



Audit and Risk Committee Charter

READCLOUD LIMITED
ACN 136 815 891

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Document History

Version	Summary of Amendments	Approved by	Approval date
1.0	New Audit and Risk Committee Charter	The Board	September 2017
2.0	Annual Review of the Charter	The Board	24 June 2019
3.0	Annual Review of the Charter	The Board	24 February 2020
4.0	Annual Review of the Charter	The Board	30 May 2022
5.0	Annual Review of the Charter	The Board	25 June 2024

Legislative and Regulatory Framework

Authority	Law, Resolution or Regulation
ASX Corporate Governance Council	ASX Corporate Governance Principles and Recommendation (2019) ("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 Financial Officer
Policy Custodian	Company Secretary
Next Review Date	2025

1. Membership

The Audit and Risk Committee (**A&R Committee**) of Readcloud Limited (**Company, we, our, us**) will comprise:

- at least three members whereby:
 - all of whom, where possible, will be non-executive directors; and
 - a majority of whom, where possible, will be independent directors;
- where possible, an independent chair appointed by the Board and who is not the Chair of the Board; The Committee Chair will be appointed by the Board; and
- where possible, members with sufficient financial skills and experience relevant to the committee's functions.
- The Board may appoint additional directors to the Committee or remove or replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.
- If a Committee member ceases to be a director of the Company, their appointment as a member of the Committee is automatically terminated with immediate effect.
- The Company Secretary or his / her delegate must attend all Committee meetings as minute secretary.

2. Secretary

The Company Secretary will be the secretary of the A&R Committee (**Secretary**).

3. Other Attendees

Members of senior management may be invited to be present for all or part of the meetings of the A&R Committee.

At least once a year the A&R Committee shall meet with the external auditors without any management staff or executives present.

4. Authority

The A&R Committee is authorised by the Board to investigate any activity within its charter. The A&R Committee will have access to management and auditors with or without management present and has rights to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the A&R Committee.

The A&R Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The A&R Committee is required to make recommendations to the Board on all matters within the A&R Committee's charter.

5. Reporting Procedures

The A&R Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the A&R Committee to all members of the A&R Committee for comment and change before being signed by the Chair of the A&R Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the A&R Committee meeting along with any recommendations of the A&R Committee.

6. Responsibilities of the Audit and Risk Committee

6.1. Financial Statements

The A&R Committee shall:

- review the audited annual and half yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments, accounting and financial reporting issues resulting from the audit;
 - compliance with accounting policies and standards; and
 - compliance with legal requirements;
- review the evaluation by management of factors related to the independence of the Company's auditor and to assist them in the preservation of such independence; and
- review and make recommendations to the Board in relation to the scope, adequacy, performance, independence and objectivity of the external audit for Board approval, including rotation of external audit engagement partners.

6.2. Related Party Transactions

The A&R Committee shall monitor and review the propriety of any related party transactions.

6.3. External Audit Function

The A&R Committee shall:

- recommend to the Board the appointment, re-appointment, replacement and remuneration of the external auditor;
- review the terms of engagement for the external auditor;

- annually review the appointment of the external auditor, their independence, and the audit fee, and any questions of resignation or dismissal;
- discuss with the external auditor before the audit commences the nature and scope of the audit including identified risk areas;
- meet with the external auditor without the presence of management on at least an annual basis;
- determine that no management restrictions are being placed upon external auditor;
- monitor the performance of the external audit including assessment of the quality and rigour of the audit, quality of the service provided and the audit firm's internal quality control procedures;
- discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);
- review the external auditor's management letter and management's response; and
- review any regulatory reports on the Company's operations and management's response.

6.4. Internal Audit Function

The A&R Committee shall:

- review the scope, results and effectiveness of the internal audit programs and the performance and objectivity of the internal audit function (if applicable), including whether the internal auditors are adequately resourced and coordinated with the external auditor. Monitor the independence of the internal audit programs (if any) from the external auditors and management. Review the outcomes and approve the internal audit program (if any); and
- review and approve the appointment and dismissal of the senior internal audit executive and ensure the senior internal audit executive is suitably qualified (if relevant).

6.5. Reliance on Professional or Expert Advice and Information

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

- an employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;

- a professional advisor or expert in relation to matters that the member believes on reasonable grounds to be within the advisor's or expert's professional or expert competence; or
- another Director or officer of the Company in relation to matters within the Director's or officer's authority.

6.6. Communication

The A&R Committee shall:

- provide, through regular meetings, a forum for communication between the Board, senior financial management, staff involved in internal control procedures and the external auditors;
- enhance the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public; and
- establish procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports (including the ability to submit complaints and reports anonymously).

6.7. Assessment of Effectiveness

The A&R Committee shall:

- evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with the Board and the external auditors; and
- arrange for the annual review of this Charter by the Board.

6.8. Oversight of the Risk Management System

The A&R Committee shall:

- oversee the establishment and implementation by the Board of a system for identifying, assessing, monitoring and managing material risk throughout the Company. This system will include the Company's internal compliance and control systems;
- annually review the Company's risk management systems to ensure the exposure to the various categories of risk are minimised prior to endorsement by the Board;
- evaluate the Company's exposure to fraud;

- take an active interest in ethical considerations regarding the Company's policies and practices;
- monitor the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest;
- identify and direct any special projects or investigations deemed necessary;
- ensure the appropriate engagement, employment and deployment of all employees under statutory obligations;
- ensure a safe working culture is sustained in the workforce;
- assess whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, determine how the Company is to manage those risks;
- determine the Company's risk profile describing the material risks, including both financial and non-financial matters, facing the Company; and
- regularly review and update the Company's risk profile.

7. Management sign-off procedure

- The A&R Committee will ensure that the CEO and Chief Financial Officer prepare a written statement to the Board certifying that the Company's annual financial report and half yearly financial report present a true and fair view, in all material respects, of the financial condition of the Company and its operational performance and are in accordance with relevant accounting standards.
- The statement is to be presented to the Board prior to the approval and sign-off of the respective annual and half yearly financial reports.

8. Review

- Any amendments to this policy must be approved by the Board.
- Any questions in relation to this Charter should be directed to the chair of the A&R Committee.
- This policy will be reviewed annually by the Board.

9. Administrative Matters

- The proceedings of the Committee will be conducted in accordance with the provisions set out in **Annexure 1**.

10. Annexure 1 – Administrative Matters and Procedures

10.1. Meetings

A&R Committee will meet as frequently as required but not less than two times a year so as to enable the A&R Committee to undertake its role effectively. In addition, the Chair is required to call a meeting of the A&R Committee if requested to do so by any member of the A&R Committee, an Executive Director, or the external auditor.

10.2. Quorum

The quorum is at least two (2) members present, either in person or by using technology.

Where the A&R Committee comprises more than two members, the vote of a majority of the members present will constitute an act of the A&R Committee.

The Chair of the Committee does not have a casting vote.

10.3. Convening and Notice of Meeting

Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee.

Notice will be given to every member of the Committee, of every meeting of the Committee. However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

The Company Secretary will distribute in advance of the meeting of the Committee the agenda and related papers to each of the Committee members or any other persons determined by the Committee.

10.4. Voting at Meetings

The Committee should pursue collective decision-making and seek consensus where possible. The Committee Chair should test consensus and, if a unanimous view cannot be reached, decisions will be based on a majority view.

Each Committee member will have one (1) vote. If any equal number of votes is cast for and against a resolution, the Committee Chair does not have a casting vote in addition to their vote as a Committee member and the resolution is not passed.

10.5. Independent Advice

The Committee may seek the advice of the auditors, solicitors or other independent advisors, consultants or specialists as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee.

10.6. Minutes

Minutes of the meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee Chair, be presented at the next relevant Board meeting.

10.7. Reporting

It is intended that the Committee Chair will prepare a report of the actions of the Committee to be included in the Board papers for the Board meeting next following a meeting of the Company. The report may include provision of meeting agendas, papers and minutes of the Committee.

11. Annexure 2 – External Audit Policy

11.1. Appointment

The Committee has the responsibility and authority (subject to the Corporations Act requirements) for the appointment, reappointment or replacement and remuneration of the external auditor, as well as evaluating its effectiveness and independence.

The Committee will review the appointment of the external auditor annually based on its assessment of the auditor's performance.

11.2. Assessment of External Auditor

The Committee will review the performance of the external auditor on an annual basis after completion of the year end audit.

In evaluating the effectiveness of the external audit, the Committee will use various criteria, including:

- a) the overall comprehensiveness of the external audit plan;
- b) the timeliness and quality of communications promised under the external audit plan and delivered during the audit;
- c) the competency and industry knowledge of external audit staff; and
- d) the adequacy of resources to achieve the scope as outlined in the external audit plan.

The Committee will seek feedback from management during the assessment process.

11.3. Independence

The Committee will review and assess the independence of the external auditor, including but not limited to any relationships with the Company, a Subsidiary or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company (or Subsidiary, as applicable). The review

and assessment will be carried out annually at the time the external auditor presents its annual audit plan.

Prior to this review, the Committee will request a report from the external auditor which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have a bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.

Before the Board approves the half year and full year accounts, the external auditor will be asked to provide a declaration testifying to its independence in respect of the financial period in question. The external auditor will have a continuing obligation to notify the Committee, via the Chief Financial Officer, of any new information it believes may be material to reviewing its independence. The Committee has responsibility to develop and oversee the implementation of the policy on the engagement of the external auditor to supply non-audit services and to ensure compliance with that policy.

11.4. Rotation of External Audit Engagement Partner

The external audit engagement partner is generally required to rotate at least once every 5 years. If appropriate, the relevant Board may, following recommendations from the Committee, extend the eligibility term of the audit engagement partner in accordance with the Corporations Act.