

## Role of the Audit and Risk Committee

The board of Ingenia Communities Group (**Ingenia** or **Group**) has a responsibility to put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the Group's financial position and performance. The establishment of the Audit & Risk Committee (**Committee**) as a sub-committee of the Ingenia board is an integral part of this structure.

The Committee's role is to assist the Board in fulfilling its oversight responsibility in relation to the Group's financial reporting, systems of internal control and management of risk, internal and external audit functions, and compliance obligations. It does this having regard to relevant laws and regulations and practice governance standards.

## Responsibilities of the committee

The Committee has the following responsibilities.

### 1. Review of the Group's financial reports:

- Review the Group's financial reports and commentary prepared by management;
- Review any matters raised on the financial reports by the Group's external auditor;
- Assess the appropriateness of the accounting policies adopted in preparing the Group's financial reports;
- Review and recommend for Board approval property valuations in financial reports, having regard to the recommendation of the Investment Committee and auditor's report on property valuations;
- Assess whether the financial reports are adequate for security holder needs;
- Review compliance with disclosure requirements;
- Review the integrity of periodic financial reports not audited or reviewed by an external auditor;
- Assess the adequacy of representations by management as to presentation of the financial reports;
- Review and recommend for approval by the Board the half yearly and annual financial reports;
- Oversee the Group's dividend and distribution policies regarding the amount, nature and timing of dividends and distributions to be paid; and
- Review the Group's financial budgets and forecasts where requested by the Board;

## 2. External auditors:

- Review and approve the Group's External Audit Plan;
- Establish and maintain procedures for the appointment and rotation of the Group's external auditor;
- Assess the performance of the external auditor;
- Assess the independence of the external auditor, having regard to the provision of non- audit services;
- Review and approve the reasonableness of the external audit fees; and
- Recommending the appointment and removal of external auditors to the Board.

The Audit and Risk Committee has adopted the policy that unless determined otherwise for appropriate reasons:

- Any external audit engagement and review partner must be rotated every 5 years; and
- The statutory audit will be market-tested at least every seven years.

## 3. Internal control framework:

- Review the written policies and procedures designed to ensure accurate external financial reporting and make recommendations to the Board thereon;
- Receive reports on all incidents of actual or suspected fraud, theft or cyber crime (if applicable);
- Assess the performance and objectivity of the internal audit function (if applicable);
- Review of the operational risk management framework; and
- Review of the internal compliance and control systems in relation to functions other than financial reporting.

## 4. Compliance

- Review the adequacy of the Group's system for compliance with relevant laws, regulations, standards and best practice guidelines;
- Assess the effectiveness of, and compliance with the Group's code of conduct, compliance plans, policies and procedures, constitutions and the Australian Financial Services licence (AFSL);
- Obtains regular AFSL compliance updates (quarterly) from the Compliance Manager via the Executive Risk Management Committee; and
- Approval of the Compliance Plan auditors' scope of works.

## 5. Risk Management

The Committee shall be responsible for implementing and overseeing the Group's risk management policies.

In addition, the Committee shall:

- Identify and assess the Group's material business risks, at least annually and satisfy itself that the risk management framework continues to be sound and is operating with due regard to the risk appetite set by the Board;
- Regularly review and update the Group's risk profile;
- Oversee the risk management policies and systems;
- Oversee the Group's insurance program;
- Consider whether the Group has any material exposure to economic, environmental and social sustainability risks, and if applicable, review and monitor the systems in place to manage these risks;
- Monitor the Group's sustainability strategy, initiatives and reporting and recommending the Group's ESG program to the Board for their endorsement; and
- Conduct an annual review of the Group Risk Management Committee.

### Composition and membership of the committee

The Board shall appoint the members to the Committee and may remove or replace the Committee chair and members by resolution. The Board reviews (with the assistance of the Remuneration and Nomination Committee). the composition of the Committee at least annually

As a Company included in the S&P / ASX200 Index, in accordance with ASX Listing Rule 12.7, the Committee must comprise:

- At least three members;
- Only non-executive directors, a majority of which are independent; and
- An independent chair, who is not the chair of the Board.

The membership should include at least one member who has financial expertise, and some members who have an understanding of the property/seniors living industry in which the Group operates.

The terms of appointment to the Committee include the following:

- The members may resign upon reasonable notice in writing to the Committee chair or by the Chairman of the Board;
- A member may from time to time be immediately removed by notice in writing by the Committee chair or the Chairman of the Board; and
- The appointment as a member of the Committee is automatically terminated upon that member ceasing to be a director of the Group.

## Committee meetings Frequency of Meetings

The Committee shall meet as frequently as required to undertake its role effectively and in any event at least twice per year. The minimum quorum for a Committee meeting is two members. Any reportable issues that arise between meetings will be reported to the chair of the Committee. The Committee chair may call an additional meeting of the Committee. The chair must call an additional meeting if required by any Committee member, the chair, the managing director, the Board or the external auditor.

External auditors are invited to attend Committee meetings, as well as representatives of management, as determined by the Committee.

A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each member of the Committee as soon as practicable prior to the date of the meeting. The notice will include relevant supporting papers for the agenda items to be considered.

Committee meetings are permitted to be held other than in person, by any technological means as consented to by all members of the Committee. This consent may be a standing one.

## Meetings of the Audit and Risk Committee without Management

The Committee may meet with the auditors annually or more frequently, without management present, to discuss any aspect of the Group's financial position and performance and other matters falling within the Committee's responsibilities.

## Attendees

Any director of the Board may attend and speak at a Committee meeting. Any invitee of a Committee member may attend and speak at a meeting.

## Minutes, Reports and Recommendations

Committee members will be provided with the meeting agenda and relevant papers as soon as practicable prior to the meeting.

All records, including minutes and any reports or recommendations will be prepared and kept by the company secretary. The minutes of the Committee meetings are available for review by any director not a member of the Committee. The chair of the Committee shall report the findings and recommendations of the Committee to the Board after each Committee meeting.

The auditor will receive a copy of the minutes and may request copies of any other records.

## Resources, information and use of external advisers

The Committee will inform the Board if it considers that it does not have adequate resources or access to information to enable it to perform its duties properly.

The Committee has unrestricted access to any information it requires from any Ingenia Group employee and to the internal (if applicable) and external auditors for the purpose of carrying out their functions as Committee members.

The Committee may also commission independent legal, accounting or other professional advice which is considered a reasonable expense by the Board.

## Powers of the committee

The Committee has the explicit authority to investigate any matters within its terms of reference as set out in the Committee's charter, with the resources it needs to do so and with the right of access to information including external professional advice if necessary.

## Management sign-off procedure

The Committee will ensure that the Chief Executive Officer and Chief Financial Officer provide a declaration to the Board before it approves the Group's financial statements for a financial period that, are in accordance with the requirements of the *Corporations Act 2001 (Cth)* and ASX Corporate Governance Recommendation 4.2.

## Committee performance

The Committee shall perform an evaluation of its performance to determine whether it is functioning effectively by reference to its role under this Charter.

The Board will evaluate the performance of the Committee as appropriate.

## Administration Disclosure of Interests

A member of the Committee must disclose any interest that they have in any matter under consideration.

## Amendment of the Charter

This charter may be amended with the consent of a majority of members of the Committee and then approval by the Board.