

Rakon Limited

Audit and Risk Committee Charter

ESTABLISHMENT OF THE AUDIT AND RISK COMMITTEE

This Charter sets out the basis on which the board of directors of Rakon Limited (Board) has established an Audit and Risk Committee pursuant to the authority and subject to the provisions of, Rakon's constitution and the Board's charter.

OBJECTIVES

The Audit and Risk Committee is established to ensure oversight by the Board of all matters related to Rakon financial accounting and reporting and risk management. The Audit and Risk Committee monitors the processes which are undertaken by management and both external and internal auditors. The Audit and Risk Committee will assist the Board in meeting all financial corporate governance requirements.

AUTHORITY, DUTIES AND RESPONSIBILITIES

Specifically, the Audit and Risk Committee has the authority to fulfil the following duties and responsibilities:

External Audit

The Audit and Risk Committee will:

1. Establish guidelines for the selection and appointment of the external auditor if required, and the rotation of the principal external audit partner at least once every five years.
2. Recommend to the Board the appointment and removal of the external auditor if required. This may include periodic reviews of the external auditor.
3. Review, consider and advise the Board regularly on:
 - a. the external auditor's annual plan;
 - b. the fees proposed by the external auditor;
 - c. the qualification, expertise and resources of the external auditor; and
 - d. whether an effective, comprehensive and complete audit can be conducted for the fee.
4. Monitor the effectiveness, objectivity, and independence of the external auditor.
5. With respect to independence,
 - a. ensure the independence of the external auditor is maintained and Rakon's reputation for reliable and credible financial reporting is protected;



- b. only recommend to the Board for approval a firm to be the external auditor if that firm provides a statement that it will comply with relevant ethical requirements and professional standards regarding independence; and
 - c. receive an annual written declaration from the external auditor regarding compliance in the previous 12 months with ethical requirements and professional standards regarding independence in accordance with regulatory requirements.
6. Maintain direct, ongoing, communication with, and unrestricted access to, the external auditor and any internal auditors or accountants.
7. Review, assess and discuss with the external auditor the adequacy and effectiveness of Rakon's financial and reporting systems, and internal controls over these systems.
8. Periodically meet with the external auditor, without the presence of management, to discuss the quality of Rakon's accounting principles, material judgements and any other matters that the Committee or external auditor deem appropriate.
9. Develop and recommend to the Board Rakon's policy in relation to the provision of non-audit services by the auditor to ensure that the provision of such services does not impair the external auditor's independence or objectivity.

Financial statements

The Audit and Risk Committee shall:

1. Review with management and the external auditor at the completion of the half-yearly audit review and the annual audit:
 - a. Rakon's financial statements and related notes;
 - b. the external auditor's audit of the financial statements;
 - c. any significant changes required in the external auditor's audit plan;
 - d. any serious difficulties and/or disputes that management encountered during the course of the audit; and
 - e. other matters related to the conduct of the audit which are communicated to the Audit and Risk Committee.
2. Review the significant financial reporting issues and judgements made in connection with the preparation of Rakon's financial statements, annual and interim reporting, preliminary announcements and related formal statements including governance statement, Environmental, Social and Governance reporting and climate-related reporting.
3. Review the clarity and completeness of disclosures in the financial statements and advise the Board whether they comply with the appropriate laws and regulations.
4. Require the Chief Executive Officer and the Chief Financial Officer to state in writing to the Board that Rakon's financial reports present a true and fair view, in all material respects, of



Rakon's financial condition and operational results and are in accordance with relevant accounting standards.

Internal controls, compliance and risk management

The Audit and Risk Committee shall:

1. Ensure that processes are in place to ensure that the Board is properly and regularly informed about significant financial matters relating to Rakon, and monitor those processes;
2. Consider and review:
 - a. the adequacy of Rakon's internal auditing practices; and
 - b. any related significant findings and recommendations of the external auditor and any internal auditor and management's responses thereto.
3. Ensure that arrangements are in place by which employees may, in confidence, raise concerns about possible improprieties.
4. Monitor and review
 - a. the effectiveness of Rakon's framework for identifying, treating and monitoring risk including climate-related risk;
 - b. Rakon's insurance strategy and annual renewal planning; and
 - c. compliance with applicable laws and regulations.
5. Consider and discuss critical risks of Rakon.
6. Provide oversight and review of the effectiveness of key internal control policies including:
 - a. Delegations Policy;
 - b. Treasury Management Policy;
 - c. Continuous Disclosure Policy;
 - d. Sustainability strategy and policy; and
 - e. Tax Governance Policy.

The Audit and Risk Committee is authorised by the Board to investigate any activity within its charter.

The Audit and Risk Committee will make recommendations to the Board on all matters requiring a decision.



AUDIT AND RISK COMMITTEE COMPOSITION

1. The Audit and Risk Committee will consist of at least three members, each of whom will be appointed by the Board.
2. All of the members of the Audit and Risk Committee must be Directors who are not also members of the executive management. A majority of the members must be independent Directors.
3. At least one member of the Audit and Risk Committee must have an accounting or financial background¹.
4. The Chair of the Audit and Risk Committee must be independent, and not have a longstanding association with the Rakon's external audit firm as a current or retired audit partner or senior manager at the firm.²
5. The members of the Audit and Risk Committee shall elect one of their members who is an independent director but not the Board's chair to be the Chair of the Audit and Risk Committee. In that person's absence, any member may chair a meeting of the Audit and Risk Committee.
6. The Audit and Risk Committee may invite others to attend their meetings, as they consider appropriate. Unless the Audit and Risk Committee determines otherwise, the Company Secretary will act as secretary to the Audit and Risk Committee.

MEETINGS AND PROCEDURE

1. The Audit and Risk Committee will meet as frequently as required but must not meet less than twice each year.
2. A quorum for a meeting of the Audit and Risk Committee is two members.
3. The Audit and Risk Committee will ensure that minutes of its meetings are kept and provide the minutes of each of its meetings to the Board for the Board's next full meeting.
4. The dates, times and venues of each meeting of the Audit and Risk Committee will be notified by the Audit and Risk Committee's secretary to all members as far in advance as possible. Supporting papers will be sent to members as far in advance as possible.
5. Proceedings of the Audit and Risk Committee will be governed by the provisions of Rakon's constitution and the Board's charter, in so far as they are applicable.

¹ A member of the Audit and Risk Committee will be deemed to have adequate accounting or financial background if they:

- (a) are a member of the New Zealand Institute of Chartered Accountants, or have held a Chief Financial Officer position at an "issuer" (as defined in the NZX Listing Rules) for a period greater than 24 months; or
- (b) have successfully completed a course approved by NZX for Audit and Risk Committee membership; or
- (c) have the experience and/or qualifications deemed satisfactory by the Board.

² An audit committee chair will be deemed to be independent if there has been at least three years between previously being employed by the external audit firm and serving as chair of the audit committee.



CONSULTATION

The Audit and Risk Committee shall have unrestricted access to executive management, external and internal auditors, all employees, company records and to financial or legal advisers.

REPORTING

The Audit and Risk Committee will report to the Board after each meeting of the Committee. The report should contain all matters relevant to the Audit and Risk Committee's role and responsibilities, including:

1. An assessment of whether external reporting is consistent with the Audit and Risk Committee members' information and knowledge and is adequate for shareholders' needs.
2. An assessment of the management processes supporting external auditing.
3. The procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners.
4. An assessment of the performance and independence of the external auditor and whether the Audit and Risk Committee is satisfied that the independence of this function has been maintained having regard to the provision of non-audit services.
5. An assessment of the performance and objectivity of the internal audit function.
6. The results of any review of risk management (including insurance strategy) and internal compliance and control systems including recommendations to the Board on:
 - a. whether Rakon's processes for managing risk are sufficient;
 - b. any incident involving fraud or other break-down in Rakon's internal controls; and
 - c. Rakon's insurance programme, having regard to Rakon's business and the insurable risks associated with it.
7. Highlighting the main risks to Rakon's performance and how those are being managed under the risk management framework.
8. Any matter requiring approval of the Board.

The Chair of the Audit and Risk Committee must be available at the Annual Shareholders' Meeting to respond to any shareholders' questions on the Audit and Risk Committee's activities and areas of responsibility.

REPORTING FROM MANAGEMENT

The Audit and Risk Committee should receive appropriate and regular reporting from management in relation to audit of Rakon's financial statements, the operation of the risk management framework including the review of the critical risk register, Rakon's internal financial management



processes and procedures, treasury management insurance planning and parent and subsidiary company legislative compliance.

REVIEW

The Audit and Risk Committee must conduct a review of its performance and effectiveness once every two years or more often if required, inviting comments from all members of the Board. It must recommend to the Board any suggested changes in the duties and responsibilities of the Audit and Risk Committee and the terms of this charter.

Date of last Review	May 2024
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