduct.

Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury.

Corruption is defined as behaviour on the part of officials in the public or private sector in which they improperly and unlawfully enrich themselves or those close to them, or induce others to do so, by misusing the position in which they are placed.

Each member of senior management should be aware of the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

Any fraud or corruption that is detected or suspected must be reported immediately to the Fraud Officer, who will coordinate all investigations with affected areas, both internal and external.

Actions Constituting Fraud or Corruption

The terms defalcation, misappropriation and other fiscal wrongdoings refer to, but are not limited to:

- any dishonest or fraudulent act;
- forgery or alteration of any document or account belonging to the Company;
- forgery or alteration of a check, bank draft, or any other financial document;
- misappropriation of funds, securities, supplies, or other assets;
- impropriety in the handling or reporting of money or financial transactions;
- profiteering as a result of insider knowledge of Company activities;
- disclosing confidential and proprietary information to outside parties;
- disclosing to other persons securities activities engaged in or contemplated by the Company;
- accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the Company (exception: Gifts less than \$100 in value.)
;
- destruction, removal or inappropriate use of records, furniture, fixtures, and equipment;
and/or
- any similar or related inappropriate conduct.

Other Inappropriate Conduct

Suspected improprieties which are not fraud concerning an employee's moral, ethical, or behavioural conduct should be resolved by departmental management rather than the Company's Fraud Officer.

If there is any question as to whether an action constitutes fraud, contact the Company's Fraud Officer for guidance.

Investigation Responsibilities

The Fraud Officer has the primary responsibility for the investigation of all suspected fraudulent or corrupt acts as defined in the Policy.

The Fraud Officer will decide if more individuals are needed on a team to investigate a particular matter.

If the investigation substantiates that fraudulent activities have occurred, the Fraud Officer will issue reports to appropriate designated personnel and to the Board of Directors through the Group Audit and Risk Committee. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with Fraud Officer and the Executive, as will final decisions on closure of the case.

Confidentiality

The Fraud Officer treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify either their supervisor or the Fraud Officer immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see REPORTING PROCEDURES section below). If the notice is to the supervisor, then the supervisor must immediately notify the Fraud Officer.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Company from potential civil liability.

Authorisation for investigating suspected fraud

At the onset of an investigation, the Fraud Officer will be provided with a specific mandate, including the problem to be evaluated and the activities to be undertaken.

The Fraud Officer will have:

- free and unrestricted access to all Company records and premises, whether owned or rented; and
- the authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

Reporting procedures

Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact either their supervisor or the Fraud Officer immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Fraud Officer. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

- do not contact the suspected individual in an effort to determine facts or demand restitution; and
- do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Fraud Officer.

Termination

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the relevant line Manager and the Fraud Officer and if necessary, by outside counsel, before any such action is taken. The Fraud Officer does not have the authority to terminate an employee.

The decision to terminate an employee is made by the employee's Management. Should the Fraud Officer believe the Management decision inappropriate based upon the facts presented, the facts will be presented to the CEO for a final decision.

Police investigation

In the event that Management concludes that Fraud has in all likelihood taken place, a zero tolerance approach will apply whereby the matter MUST be reported to the Police for investigation. In the event that this occurs, the PVL investigation file will be handed over to Police and all necessary cooperation will be provided to Police by Company staff.

Fraud officer

For the purposes of this policy, the Fraud Officer is the Company Secretary or such other individual nominated by the Group Audit and Risk Committee from time to time.

Audit committee

The Group Audit and Risk Committee will be notified of any fraud investigations being commenced. Further, the Fraud Officer will update the Group Audit and Risk Committee each meeting on any outstanding matters related to fraud.

Administration

The Fraud Officer is responsible for the administration, revision, interpretation and application of this Policy.

The Policy will be reviewed periodically and revised as needed.