

## 1. Purpose

The Audit and Risk Committee (**Committee**) has been established by the Board of Ingenia Communities Group (**Ingenia** or **Group**) to assist the Board to oversee the Group's financial reporting process, risk management and sustainability.

The Board has delegated authority to the Committee to fulfill the responsibilities set out in Section 2 of this Charter and may make other delegations to the Committee from time to time.

## 2. Responsibilities of the committee

The Committee has the following responsibilities.

### a) Financial Reporting

- Review the Group's financial reports, commentary prepared by management and matters raised 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;
- 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;
- 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
- 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;

### b) External Audit

- 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 and independence of the external auditor; having regard to the provision of non- audit services;
- Recommend the appointment and removal of external auditors to the Board;
- Review and approve the reasonableness of the external audit fees; and
- 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.

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.

**c) 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 the operational risk management framework; and
- Review the internal compliance and control systems in relation to functions other than financial reporting.

**d) Compliance**

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

**e) Risk Management**

- Oversee the establishment and implementation of the Group's risk management framework, appropriate risk policies and mitigation plans for managing material risks. Review and approve any variations to the risk management framework, and recommend any variations of policies for approval by the Board;
- Monitor compliance with the Group's Risk Appetite, and consider and recommend to the Board for approval any changes to the Risk Appetite Statement or management actions;
- Monitor material business and emerging risk, and the management of those risks;
- Review and monitor the adequacy of the Group's insurance policies and arrangements;
- Monitor crisis management and business continuity plans and annual testing.

**f) Sustainability**

- Oversee the Group's approach to sustainability, including environmental sustainability, social sustainability and climate change;
- Monitor the Group's progress in meeting sustainability targets set by management;
- Review external reporting on major corporate responsibility and sustainability policies, principals, and initiatives;

**g) Information Technology**

- Oversee the management of major IT risks, including cybersecurity;
- Monitor IT disaster recovery plans and annual testing.

**3. Composition, Membership and Performance**

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 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.

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

#### **4. Meetings**

- The Committee will meet at least twice per year, or more frequently as necessary;
- Quorum for a Committee meeting is two members;
- A notice of each meeting confirming the date, time, venue (or by any technological means), agenda, including supporting papers be forwarded to each member of the Committee as soon as practicable prior to the date of the meeting;
- 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 with the approval of the chair;
- External auditors are invited to attend Committee meetings, as well as representatives of management, as determined by the Committee;
- The Secretary will ensure that a record of submissions and papers, together with minutes of meetings are maintained -and are available for review by any director who is not a member of the Committee; and
- The auditor will receive a copy of the minutes and may request copies of any other records.

#### **5. Resources, Information and 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 members have unrestricted access to any information they require 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.

#### **6. Disclosure of Interests**

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

#### **7. Review of Charter**

The Committee will review this Charter on an annual basis and make recommendation to the Board as to any changes it considers appropriate.