



IXUP Limited

Corporate Governance Policies

**Audit and Risk
Committee Charter**

1. Composition of the Audit and Risk Committee

The full Board presently performs the function of an Audit and Risk Committee. A separate Audit and Risk Committee may be established when appropriate, as the Company's activities develop in size, nature and scope, and where increased efficiency and effectiveness can be derived from having a separate committee.

From time to time, non Board members may be invited to attend Board meetings when audit matters are being discussed, if it is considered appropriate.

If the Board determines that a separate Audit and Risk Committee is appropriate and necessary, the Board will ensure, if practicable, that the Audit and Risk Committee is chaired by an independent non-executive director and consists of a minimum of three non-executive directors and a majority of independent directors.

2. Role

The function of the Audit and Risk Committee (or the Board while acting as the Audit and Risk Committee) is to:

- (a) monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments;
- (b) review the Company's internal financial control system and, unless expressly addressed by a separate risk committee, risk management framework and systems;
- (c) monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services, taking into account the matters set out in Schedule 2;
- (d) promote an environment within the Company which is consistent with best practice financial reporting;
- (e) monitor and review compliance with the Company's Code of Conduct; and
- (f) perform such other functions as assigned by law or the Company's Constitution.

3. Operations

Until such time as the Board determines to form a separate Audit and Risk Committee, the full Board shall consider audit and risk matters in its capacity as an Audit and Risk Committee as part of general meetings of the Board at least half yearly and otherwise as required. Minutes of the consideration of such matters are to be kept as part of the minutes of the general meeting of the Board.

4. Responsibilities

Annual responsibilities of the Board's function as the Audit and Risk Committee are as set out in the Audit and Risk Committee Charter – Annual Action Points contained in Schedule 1.

5. Authority and Resources

The Audit and Risk Committee (or the Board while acting as the Audit and Risk Committee):

- (a) will have access to the company records and any other document, report, material or information in the possession of an employee or external advisor of the Company, as reasonably necessary to perform its functions;
- (b) may invite an employee or other person to attend a meeting of the Committee, including without management present for the purposes of seeking explanations and additional information from a person;
- (c) may seek provision of educational information on accounting policies and other financial topics relevant to the Company to assist in fulfilling their duties; and
- (d) may obtain advice from external consultants or specialists in relation to audit and risk related matters.

6. Reporting to the Board and Shareholders

To assist the Board to carry out its audit function, the Audit and Risk Committee, if established, should compile a report to the Board on, or the Board should document for the record, at least annually, the following matters:

- (a) assessment of whether external reporting is consistent with Board members' information and knowledge and is adequate for shareholder needs;
- (b) assessment of the management processes supporting external reporting;
- (c) procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- (d) recommendations for the appointment or, if necessary, the removal of the external auditor;
- (e) assessment of the performance and independence of the external auditors. Where the external auditor provides non-audit services, the report should state whether the Board is satisfied that provision of those services has not compromised the auditor's independence;
- (f) the results of the review of risk management framework and internal control systems, including consideration of whether the Company has a material exposure to any particular risks; and
- (g) the number of times the committee met throughout the period and the individual attendance of the members at those meetings.

The Audit and Risk Committee (or the Board while acting as the Audit and Risk Committee) will ensure that the Chief Executive Officer and Chief Financial Officer prepare a written statement to the Board certifying that, in their opinion, the financial records of the Company 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 Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. The statement is to be presented to the Audit and Risk Committee (or the Board while acting as the Audit and Risk Committee) prior to the approval and sign-off of the respective annual and half yearly financial reports.

7. Review of Charter

This Charter will be reviewed periodically and updated as required to ensure it remains consistent with the Board's objectives and developments in current law and practice. The latest version of this Charter can be found on the Company's website or obtained from the Company Secretary.

Date of last review: 30 June 2021 (effective)

Schedule 1 – Audit and Risk Committee Charter – Annual Action Points

1. Financial Reporting and Internal Controls

- (a) Review half-year, annual and, if applicable, quarterly financial statements.
- (b) Assess management's recommended accounting policies and principles.
- (c) Consider the external audit of the financial statements and the external auditor's report thereon including an assessment of whether external reporting is consistent with Board members' information and knowledge and the accounting policies and principles approved for the Company.
- (d) Consider internal controls including the Company's policies and procedures to assess, monitor and manage financial risks (and other business risks if authorised), and the Company's risk management framework and systems generally.
- (e) Assess if the external auditor's report is adequate for shareholder needs.

2. Annual meeting with External Auditor

- (a) Discuss the Company's choice of accounting policies and methods, and any recommended changes.
- (b) Discuss the adequacy and effectiveness of the Company's internal controls.
- (c) Discuss any significant findings and recommendations of the external auditor and management's response thereto.
- (d) Discuss any difficulties of disputes with management encountered during the course of the audit including any restrictions or access to required information.

3. External Auditor

- (a) Review the Company's procedures regarding the external auditor including the matters set out in Schedule 2.
- (b) Appoint and, if necessary, remove the external auditor and approve the terms on which the external auditor is engaged including the matters set out in Schedule 2.
- (c) Establish/review permissible services that the external auditor may perform for the Company and pre-approve all audit/non-audit services.
- (d) Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees.
- (e) Set the remuneration for the Company's external and internal auditors (subject to the approval of the Board).
- (f) Set the scope and focus of the audits to be conducted for each reporting period.
- (g) Act as the primary party to whom the Company's external and internal auditors report. For the avoidance of doubt, the Company's external and internal auditors will not report to the Chief Executive Officer or another member of the Company's management team.

- (h) Assess the overall performance of the external auditor.
- (i) Ensure auditor attendance at Company's annual general meeting and availability to answer questions from security holders relevant to the audit.

4. Risk management and compliance

- (a) Monitor management's performance against the Company's risk management framework, including whether it is operating within the risk appetite set by the Board;
- (b) Review, evaluate and monitor, by receiving reports from management, the adequacy and effectiveness of the Company's financial and operational risk management control systems by reviewing risk registers and reports from management and the external auditor;
- (c) Arrange for management to report to the Board on whether the Company's material business risks (including any sustainability risks, but excluding those risks which are included as responsibilities in the Charters of other Board Committees) are being managed effectively;
- (d) Evaluate, by receiving reports from management, the Company's exposure to fraud and oversee investigations of allegations of material or systemic fraud or malfeasance;
- (e) Review the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, *Corporations Act 2001* (Cth) and AASB requirements);
- (f) Oversee the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business; and
- (g) Review and evaluate, by receiving reports from management, the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices, and the environment) and the Company's own codes of conduct (but excluding those which are included as responsibilities in the Charters of other Board Committees).

5. Internal Communications and Reporting

Provide the report described in clause 6 of the Audit and Risk Committee Charter.

6. Other

- (a) If applicable, assess whether the composition of the Audit and Risk Committee is in accordance with the Audit and Risk Committee Charter.
- (b) Review the independence of each Board member based on the Company's policy on assessing the independence of Directors in the Board Charter.
- (c) Review and update the Audit and Risk Committee Charter and Action Points.

- (d) Develop and oversee procedures for treating complaints or employee concerns received by the Company regarding accounting, internal accounting controls, auditing matters and breaches of the Company's Code of Conduct.

Schedule 2 – Procedure for selection and appointment of external auditor

1. Introduction

The Board is responsible for the preliminary appointment of the external auditor which is to be approved by shareholders at the next annual general meeting. For the time being, the full Board presently performs the function of an Audit and Risk Committee and will perform the functions set out in this Schedule to be performed by the Audit and Risk Committee. A separate Audit and Risk Committee may be established when appropriate.

The Audit and Risk Committee conducts the selection process and recommends a preferred external auditor to the Board. The Board may endorse the external auditor recommended by the Audit and Risk Committee and appoint the auditor. Alternatively, the Board may wish to review the recommendation of the Audit and Risk Committee.

At the request of the Audit and Risk Committee, the Chief Financial Officer and/or Chief Executive Officer may assist the Audit and Risk Committee in the selection and appointment process including by proposal of an external auditor, together with a written supporting submission.

2. Tender

(a) Request for submissions

If the Audit and Risk Committee elects to undertake a tender process, the Chief Financial Officer will prepare or cause to be prepared a draft request for submissions that will be reviewed for approval by the Audit and Risk Committee (with such changes as it considers appropriate).

The request should contain sufficient information to enable a proposal and fee estimate to be given to the Company. The request should include information about the Company, its operations, its key personnel, its structure, its financials and any other relevant information.

The Chief Financial Officer will arrange for candidates to meet with a selection panel appointed by the Audit and Risk Committee.

(b) Selection Panel

The selection panel will comprise nominated members of the Audit and Risk Committee, and any other person the Audit and Risk Committee considers appropriate to assist it to assess the suitability of the external auditor.

3. Selection Criteria

The preferred external auditor should best satisfy the selection criteria identified by the Audit and Risk Committee including:

(a) Fees

A candidate must provide a firm fee quotation for its audit services. Price will be only one of the relevant factors in the selection of a preferred external auditor.

(b) Independence

A candidate must satisfy the Audit and Risk Committee that it is independent and outline the procedures it has in place to maintain its independence.

The external auditor must be independent from, and be seen to be independent from, the Company.

In monitoring external auditor independence, the Audit and Risk Committee will have regard to the following principles:

- (i) monitor the number of former employees of the external auditor who were involved in auditing the Company and who are currently employed in senior financial positions in the Company, and assess whether this impairs or appears to impair the auditor's judgement or independence in respect of the Company. An individual auditor who was engaged by the external auditor and participated in the Company's audit shall be precluded from employment as Chief Executive Officer or Chief Financial Officer of the Company for a period of at least 12 months from the time of the audit; and
- (ii) consider whether taken as a whole, the various relationships between the Company and the external auditor and the economic importance of the Company (in terms of fees paid to the external auditor for the audit as well as fees paid to the external auditor for the provision of any non-audit services) to the external audit impair or appear to impair the auditor's judgement or independence in respect of the Company.

(c) Scope of audit/issues resolution

A candidate must outline its response to the scope of audit in the request for submissions and any proposed procedures to address any issue of material significance or matter of disagreement with the Company's management.

The external auditor and the Chief Financial Officer will be required to disclose to the Audit and Risk Committee all such issues of material significance and all matters of disagreement, whether resolved or unresolved.

(d) Non-audit work

A candidate must detail its approach to the provision of non-audit related services to the Company. Generally, such work must not be in conflict with the candidate role as the Company's auditor.

If proposed otherwise, the Audit and Risk Committee must consider the circumstances in which the Company might use the external auditor for non-audit services. Matters to be considered include the extent, scope and potential value of non-audit fees and any circumstance where the external auditor may be required to review and rely upon work conducted by it in a non-audit capacity.

The scope of non-audit work must not be allowed to impinge upon the external auditor's independence (refer also to paragraph 4 below).

(e) Other matters

The selection criteria may include such other matters as the Audit and Risk Committee thinks fit.

4. Policy on audit and non-audit services

The Audit and Risk Committee will develop a policy that sets out the circumstances in which the Company may use the external auditor for other services. A copy of this policy will be provided to the external auditor.

The policy will be based on the following principles:

- (a) the external auditor may provide audit and audit-related services that, while outside the scope of the statutory audit, are consistent with the role of auditor;
- (b) the external auditor should not provide services that are perceived to be materially in conflict with the role of auditor;
- (c) the external auditor may be permitted to provide non-audit services that are not perceived to be materially in conflict with the role of auditor, subject to the approval of the Audit and Risk Committee;
- (d) exceptions may be made to the policy (with specific Board approval) where the variation is in the interests of the Company and arrangements are put in place to preserve the integrity of the external audit process.

5. Rotation of external audit engagement partner

The Audit and Risk Committee will ensure that the external auditor has in place arrangements with regard to any legislative or regulatory requirements for rotation of the audit engagement partner.

The audit engagement partner for the audit must rotate at least every 5 years. At least two years must expire before the Audit Partner can again be involved in the audit of the Company.

6. Review of audit arrangements

The Audit and Risk Committee will periodically review the external auditor's performance, at least annually. As part of this review the Audit and Risk Committee will obtain feedback from the Chief Financial Officer and other members of senior management regarding the quality of the audit service.