

Audit, Risk & Compliance

InvoCare Limited

Committee Charter

1 INTRODUCTION

The Audit, Risk and Compliance Committee (“the Committee”) is a committee of the Board of Directors of InvoCare Limited (“Company”) established under article 10.6 of the Company’s constitution.

This Charter sets out the role, responsibilities, composition, operation and authority of the Committee.

In this Charter, the Company and its subsidiaries are collectively called the “Group”.

2 ROLE

The role of the Committee is to assist the Board in the effective discharge of its responsibilities in relation to:

- > The integrity of the Group’s accounting policies and financial reporting;
- > Oversight of the independence of the internal and external audit functions;
- > Compliance with legal and regulatory obligations;
- > The effectiveness of the Group’s risk management and internal control framework;
- > Ensuring an acceptable level of cost, financial risk and flexibility with respect to capital and debt management.

3 RESPONSIBILITIES

The Committee has the responsibilities set out in this section.

3.1 Accounting policies

- > Review the appropriateness and integrity of the Group’s accounting principles and policies adopted by management in the compilation and presentation of financial reports, including conformity with relevant accounting and reporting standards; and
- > Review all significant accounting policy changes and, where appropriate, recommend to the Board that the changes be adopted by the Group.

3.2 Financial reporting

- > Review in detail and report to the Board on the integrity of the Group’s annual report, half-year and full-year financial reports and other accompanying statements and financial information, prior to their release to the financial market, including the completeness, clarity and adequacy of disclosures made, the appropriateness of management’s exercise of judgement in areas of subjectivity, external audit findings and compliance with appropriate accounting and reporting standards;
- > Provide summary comments on material issues and recommend to the Board whether the half-year and full-year financial report and statements should be signed;
- > Review any other financial information or commentary to be released to the Australian Securities Exchange and recommend to the Board whether it should approve the release of the material;
- > Obtain written representations from the CEO and CFO, on behalf of management, at each half-year and full-year end reporting period reinforcing management’s accountability for the preparation, presentation and integrity of the Group’s financial reports and related market disclosures, including the maintenance of efficient and effective risk management and internal control systems; and

- > Discuss with management and the external auditor any correspondence with regulatory or government bodies and any published reports which raise material issues regarding the Group's financial statements.

3.3 External Audit

- > Regularly evaluate and report to the Board on the performance and independence of the external auditor;
- > Review the process for selecting external auditors used by the Group and the rotation of the audit partner in accordance with relevant corporations law and make appropriate recommendations to the Board regarding the proposed fees and terms of engagement of the external auditor and any proposed changes to the external auditor or engagement partner;
- > Review and approve the external audit plan and fee for each audit or review of the financial statements;
- > Review and approve any non-audit services (other than day to day matters such as tax compliance) proposed to be provided to the Group by the external auditor;
- > Review any disagreements between the external auditor and management, (whether or not resolved);
- > Review all representation letters to the external auditor signed by management and ensure all information provided is complete, appropriate and consistent with the management representations provided to the Committee and the Board;
- > Meet with the external auditor without management present at least twice each year, and
- > Review all reports from external auditors in relation to audit findings, including management responses and action plans in relation to those findings, and report significant matters to the Board.

3.4 Internal Audit

- > Review and approve the internal audit charter;
- > Review and recommend to the Board the appointment, replacement, or dismissal of the head of internal audit; or, if the internal audit function is outsourced, the proposed fees and terms of engagement of internal auditors
- > Review any restrictions placed on internal auditors by management, the adequacy of resourcing of internal auditors and the independence of internal auditors from executive decision-making;
- > Review with the head of internal audit, the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.
- > Review and approve the annual audit plan and all major changes to the plan;
- > Review the internal audit activity's performance relative to its plan.
- > Review the effectiveness of the internal audit function.
- > Review all reports from internal auditors in relation to audit findings, including management responses and action plans in relation to those findings, and report significant matters to the Board; and
- > Chair of Audit, Compliance and Risk Committee to meet with the internal auditor without management present at least once per year.

3.5 Tax Management

- > Monitor tax compliance activities;
- > Review overall tax policy and strategies and recommend to the Board all substantial tax planning initiatives or proposed activities (eg Advance Compliance Agreements);
- > Review taxation implications of significant capital management actions.

3.6 Capital Management

- > Determine and review, at least annually, appropriate capital management policies, guidelines and targets for approval by the Board including:
 - The cost of capital;
 - Rates of return on capital;
 - Mix of debt and equity
 - Exposures to currency and interest rate risk;
 - Debt financing or refinancing arrangements;
 - Interest rate and currency hedging arrangements; and
 - Equity related corporate actions, such as raisings, buy-backs and special dividends.
- > Determine and review dividend and distributions policy for approval by the Board and recommend to the Board annual dividend payout expectations in relation to interim and final dividend payouts;
- > Review and recommend to the Board for approval **material**:
 - Debt financing or refinancing arrangements;
 - Equity related corporate actions, such as raisings, buy-backs and special dividends; and
 - Interest rate and currency hedging arrangements.
- > Monitor:
 - Interest rate and foreign currency trends and implications; and
 - Drawn and undrawn debt facilities, including terms and duration.

3.7 Risk Management

- > Promote and support an organisational culture that is committed to risk management through open communication and effective risk management leadership;
- > Establish policies on risk oversight and management which:
 - describe the roles and respective accountabilities of the Board, the Committee, management and internal audit;
 - provide for overseeing the establishment and implementation of the Group's risk management system;
 - provide for review of the effectiveness of the Group's implementation of its risk management system;
 - provide a risk profile for the Group describing material risks facing the company;
 - provide for identification of any material exposure to environmental or social risks and controls for their management; and
 - oversee the Group's internal compliance and control systems established by management, including reviewing the effectiveness of these systems in identifying, assessing, monitoring and managing material risks throughout the organisation.
- > Monitor management's performance against the Group's risk management framework, in particular, ensure that the performance is within the risk appetite parameters set by the Board;
- > Receive and review reports from internal audit on its reviews of the adequacy of the group's processes for managing risk;
- > Review any material incident involving a breakdown of risk controls and the lessons learned;
- > Receive and review reports from management, external auditors or internal auditors, relating to any material incident (suspected or actual) of fraud or theft and assess the effectiveness of related risk controls and 'lessons learned';
- > Receive and review from management or internal auditors reports on new and emerging risks and assess the effectiveness of risk controls and mitigation measures in place to address them;
- > Review the Group's risk management framework at least annually to satisfy itself that it continues to be sound and adequately deal with new and emerging risks, such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change;

- > Make recommendations to the Board in relation to changes to the risk appetite set by the Board and changes needed to the risk management framework to ensure its adequacy to meet the risk appetite set by the Board;
- > Review the Groups insurance policies to satisfy itself that they are appropriate for the business and its insurable risks;
- > Review at least annually the delegated authority limits established for the Board, its Committees, the CEO, the CEO's direct reports and other senior managers, and recommend appropriate changes for approval by the Board; and
- > Review the Group's risk management framework at least annually to satisfy itself that it continues to be sound and adequately addresses the risk appetite set by the Board.

3.8 Compliance

- > Review and monitor the Group's policies and practices designed to ensure compliance with laws, regulations and contractual obligations, including in relation to consumer protection, competition, work health and safety, taxation, insider trading, conflicts of interest, corporate governance, environment, privacy, funeral funds and ASX Listing Rules;
- > Review the results of investigations or audits by, and material communications from and to, governmental or regulatory authorities including assisting and monitoring the response of management to any matters raised;
- > Review any new or updated compliance policies and procedures;
- > Review papers submitted by Management's Audit Risk and Compliance Committee;
- > Receive and review reports of any material breaches of the Company's code of conduct and Anti-bribery and Corruption Policy;
- > Receive and review reports of material incidents under the Company's Whistle blower policy; and
- > Report to the Board any actual or potential significant breaches of legal, regulatory or contractual obligations.

4 MEMBERSHIP

The Committee shall consist of at least three members all of whom are independent non-executive directors, one of whom will be the chair of the Committee. For clarity, the chair of the Board cannot be the chair of the Committee.

Each member of the Committee must be free of any relationship that may interfere with the exercise of independent judgement and be financially literate.

At least one member of the Committee must have accounting or related financial management expertise.

The Board shall elect both the chair and the members of the Committee and ensure the Committee remains of sufficient size, independence and technical expertise to discharge its mandate effectively.

5 MEETINGS

The Committee shall meet quarterly and at such other times as are required to perform its functions.

The quorum for meetings of the Committee is two members of the Committee.

Except as otherwise stated in this Charter, the meetings will be conducted in the same manner and under the same rules as Board meetings.

Any Board member who is not a member of the Committee may attend meetings of the Committee.

The Committee may request attendance of management or any other parties at its meetings.

6 ANNUAL REVIEW

When appropriate, but at least on an annual basis, the Committee shall review this charter and, if necessary, recommend changes to the Board.

7 AUTHORITY

The Committee has the authority from the Board to review and investigate any matter within the scope of its Charter and make recommendations to the Board in relation to outcomes. The Committee has no delegated authority from the Board to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.

The Committee, subject to the approval of the Chair of the Board, has unrestricted right to obtain information from and have access to employees, records, internal and external auditors, tax and other financial or legal advisers engaged by the Group. The Committee is authorised to take advice from any external parties as appropriate and at the Group's expense, as approved by the Board Chair. The internal and external auditors have direct access to the Committee and to the Board.

8 REPORTING TO THE BOARD

The Committee must, through its Chair:

- > regularly report to the Board on all matters relevant to the Committee's role and responsibilities set out in this Charter; and
- > advise the Board in a timely manner of audit, financial reporting, internal control, risk management, material breaches of the Code of Conduct, Anti-bribery and Corruption Policy and Whistle blower policy and compliance matters which may significantly impact upon the Group;