

# Audit and Risk Committee Charter

NetLinkz Limited ACN 141 509 426

## 1. Introduction

- 1.1 If the Board considers that it will be of benefit to the Company, or if the Company is otherwise required to do so in accordance with the ASX Listing Rules, the Board may elect to establish an audit and risk committee of the board of directors of NetLinkz Limited ACN 141 509 426 (**Company** and, together with its controlled entities, the **Group**) in accordance with this charter (**Audit and Risk Committee**).
- 1.2 Where the Board does not consider that the Company will benefit from a separate Audit and Risk Committee (and the Company is not required by the ASX Listing Rules to have such a committee), the Board will carry out the duties of the Audit and Risk Committee as prescribed under this charter.
- 1.3 This charter sets out the scope of the Audit and Risk Committee's responsibilities in relation to the Company and the Group.

## 2. Objectives

The objectives of the Audit and Risk Committee are to:

- (a) assist the Board to achieve its governance objectives in relation to:
  - (i) financial reporting;
  - (ii) the application of accounting policies;
  - (iii) business policies and practices;
  - (iv) legal and regulatory compliance; and
  - (v) internal control and risk management systems;
- (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
- (c) promote a culture of compliance across the Group;
- (d) provide a forum for communication between the Board and the Company's management (**Management**) in relation to audit, risk and compliance matters affecting the Group;
- (e) ensure effective internal audit (if any) and external audit functions and communication between the Board and the internal auditor (if any) and external auditor; and
- (f) review and comment on Management's plans for managing the material financial and reporting risks faced by the Group.

## 3. Audit and Risk Committee composition

- 3.1 Where possible, the Board should endeavour to, and where required by ASX Listing Rule 12.7, the Board will, comprise the Audit and Risk Committee of:
  - (a) at least three directors;
  - (b) all non-executive directors; and
  - (c) a majority of independent directors.
- 3.2 The Audit and Risk Committee will appoint its chairperson. Where possible, the Committee should endeavour to, and where required by ASX Listing Rule 12.7, the Board will, appoint a chairperson who is an appropriately qualified independent director and is not the chairperson of the Board.
- 3.3 The Audit and Risk Committee will appoint the company secretary of the Company as its secretary.

- 3.4 The Audit and Risk Committee should be of sufficient size, independence and technical expertise to effectively discharge its mandate.
- 3.5 Each member of the Audit and Risk Committee should be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with appropriate experience of financial and accounting matters.
- 3.6 Each member of the Audit and Risk Committee should have an understanding of the industry in which the Group operates.
- 3.7 Where an Audit and Risk Committee is created by the Company, the Company will disclose in its Corporate Governance Statement or Annual Report, who the members of the Audit and Risk Committee are, and their relevant qualifications and experience.
- 3.8 The Board will decide appointments, rotations and resignations within the Audit and Risk Committee having regard to the ASX Listing Rules, the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (as amended from time to time) (**ASX Recommendations**) and the general law applicable to such matters.
- 3.9 A member of the Audit and Risk Committee may act by their alternate.

#### 4. External financial reporting

The responsibilities of the Audit and Risk Committee are:

- (a) engaging in the proactive oversight of, and assessing the adequacy of, the Company's financial reporting and disclosure processes and financial controls, overseeing and reviewing the outputs of that process and making recommendations to the Board in relation to those matters;
- (b) enhancing the credibility and objectivity of financial reports with other interested parties including creditors, key stakeholders and the general public;
- (c) assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- (d) obtaining an independent judgment from the external auditor about:
  - (i) the acceptability and appropriateness of accounting policies and principles put forward by Management; and
  - (ii) the clarity of current or proposed financial disclosure practices as put forward by Management;
- (e) assessing information from the external auditor that may affect the quality of the Company's financial reports;
- (f) reviewing all half-yearly and annual financial reports with Management, advisers and the external auditors (as appropriate) prior to filing with the ASX, focusing particularly on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;
  - (iv) compliance with accounting policies and standards; and
  - (v) compliance with legal requirements,

and recommending the applicable accounts' adoption by the Board if those financial reports reflect the understanding of the members of the Audit and Risk Committee of, and otherwise provide a true and fair view of, the financial position and performance of the Group;
- (g) reviewing the evaluation by Management of factors related to the independence of the Company's public accountant and to assist them in the preservation of such independence;
- (h) overseeing the appointment of the Company's public accountant by the Board;

- (i) discussing any draft audit opinion letter and Management letter with the external auditors before it is finalised;
- (j) assessing the appropriateness of any significant accounting estimates, judgments or choices in the financial reports of the Company;
- (k) reviewing and approving as required, documents and reports to regulators;
- (l) following up on any matter raised by the Board regarding financial reports, audit opinions and Management letters;
- (m) establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters;
- (n) reviewing Management processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices;
- (o) ensuring that procedures are in place which are designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management; and
- (p) any other responsibilities as determined by the Audit and Risk Committee or the directors from time to time,

and making recommendations to the Board in respect of these matters.

## 5. Risk management and internal control

The responsibilities of the Audit and Risk Committee are:

### **Risk management and internal compliance and control systems**

- (a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficiency and effectiveness of those systems;
- (b) reviewing (at least annually) and approving policies and procedures on risk oversight and management to establish an effective and efficient system for:
  - (i) identifying, assessing, monitoring and managing risk; and
  - (ii) disclosing any material change to the Group's risk profile,
 and ensuring that exposure to the various categories of risk are minimised prior to endorsement of risk management systems by the Board;
- (c) evaluating the Company's exposure to fraud and reviewing any material incident involving fraud or a breakdown of the Group's risk controls and considering the implications for the Group of such incidents;
- (d) receiving reports from Management concerning the Group's material existing, new, and emerging risks, including both financial and non-financial matters, and the risk controls and mitigation measures that Management has put in place, in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the Group and regularly review and update the risk profile;
- (e) if the Group has established an internal audit function:
  - (i) appointing or removing the head of internal audit;
  - (ii) determining the scope and adequacy of the internal audit work plan;
  - (iii) receiving reports from internal audit on its reviews of the adequacy of the Group's processes for managing risk; and
  - (iv) ensuring the independence, objectivity and performance of the internal audit function;

- (f) monitoring Management's performance against the Company's risk management framework, including whether it is operating within the risk appetite set by the Board; and
- (g) monitoring the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest;

#### **Disclosure and financial reporting**

- (h) ensuring that Management establishes a comprehensive process to capture all financial information that must be disclosed to ASX;
- (i) reviewing the Group's financial risk management procedures to ensure that the Group complies with its legal obligations, including to assist the chief executive officer (**CEO**) or chief financial officer engaged by the Company to provide the declarations in relation to each of the Group's financial reports required by Recommendation 4.2 of the 4th edition of the ASX Recommendations; and

#### **Other responsibilities**

- (j) any other responsibilities as determined by the Audit and Risk Committee or the directors from time to time,

and making recommendations to the Board in respect of the above matters.

## **6. External audit**

The responsibilities of the Audit and Risk Committee are, among other things:

- (a) approving the terms of engagement with the external auditor at the beginning of each financial year;
- (b) regularly reviewing with the external auditor:
  - (i) the scope of, plan for and adequacy of the external audit;
  - (ii) identified risk areas; and
  - (iii) any other agreed procedures;
- (c) approving policies and procedures for appointing or removing an external auditor and for external audit engagement partner rotation;
- (d) recommending to the Board for approval, the appointment, reappointment or removal of an external auditor;
- (e) approving the remuneration of the external auditor;
- (f) regularly reviewing the performance, effectiveness and independence of the external auditor, including annual receipt of an independence report from the external auditor;
- (g) approving the types of non-audit services that the external auditor may provide without impairing or appearing to impair the external auditor's independence;
- (h) meeting periodically with the external auditor, on at least an annual basis, and inviting them to attend Audit and Risk Committee meetings to:
  - (i) review their plans for carrying out internal control reviews; and
  - (ii) consider any comments made in the external auditor's letter, and in particular, any comments about material weaknesses in internal controls and Management's response to those matters;
- (i) reviewing all representation letters signed by Management and assessing the management processes which support external reporting;
- (j) considering significant matters raised during the audit process, discussing 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) and receiving and reviewing the reports of the external auditor, including Management's response;

- (k) ensuring that the external auditor attends the annual general meeting of the Company and is available to answer questions from shareholders of the Company relevant to the audit; and
- (l) any other responsibilities as determined by the Audit and Risk Committee or the directors from time to time.

## 7. Other responsibilities

The responsibilities of the Audit and Risk Committee are:

- (a) providing, through regular meetings, a forum for communication between the Board, senior financial management, staff involved in internal control procedures and the external auditors;
- (b) assessing and recommending to the Board for adoption the scope, cover and cost of insurance, including insurance relating to directors' and officers liability, company reimbursement and professional indemnity;
- (c) if it considers appropriate, investigating any complaint or allegation made to it;
- (d) reviewing and/or evaluating:
  - (i) the effectiveness of the Company's risk management and internal control processes;
  - (ii) the Group's risk management plan framework at least annually to satisfy itself that it continues to be sound, and that the Company is operating with due regard to the risk appetite set by the Board, and ensuring that the Company discloses in relation to each reporting period whether such a review has taken place, as well as any insights gained and any changes made to the risk management framework as a result;
- (e) verifying the information included in the Company's annual directors' report and other corporate reports to ensure that the information contained in such reports is, in the reasonable opinion of the Audit and Risk Committee, accurate, balanced and understandable and provides investors with appropriate information to make informed investment decisions;
- (f) if the Company has an internal audit function, how the function is structured and what role it performs, or if it does not have an internal audit function, the process that it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes, and whether the need for an internal audit function has arisen;
- (g) ensuring that the Company discloses whether, and if so how, it has regard to, and manages, economic, environmental (including climate change) and social sustainability risks;
- (h) reviewing and monitoring any related party transaction and recommending its approval; and
- (i) any other responsibilities as determined by the Audit and Risk Committee or the directors from time to time.

## 8. Audit and Risk Committee meetings

- 8.1 The Audit and Risk Committee will meet as often as it considers necessary and, unless agreed otherwise by the Board, as a minimum not less than two times a year so as to enable the Audit and Risk Committee to undertake its role effectively. In addition, the chairperson is required to call a meeting of the Audit and Risk Committee if requested to do so by any member of the Audit and Risk Committee.
- 8.2 A quorum for an Audit and Risk Committee meeting is two Audit and Risk Committee members.
- 8.3 The Audit and Risk Committee will regularly review the independence of all members.
- 8.4 Audit and Risk Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically in the same place. A member who is not physically present but participating by technological means is taken to be present.

- 8.5 The Audit and Risk Committee may invite other persons it regards appropriate to attend and contribute to Audit and Risk Committee meetings. The CEO as well as other members of senior management may be invited to be present for all or part of the meetings of the Audit and Risk Committee, but will not be members of the Audit and Risk Committee.
- 8.6 Representatives of the external auditor are expected to attend each meeting of the Audit and Risk Committee upon invitation from the Audit and Risk Committee, and at least once a year the Audit and Risk Committee will meet with the external auditors without any Management staff or executives present.
- 8.7 The Audit and Risk Committee must disclose at the end of each reporting period the number of times that it met during the period and the individual attendances of its members at those meetings.

## 9. Minutes of Audit and Risk Committee meetings

- 9.1 The Audit and Risk Committee must keep minutes of its meetings.
- 9.2 Minutes must be distributed to all Audit and Risk Committee members, after the Audit and Risk Committee chairperson has approved them, except if there is a conflict of interest..
- 9.3 The agenda and supporting papers are available to all directors upon request to the Audit and Risk Committee secretary, except if there is a conflict of interest.

## 10. Access to information and independent advice

- 10.1 The Audit and Risk Committee is authorised by the Board to investigate any activity within its charter. The Audit and Risk Committee may seek any information or advice it considers necessary to fulfil its responsibilities.
- 10.2 The Audit and Risk Committee has access to:
- (a) Management, to seek explanations and information from them;
  - (b) internal and external auditors to seek explanations and information, without Management being present; and
  - (c) employees, and all employees are directed to cooperate with any request made by the Audit and Risk Committee.
- 10.3 The Audit and Risk Committee may seek professional advice from appropriate external advisers if it considers this necessary, at the Company's cost. The Audit and Risk Committee may meet with these external advisers without Management being present.

## 11. Charter review, changes and publication

- 11.1 The Audit and Risk Committee will:
- (a) 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
  - (b) review this charter annually or as often as it considers necessary.
- 11.2 The Board may change this charter from time to time by resolution.
- 11.3 This charter is available on the Company's website.

## 12. Approved and adopted

This charter was approved by the Board on 25 August 2020.