

## LOCAFY LIMITED

### AUDIT AND RISK COMMITTEE CHARTER

#### I. General Statement of Purpose

The purpose of the Audit and Risk Committee of the Board of Directors (the “*Committee*”) of Locafy Limited (the “*Company*”) is to assist the Board of Directors of the Company (the “*Board*”) in fulfilling its oversight responsibilities for the financial reporting process, the systems of internal control, the audit process, and the Company's process for monitoring compliance with laws and regulations and the Company's code of business conduct and ethics, as well as fulfilling any statutory requirements with respect to the role of an audit committee of a publicly traded company, including, inter alia, any audit committee roles and responsibilities set forth in the Nasdaq Stock Market Rules.

#### II. Duties and Responsibilities

The Committee has the following duties and responsibilities:

- assist the Board in fulfilling its responsibility for oversight of the quality and integrity of accounting, auditing and financial reporting practices of the Company;
- oversee the qualifications, independence, appointment, compensation and performance of the Company's independent auditors;
- monitor any deficiencies in the management of the Company, including in consultation with the independent auditors or the internal auditor, and advise the Board regarding how to correct such deficiencies;
- review the annual and periodic work plan of the internal auditor and recommend any changes to such plan prior to approval by the Board;
- oversee the Company's internal auditing and the performance of the internal auditor; ensure that the internal auditor has sufficient tools and resources at his disposal in order to fulfill his/her role, taking into account, among others, the special requirements of the Company and its size;
- monitor compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance;
- examine the scope of work of the independent auditor and pre-approve its compensation, and bring such recommendations before the Board; and
- determine the policies and procedures of addressing (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; (ii) the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters; and (iii) treatment of complaints received by the Company in connection with any deficiencies in

the management of the business of the Company, and with respect to the protections provided to the submitters of such complaints.

Without derogating from the foregoing, the Committee's specific responsibilities in carrying out its oversight role are delineated in the Audit and Risk Committee Responsibilities Guidelines attached hereto.

### **III. Composition of the Committee**

The Committee shall consist of at least three (3) members of the Board, each of whom (subject to applicable phase-in schedules) must (i) be an "independent director" as defined in Rule 5605(a)(2) under the Nasdaq Listing Rules; (ii) meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act and the exemptions provided in Rule 10A-3(b)(iv), as applicable; and (iii) not have participated in the preparation of the financial statements of the Company or a current subsidiary of the Company at any time during the past three years (subject to applicable phase-in schedules). Notwithstanding the above, one director who (i) is not an Independent Director as defined in Rule 5605(a)(2); (ii) meets the criteria set forth in Section 10A(m)(3) under the Act and the rules thereunder; and (iii) is not currently an Executive Officer or employee or a Family Member of an Executive Officer, may be appointed to the Committee if the Board, under exceptional and limited circumstances, determines that such individual's membership on the Committee is required by the best interests of the Company and its shareholders. Should the Company rely on this exception it shall disclose in its next annual report on Form 20-F, the nature of the relationship that makes the individual not independent and the reasons for the Board's determination. A member appointed to the Committee under this exception may not serve longer than two years and may not chair the Committee.

Any person who owns or controls (or whose relative owns or controls) more than 10% (other than any persons appointed pursuant to applicable phase-in schedules or exemptions) of the Company's shares shall not be appointed to the Committee, irrespective of whether or not such person is deemed an "affiliate" of the Company under SEC rules and regulations.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement. One or more members of the Committee shall qualify as an "audit committee financial expert" under the rules promulgated by the Securities and Exchange Commission ("*SEC*") and at least one member shall meet the applicable accounting and related financial experience requirement by Nasdaq.

The members of the Committee shall be appointed by the Board and may be replaced or removed, other than the external directors (if any), by the Board at any time with or without cause. Resignation or removal of a director from the Board, for whatever reason, shall automatically and without any further action constitute resignation or removal, as applicable, from the Committee. Any vacancy on the Committee, occurring for whatever reason, may be filled only by the Board. Unless the Board designates a chair, the Committee shall designate one member of the Committee to be Chairperson of the Committee (provided that any designated Chairperson of the Committee must not also be Chairperson of the Board).

All indemnification, exculpation, expense reimbursement and advancement provisions and rights available to members of the Committee in their capacities as directors of the Company shall be fully applicable with respect to their service on the Committee or any subcommittee thereof.

#### **IV. Compensation**

A member of the Committee (other than any persons appointed pursuant to applicable phase-in schedules or exemptions) may not, other than in his or her capacity as a member of the Committee, the Board or any other committee established by the Board, and in accordance with applicable law and regulation, receive directly or indirectly from the Company any consulting, advisory or other compensatory fee from the Company.

#### **V. Meetings of the Committee**

The Committee shall meet, either in person or by teleconference (by means of which all persons participating in the meeting can hear each other), as often as it determines is appropriate to carry out its responsibilities under this Charter, but not less frequently than quarterly. The Chairperson of the Committee may call Committee meetings and in the absence of a Committee Chairperson, a majority of the members of the Committee may call for a meeting of the Committee. In addition, had the Committee found a material deficiency in the management of the Company, it will hold at least one meeting regarding such material deficiency, with the presence of the internal auditor or the independent auditors without the presence of officers of the Company; however, an officer can participate in the meeting in order to present an issue which is under his/her responsibility.

A majority of the members of the Committee shall constitute a quorum for purposes of holding a meeting and the Committee may act by a vote of a majority of the members present at such meeting.

In lieu of a meeting, the Committee may act by unanimous written consent. The Chairperson of the Committee, in consultation with the other Committee members, may determine the frequency and length of the Committee meetings and may set meeting agendas consistent with this Charter.

The Committee shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company, attend a meeting of the Committee or meet with any members of, or advisers to, the Committee.

The independent auditor of the Company shall be invited to every meeting of the Committee that relates to the financial statements of the Company. The internal auditor of the Company shall be invited to all Committee meetings. In addition, the internal auditor may request the Chairperson of the Committee to convene a meeting to discuss a particular issue, and the Chairperson of the Committee shall convene such meeting within a reasonable period of time, if the Chairperson of the Committee finds it appropriate to do so. The Committee shall maintain written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

The Committee's actions, conclusions or recommendations shall be reported to the Board on an ongoing basis. The matters concerning such actions, conclusions or recommendations which

require the approval of the Board will be brought to the attention of the directors a reasonable period of time prior to the discussion of such matters at the Board.

## **VI. Independent Counsel and Advisors**

The Committee may engage independent counsel and such other advisors as it deems necessary or advisable to carry out its responsibilities and powers, and if such counsel or other advisors are engaged, shall determine the reasonable compensation and/or fees payable to such counsel or other advisors. The above authorities so granted to the Committee shall, upon approval of this Charter by the Board, be deemed to have been approved by the Board with respect to Board approval of professional advisory expenses for a director on account of the Company.

## **VII. Limitations on Role**

The Committee relies on the expertise and knowledge of management, the independent auditor and the Company's internal auditor in carrying out its oversight responsibilities. While the Committee has the authority, powers, and responsibilities set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are in accordance with generally accepted accounting principles. Management of the Company is responsible for determining that the Company's financial statements are in accordance with generally accepted accounting principles, and the Board is responsible for approving the financial statements of the Company. The independent auditor is responsible for auditing the Company's financial statements.

Nothing in this Charter shall be construed to require the Committee to implement or act consistently with the advice or recommendations of such advisors, or to affect the ability or obligation of the Committee, and each member thereof, to exercise its, his or her own judgment in fulfillment of its, his or her duties.

## **VIII. Review of Charter**

Any member of the Committee may submit proposed Charter amendments to the Board. The Board shall circulate any proposed Charter amendment to members of the Committee immediately upon receipt. By a majority vote, the Board may approve amendments to this Charter. The Committee will review and reassess the adequacy of this Charter as necessary, and at least on an annual basis, and recommend to the Board any amendments or modifications to the Charter that the Committee deems appropriate.

## **IX. Interpretation; Definitions**

To the extent any of the provisions included herein is a description or summary of any applicable law or is intended to recite the provisions of any applicable law, then in the event of any inconsistency, contradiction or any other conflict between the provisions herein and the provisions of such applicable law, then the provisions of such applicable law shall prevail and supersede and shall be deemed to constitute an integral part of this Charter. In the event that any such provision of applicable law is amended to include any relief or exclusion, then, such relief and exclusions shall be deemed to constitute an integral part of this Charter, whether or not such conflict, inconsistency or contradiction arises.

Any references to any law, statute or regulation are to it as amended, supplemented or restated, from time to time (and, in the case of any law, to any successor provisions or reenactment or modification thereof being in force at the time); and any reference to “law” shall be read subject to the Company’s articles of association, as amended from time to time.

*As adopted by the Board of Directors on [ ], 2022*

## **AUDIT AND RISK COMMITTEE RESPONSIBILITIES GUIDELINES**

### **I. General**

- Be empowered to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain, at the Company's reasonable expense and without approval from the Board, independent counsel, accountants, or others to assist it in the conduct of any investigation.
- The Chairperson of the Committee or any person appointed by him/her will communicate with the internal auditor, independent auditor, management and the Board. Committee actions, conclusions or recommendations shall be reported to the Board on an ongoing basis. The matters concerning such actions, decisions or recommendations of the Committee which require the approval of the Board will be brought to the attention of the directors a reasonable period of time prior to the discussion of such matters at the Board.
- Monitor any deficiencies in the management of the Company, including in consultation with the independent auditors or the internal auditor, and to advise the Board on how to correct such deficiencies. Should the Committee find a material deficiency, the Committee will hold at least one meeting regarding such material deficiency, with the presence of the internal auditor or the independent auditors without the presence of officers of the Company; however, an officer can participate in the meeting in order to present an issue which is under his responsibility.
- Review the independence of each Committee member based on all applicable laws.
- Review, including with the Company's general counsel and/or external counsel, as it deems necessary, legal and regulatory matters that may have a material impact on the financial statements, related Company compliance policies, and programs and reports received from regulators.
- Meet with the Company's financial management to discuss any matters that the Committee or the financial management believes should be discussed privately with the Committee.
- Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; (ii) the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters, and the protection of such employees; and (iii) treatment of complaints received by the Company in connection with any deficiencies in the management of the business of the Company, and with respect to the protections provided to the submitters of such complaints. In the event that the Committee is informed of any irregularities, it will suggest to the Board remedial courses of action. The Committee may perform such other oversight functions outside of its stated purpose consistent with the Charter, the Company's governing documents and governing law as may be requested by the Board from time to time.
- Subject to applicable law, and without derogating therefrom, the Committee is authorized to request that any officer or employee of the Company, the Company's legal counsel, the

Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Committee or meet with any members of or advisors to the Committee.

## **II. Oversight of Relationship with Independent Auditor**

- Confirm the independence of the public accounting firm, including through receipt from the independent auditors of a formal written statement delineating all relationships between the auditor and the company at least annually and by way of actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor.
- Recommend to the Board and shareholders the appointment and termination of, and oversee, the Company's independent auditor. Approve the compensation of the Company's independent auditor.
- Pre-approve all audit, audit-related and permitted non-audit services to be provided by the independent auditor and review the audit firm's non-audit services and related fees. The Committee may, in accordance with applicable law, establish pre-approval policies and procedures for the engagement of independent auditors to render services to the Company.
- Oversee the hiring by the Company of any employees or former employees of the Company's auditors.
- Meet with the independent auditor in executive sessions to discuss any matters that the Committee or the independent auditor believes should be discussed privately with the Committee.
- Resolve disagreements between management and the independent auditor regarding financial reporting.

## **III. Internal Control Oversight and Risk Management**

- Propose to the Board the appointment of an internal auditor, and express its opinion with regard to the termination of the internal auditor's engagement by the Company. Recommend to the Board the internal auditor's engagement fees and terms, and set such engagement fees, if so delegated by the Board.
- Review and approve the annual or periodic work plan of the internal auditor, with such changes as it considers appropriate.
- Meet periodically with the internal auditor in executive sessions to discuss any matters that the Committee or the internal auditor believes should be discussed privately with the Committee.
- Establish, and periodically, discuss with management and the Company's independent auditor about significant risks or exposures and assess the steps management has taken to

minimize such risk to the Company (“*Risk Management Framework*”) and agree the appropriate risk appetite of the Company with the Board from time to time.

- Consider and review with the independent auditor:
  - at least annually, the Risk Management Framework having regard to the risk appetite set by the Board from time to time,
  - the adequacy of the Company’s internal financial controls, including computerized information system controls and security, and
  - any related significant findings and recommendations of the independent auditor and internal audit together with management’s responses thereto.
- Consider and review with the Board, management and the internal auditor:
  - significant findings during the year and management’s responses thereto,
  - any difficulties or disputes with management encountered in the course of his or her audits, including any restrictions on the scope of their work or access to required information, and
  - any changes required in planned scope of the internal auditor’s audit plan.
- Oversee the functioning of the internal auditor and review and approve his or her annual or periodic work plans, review internal audit reports prepared by the internal auditor and confirm that it has sufficient tools and resources at its disposal to fulfil his/her role, taking into account, among other things, the special requirements of the Company and its size. The Chairperson of the Committee may instruct the internal auditor to perform special audits and shall review the internal auditor’s reports of such audits.

#### **IV. Audit Oversight**

Prior to the annual audit, the Committee shall review the scope of the independent auditor’s audit plan, including the scope, timing and procedures for the audit and bring its recommendations to the Board.

At the completion of the annual audit, the Committee shall review with management and the independent auditor the following:

- the Company’s annual financial statements and related footnotes;
- the independent auditor’s audit of the financial statements and its report thereon;
- any significant changes required in the independent auditor’s audit plan;
- the effect or potential effect of any regulatory regime, accounting initiatives or off-balance sheet structures on the Company’s financial statements;

- any correspondence with regulators or governmental agencies and any employee
- complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies;
- any serious difficulties or disputes with management encountered during the course of the audit; and
- other matters related to the conduct of the audit that are to be communicated to the Committee under generally accepted auditing standards.

The Committee shall also review:

- the Company's financial management and the independent auditor at least annually the Company's critical accounting policies, alternative treatments discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the registered public accounting firm, and any material written communications between the independent auditor and management (such as any management letters or schedules of unadjusted differences);
- any significant changes to IFRS policies or standards that may impact the Company's financial statements; and
- at least on annual basis, (i) the material reserves established for the contingent liabilities of the Company and its subsidiaries, (ii) the Company's major financial risk exposures and the Company's policies for managing such risks and (iii) any "off-balance sheet" transaction or off-balance sheet assets or liabilities.

Additionally, the Committee shall discuss with the independent auditor the matters required to be discussed by Auditing Standard No. 16 as modified or supplemented. The Committee will also obtain from the independent auditor assurance that it has complied with Section 10A of the Securities Exchange Act of 1934.

## **V. Related Party Transactions**

The Committee shall review policies and procedures with respect to transactions (other than transactions related to the compensation or terms of services) between the Company and officers and directors, or affiliates of officers or directors, or transactions that are not in the ordinary course of the Company's business.

## **VI. Public Financial Disclosures**

The Committee shall participate in a meeting or conference call with the Chief Financial Officer and the independent auditor prior to earnings releases, if any, and review earnings releases prior to their distribution. Prior to the approval of the financial statements by the Board, the Committee shall examine the financial statements, discuss them in its meetings and formulate a recommendation to the Board in respect to the following: (a) the estimates made in connection with the financial statements; (b) internal controls related to financial reporting; (c) the integrity

and appropriate disclosure in the financial statements; (d) the accounting policies adopted in the accounting treatment applied the substantive matters of the Company; and (e) valuations, including their underlying assumptions and estimates, on which the financial statement data is based.

The Committee shall review and discuss with management, before release, the audited financial statements, and the Operating and Financial Review and Prospects proposed to be included in the Company's Annual Report on Form 20-F. In connection with each Annual Report on Form 20-F of the Company, the Committee must review and approve:

- management's disclosure to the Committee about all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data; and, any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls as required under Section 302 of the Sarbanes-Oxley Act, and
- the contents of the Chief Executive Officer and the Chief Financial Officer certificates to be filed under Sections 302 and 906 of the Sarbanes-Oxley Act.

The Committee will review filings with the SEC and other published documents containing the Company's financial statements and consider whether the information contained in these documents is consistent with the information contained in the financial statements before it is filed with the SEC or other regulators.