Audit and Risk Committee Charter

Knosys Limited ACN 604 777 862 (**Company**)

Audit and Risk Committee Charter

1. Introduction

1.1 The Audit and Risk Committee is a committee established by the board of directors (**Board**) of Knosys Limited (**Company**).

1.2 The Board may establish the Audit and Risk Committee under the Company's constitution.

1.3 This Charter sets out the scope of the Audit and Risk Committee's responsibilities in relation to the Company and its controlled entities (**Group**).

1.4 The Audit and Risk Committee is a committee of the Board and is accountable to the Board for its performance.

1.5 The Charter sets out the general rules governing the composition, responsibilities and operation of the Audit and Risk Committee. In establishing the Audit and Risk Committee, it is intended by the Board that the primary function of the Audit and Risk Committee will be as a committee of review and general oversight. It is not intended that, unless specifically delegated by the Board in respect of a matter and resources allocated accordingly, the Audit and Risk Committee will undertake detailed investigation of matters within its areas of responsibility or any executive function.

1.6 The Charter is neither intended to be exhaustive or prescriptive of the responsibilities of the Audit and Risk Committee nor, in the performance by the Audit and Risk Committee of its functions and responsibilities, is it to be read and applied in a literal manner.

2. Objective

The objectives of the Audit and Risk Committee are to:

(a) help the Board and the Company achieve its objectives in relation to:

  (i) external and internal financial reporting;

  (ii) the application to the Company of accounting policies;

  (iii) legal and regulatory compliance; and

  (iv) internal control and risk management;

(b) maintain and improve the quality, credibility and objectivity of the financial accounting and reporting processes (including financial reporting on a consolidated basis);

(c) oversee the appointment, remuneration, qualifications, independence and performance of the external auditor and the integrity of the audit process as a whole;

(d) promote a culture of compliance;

(e) ensure effective external audit functions and communication between the Board and the external auditors; and

(f) review and generally assess the effectiveness of the Group's compliance strategies and compliance functions.

3. External financial reporting

The Audit and Risk Committee is responsible for:

(a) assessing the appropriateness and application of the Group's accounting policies and principles and any changes proposed or required in order for them to accord with the applicable accounting standards and financial reporting framework;

(b) obtaining an independent opinion from the external auditor on:

  (i) the acceptability and appropriateness of the accounting policies and principles put forward by management and the Company generally; and

  (ii) the appropriateness and clarity of the current and/or proposed financial disclosure practices put forward by management;

(c) assessing any significant estimates or judgments in the financial reports (including those in any consolidated financial statements) of the Company by:

  (i) querying management on how they were made and the assumptions underpinning those estimates or judgments;

  (ii) testing, where appropriate, the estimates or judgments; and

  (iii) querying the external auditors on how they concluded that those estimates or judgements were fair and reasonable;

(d) obtaining from its CEO and CFO, prior to the approval of the Company's financial statements, a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively;

(e) reviewing compliance (where applicable) with all related party disclosures required by the accounting standards and the *Corporations Act 2001* (Cth);

(f) assessing information from external auditors that may affect the quality of financial reports (for example, actual and potential material audit adjustments, financial report disclosures, non-compliance with laws and regulations and internal control issues);

(g) reviewing all half-yearly and annual financial reports (including those prepared on a consolidated basis) with management, advisers and the external auditors (as appropriate) to assess (among other things):

  (i) the compliance of accounts with accounting standards and financial reporting requirements of the *Corporations Act 2001* (Cth) and ASX Listing Rules; and

  (ii) the nature and impact of any changes in accounting policies during the applicable period;

(h) discussing any draft audit opinion letter with the external auditors before it is finalised;

(i) receiving any management letter from the external auditors;

(j) reviewing and, as required, recommending amendments to all interim and final financial reports and annual (and other) reports to ASIC and ASX and recommending to the Board their approval and adoption by the Board;

(k) reviewing compliance by the Group with any and all industry requirements, reporting and lodgement obligations; and

(l) following up on any matter raised by the Board regarding the Company's financial reports, audit opinions and management letters.

4. Risk management and internal control

The Audit and Risk Committee is responsible for:

Risk management and internal audit, compliance and control systems

(a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems;

(b) approving, and recommending for adoption by the Board, policies and procedures on risk management and oversight and to establish an effective and efficient system for:

  (i) identifying, assessing, monitoring and managing risk; and

  (ii) disclosing any material change to the risk profile of or faced by the Company;

(c) regularly reviewing and updating the risk profile;

(d) assessing the adequacy of the internal risk control systems with management and external auditors;

(e) monitoring the effectiveness of the internal risk control systems;

(f) ensuring the risk management systems take into account all material risks, including risks arising from:

  (i) implementing strategies (strategic risk);

  (ii) operations or external events (operational risk);

  (iii) legal and regulatory compliance (legal risk);

  (iv) inappropriate business conduct and ethics (corporate responsibility risk);

  (v) changes in community expectations of corporate behaviour (reputation risk);

  (vi) a counterparty's financial obligations within a contract (credit risk);

  (vii) changes in financial and physical market prices (market risk); and

  (viii) being unable to fund operations or convert assets into cash (liquidity risk);

(g) assessing if management has controls in place for unusual transactions and any potential transactions that may carry more than an acceptable degree of risk; and

(h) regularly assessing the need for an internal audit capability and, if it is determined that there is a need, the method of its introduction and/or the scale, scope and resourcing of that internal audit capability.

Key financial risks

(i) assessing and prioritising the areas of greatest potential financial risk, including:

  (i) protection of key assets;

  (ii) litigation and claims;

  (iii) non-compliance with laws, regulations, standards and best practice guidelines that may result in significant financial loss;

(iv) important judgments and accounting estimates; and

(v) maintenance of proper accounting records;

(j) assessing the internal process for determining areas of greatest potential financial risk;

(k) assessing and monitoring the management of areas of greatest potential financial risk;

(l) reporting to the Board on the adequacy of the financial risk management;

Legal and regulatory risks

(m) assessing and prioritising the areas of greatest legal and regulatory risk;

(n) assessing the internal processes for determining, monitoring and managing areas of greatest legal and regulatory risk;

(o) receiving reports from management of any actual or suspected fraud, theft or other breach of the law;

(p) monitoring compliance with legal and regulatory obligations;

(q) reporting and making recommendations to the Board regarding:

(i) the management of areas of greatest legal and regulatory risk (including fraud and theft); and

(ii) compliance with legal and regulatory obligations;

Tax

(r) reviewing management's practices and systems for managing the imposition and impact of taxation on the Group;

Disclosure and reporting

(s) ensuring management establishes a comprehensive process to capture information that must be disclosed to ASX;

(t) reviewing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting of financial and non-financial information (including, among other things, preliminary announcements, interim reporting, analyst briefings and other open or one-on-one briefings and continuous disclosure);

(u) assessing management's processes for ensuring non-financial information in documents (both public and internal) does not conflict inappropriately with financial reports and other documents;

(v) assessing internal control systems relating to the release of confidential or other potentially adverse information of or pertaining to the Group; and

(w) reviewing for completeness and accuracy the reporting of corporate governance practices in accordance with the ASX Listing Rules.

5. External audit

The Audit and Risk Committee is responsible for:

(a) approving, and recommending to the Board for acceptance, the terms of engagement of the external auditor prior to or at the beginning of each financial year;

(b) regularly reviewing with the external auditor:

(i) the scope of the external audit;

(ii) any conflicts or potential conflicts between the interests of the external auditor and the interests of the Group;

(iii) identified risk areas; and

(iv) any other agreed procedures;

(c) approving and recommending to the Board for adoption, policies and procedures for appointing or removing an external auditor, including criteria for:

(i) assessing and reviewing technical and professional competency;

(ii) adequacy of resources; and

(iii) experience, integrity, objectivity and independence;

(d) recommending to the Board for approval, the appointment or removal of an external auditor based on the policies, procedures and judgements referred to in paragraph (c);

(e) reviewing and assessing on a regular basis the compliance of the external auditor with criteria referred to in paragraph (c);

(f) recommending to the Board the remuneration of the external auditor;

(g) regularly reviewing the effectiveness and independence of the external auditor taking into account:

(i) the length of appointment;

(ii) the last date that the lead engagement partner was rotated;

(iii) an analysis and disclosure of fees paid to external auditors, including the materiality of fees paid for non-audit services and the nature of those services; and

(iv) any relationships with the Group or any other person, body or organisation that may impair or give rise to the appearance or perception of impairment of the external auditor's independence;

(h) satisfying itself that the external auditor can do an effective, comprehensive and complete audit for the external auditor's agreed fee;

(i) recommending to the Board for approval the types of non-audit services that the external auditor may provide without impairing or giving rise to the appearance or perception of impairment of the external auditor's independence;

(j) meeting periodically with the external auditors and inviting them to attend Audit and Risk Committee meetings to:

(i) review their plans for carrying out internal control reviews;

(ii) consider any comments made in the external auditor's management letter, particularly, any comments about material weaknesses in internal controls and management's response to those matters; and

(iii) make recommendations to the Board;

(k) asking the external auditor if there have been any significant disagreements with management and whether they have been resolved or not;

(l) monitoring and reporting to the Board on management's response to the external auditor's findings and recommendations;

(m) reviewing all representation letters signed by management and ensuring information provided is complete and appropriate;

(n) receiving and reviewing the reports of the external auditor; and

(o) ensuring the external auditor attends the Company's AGM and is available to answer questions from security holders relevant to the audit.

6. Other responsibilities

The Audit and Risk Committee is responsible for:

(a) reviewing management's recommendations concerning the scope, cover and cost of insurance, including (but not limited to) insurances relating to directors' and officers' liability, company reimbursement, professional indemnity, business interruption, public liability and special risks;

(b) if it is appropriate to do so, investigating any complaint or allegation made to it;

(c) reviewing and monitoring any related party transaction and recommending its approval or termination; and

(d) ensuring the audit, risk management and compliance policies and procedures are adequately documented and that those documents are reviewed and updated for any legal and regulatory developments.

7. Audit Committee composition

7.1 The Audit and Risk Committee must comprise at least three members.

7.2 If practical to do so in the Company's circumstances, the membership of the Audit and Risk Committee will ordinarily comply with the following principles:

(a) its members will be non-executive Directors;

(b) a majority of the members will be independent Directors;

(c) an independent Director, who is not the chairman of the Board, will be its chairperson; and

(d) its members will be sufficient in number, independence and technical expertise to effectively discharge its mandate.

7.3 If the Board is of the opinion, bearing in mind:

(a) the composition of the Board (from time to time); and

(b) the circumstances generally of the Company,

that compliance with the requirements of clauses 7.1 and/or 7.2 is not practicable, then subject to it being permitted under the ASX Listing Rules and all other applicable laws, it may resolve to adopt an alternate structure or membership of the Audit and Risk Committee or to seek to appoint persons with appropriate experience, expertise and skills as consultants to the Audit and Risk Committee in order for the Company and the Board to adequately or appropriately fulfil its obligations under this Charter. For clarity, and without limiting the above, it is intended that any such person appointed as a consultant to the Audit and Risk Committee will be independent and will not be an executive Director, employee, agent, consultant or professional service provider to the Company or a related person of any Director or officer of the Company.

7.4 The Audit and Risk Committee will appoint its chairman.

7.5 Each member of the Audit and Risk Committee should have an understanding of the industry in which the Group operates.

7.6 The Board will decide appointments, rotations and resignations of members of the Audit and Risk Committee having regard to the ASX Listing Rules and the *Corporations Act 2001* (Cth).

8. Audit and Risk Committee meetings

8.1 The Audit and Risk Committee will meet as often as it considers necessary.

8.2 The quorum for a meeting of the Audit and Risk Committee is two members of the Committee.

8.3 Any member of the Audit and Risk Committee may call a meeting of the Audit and Risk Committee. The chairman of the Audit and Risk Committee will not have a second or casting vote.

8.4 Any person (including expert advisors) that the Committee regards as appropriate may be invited to attend meetings of the Audit and Risk Committee, but not necessarily for the full duration of the meeting. An invitation to attend meetings of the Audit and Risk Committee may at any time be issued by the Committee to:

- the Managing Director;
- the Chief Financial Officer; and
- the engagement partner of the external auditor.

8.5 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 present in the same place. A member who is not physically present but participating by technological means is taken to be present.

8.6 The Audit and Risk Committee may pass or approve a resolution without holding a meeting in accordance the procedures (so far as they are appropriate) in section 248A of the *Corporations Act 2001* (Cth).

9. Minutes of Audit and Risk Committee meetings

9.1 The Audit and Risk Committee must keep minutes of its meetings.

9.2 Subject to clause 9.3, the Minutes of each Audit and Risk Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Audit and Risk Committee.

9.3 If the next full Board meeting after a meeting of the Audit and Risk Committee is held on the same day as the relevant meeting of the Audit and Risk Committee, the requirement of clause 9.2 to include the Minutes of the meeting of the Audit and Risk Committee in the papers for the next full Board meeting will apply in respect of the papers for the next full Board meeting held after that date.

9.4 Minutes must be distributed to all members of the Audit and Risk Committee (after approval of the draft minutes by the chairman of the Audit and Risk Committee).

9.5 Minutes, agendas and supporting papers will be available to all Directors upon request to the Audit and Risk Committee secretary, except if there is a conflict of interest.

10. Reporting to the Board

The chairman of the Audit and Risk Committee must report the Audit and Risk Committee's findings to the Board as soon as reasonably practicable after each Audit and Risk Committee meeting.

11. Access to information and independent advice

11.1 The Audit and Risk Committee may seek any information it considers necessary to fulfil its responsibilities.

11.2 The Audit and Risk Committee has unrestricted access to:

(a) management to seek explanations and information from management; and

(b) external auditors to seek explanations and information from them, without management being present.

11.3 The Audit and Risk Committee (and each member of the Audit and Risk Committee, with the consent of the chairman of the Committee and prior approval by the chairman of the Committee of the likely costs of obtaining that advice) may seek professional advice from employees of the Group and from appropriate external advisers, at the Company's cost.

11.4 The Audit and Risk Committee may meet with these external advisers without management being present.

12. Performance

The Committee will assess its performance each year having regard to the principles and requirements of the Charter and the overall objectives of the Audit and Risk Committee.

13. Review and changes to this Charter

13.1 The Audit and Risk Committee will review this Charter annually or as often as it considers necessary.

13.2 This Charter has been approved and adopted by the Board. The Board may change this Charter from time to time by resolution.

KNOSYS LIMITED

30 June 2026