

### **1.1 Standing rules**

Unless otherwise specific in this Schedule 1, the standing rules for Committees<sup>5</sup> apply to the Audit & Risk Management (**ARM**) Committee.

### **1.2 ARM Committee Members**

The Board has established an ARM Committee. The ARM Committee is to consist of the following:

- (a) only non-executive Directors;
- (b) a majority of independent Directors;
- (c) an independent Chairperson who is not the Chairperson of the Board; and
- (d) at least three members - where there are not three or more non-executive Directors of the Company, the Board may appoint executive Directors to the Committee.

Each member of the ARM Committee is to be financially literate and at least one member of the Committee (ideally the Committee Chair) is to have relevant qualifications and/or experience in accounting or related financial management matters, and at least one member of the ARM Committee (who may be another member) must have technical knowledge and an understanding of the industry in which the Company operates, such that the Committee as a whole is able to discharge its mandate effectively.

The current membership of the ARM Committee, including their qualifications and experience, will be disclosed in the Annual Report or on the Company's website.

### **1.3 Purpose of ARM Committee**

- (a) The ARM Committee's role is to:
  - (i) advise on the establishment and maintenance of a framework of internal controls for the Group's management; and
  - (ii) assist the Board with policy on the quality and reliability of financial information prepared for use by the Board.
- (b) The ARM Committee will review NOVONIX's risk management framework and policies and monitor their implementation.

### **1.4 Scope of responsibility**

The ARM Committee is responsible for:

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<sup>5</sup> See section 8 of the Board Charter.

- (a) monitoring the establishment of an appropriate internal controls framework, including information systems, and its operation and considering enhancements;
- (b) assessing corporate risk (including economic, environmental and social sustainability risks) and compliance with internal controls;
- (c) overseeing business continuity planning and risk mitigation arrangements;
- (d) assessing the objectivity and performance of the internal audit function and considering enhancements;
- (e) reviewing reports on any material misappropriation, frauds and thefts from the Group;
- (f) reviewing reports on the adequacy of insurance coverage;
- (g) monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Secretary in relation to those requirements;
- (h) reviewing material transactions which are not a normal part of the Group's business;
- (i) reviewing the nomination, performance and independence of the external auditors, including recommendations to the Board for the appointment or removal of any external auditor and the rotation of the audit engagement partner;
- (j) liaising with the external auditors and monitoring the conduct, scope and adequacy of the annual external audit;
- (k) reviewing management corporate reporting processes supporting external reporting, including the appropriateness of the accounting judgments or choices made by management in preparing the financial reports and statements;
- (l) reviewing financial statements and other financial information distributed externally, including considering whether the financial statements reflect the understanding of the ARM Committee and otherwise provide a true and fair view of the financial position and performance of the Group;
- (m) preparing and recommending for approval by the Board the corporate governance statement for inclusion in the annual report or any other public document;
- (n) reviewing external audit reports and monitoring, where major deficiencies or breakdowns in controls or procedures have been identified, remedial action taken by management;
- (o) reviewing any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor; and
- (p) reviewing and monitoring compliance with the Code of Conduct.

## **1.5 Powers**

- (a) The ARM Committee has an advisory role, to assist the Board in relation to matters set out in paragraph 1.4 and does not have any power to commit the Board to any recommendation or decision made by it except:
  - (i) for matters relating to the appointment, oversight, remuneration and replacement of the external auditors; and

- (ii) where and to the extent that (in other respects) it has express delegated authority from the Board.
- (b) The ARM Committee has unrestricted access to management and to internal audit personnel as well as to the external auditors (with or without management present) to carry out its function (see paragraph 1.9 below).

#### **1.6 Risk reporting**

- (a) If the ARM Committee identifies a significant business risk, it should report that risk to the Board immediately following the relevant ARM Committee meeting.
- (b) The ARM Committee will ensure that the necessary controls are in place for risk management policies to be maintained by:
  - (i) devising a means of analysing the effectiveness of risk management and internal compliance and control system and of the effectiveness of their implementation; and
  - (ii) reviewing, at least annually, the effectiveness of the Company's implementation of the risk management system (and will disclose in its Annual Report or on the Company's website whether such a review has taken place in the relevant reporting period, and any insights the Company has gained from the review and any changes it has made or will make to its risk management framework as a result).

#### **1.7 Selection of auditors**

- (a) External auditors are selected according to criteria set by the ARM Committee which include:
  - (i) the lack of any current or past relationship with NOVONIX or with any Senior Executive that could impair, or risk impairing, the independent external view they are required to take in relation to NOVONIX and the Group;
  - (ii) their general reputation for independence, probity and professional standing within the business community; and
  - (iii) their knowledge of the industry in which NOVONIX and the Group operate.
- (b) Employees of the external audit partner (including the partner or other principal with overall responsibility for the engagement), should be rotated periodically (at least every five years) to avoid any risk of impairing the independent external view that the external auditors are required to take in relation to NOVONIX and the Group.

#### **1.8 Audit planning**

- (a) The ARM Committee reviews the performance of the external auditors throughout the year.
- (b) During each year, the ARM Committee should meet with the external auditor to:
  - (i) discuss the external audit plan;
  - (ii) discuss any potential significant problems;

- (iii) discuss the impact of proposed changes in accounting policies on the financial statements;
  - (iv) review the nature and impact of any changes in accounting policies adopted by the Group during the year; and
  - (v) review the proposed audit fees.
- (c) Prior to the announcement of NOVONIX's results the ARM Committee should meet with the external auditor to:
- (i) review the pro-forma half-yearly and pro-forma preliminary final report prior to lodgement of those documents with the ASX, and any significant adjustments required as a result of the audit;
  - (ii) make the necessary recommendation to the Board for the approval of these documents;
  - (iii) review the results and findings of the audit, the adequacy of accounting, financial and operating controls, and monitor the implementation of any recommendations made; and
  - (iv) review the draft financial report and the audit report and make the necessary recommendation to the Board for the approval of the financial report.

#### **1.9 Access**

- (a) The ARM Committee shall have unlimited access to the external and internal (if any) auditors, and to management and any subsidiary for the purpose of obtaining information to discharge its functions. The ARM Committee shall also have the ability and authority to seek any information it requires to carry out its duties from any director, member of management or employee and such persons shall be instructed by the Board to co-operate fully in the provision of such information.
- (b) The ARM Committee also has the authority to seek advice from external experts where it considers it necessary or appropriate to carry out its duties. Any costs incurred as a result of the Committee consulting an external expert will be borne by the Company.

#### **1.10 Frequency of meetings**

- (a) The ARM Committee will meet as often as the ARM Committee members deem necessary in order to fulfil its role. However, it is intended that the ARM Committee will normally meet at least twice a year.
- (b) In addition, the Committee Chair is required to call an ARM Committee meeting if requested to do so by:
  - (i) any ARM Committee member;
  - (ii) the CEO;
  - (iii) the CFO; or
  - (iv) any other Director.

- (c) The number of ARM Committee meetings and ARM Committee members' attendance at those meetings will be disclosed in the Company's Annual Report or on the Company's website.

### **1.11 Proceedings**

- (a) Meetings are held at least three times during each year and more often as required.
- (b) The CEO and the CFO will normally be invited to attend ARM Committee meetings, or specific parts of ARM Committee meetings, from time to time at the discretion of the ARM Committee, but will not have voting rights. They will not attend closed sessions of the ARM Committee with the external auditor.
- (c) Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.
- (d) If in the opinion of the ARM Committee, their investigation or discussion will be assisted by hearing from the interested Director, the ARM Committee may invite that Director to address the ARM Committee. The ARM Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.
- (e) The Committee Chair will preside at meetings of the ARM Committee. If the Committee Chair is not present at a Committee meeting, the members must elect another member to act as Committee Chair for that meeting.
- (f) The role of the Committee Chair is to:
  - (i) determine the agenda for meetings of the ARM Committee in conjunction with the Committee Secretary (as defined below in section 1.12);
  - (ii) chair meetings of the ARM Committee and take reasonable steps for the proper functioning of the ARM Committee, including the proper conduct of meetings and an appropriate level of discussion;
  - (iii) take reasonable steps regarding the adequate flow of relevant information to the ARM Committee;
  - (iv) take reasonable steps to advise the Board on the ARM Committee's recommendations to the Board on matters falling within the scope of the ARM Committee's responsibilities; and
  - (v) review the minutes of meetings of the ARM Committee for circulation to and approval by the ARM Committee and sign the approved minutes.
- (g) The ARM Committee, through its Chairperson, is to report to the Board at the earliest possible Board meeting after each Committee meeting. Minutes of all Committee meetings are to be circulated to the Board. The ARM Committee is to report to the Board all matters relevant to the ARM Committee's role and responsibilities. The report should include but is not limited to:
  - (i) the minutes of the ARM Committee and any formal resolutions;

- (ii) information about the audit process including the results of external and internal (if any) audits and any reports prepared and presented by the external auditors;
- (iii) an assessment of:
  - whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs; and
  - the management processes supporting external reporting;
- (iv) procedures for the selection and appointment of the external auditor and for the rotation of external audit partners;
- (v) recommendations for the appointment or, if necessary, the removal of the external auditor;
- (vi) any determination by the ARM Committee relating to the performance and independence of the external auditor and whether the ARM Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
- (vii) assessment of the performance and objectivity of the internal audit function (if any);
- (viii) results of its review of risk management and internal control systems;
- (ix) recommendations for the appointment or, if necessary, the dismissal of the head of internal audit (if applicable);
- (x) any matters that in the opinion of the ARM Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action; and
- (xi) at least annually, a review of the formal written ARM Committee Charter and its continuing adequacy, and an evaluation of the extent to which ARM Committee has met the requirement of the ARM Committee Charter.

### **1.12 Committee Secretary**

- (a) The Company Secretary (or delegate as approved by the ARM Committee) will act as secretary of the ARM Committee and will be responsible, in conjunction with the Committee Chair, for drawing up the agenda (supported by explanatory documentation and papers) and circulating the Committee papers to ARM Committee members prior to each meeting. Directors may request papers for or from any meeting and will be notified in advance of the agenda of forthcoming meetings.
- (b) The Committee Secretary will also be responsible for keeping the minutes of meetings of the Committee (except when the ARM Committee is in closed session) and circulating them to the Committee Chair for review, as well as to the other ARM Committee members, Board members and ARM Committee meeting attendees as appropriate.