PEXA GROUP LIMITED

AUDIT AND RISK COMMITTEE CHARTER

1. OBJECTIVES

1.1 The Audit and Risk Committee (**Committee**) has been established by the board of directors (**Board**) of PEXA Group Limited (the **Company**) pursuant to the Company's Constitution.

The Company includes relevant subsidiary companies.

1.2 The purpose of the Committee is to assist the Board with:

(a) overseeing, reviewing and supervising the Company's risk management framework and promoting a risk management culture;

(b) discharging the Board's responsibilities relating to the financial reporting process, the system of internal control relating to all matters affecting the Company's financial performance, and the audit process;

(c) reviewing and overseeing the effectiveness and independence of the Company's external audit processes including appointment and removal of the external auditor and approval of the annual external audit plan; and the Company's internal audit processes including appointment and removal of the internal auditor and approval of the annual internal audit plan;

(d) monitoring compliance with laws & regulations, and Board policies;

(e) adopting and applying appropriate ethical standards in relation to the management of the Company and the conduct of the Company's business;

(f) reviewing and monitoring the Company's environment, social and governance (ESG) position and

(g) reviewing the adequacy of the Company's insurance policies.

2. AUTHORITY

2.1 The Committee has authority to:

(a) conduct or authorise investigations into any matters within its designated responsibility described in paragraph 5;

(b) refer matters to other Committees of the Board or the Board for review;

(c) seek external advice or assistance, at the expense of the Company, including the appointment of consultants and independent external advice; and

(d) seek information and communicate directly with the senior executive team, advisers, internal auditor/s and external auditor at any time.

2.2 The Committee will make recommendations to the Board on all matters requiring a decision from the Board. The Committee does not have the power or authority to make a decision in the Board's name or on its behalf.

3. MEMBERSHIP

3.1 The Committee will consist solely of non-executive directors and comprise at least three members. A majority of members will be independent non-executive directors. At least one member of the Remuneration, Nomination and People Committee will be a member of the Committee.

3.2 All Committee members will be financially literate and have accounting and financial expertise and the members of the Committee, between them, should have a sufficient understanding of the industry in which the Company operates to be able to discharge the Committee's mandate effectively.

3.3 The Board will nominate the Committee Chair and appoint all members. The Committee Chair will be an independent non-executive director who is not the Board Chair or Chair of the Remuneration, Nomination and People Committee.

4. COMMITTEE MEETINGS

4.1 The Committee will meet as often as the Committee members consider it necessary to discharge its role effectively, but not less than four times annually at appropriate times in the reporting and audit cycle.

4.2 The Committee Chair will convene a meeting of the Committee at the request of any Committee member, the Board or the external or internal auditor.

4.3 A quorum of the Committee will comprise two members, at least one of which must be an independent director.

4.4 All members of the Board have a standing invitation to attend meetings of the Committee.

4.5 The external auditor may be invited to attend meetings of the Committee on a regular basis, as the Committee Chair determines.

4.6 If the Committee Chair is absent from a meeting and no acting chair has been appointed, the Committee members present may choose one of them to act as chair for that meeting.

4.7 Reasonable notice of meetings and an agenda of the business to be conducted will be given to each member of the Committee and any other person invited by the Committee to attend. Supporting papers must be sent to Committee members and to other attendees as appropriate, at the same time.

4.8 Meetings of the Committee may be held or participated in by using any form of technology, and decisions may be made by circular or written resolution.

4.9 The Committee Chair may invite management and/or external advisors to attend all or part of a meeting of the Committee.

4.10 Each member of the Committee will have one vote. The Committee Chair will not have a casting vote. Decisions of the Committee will be by simple majority. If there is a tied vote, the matter will be referred to the Board for resolution.

4.11 Following each meeting, the Committee Chair will report to the Board at the next Board meeting on any matter that should be brought to the Board's attention and on any recommendation of the Committee that requires Board approval or action, and provide the Board with sufficient information upon which to make a decision in that regard.

4.12 One of the Company Secretaries or his/her nominee shall act as the Committee Secretary. The Committee Secretary will coordinate the timely completion and dispatch of the Committee agenda, minutes, and materials for each meeting. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved by the Committee Chair, the minutes shall be circulated to the directors or otherwise made available via the board portal.

4.13 Outside scheduled meetings, the Committee Chair may meet as needed with key stakeholders in order to review matters relating to Committee functions as appropriate.

5. RESPONSIBILITIES

The responsibilities of the Committee are as follows:

5.1 Risk management

(a) consider and endorse the Company's overall risk management framework, risk appetite, risk profiling standard and risk profile (including business unit profiles), regularly review their effectiveness in meeting sound corporate governance principles and keep the Board informed of all significant business risks;

(b) advise the Board if the Company is operating outside of its approved risk appetite, including the circumstances involved and consider and approve action plans to return the operation of the Company to within tolerance;

(c) review with management the adequacy of the Company's processes and systems for identifying, assessing, monitoring and managing the key financial and non-financial risks and emerging risks to the Company in accordance with the Company's Risk and Compliance Obligations Management Policy;

(d) review the adequacy and appropriateness of the Company's public disclosures of material business risks (including disclosures in the Directors' Report and the Corporate Governance Statement);

(e) meet separately with the General Manager Group Risk and Chief Financial Officer at least once a year, to discuss any matters that the Committee or the General Manager Group Risk or Chief Financial Officer believes should be discussed without management being present;

(f) obtain reports from management on the status of any key risk exposures or incidents to enable the Committee or/and the Board to authorise appropriate actions where required;

(g) oversee and assess the effectiveness of the ongoing implementation of the 'three lines of defence' model;

(h) consider any issues raised by external auditors or internal audit that may materially impact the Company's risk profile or risk management framework;

(i) review, in accordance with the Company's Risk and Compliance Obligations Management Policy, any incident involving:

(i) internal fraud;

(ii) external fraud resulting from a material or significant break down of the Company's internal controls; or

(iii) any other material or significant break down of the Company's internal controls;

(j) review any material or significant incident involving any break down of the Company's risk management processes;

(k) maintain visibility of and hold management accountable for outstanding high priority actions;

(l) review the Company's insurance program having regard to the Company's business and the insurable risks associated with its business, including details of claims made against insurance policies held;

(m) review whether the Company has any material exposure to any economic, environmental and social sustainability risks and if so, monitor the development strategies to manage such risks;

(n) liaise with the Remuneration, Nomination and People Committee to confirm people and culture related risks are regularly monitored and controls are reviewed and integrated into the Company's Risk Management Framework, noting that the Remuneration, Nomination and People Committee has primary responsibility for oversight of matters relating to human resources and remuneration, including risk-adjusted performance measures.

(o) notify the Board Chair of any significant matters which come to its attention.

5.2 Compliance

(a) consider the Company's compliance management system and the workplan for the Company's compliance activities;

(b) obtain regular updates from management regarding compliance matters;

(c) review the effectiveness of the system for monitoring compliance with laws, regulations, the ASX Listing Rules and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;

(d) review the findings of any examinations by regulatory agencies and authorities;

(e) review the process for communicating the Board policies to Company personnel, and for monitoring compliance with those policies;

(f) review the Company's procedures for detecting fraud;

(g) review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance in accordance with the Anti-Bribery and Corruption Policy;

(h) receive reports from management under the Company's Whistleblower Policy and oversee related investigations;

(i) review compliance with Privacy Policy and practices;

(j) review compliance with the Code of Conduct and Ethics;

(k) review risk-related Company policies, including Incident Management, Information Security, Risk & Compliance Obligations Management, Tax Risk Management; and

(l) review risk-related policies relating to PEXA's UK operations, including Prevention of Facilitation of Criminal Tax Evasion, and Anti-Financial Crime.

5.3 Financial statements

(a) review the Company's financial reporting disclosure processes and monitor the adequacy of those processes;

(b) review the half-yearly and full year financial statements and associated ASX announcements on the Company's financial results and consider whether they are complete, consistent with information known to the Committee, reflect appropriate accounting policies and principles and otherwise provide a true and fair view of the financial position and performance of the Company;

(c) receive and consider in connection with the Company's half-yearly and full year financial statements letters of representation to the Board in respect of financial reporting and the adequacy and effectiveness of the Company's risk management, internal compliance and control systems and the process and evidence adopted to satisfy those conclusions;

(d) review any proposed payment of a dividend to shareholders;

(e) review the financial sections of the Company's Annual Report and related regulatory filings before release and consider the accuracy and completeness of the information;

(f) review with management and the external auditors the results of the audit;

(g) receive from the Company's Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with accounting standards and provide a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively before the Board approves the half-yearly and full year financial statements, ensuring a review of any identified exceptions;

(h) review and note the management representation to the external auditor in relation to the half-yearly and annual financial statements;

(i) review the Company's tax strategy and management of tax risk, including transfer pricing arrangements;

(j) provide the Board with written notice of the Committees' advice on the independence of the auditors in relation to the provision of non-audit services disclosed in the Annual Report, as required by the *Corporations Act 2001 (Cth).*

5.4 Internal control

(a) review and assess the management processes supporting external reporting;

(b) review the effectiveness of the Company's internal controls regarding all matters affecting the Company's operations, financial performance and financial reporting, including information technology security and control;

(c) review the scope of internal and external auditors' review of internal control, review reports on significant findings and recommendations, together with management's responses, and recommend changes from time to time as appropriate;

5.5 Internal audit

(a) the appointment or removal of the head of internal audit;

(b) approve the annual internal audit plan;

(c) review with management and the internal auditor (once appointed):

(i) the internal audit plans and activities; and

(ii) management's responses to internal audit findings;

(d) review the effectiveness and performance of the Company's internal audit function regularly and ensure that it is adequately resourced and has appropriate standing within the Company;

(e) meet with the internal auditor, at least once a year in the absence of management, to discuss any matters that the Committee or internal auditor believes should be discussed without management being present;

(f) review the objectivity and performance of the internal audit activity;

(g) review the independence of the internal auditors and their auditing practices;

(h) ensure there are no unjustified restrictions or limitations placed on the internal audit function, and review and assist in the appointment, replacement or dismissal of the internal auditor;

5.6 External audit

(a) oversee the selection, appointment and removal of the external auditor and the rotation of external audit engagement partners and make recommendations to the Board as appropriate;

(b) review and recommend to the Board the external auditors' proposed audit scope and approach, including terms of engagement and proposed fees;

(c) meet with the external auditor to review reports and management's responses to findings, and meet separately from management, at least once a year, to discuss in that regard any matters that the Committee or auditors believe should be discussed without management being present;

(d) oversee, review and monitor the independence, integrity and performance of the external auditor; and

(e) make recommendations to the Board on the appropriateness of any services to be provided or provided by the external auditor to the Company (if any), outside their statutory role and any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;

5.7 Tax

(a) review and monitor the Company's tax matters and any related policies in place from time to time, and report to the Board as appropriate;

5.8 Environment, social and governance

(a) Review, monitor and make recommendations on the Company's environment, social and governance (ESG) strategy, climate governance, disclosures and emissions management, modern slavery statement and disclosures, Responsible Sourcing Policy together with documentation, framework and reporting and any related policies in place from time to time, to enable the Committee and/or the Board to authorise appropriate actions where required;

5.9 Related party transactions

(a) review and monitor all related party transactions and investments involving the Company and report to the Board as appropriate;

5.10 Cyber risk

(a) Review and monitor the Company's management of cyber risks, together with documentation, framework, and reporting and any related policies in place from time to time, to enable the Committee and/or the Board to authorise appropriate actions where required;

5.11 Other responsibilities

(a) review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up actions, and oversee related investigations;

(b) refer to the Remuneration, Nomination and People Committee any matters that have come to the attention of the Committee that are relevant for that Committee;

(c) perform other activities related to this Charter as requested by the Board including where requested by the Board, an evaluation, approval and monitoring of major capital expenditure, capital management and major acquisitions, divestitures, and other corporate transactions, including the issue of securities of the Company; and

(d) institute and oversee special investigations as needed.

6. REVIEW OF COMMITTEE AND COMMITTEE CHARTER

6.1 The Committee will regularly review its activities and the manner in which it has carried out its responsibilities, and report to the Board on the outcome of that review.

6.2 The Committee will regularly review the terms of the Charter. The Committee may recommend to the Board any changes to this Charter. Any amendments to this Charter must be approved by the Board.

Charter history
Approved by the Board on 11 June 2021.
Reviewed and approved by the Board on 19 May 2022.
Reviewed and approved by the Board on 18 June 2024.