



# **AI-MEDIA TECHNOLOGIES LIMITED**

**ACN 122 058 708**

## **AUDIT AND RISK COMMITTEE CHARTER**

### 1. OVERVIEW

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- 1.1 In all its activities Ai-Media Technologies Limited (**Company**) will adopt a structured and consistent approach to risk management, which will assist in the alignment of strategy, procedures, people, behaviour and technology for the purpose of evaluating and managing the risks the Company faces in protecting and creating shareholder value.
- 1.2 The Audit and Risk Committee (**Committee**) has been established by the board of directors (**Board**) of the Company.
- 1.3 The Committee is established in accordance with the Company's constitution and authorised by the Board to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this charter (**Charter**) and granted to it under any separate resolutions of the Board from time to time.
- 1.4 The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**) recommend that the Company has formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting and that it has a sound risk management framework.
- 1.5 This Charter outlines the scope of the Committee's responsibilities in relation to the Company and provides a framework within which the Committee will operate to bring transparency, focus and independent judgement in matters within the Committee's responsibility.

### 2. COMMITTEE OBJECTIVES

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- 2.1 The primary function of the Committee is to:
- (a) assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to:
    - i. the adequacy and integrity of the Company's financial reporting;
    - ii. the application of appropriate accounting policies; and
    - iii. legal and regulatory compliance;
  - (b) oversee the adequacy of the Company's corporate reporting processes. The processes should be formal and rigorous to safeguard the integrity of the Company's corporate reporting and facilitate independent verification;
  - (c) oversee the external auditor's role in the corporate reporting process and making recommendations to the Board regarding the external audit;
  - (d) ensure that Company management carry out their risk management roles in light of guidance from the Board, and provide a forum for communication between the Board and management in relation to audit, risk and compliance matters affecting the Company;
  - (e) make recommendations to the Board regarding risks the Company faces, action it should take, the adequacy of the Company's risk management framework, and disclosure of risk; and
  - (f) promote a culture of compliance.

### 3. COMMITTEE RESPONSIBILITIES

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- 3.1 The Committee's responsibilities with respect to financial reporting are:
- (a) to proactively oversee the Company's financial reporting and disclosure processes and make recommendations to the Board in relation to the outputs of those processes;
  - (b) to assess the appropriateness of accounting policies and principles adopted by management in relation to financial reporting and make relevant recommendations to the Board;
  - (c) to review and assess the appropriateness of material estimates, accounting judgments and significant choices exercised by management in preparing the Company's financial statements (including the solvency and going concern assumptions) by:
    - i. examining the processes used; and
    - ii. seeking verification from external auditors;
  - (d) to review the Company's financial reports and make recommendations to the Board as to whether they present a true and fair view of the Company's financial position and performance;
  - (e) to implement and review the application of the internal processes of verification of the integrity of the annual directors report, and other unaudited reports;
  - (f) to oversee that appropriate risk management and internal control processes are in place to assist the Chief Executive Officer or Chief Financial Officer in their duty under section 295A of the *Corporations Act 2001* (Cth) and Principle 4 of the Recommendations to provide declarations about the Company's financial reports;
  - (g) to oversee the process that is implemented to capture issues for continuous reporting to ASX;
  - (h) to review the completeness and accuracy of the Company's Corporate Governance Statement as required by the ASX Listing Rules; and
  - (i) any other responsibilities as determined by the Committee or the Board from time to time.
- 3.2 The Committee's responsibilities with respect to external auditing are to:
- (a) make recommendations to the Board regarding the appointment or removal of an external auditor, as well as in relation to the auditor's independence and performance;
  - (b) make recommendations to the Board as to the scope and adequacy of the external audit;
  - (c) agree to the terms of engagement of the external auditor before the start of each audit;
  - (d) review the external auditor's fee and be satisfied that an effective, comprehensive and complete audit can be conducted for the fee set;
  - (e) review information received from the external auditor and bring to the Board's attention any relevant matters that may affect the quality of the Company's financial reports;

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- (f) at least annually, review the performance, independence and objectivity of the external auditors, and request from the external auditor a report which sets out all relationships that may affect its independence;
- (g) assess any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of external auditor and, if required, develop policies for Board approval in relation to this;
- (h) invite the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- (i) meet with the external auditor without management present at least once a year;
- (j) raise with the external auditor any specific points of divergence with the Company's management;
- (k) review representation letters signed by management and assess if information provided is complete and appropriate; and
- (l) maintain a free and open communication forum between the Committee, external auditors and management.

3.3 The Committee's responsibilities with respect to risk management and internal control are to:

- (a) ensure that the Company has implemented a sound risk management framework and appropriate internal control systems, which:
  - i. aims to identify, protect against, detect, respond to and recover from risks;
  - ii. includes risks relevant to the Company;
- (b) review and evaluate whether the Company is operating with due regard to the risk appetite set by the Board;
- (c) review at least annually the effectiveness of the Company's risk management and internal control systems and make relevant recommendations to the Board, including review of the risk framework to ensure that it adequately addresses emerging risks;
- (d) monitor compliance with regulatory requirements under the *Corporations Act 2001* (Cth) and any other relevant guidelines;
- (e) monitor the Company's exposure to contemporary and emerging risks such as economic, environmental and social sustainability risks, and make recommendations to the Board as to how those risks should be managed;
- (f) review and monitor the propriety and materiality of related party transactions and, where necessary, their appropriate disclosure;
- (g) make recommendations to the Board in relation to the Company's insurance program, having regard to the Company's business and the insurable risks associated with it;
- (h) oversee the process for the receipt, retention and treatment of information received under the Whistleblower Policy, and procedures for complaints regarding matters relating to audit, financial statements, internal controls, misbehaviour, possible fraud or conduct that is in breach of the Company's Code of Conduct; and

- (i) any other responsibilities as determined by the Committee or the Board from time to time.

#### **4. ALLOCATION OF RISK RESPONSIBILITY**

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- 4.1 Recognising and managing risk is the responsibility of not only the Committee, but also the Board and management.
- 4.2 In addition to the Committee's role with respect to risk management set out in paragraph 3.3 above:
  - (a) the **Board's role** is to:
    - i. set the risk appetite for the Company (that is, the nature and extent of the risks it is prepared to take to meet its objectives);
    - ii. satisfy itself that the Company's risk management framework is sound; and
    - iii. ensure that risk considerations are incorporated into strategic and business planning; and
  - (b) **management's role** is to:
    - i. identify major or potentially major risk areas;
    - ii. develop and implement policies and procedures for the risk management framework; and
    - iii. manage and report on risks, including ensuring that the Company operates within the risk appetite set by the Board.

#### **5. AUTHORITY AND ACCESS**

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- 5.1 The Committee has authority to investigate any activity within this Charter and any other matters specifically brought to its attention by the Board.
- 5.2 The Committee has authority to engage appropriate independent advisers as necessary to assist in carrying out its duties.
- 5.3 In discharging its role, the Committee shall have unrestricted access to:
  - (a) all books and records of the Company;
  - (b) all staff, including the Company's managers, to seek information and explanations from them; and
  - (c) the Company's auditors, both internal and external, including the right to seek explanations and information from them without management being present.

#### **6. COMPOSITION**

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- 6.1 The Board will determine all appointments to the Committee, rotations, resignations and eligibility for re-election in accordance with the *Corporations Act 2001 (Cth)* and any other applicable general law.
- 6.2 The Board may appoint additional directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership upon reasonable written notification to the Board.
- 6.3 The Committee will ideally be comprised of at least three (3) members, being:
  - (a) an independent, non-executive director appointed as chairperson (**Chair**); and

(b) at least two other directors of the Company,

all of whom should be non-executive Directors and a majority of whom should be independent directors, and regard to diversity should be had in constituting the Committee.

- 6.4 The Chair will ideally be an independent, non-executive director who is not the chairperson of the Board.
- 6.5 The Committee will appoint a secretary (**Secretary**).
- 6.6 The Committee must be of a sufficient size and possess the requisite skill and independence to effectively discharge its obligations.
- 6.7 The Company will disclose the relevant qualifications and experience of the members of the Committee.
- 6.8 All members of the Committee must be able to comprehend financial reports and possess a working knowledge of general finance and accounting practices, as well as an understanding of the industry in which the Company operates.
- 6.9 If the Committee Chair approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the Company's expense.
- 6.10 At least one member of Committee must be a qualified accountant or financial professional with appropriate expertise in financial and accounting matters.
- 6.11 At the first Committee meeting after their appointment and when the Board reviews Committee membership, each Committee member must confirm that they intend to devote sufficient time and attention to the Committee for the coming year.
- 6.12 Membership is reviewed periodically and re-appointment to the Committee is not automatic.
- 6.13 There may be circumstances where it is not appropriate for the Committee to be constituted as described above, as determined by the Board by resolution. In determining the composition of the Committee, the Board will comply with any binding obligations in relation to the composition of the Committee contained in the ASX Corporate Governance Council's Principles and Recommendations and the ASX Listing Rules. In particular, if the Company is included in the S&P ASX 300 Index at the beginning of a financial year, the Committee must be comprised as set out above.

## **7. COMMITTEE MEETINGS**

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- 7.1 Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this Charter.
- 7.2 The Board will disclose the number of times the Committee met throughout that financial year and the individual attendance of each Committee member at those meetings.
- 7.3 In relation to the frequency and attendance at meetings:
  - (a) The Committee will meet at least twice per year and more frequently as required to perform its functions;
  - (b) The Chair must call a meeting if requested to do so by any member of the Committee, the external auditor or the chair of the Board;
  - (c) If the Chair is absent from a meeting, the members present shall have

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authority to choose one of their number to chair that particular meeting;

- (d) Committee meetings may be held by technological means which allow members to participate without being physically present in the same place;
- (e) As necessary or desirable, the Committee may invite management, auditors, external advisors, or any other persons to attend and contribute to meetings; and
- (f) At the end of each reporting period, the Committee must disclose to the Board the number of times that it met during the period and the individual attendances of its members at those meetings.

7.4 A quorum shall be any two Committee members.

7.5 In relation to minutes of the meeting:

- (a) The Secretary must keep minutes of all Committee meetings;
- (b) The minutes of each Committee meeting must be approved by the Chair and distributed to all Committee members; and
- (c) The minutes of each Committee meeting are to be tabled at the next Board meeting.

7.6 The agenda and supporting papers are to be delivered to Committee members by the Secretary in advance of each meeting.

### **8. REPORTING TO THE BOARD**

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8.1 Following each Committee meeting the Chair will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Committee that requires Board approval or action and provide the Board with sufficient information upon which to make a decision in that regard.

### **9. EVALUATION OF COMMITTEE**

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9.1 The Committee will review its performance from time to time and whenever there are major changes to the management structure of the Company. The performance evaluation will have regard to the extent to which the Company has met its responsibilities in terms of this Charter.

9.2 Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

### **10. REVIEW AND PUBLICATION OF CHARTER**

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10.1 The Committee will review this Charter at least annually to ensure that it accords with best practise and remains consistent with the Committee's authority, objectives and responsibilities.

10.2 This Charter may be amended from time to time by resolution of the Board.

10.3 This Charter will be available on the Company's website and the key features are published in the annual report.

Date: 24 August 2021

Signed:



Chair of the Board of Directors of Ai-Media Technologies Limited