

**BEST & LESS GROUP HOLDINGS LTD
ACN 642 843 221**

(the Company)

AUDIT AND RISK COMMITTEE CHARTER

ADOPTED ON 25 JUNE 2021

1. GENERAL

The board of the Company (**Board**) has established the Audit and Risk Committee (**ARC**), with the powers as set out in this Charter and as delegated in accordance with rule 8.1 of the Company's Constitution.

The Audit and Risk Committee Charter will be reviewed regularly. Any proposed changes will be recommended to the Board for approval.

2. THE PURPOSE AND ROLE OF THE ARC

The purpose of the ARC is to assist the Board in the effective discharge of its responsibilities for risk management and compliance, financial and corporate reporting and audit matters. The Board retains ultimate responsibility for these matters.

The ARC will, in discharging its duties, seek to co-ordinate its activities with the Remuneration and People Committee where appropriate. The Chairperson of the ARC must liaise with the Chairperson of the Remuneration and People Committee on an ongoing basis to ensure that no material matter is overlooked by the two Committees and any other committee established by the Board from time to time relevant to the work of the ARC.

The ARC may delegate all or a portion of its responsibilities to a subcommittee of the ARC.

3. COMPOSITION OF THE ARC

The ARC will consist of a minimum of three members of the Board.

The ARC will consist of only non-executive Directors, a majority of whom are independent (as assessed by the Board in accordance with the Board Charter).

The Chairperson of the ARC will be an independent non-executive Director. The office of Chairperson of the ARC will not be occupied by the Chairperson of the Board.

Members of the ARC will, between them, have financial and accounting experience, technical knowledge and an understanding of the industries in which the Company operates.

The Board may appoint additional non-executive Directors to the ARC or remove and replace members of the ARC by resolution. Members may withdraw from membership by written notification to the Board.

The Board will review the membership of the ARC at least annually.

A member of the ARC may, with the approval of the Chairperson of the ARC and at the Company's expense, attend seminars or training courses in respect of issues related to the functions and responsibilities of the ARC.

The secretary of the ARC will be the Company Secretary (**CS**).

4. **MEETINGS OF THE ARC**

The ARC will meet at least four times annually, and more frequently if it is deemed necessary to fulfil its role.

The ARC may invite any person to attend all or part of a meeting of the ARC. The Chief Executive Officer (**CEO**), the Chief Financial Officer (**CFO**) and other managers will be invited as required.

The Board will disclose in the Company's Annual Report the number of times the committee met throughout the relevant reporting period and the individual attendances of the members of the ARC at the meetings held throughout the period.

The quorum is two members of the ARC.

Any member may, and the CS will upon request from any member, convene a meeting of the ARC.

Notice will be given to every member of the ARC, of every meeting of the Committee, at the member's advised address for service of notice (or such other pre-notified interim address where relevant).

The CS will attend all ARC meetings to take minutes. All minutes of the Committee must be entered into a minute book.

Directors (who are not members of the ARC) may attend meetings of the ARC.

5. **REPORTING**

The Chairperson of the ARC will report on the actions and recommendations of the ARC to the Board at the next Board meeting following a meeting of the ARC. All Directors will be permitted, during a Board meeting, to request information from the Chairperson of the ARC or members of the ARC.

6. **AUTHORITY AND ACCESS**

In carrying out its responsibilities, the ARC:

- (a) will have access to the company records and any other document, report, material or information in the possession of an employee or external adviser of the Company, as reasonably necessary to perform its functions; and
- (b) may invite an employee, the external auditor or any other person to attend a meeting of the ARC, including without management present for the purpose of seeking explanations and additional information from a person.

The ARC may seek the advice of independent advisers on any matter relating to the powers, duties or responsibilities of the ARC and on any other matter that will be considered by the ARC.

The ARC may initiate special investigations as it sees fit, or as directed by the Board, in relation to matters set out in this Charter.

7. **RESPONSIBILITIES OF THE COMMITTEE**

7.1 **Risk management and compliance**

In the area of risk management and compliance, the key responsibilities of the ARC are to:

- (a) review and evaluate and monitor, by receiving reports from management, the adequacy and effectiveness of
 - (i) the management reporting and control systems used to monitor adherence to policies and guidelines and the Company's delegated authority framework and limits;
 - (ii) the Company's financial and operational risk management control systems by reviewing risk registers and reports from management and the external auditor;
 - (iii) the structure and adequacy of the Company's own insurances on an annual basis;
 - (iv) technology and cyber risk;
 - (v) internal audit or controls and systems to identify and manage business risks; and
 - (vi) processes to identify and manage any material exposure to economic, environmental and social sustainability risks;
- (b) arrange for management to report to the Board on whether the Company's material business risks (including any sustainability risks, but excluding those risks which are included as responsibilities in the Charters of other Board Committees) are being managed and mitigated effectively;
- (c) evaluate, by receiving reports from management, the Company's exposure to fraud and oversee investigations of allegations of material or systemic fraud or malfeasance;
- (d) review and evaluate, by receiving reports from management, the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices, and the environment) and the Company's own codes of conduct (but excluding those which are included as responsibilities in the Charters of other Board Committees);
- (e) review and monitor the Group's compliance with its tax obligations and on how tax issues and risks are trending. This includes the effective tax rate of the business, whether the amount of tax paid aligns with business and, where relevant, reasons for significant misalignment, and whether any positions adopted fall outside established safe harbour thresholds;
- (f) consider the potential effects on the Company of any new or proposed tax laws or administrative practices, together with trends in tax administration;
- (g) review the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, *Corporations Act 2001* (Cth) and AASB requirements);
- (h) ensure management establishes procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters;

- (i) review management processes supporting external reporting, and any complaints or concerns raised internally regarding business conduct matters, financial or accounting processes and practices;
- (j) review the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards;
- (k) review and discuss with management and the external auditor the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs; and
- (l) receive reports, at least every three years, on an external review of the Company's risk management program undertaken by a suitably qualified consulting organisation, together with management's responses to that review.

7.2 **Financial and corporate reporting**

In the area of financial and corporate reporting, the responsibilities of the ARC are to:

- (a) oversee the Company's financial and corporate reporting and disclosure processes (recognising that specific matters relating to continuous disclosure are to be considered in the manner contemplated by the Company's Continuous Disclosure Policy);
- (b) assist the Board in determining the reliability and integrity of accounting policies, accounting systems and financial reporting and disclosure practices;
- (c) approve the Company's accounting policies and principles that are required to be reported in the notes to the financial statements (**Policies**) and changes to the Policies, review and assess the appropriateness of those Policies, including conformance with relevant accounting and reporting standards and, where appropriate (without limiting the ARC's powers to approve accounting policies and settle interpretation of accounting policies and standards), referring material changes to the Board;
- (d) review the process implemented to support the certifications to be provided by the CEO and the CFO in respect of the Company's financial reports and the related certifications in respect of risk management and internal control, and ensure appropriate disclosure of such processes (where required) in materials released on ASX;
- (e) review all financial statements and reports which are required to be published and/or signed by directors prior to approval by the Board. The review of financial statements and reports should include a discussion with the external auditor of accounting issues, accounting policies adopted and the proposed audit (or review) report. Subject always to ultimate Board approval of the published financial statements, the ARC has authority to approve accounting issues raised, review and interpret accounting policies adopted and the proposed audit (or review) report;
- (f) review the annual report, directors' report (excluding the Remuneration Report) and any other report of management which is required by law to accompany any published financial statements (to the extent that such a report discusses the financial position or performance) before approval by the Board, including assessing whether the Company's external reporting is consistent with the Committee members' information and knowledge, and is adequate for shareholder needs;
- (g) review any statements or commentary to be released to ASX to accompany the half year or annual financial statements;

- (h) ensure that procedures are in place which are designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management; and
- (i) review and monitor related party transactions and assess their propriety.

7.3 **Audit**

In the area of audit, the responsibilities of the ARC are to:

- (a) make recommendations to the Board on the appointment, reappointment or replacement of the external auditor;
- (b) review and agree with the external auditor the terms of engagement for the external auditor, including fees;
- (c) oversee arrangements relating to the rotation of the audit engagement partner;
- (d) establish the scope of the audit for Board approval;
- (e) oversee the internal audit function if such a function is established;
- (f) monitor the effectiveness of the external audit, placing emphasis on areas where the ARC or the external auditor believes special attention is necessary;
- (g) review the performance and effectiveness of the external auditor after the completion of each end-of-year audit. In evaluating the external auditor, the ARC will consider:
 - (i) the comprehensiveness of the external audit plan;
 - (ii) the timeliness and quality of communications promised under the plan and those delivered during the audit;
 - (iii) the competency and industry knowledge of the external audit staff; and
 - (iv) the adequacy and availability of resources to achieve the scope of work outlined in the external audit plan;
- (h) develop and oversee the implementation of the Company's policy on the engagement of the external auditor to supply non-audit services and ensure compliance with that policy; and
- (i) provide advice and an annual report to the Board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non-audit services do not compromise audit independence, in order for the Board to be in a position to make the statements required by the *Corporations Act 2001* (Cth) to be included in the Company's annual report.

8. **LIMITATION OF RESPONSIBILITIES**

The ARC does not have responsibility for the matters that are set out in the Board Charter, although the Chairperson of the ARC must liaise with the Chairperson of the Board on an ongoing basis to ensure that no material matter is overlooked by the two bodies.

The ARC's principal function is one of review, oversight and monitoring. Without limiting the ARC's duties as described in this Charter, neither the ARC, as a committee, nor any member of it by virtue of being a member, has the duty to actively seek out activities

occurring within the Group that are not compliant with the Group's policies and procedures, although they have a duty to act promptly if any such activity comes to their attention.

The ARC's role does not extend to risk management in respect to the responsibilities of the Remuneration and People Committee.

The ARC:

- (a) is not required to personally conduct accounting reviews or audits; and
- (b) is entitled to rely on employees of the Company or professional advisers or consultants engaged by the ARC or the Company where:
 - (i) there are reasonable grounds to believe that the employee, adviser or consultant is reliable and competent; and
 - (ii) the reliance was made in good faith and after making an independent assessment of the information.

VERSION CONTROL - AUDIT AND RISK COMMITTEE CHARTER	
Date	Action
25 June 2021	Adopted by the Board