



Audit and Risk Committee Charter

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1. Membership

The Audit and Risk Committee (**A&R Committee**) of Readcloud Limited (**Company**) 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; and
- where possible, members with sufficient financial skills and experience relevant to the committee's functions.

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. Quorum

A quorum will be two members. 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.

5. 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.

6. 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.

7. 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.

8. Responsibilities of the Audit and Risk Committee

8.1. 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
- oversee the appointment of the Company's auditor by the Board.

8.2. Related Party Transactions

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

8.3. 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.

8.4. 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.

8.5. 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).

8.6. 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.

8.7. 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.

9. 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.

10. 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.