



Board Charter

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Document History

Version	Summary of Amendments	Approved by	Approval date
1.0	New Board of Directors Charter	The Board	26 March 2019
2.0	Annual Review of the Charter	The Board	24 February 2020
3.0	Annual Review of the Charter	The Board	19 April 2022
4.0	Annual Review of the Charter	The Board	22 April 2024

Legislative and Regulatory Framework

Authority	Law, Resolution or Regulation
ASX Corporate Governance Council	ASX Corporate Governance Council's Principles and Recommendations (4 th Edition) (" ASX Principles ")
Australian Government	Corporations Act 2001 (Cth) (" Corporations Act ")

Other Policy Details

Key Information	Details
Approval Body	Readcloud Limited Board of Directors
Key Stakeholders	Readcloud Limited Board of Directors Readcloud Limited Senior Management
Responsibility for Implementation	Chief Executive Officer
Policy Custodian	Company Secretary
Next Review Date	2026

1 Authority

- 1.1. The Board of Directors (**'Board'**) is responsible for the overall governance of ReadCloud Limited and any of its subsidiary companies (**'Company'**, **'RCL'**, **'RCL Group'**, **'we'**, **'our'** or **'us'**). This Board Charter (**'Charter'**) sets out those matters reserved to the Board, unless otherwise delegated to management.
- 1.2. The Board is committed to, and expects the highest standards of, behaviour and accountability from all directors, senior executives and employees of the Company. This Charter sets out the principles for the operation of the Board and the functions and responsibilities of the Board of the Company.
- 1.3. This Charter includes an overview of:
 - a) the composition of the Board;
 - b) the roles and responsibilities of the Board;
 - c) the relationship and interaction between the Board and management and the Board's ability to delegate its authority to a committee of the Board and management; and
 - d) the Board processes.
- 1.4. This Charter and the charters adopted by the Board for its standing committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.
- 1.5. To the extent that there is any inconsistency between this Charter and the Company's Constitution, the Constitution will prevail to the extent of that inconsistency.

2 Board Structure

- 2.1. The composition, structure and proceedings of the Board are primarily governed by RCL's constitution.
- 2.2. Where possible, a majority of the Board will be comprised of independent Directors. An independent Director is a non-executive director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of RCL and its shareholders generally. When determining the independence of a director, RCL will also take into account the factors relevant to assessing the independence of a Director listed in Recommendation 2.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.
- 2.3. If a director is or becomes aware of any information, facts or circumstances which will or may affect that director's independence, the Director must immediately disclose all relevant details in writing to the company secretary and the chair of the Board.
- 2.4. The Board regularly reviews the independence of each non-executive director in light of information relevant to this assessment as disclosed by each non-executive director to the Board, to ensure the Board continues to comprise a majority of independent non-executive directors.

- 2.5. If the Board determines that a director's status as an independent director has changed, that determination should be disclosed and explained in a timely manner to the market.
- 2.6. Each Director must be able to add value to the Board's deliberations. In addition, the Board must:
- a. be comprised of Directors who are financially literate, at least one of whom has financial expertise; and
 - b. demonstrate an appropriate mix of skills, experience, diversity and knowledge to discharge its responsibilities and objectives.
- 2.7. At least two (2) directors must reside in Australia.
- 2.8. The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period, increasing insight into the Company and its operations. Accordingly, tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a director in the context of the overall Board process. However, the Board should regularly assess whether a Director, who has served for more than 10 years, has become too close to management to be considered independent.
- 2.9. The Board has adopted a definition of independence based on that set out in Box 2.3 of the ASX Corporate Governance Council's Principles and Recommendations (4th edition) (Refer Annexure 1) when considering the independent status of a Non-Executive Director.
- 2.10. The specific responsibilities of the Board include:

Board size and composition

- c. Determine the number and composition of the Board, subject to the requirements of the RCL Constitution;
- d. Identify and evaluate possible future Directors;
- e. Appoint Directors to fill casual vacancies.

Board independence and performance

- f. Assess the independence of individual non-executive Directors;
- g. Monitor dealings in securities by Directors;
- h. Monitor declarations of interest by Directors;
- i. Evaluate the performance of the Board, the Board Committees and individual Directors in accordance with the process set out in Annexure 2.

Board Skills

- j. Ensure that the Board has the appropriate level of skills and experience required to fulfil its responsibilities;
- k. Review the mix of skills and experience of its Directors on a regular basis to ensure that they have operational/technical expertise relevant to the Company.

Chair

- l. Appoint the Chair of RCL's Board;
- m. Ensure that the roles of Chair and CEO are not exercised by the same individual.

Board Committees

- n. Determine the terms of reference and scope of authority of the following Board Committees:
 - i. Audit and Risk Committee; and
 - ii. Remuneration and Nomination Committee.
- o. Establish other Board Committees as and when required;
- p. Determine the membership and composition of the Board Committees;
- q. Determine the Committees' reporting obligations.

The business of the Board and Board Committees

- r. Determine the frequency, duration and agendas of the Board and Committee meetings. Meetings are to be conducted pursuant to the requirements of the RCL Constitution and where the Constitution is silent, in accordance with the Corporations Act.

Independent Professional Advice

- s. Directors are entitled to obtain independent professional advice at the Company's expense in the proper performance of their duties, subject to approval from the Chair, which shall not be unreasonably withheld.

3 Board Role and Responsibility

The specific responsibilities of the Board include:

3.1 Strategy

- a. Appraising and enhancing strategic direction for the Company and instilling of the Company's values and performance;
- b. Input into and final approval of management's development of business strategies consistent with the Company's policies and strategic direction, including the:
 - i. three-year strategic plan; and

- ii. 12-month operating plan for the Company;
- c. Approving significant corporate strategic initiatives;
- d. Allocation of resources;
- e. Board succession planning.

3.2 Finance

- a. Continuously monitoring and overseeing the Company's financial position;
- b. Monitoring financial results and general performance against the operating plan objectives;
- c. Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- d. Approve RCL's budget on an annual basis;
- e. Determine the amount, nature and timing of dividends to be paid;
- f. Make determinations concerning the capital structure of RCL (allotment of new capital, share buy-backs, changes of capital structure and capital raising);
- g. Consider and approve the interim and final financial statements and Annual Report.

3.3 Auditors

- a. Approve management's selection of external auditor and their appointment;
- b. Determine the duration, remuneration and terms of appointment of the Company's auditors;
- c. Evaluate the performance of the Company's auditors.

3.4 Management Oversight:

- a. Appointing and removing the Chief Executive Officer;
- b. Ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and Company Secretary;
- c. Regularly evaluating the performance of the Chief Executive Officer, Chief Financial Officer and Company Secretary and determining their remuneration;
- d. Developing and maintaining a succession plan for the roles of Chief Executive Officer, Chief Financial Officer and Company Secretary;
- e. Monitoring senior managements' performance and implementation of strategy, and ensuring appropriate resources are available.

3.5 Risk Management

- a. Consider and approve RCL's risk management strategy having regard to the recommendations of the Chief Executive Officer and Audit and Risk Committee;
- b. Monitor and regularly review the adequacy of risk management systems; and

- c. Satisfy itself that appropriate internal control mechanisms are in place and are being implemented;
- 3.6 Company Policies - establishing and monitoring the policies of the Company, including, but not limited to:
 - a. Code of Conduct; (refer, Code of Conduct)
 - i. ensuring that the conduct of the Company and its officers is legally and ethically of the highest order; and
 - ii. working practices reflect this conduct;
 - b. Risk Management (refer, Risk Management Policy)
 - c. Disclosure Policies - policies and procedures to ensure compliance with the law (refer, Continuous Disclosure Policy).
- 3.7 Internal Governance
 - a. Determine the scope of authority (and any limits on that authority) which is delegated to the Chief Executive Officer or any other officer;
 - b. Approve policies for appointments to the Boards of entities which are controlled by RCL.
- 3.8 Self Assessment
 - a. The Board shall assess its effectiveness annually, with a view to ensuring that its performance accords with best practice.

4 Board delegations

- 4.1. The Board delegates responsibility for implementing the strategic direction and managing the day to day operations to the Chief Executive Officer. There are clear lines of communication established between the Chair and Chief Executive Officer to ensure that the responsibilities and accountabilities of each are clearly understood. The Chief Executive Officer and the Chief Financial Officer (and other senior management) have contracts setting out their duties, responsibilities and conditions of service and termination entitlements.
- 4.2. The Board always retains ultimate authority over management of the Company and its controlled entities.
- 4.3. The day-to-day operation of the Company is conducted by, or under the supervision of the MD and/or CEO as directed by the Board.
- 4.4. The Board approves corporate objectives for the MD and/or CEO to work towards and, jointly with the MD and/or CEO, develops the duties and responsibilities of the MD and/or CEO.
- 4.5. The management team (being the MD and/or CEO and other officers to whom the management function is properly delegated by the MD and/or CEO):
 - a. is responsible for implementing the strategic objectives, plans and budgets approved by the Board; and
 - b. is accountable to the Board for matters within its delegated authority.

- 4.6. Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- 4.7. Directors are entitled to request additional information at any time when they consider it appropriate.
- 4.8. Directors have unfettered access to the executive management of the Company through the Chair, the CEO and/ or the Company Secretary.
- 4.9. The Board may, from time to time, establish committees to streamline the discharge of its responsibilities (collectively as "Committees", or each a "Committee").
- 4.10. The Board will adopt a formal charter for each standing Committee setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- 4.11. The permanent Committees of the Board are:
 - a. Remuneration and Nomination Committee; and
 - b. the Audit & Risk Committee.
- 4.12. The Board may also delegate specific functions to ad hoc committees on an "as needs" basis.
- 4.13. Each of the above Committees shall:
 - a. be comprised of a majority of non-executive directors; and
 - b. be chaired by a non-executive director.
- 4.14. The Board shall review the effectiveness of each of the above Committees against its charter, on an annual basis, in conjunction with the chair of the relevant Committee.
- 4.15. The Board will deal with matters referred to it by any Board Committee.
- 4.16. All non-executive directors shall be entitled to attend meetings of Board Committees where there is no conflict of interest.

5 Role of the Chair

- 5.1. Where possible, the Chair will be an independent director. Where possible, the roles of Chair and CEO are not combined. The CEO is accountable to the Board for all authority delegated to the position.
- 5.2. The role of the Chair includes:
 - a. Ensuring the Board provides leadership and vision;
 - b. Establishing the Board agenda;
 - c. Presiding over Board meetings and directing Board discussions to effectively use the time available to address the critical issues facing the entity;
 - d. Ensuring Board minutes properly reflect Board decisions;

- e. Making certain that the Board has the necessary information to undertake effective decision making and actions;
- f. Developing an on-going relationship with the Chief Executive Officer – the Chair should be kept fully informed of the day-to-day matters of interest to the Directors;
- g. Commence the annual process of Board and Director evaluation;
- h. Selection and nomination of Directors (as part of the Nomination Committee);
- i. Guiding the ongoing effectiveness and development of the Board and individual Directors.

6 Role of Individual Directors

6.1. The role of individual Directors, in conjunction with their statutory and common law duties, includes:

- a. Discharging their duties in good faith and honestly in the best interests of the Company with the level of skill expected;
- b. Using the powers of office for proper purpose, in the best interests of the Company as a whole;
- c. Acting with required care and diligence, demonstrating commercial reasonableness in their decisions;
- d. Avoiding conflicts of interest;
- e. Not make improper use of information gained through their position as Director;
- f. Not allowing personal interests, or the interest of any associated person, to conflict with the interests of the Company;
- g. Making reasonable inquiries to ensure that the Company is operating efficiently, effectively and legally towards its goals;
- h. Undertaking diligent analysis of all proposals placed before the Board;
- i. Serving on Board committees as required.

7 Role of the Chief Executive Officer

7.1. The Chief Executive Officer is responsible to the Board for the overall management and performance of the Company. The role includes:

- a. Taking and approving any and all actions and initiatives required to deliver the Company's strategic and operational plans as approved by the Board;
- b. Ensuring transactions outside the Chief Executive Officer's delegation levels are referred to the Board for approval;
- c. Ensuring that all actions comply with the Company's policies in force from time to time;

- d. Other responsibilities as delegated by the Board to the Chief Executive Officer.

8 Role of the Company Secretary

8.1. The Company Secretary is directly accountable to the Board through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board including:

- a. Ensuring that the Board agenda is developed in a timely and effective manner for review and approval by the Chair;
- b. Ensuring, in conjunction with the Chief Executive Officer, that Board papers are developed in a timely and effective manner;
- c. Coordinating, organising and attending meetings of the Board and shareholders, and ensuring that correct procedures are followed;
- d. Drafting and maintaining minutes of Board and committee meetings;
- e. In conjunction with the Chief Executive Officer and other senior management, carrying out the instructions of the Board and giving practical effect to the Board's decisions;
- f. Working with the Chair and the Chief Executive Officer to establish and deliver best practice governance.

9 Role of the Chief Financial Officer

9.1. The Chief Financial Officer is responsible to the Board for the overall financial performance of the Company. The role includes:

- a. Taking and approving any and all actions and initiatives required to deliver the Company's financial strategy as approved by the Board;
- b. Ensuring that the appropriate financial controls are in place;
- c. Liasing with the auditors and ensuring that the scope of the audit is appropriate for the financial requirements of the group entity;
- d. Meeting statutory reporting requirements in accordance with relevant legislation for financial matters;
- e. Other responsibilities as delegated by the Board to the Chief Financial Officer.

10 Conflict of interest

10.1. In the event of a conflict of interest or where a potential conflict of interest may arise, the involved Director will (unless the remaining Directors resolve otherwise in accordance with the *Corporations Act 2001* (Cth)):

- a. withdraw from deliberations concerning the matter;

- b. abstain from voting on any motion relating to the matter; and
- c. not receive any board papers bearing on the matter,

at a Directors' meeting where that matter is being considered.

10.2. A director must disclose to the Chair and the Company Secretary any direct or indirect involvement in a competitor to the Company, as a shareholder or otherwise, including any personal interest in any transaction to be entered into by the Company which may conflict between the interests of the Company and the director.

10 Board Process

- 11.1. The Board will intend to meet regularly and directors will use all reasonable endeavours to attend Board meetings in person.
- 11.2. The Board may at any time convene an unscheduled meeting of the Board to consider urgent or other matters.
- 11.3. Periodically, non-executive directors may meet without the MD and/or CEO or management present, to review the performance of management generally and discuss corporate governance issues.
- 11.4. Senior executives will be invited to attend meetings as required. Other Company executives, external auditors, internal auditors and advisers, as the Chair sees fit, may be invited to attend meetings.
- 11.5. Non-executive director shall be present at a Board meeting during deliberations concerning their position.
- 11.6. Board papers shall be provided to directors sufficiently far in advance of scheduled meetings to permit adequate preparation.
- 11.7. Any action permitted to be taken at any meeting of the Board may be taken without a meeting, if a written consent thereto is signed by all directors entitled to vote on the resolution, provided that such written consent shall be filed with the minutes of the proceedings of the Board.
- 11.8. The Company's Constitution governs the regulation of Board meetings and proceedings.
- 11.9. The Board may pass resolutions in writing by circulation without holding a Board meeting.
- 11.10. Circulating resolutions may be distributed by electronic means and signed by one or more directors in a single document or any number of counterparts in hard or digital copies.
- 11.11. A circulating resolution passed by majority of the directors is as valid as if it had been passed at a properly constituted meeting of the Board.
- 11.12. Passing a resolution by circulation is not considered a meeting of the Board.

11 Review

12.1. Any amendments to this Charter must be approved by the Board.

12.2. Any questions in relation to the Charter should be directed to the Chair.

12.3. This policy is reviewed at least every two years by the Board.

Annexure 1 – Independence of Directors

1. Independence guidelines

- 1.1. Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors. In general, Directors will be considered to be "independent" if they:
- a. are not employed in an executive capacity by the Company or another group member, or, if they have been previously employed in an executive capacity by the Company or another group member, there has been a period of at least 3 years between ceasing such employment and serving on the Board;
 - b. do not receive performance-based remuneration from the Company or participate in an employee incentive scheme of the Company;
 - c. have not within the last 3 years been a partner, director or senior employee of a provider of material professional services to the Company or another group member;
 - d. have not within the last 3 years been in a material business relationship (eg as a professional advisor, consultant, supplier or customer) with the Company or other group member or an officer of or otherwise associated directly or indirectly with someone with such relationship;
 - e. are not a substantial shareholder of the Company, represented a substantial shareholder of the Company, an officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
 - f. have no material contractual relationship with the Company or another group member, other than as a Director of the Company;
 - g. do not have close family ties with any person who falls within any of the categories described above;
 - h. have not been a Director of the Company for such a period that his or her independence may have been compromised; and
 - i. are free from any other interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders as a whole.

2. Materiality thresholds

- 2.1. The Board will consider the materiality of the Directors' interests, position, association or relationship for the purposes of determining "independence" on a case-by-case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:
- a. the Board will determine the appropriate base to apply (eg revenue, equity or expenses) in the context of each situation;
 - b. in general, the Board will consider a holding of 5% or more of the Company's shares to be material;

- c. in general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board; and
- d. overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Annexure 2 – Performance evaluation process

1. Board of Directors

- 1.1. This policy is to ensure individual directors (“**Directors**”) and the board of Directors of the Company (“**Board**”) as a whole work efficiently and effectively in achieving their functions.
- 1.2. Each year the Board will undertake the following activities:
 - a. the Chair will meet with each non-executive director separately to discuss individual performance and ideas for improvement;
 - b. each individual Directors performance is appraised in a meeting that is led by the Chair that is held with another Director. In a meeting led by the Managing Director and held with another Director, the Chairman’s performance is assessed;
 - c. the Board as a whole will discuss and analyse its own performance during the year including suggestions for change or improvement, and
 - d. disclose whether the above process has been undertaken during, or in respect of that year.

2. Executive Directors and Key Executives

- 2.1. Each year the Remuneration and Nomination Committee will oversee the performance evaluation of the executive team and disclose whether the performance evaluation of the executive team has been undertaken for that year. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

3. Board Committees

- 3.1. A similar review will be conducted for each Committee by the Board with the aim of assessing the performance of each Committee and identifying areas where improvements can be made.

4. Review of Board Performance Evaluation Policy

- 4.1. This policy will be reviewed every two years. The Company Secretary will communicate any amendments to employees as appropriate.