

AUDIT AND RISK COMMITTEE CHARTER

1. Document purpose

This Charter sets out the role and responsibilities of the Audit and Risk Committee (**Committee**) of Wellfully Limited ACN 056 482 636 (**Wellfully, us, our, we**) and how the Committee performs. For the purposes of this Charter, it refers to all entities and operations controlled by Wellfully.

This Charter will be reviewed periodically.

2. Committee purpose

The Committee is a committee of the Board. Its purpose is to assist the Board ensure that there:

- a. is effective oversight of published financial information;
- b. are sound systems of internal control; and
- c. effective management of risk.

Notwithstanding the Committee's purpose and responsibilities, the Board is ultimately accountable to stakeholders for these matters.

3. Responsibilities

The Committee is responsible to the Board to oversee:

- a. governance;
- b. financial reporting;
- c. external audit;
- d. risk management;
- e. R&D management;
- f. tax management and compliance;
- g. internal controls;
- h. foreign exchange management;

- i. anti-bribery and corruption;
- j. whistle blower reporting and investigation;
- k. human rights and modern slavery;
- l. compliance with corporate laws such as the *Corporations Act* and *ASX Listing Rules and Corporate Governance Principles*; and
- m. any other matters referred to it by the Board.

The attached Appendix provides guidance on the responsibilities of the Committee as determined by the Board.

These responsibilities are allocated to the Committee on the basis that the primary responsibility for management of these matters sits with the CEO and their delegates.

4. Composition

- a. The Committee will consist of at least three non-executive directors appointed by the Board, a majority of whom should be independent directors.
- b. Committee members will have financial management skills, business acumen and suitable formal qualifications to be effective in their role on the Committee.
- c. The Committee's Chair will be an independent director appointed by the Board.
- d. The Chair of the Board shall not be a member of the Committee but may attend Committee meetings. Other directors who are not on the Committee may also attend meetings as an observer.
- e. A quorum of the Committee shall be at least two members.
- f. The Company Secretary is the Secretary of the Committee.
- g. The Committee Chair may invite others (e.g. the CEO, CFO or external experts) to meetings.

5. Committee members

As at the date of this Charter, the Committee includes **Anthony Wright** (Chairman of the Committee, Independent Non-Executive Director), **Cameron Reynolds** (Independent Non-Executive Director), **Steven Schapera** (Non-Executive Director) and the **Company Secretary**.

6. Meeting frequency

The Committee will meet at least four times per annum. The Chair, a member or the secretary may call for other meetings.

7. Reporting

The Committee shall regularly report to the Board on the matters discussed at each meeting and minutes of meetings will be given to the Board.

Periodic activities reporting

Reports will include the following:

- a. an assessment of whether our external financial reporting is of the required standard and adequate for shareholder needs;
- b. an assessment of the strength of our internal controls;
- c. an assessment of management's performance regarding addressing material business risks; and
- d. the suitability and performance of the external auditors.

Annual reporting

Risk management and internal controls:

In accordance with the *ASX Corporate Governance Principles and Recommendations (4th Ed.)* related to risk management, the Committee will advise the Board:

- e. that the Committee has reviewed our risk management framework to satisfy itself that it continues to be sound and that we are operating with due regard to the risk appetite set by the Board (*Rec. 7.2*); and

- f. if it has received assurance from the CEO and CFO that the declaration provided according to s295A of the *Corporations Act* is founded on a sound system of risk management and internal controls and that the system is operating effectively (*Rec. 4.2*).

These matters must be reported to the Board prior to the Board adopting the audited annual financial report.

Corporate Governance Statement:

The Committee will ensure that the following material is included in the Corporate Governance Statement in the Annual Report and/or as separately reported:

- g. an explanation of any departures from the *ASX Corporate Governance Principles and Recommendations (4th Ed.)*; and
- h. if we have any material exposure to environmental or social risks and, if we do, how we manage those risks (*Rec. 7.4*).

8. Resources

The Committee will have the authority and resources to investigate matters falling within this Charter. The Committee may obtain any external professional advice as it considers necessary.

9. Performance

The Committee Chair will assess the performance of the Committee annually and address improvements.

Appendix – Committee’s responsibilities

A. Governance and sustainability

Ultimate responsibility for governance lies with the Board. The Board can delegate aspects to the Committee for review and consideration.

B. Financial reporting

In reviewing and monitoring our financial reports, the Committee will consider (with management) the:

- i. suitability of critical accounting policies, judgments and estimates applied in the preparation of the financial reports;
- ii. implications of any expected changes in accounting policies;
- iii. significant financial reporting judgments in the financial reports;
- iv. quality of earnings and the implications of earnings volatility resulting from exceptional and/or non-recurring items;
- v. impact of our financing structure on current and future profitability;
- vi. suitability of our financial systems and controls;
- vii. correlation of financial performance and business risk; and
- viii. how governance matters are disclosed.

The Committee recommends to the Board that the financials in the annual and interim reports be approved.

C. Auditing

Committee oversight of the external audit function includes:

- i. recommending to the Board the appointment, reappointment and removal of the external auditors – including the terms and fees;

- ii. reviewing, with the auditors, the scope of their audit and subsequently their audit findings, including any recommendations for improvements in internal controls;
- iii. monitor the effectiveness of the auditors and the responsiveness of management to their findings and recommendations; and
- iv. periodically meet the auditors, independently of management, to discuss the quality of our accounting principles, material judgments and any other matters the Committee or auditors deem appropriate.

D. Risk management

The Committee plays an important role managing risk. The Committee will:

- i. understand and endorse the risk appetite set by the Board;
- ii. ensure management has established an effective system of risk management and internal controls and processes;
- iii. require management to demonstrate the effectiveness of those processes in identifying, assessing and managing our significant risk exposures;
- iv. review our risk profile compared to risk appetite;
- v. consider when we may need to operate outside the agreed risk appetite; and
- vi. periodically review our significant risks and ensure they are being managed as planned.

This component also includes overseeing our R&D process to ensure it is aligned to our strategy and adequately allocating and managing our finite resources.

E. Tax management and compliance

To ensure tax management and compliance, the Committee shall consider if we have the relevant policies in place and they are

periodically reviewed in conjunction with the CEO, CFO, Board and external advisers (where necessary).

F. Internal controls

The Committee will monitor the performance of the internal controls through:

- i. reviewing effectiveness of internal financial processes and controls implemented by management; and
- ii. assessing the impact of adverse audit findings on internal controls.

G. Anti-bribery and corruption (ABC)

Committee oversight includes:

- i. annually reviewing compliance with our ABC Policy;
- ii. report to the Board any breaches or investigations; and
- iii. meet annually with the Company Secretary to discuss the ABC framework and its effectiveness.

H. Whistleblower

The Committee oversees the whistleblower compliance framework.

I. Human rights and modern slavery

The Committee will provide oversight, advice and guidance to the Board relating to human rights modern slavery risks, including:

- i. compliance with the law (i.e. *Modern Slavery Act* if it applies to us) and our policies regarding our operations and suppliers, globally; and
- ii. if there are any breaches or concerns, plans to fix them and how to report them to the Board.