

7 October 2022

Corporate Governance Statement

Insignia Financial today released its Appendix 4G which contains a link to Insignia Financial's Corporate Governance Statement. In accordance with ASX Listing Rule 4.7.4, a copy of that Corporate Governance Statement is attached.

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Authorised for release by the Board of Insignia Financial Ltd.

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About Insignia Financial Ltd

Insignia Financial has been helping Australians secure their financial future since 1846. During that time, we have grown substantially to become one of the largest groups in the financial services industry.

Insignia Financial provides advisers and their clients with the following services:

- **Financial Advice** services via our extensive network of financial advisers;
- **Portfolio & Estate Administration** for advisers, their clients and hundreds of employers in Australia; and
- **Investment Management** products that are designed to suit any investor's needs.

Further information about Insignia Financial can be found at

www.insigniafinancial.com.au

Corporate Governance Statement

The Board of Directors (Board) of Insignia Financial Ltd (Insignia Financial) is responsible for the governance of Insignia Financial and its subsidiaries and related bodies corporate (the Group). Key aspects of the Group's corporate governance framework, policies and practices are set out in this Corporate Governance Statement (Statement).

Introduction

Our approach to corporate governance is based on a set of values and behaviours that underpin day-to-day activities, provide transparency and fair dealing, and seek to protect stakeholder interests. The Board and management of Insignia Financial recognise the importance of good corporate governance and are committed to maintaining the highest standards of corporate governance within the Group.

This Statement:

- reports against the ASX Corporate Governance Principles and Recommendations, 4th Edition (ASX Governance Principles) and the practices detailed in this Statement are current as at 28 September 2022; and
- has been approved by the Board.

Further information regarding Insignia Financial's compliance with the ASX Governance Principles is set out in Insignia Financial's Appendix 4G, which is a checklist cross-referencing the ASX Governance Principles to the relevant disclosures in this Statement or other relevant documents.

This Statement along with our ASX Appendix 4G was lodged with the ASX on 7 October 2022. Details about the ASX Governance Principles can be found on the ASX Limited (ASX) website www.asx.com.au.

Insignia Financial's Board Charter, Code of Conduct and the Terms of Reference for the Board Committees identified in this Statement can be located here: www.insigniafinancial.com.au/corporate-governance.

Board oversight of management and Committees.

Roles and responsibilities of the Board

The Board Charter outlines the roles and responsibilities of the Board and management. Some of the key responsibilities of the Chief Executive Officer (CEO) are as follows:

- embed the Group culture, reflecting the Group's Principles¹ and Code of Conduct
- ensure that decisions are made and resources are used only to further the Purpose¹ and Strategy¹
- implement the Group's Strategy and business plan, operating within the budget and risk appetite set by the Board
- exercise the powers delegated by the Board in conformity with the duties imposed on directors under the Corporations Act and Insignia Financial's Constitution
- ensure that decisions are made in the best interests of shareholders and take into account other stakeholder interests as appropriate, including customers, beneficiaries, members, employees and the community
- maintain systems of risk management, compliance and internal controls for financial and non-financial risk
- ensure that all material matters and any material correspondence from regulators are brought to the attention of the Board in a timely manner to enable the Board to discharge its responsibilities.

The key responsibilities of the Board are oversight of the strategic direction of the Group and the effective oversight of management. This includes the following, as well as specific matters reserved to the Board set out in the Charter:

- oversight of management in embedding the Group culture reflecting the Group's Principles², Code of Conduct and a sound risk management culture
- developing the strategic initiatives with management and monitoring the implementation of the strategic initiatives and achievement of financial objectives

¹ As that term is defined in the Board Charter

² As that term is defined in the Board Charter

- monitoring compliance with regulatory requirements
- monitoring the effectiveness of corporate governance practices
- challenging management whenever required and holding management to account
- considering environmental, social and ethical impacts of the Group's activities.

Appointment of Directors

The Board is responsible for the review of the Board's composition and performance.

To assist with these responsibilities, the Board has established the Group Nominations Committee. The Committee assesses candidates for recommendation to the Board for appointment and election. The Committee comprises five independent Directors. The Chair of the Committee is not the Chair of the Board.

In the case of appointment, candidates are assessed paying particular attention to the mix of skills, experience, expertise, diversity (see below) and other qualities of existing directors. It is considered how the candidate's attributes will balance and complement those qualities. The process includes consideration of the following:

- selection criteria, having regard to the Board skills matrix
- an assessment of a candidate's independence
- appropriate checks, including as to the person's character, experience and education and background checks
- current and past associations of candidates
- the appropriateness of other directorships
- the ability of the candidate to meet the time commitment required (as advised to the candidate) and receipt of an acknowledgement from the candidate that they will have sufficient time to fulfill their responsibilities as a director.

Should a Board vacancy fall between Annual General Meetings (AGM), a person may be appointed by the Board to fill a casual vacancy or as an addition to the Board. The director then holds office until the next AGM and is eligible for election at that meeting.

In the case of a director who has been appointed by the Board and seeks election for the first time, or the re-election of a director, the assessment process takes annual performance reviews into account. The AGM notice includes information about each candidate and a recommendation of the Board as to whether shareholders should vote in favour of the election or re-election of a director.

A new director receives an appointment letter setting out the terms of appointment and a deed of indemnity.

Directors induction and continuing professional development

On appointment, each new director undertakes an induction program to familiarise the director with the Group's business and strategy. The program is structured to make sure that the new director is introduced to senior management and acquainted with relevant business operations. This includes access to a directors' induction pack containing information about corporate governance policies and the business of the Group, along with one-on-one sessions with senior executives.

Each director is required to accrue Continued Professional Development (CPD) hours. Directors are supported through in-house education and access to any external training required to maintain the skills and knowledge needed to perform their roles as directors effectively.

Independence of Directors

The Board has adopted a policy that the majority of its directors must be independent. It makes an independence assessment upon a director's appointment and then annually, as well as if any new information or change in circumstance requires a reassessment.

The Board has adopted the approach to independence outlined in the ASX Governance Principles and considers that a director is independent if the Board assesses the director as being free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Insignia Financial as a whole rather than the interests of an individual security holder or other party. The Board takes into account the following in making that assessment:

- **Executive relationship** – the person is, or has been, employed in an executive capacity by Insignia Financial or any of its subsidiaries or its related bodies corporate and there has not been a period of at least three years between ceasing such employment and serving on the Board
- **Performance-based remuneration** – the person receives performance-based remuneration (including options or performance rights) from, or participates in, an employee incentive scheme of Insignia Financial
- **Material business relationship** – the person is, or has been within the last three years, in a material business relationship (e.g., as a supplier, professional adviser, consultant or customer) with Insignia Financial or any of its subsidiaries or its related bodies corporate, or is an officer of, or otherwise associated with, someone with such a relationship
- **Substantial holder** – the person is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder

- **Close personal ties** – the person has close personal ties with any person who falls within any of the categories described above
- **Long tenured director** – the person has been a director of Insignia Financial for such a period that their independence from management and substantial holders may have been compromised.



The Board has assessed the independence of each non-executive Director and has concluded that all are independent. Accordingly, at the date of this report, five of the six Directors (being all the Non-Executive Directors) are considered independent.

Board skills matrix

The Board utilises a skills matrix which sets out the mix of skills, experience and expertise that the Board is looking to achieve in its membership over the short to medium term.

During the reporting period, a comprehensive internal review of Insignia Financial's skills matrix was undertaken. Based on this review, the Group Nominations Committee endorsed, and the Board subsequently approved, an update of the skills matrix. The revised matrix highlights the need for directors to have both technical and industry understanding, as well as experience in catering to the needs of clients and stakeholders. The Board believes that the mix of competencies and skills outlined in the skills matrix addresses existing and emerging business needs and aligns with the strategic objectives of Insignia Financial.

The skills matrix presented here details the Board's current assessment of their skills coverage. The Board considers that all skills are well represented on the Board, and will continue to use the matrix to inform the Board's composition, succession planning and ongoing director training.

Skill	Description	Number of directors possessing these skills
Strategy and commercial acumen	Strong commercial acumen and judgement. Experience in corporate strategic planning, development and execution.	6/6 
Leadership	Successful career as a CEO or senior executive in a large and / or complex organisations.	6/6 
Financial acumen	Understanding of corporate accounting and financial management; financial governance, controls and reporting.	5/6 
Client engagement	Ability to understand the needs of clients; experience in implementing changes to enhance client outcomes; and experience with marketing and brand management.	4/6 
People and culture	Experience in human capital management; cultural development; remuneration frameworks, talent management and development.	6/6 
Sector experience	Experience in the financial services sector – including superannuation, financial planning and advice.	6/6 
Risk and compliance	Experience in identifying, assessing and monitoring systemic, existing and emerging risks; risk and compliance frameworks and controls.	6/6 
Corporate Governance	A commitment to the highest of governance standards and experience with governance frameworks, policies and processes within large publicly listed companies.	6/6 
Technology	Experience in the use and governance of information technology, digital development, transformation programs and data analytics.	4/6 
Stakeholder Management	Complex stakeholder engagement and management including investors, governments and regulators, as well as an understanding of ESG practices and trends.	5/6 

Chair

The Board elects an independent Non-Executive Director as Chair. The current Chair is Mr Allan Griffiths.

The principal role of the Chair is to lead the Board and ensure that high governance standards are maintained, with responsibilities including the following:

Internal responsibilities

- establishing and maintaining a working relationship with management
- establishing and maintaining a working relationship with the CEO and CEO succession planning
- setting the tone for the Board, leading through living the Principles³
- making sure relevant, accurate, timely and sufficient information is provided to Board meetings
- chairing board meetings efficiently and ensuring that adequate time is available for discussion of all matters, including encouraging contributions and fostering open, inclusive and constructive debate
- taking the lead in relation to performance and succession planning, induction and continuing director education and development.

External responsibilities

- Representing the Board and Insignia Financial to external stakeholders
- chairing shareholder meetings.

Company Secretary

The Company Secretary has a dual reporting line to the CEO and the Chair and is responsible for the operation and management of the Group Company Secretariat function. The Company Secretary, through the Chair, is accountable to the Board on all matters to do with the proper functioning of the Board. Each member of the Board has access to the Company Secretary for company secretarial advice or support.

The appointment and removal of the Company Secretary is determined by the Board.

Board and Board Committee Membership

Director	Director since	Status	Group Audit Committee	Group Risk & Compliance Committee	Group People & Remuneration Committee	Group Nominations Committee
Mr Allan Griffiths	July 2014	Non-Executive Director and Chair, independent	Member	Member	Member	Member
Mr Renato Mota	June 2019	Chief Executive Officer				
Ms Elizabeth Flynn	September 2015	Non-Executive Director, independent	Member	Chair	Member	Member
Mr John Selak	October 2016	Non-Executive Director, independent	Member	Member	Chair	Member
Mr Andrew Bloore	September 2019	Non-Executive Director, independent	Member	Member	Member	Chair
Ms Michelle Somerville	October 2019	Non-Executive Director, independent	Chair	Member	Member	Member

The skills and experience of the members, the number of times the Committees met and individual attendances of the members at those meetings can be found in the Directors' Report within the 2022 Annual Report.

3 As that term is defined in the Board Charter

Board Committees

Board Committees comprising all independent directors, including an independent director as Chair, have been established to assist the Board in discharging its responsibilities. The responsibilities of each Board Committee are set out in a Terms of Reference for that Committee, which are available on our website at www.insigniafinancial.com.au/corporate-governance.

Members and their qualifications are set out in the Directors' Report within the 2022 Annual Report.

Group People & Remuneration Committee

The Board has established a Group People & Remuneration Committee to assist the Board in relation to people and culture, remuneration policies and practices for Directors and employees and succession planning for senior executives.

See page 12 for additional information on our remuneration approach.

Group Nominations Committee

The Board has established a Group Nominations Committee to assist the Board in relation to the nomination of Board members, composition of the Board, succession planning and performance evaluation of directors (see page 2 for additional information).

Group Audit Committee

The Board has established a Group Audit Committee to provide assistance to the Board in relation to financial reporting, audit and taxation (see page 8 for additional information).

Group Risk & Compliance Committee

The Board has established a Group Risk & Compliance Committee, which is responsible for reviewing risk and compliance on behalf of the Board (see page 10 for additional information).

Performance

Board, Board Committees and Directors

The performance of the Board, Board Committees and Directors (including that of the Chair) is reviewed annually either through an internal process or an independent third party.

In 2021, the Board and all Board Committees conducted a skills and performance evaluation by way of an external assessment carried out by an independent third party.

The Board performance review included evaluation to determine: the effectiveness and composition of the Board; identify gaps in skills, experience and expertise; consider the operation and business of the Board and interaction with management; the Board's influence and alignment with organisational values and culture; and the Board's role and engagement in stakeholder relations. Action items from that review were assessed by the Board, prioritized and responsibility allocated for incorporation of key items

so as to continue to strengthen the operation of the Board, Committees and Directors and our corporate governance uplift process generally.

The Board has determined that in 2022 its performance will be assessed internally. A review of the assessment processes has been completed and, in an effort to align and harmonise evaluations across the Group, all performance assessments will be undertaken in October - November 2022.

Management

All Executive candidates undergo appropriate background checks before appointment. The CEO and the Executives have written employment agreements which set out the terms and conditions of their employment.

The Board, in conjunction with the Group People & Remuneration Committee, is responsible for approving the performance goals and measures for the CEO and other senior executives and providing input into the evaluation of performance against these objectives. The Group Audit Committee and the Group Risk & Compliance Committee also refer to the Group People & Remuneration Committee any matters that they may consider appropriate with respect to remuneration policy or practices.

Annual management performance evaluations for the financial year ended 30 June 2022 were conducted following the end of the financial year.

There is further discussion on performance objectives and performance achieved in the Remuneration Report in the 2022 Annual Report.

Ethical and responsible decision making

The Insignia Financial Group is committed to the highest standards of conduct and ethical behaviour in all our business activities, and to promoting and supporting a culture of honest and ethical behaviours, corporate compliance and good corporate governance.

Code of Conduct

The Board has adopted a Code of Conduct (the Code) which applies to all Directors, officers, employees, contractors and consultants within the Group and is designed to ensure a high standard of honest and ethical corporate and individual behaviour. Each employee is required to read and accept the Code as part of their induction and then review its terms annually.

The Insignia Financial Principles that underpin the Code include:

- **Be Human** – We treat those around us the way we'd like to be treated – openly, honestly and respectfully.
- **Deliver what matters** – We make sure we understand what matters to every client and we make it happen.
- **Stronger together** – Only by working together can we truly serve our clients.
- **Keep it simple** – We remove complexity.
- **Do what's right, not what's easy** – We back ourselves to make the right call. We speak up.

Our Code is an undertaking from all our people outlining the standards and principles we have agreed to adopt. As we work in our day-to-day roles and deliver on our advice-led strategy, we all play a vital role in upholding the standards of the Code for our clients, the community and each other.

The Code interacts with various Group policies and associated practices including the following: Anti-Bribery and Anti-Corruption Policy, Anti-Money Laundering and Counter Terrorism Financing Program – Parts A and B, Incidents and Breaches Policy, Confidentiality Undertaking, Conflicts of Interest Policy, Drug and Alcohol Policy, Fraud Policy, Internal Social Media Policy, IT Code of Conduct, IT Acceptable Use Policy, IT Security Policy, Managing Performance and Conduct Policy, Workplace Health & Safety Policy and Whistleblower Policy.

Breaches of the Code of Conduct are reported to the Board and relevant risk and compliance committees. The Insignia Financial Code of Conduct is available on our website at www.insigniafinancial.com.au/corporate-governance.

Securities trading

Under the Personal Trading in Securities Policy (Group Trading Policy), Directors, employees and certain associates of those persons are restricted from dealing in securities (including Insignia Financial securities) if they are in possession of inside information. The Group Trading Policy aims to balance the personal investment interests of Insignia Financial staff with the responsibilities and interests of Insignia Financial, its shareholders and the market by ensuring that all personal trading and investing activities are lawfully and properly conducted.

The Group Trading Policy also prohibits Directors, employees and certain restricted persons from trading in Insignia Financial securities during 'blackout periods' as defined in the Policy. The Group Trading Policy provides for some exceptional circumstances where trading may be permitted during a prohibited period with prior written approval.

Directors have entered into an agreement with Insignia Financial which requires approval before trading in Insignia Financial's securities as well as ongoing disclosure to Insignia Financial of any change in the Director's interest in securities within three business days of the change occurring. Certain restricted employees are also required to obtain consent before conducting any trading in Insignia Financial securities.

The Group Trading Policy prohibits employees and their associates from engaging in trading in Insignia Financial shares where the trading is likely to be considered short-term, speculative or excessive. It also prohibits employees from hedging interests that have been granted under any Insignia Financial employee share plan that are either unvested or subject to a holding lock. Any staff margin lending arrangements over Insignia Financial shares are required to be notified to the Company Secretary.

A copy of the Group Trading Policy is available on our website at www.insigniafinancial.com.au/corporate-governance.

The Insignia Financial Group has an additional policy which governs the personal trading activities of certain staff who may have access to inside information about funds, companies and business which have been obtained during the course of their employment and is not otherwise publicly available. This includes staff in the Asset Management division, the Advice Research team and Bridges Financial Services.

Whistleblower protection

Under the Insignia Financial Whistleblower Policy, employees (and other eligible whistleblowers) are encouraged to raise any concerns and report instances of misconduct (including dishonest or illegal activity). Insignia Financial is committed to absolute confidentiality and fairness in all matters raised under the Policy and whistleblowers will not be personally disadvantaged in their employment by having made a report in accordance with the Policy. A whistleblower may elect to report anonymously.

The Whistleblower Policy outlines the channels for reporting internally or externally including to the Whistleblower Hotline. A whistleblower may report to the Insignia Financial Whistleblower Protection Officer (WPO), who is appointed to safeguard the interests of Whistleblowers, so they feel free to report without fear of retaliatory action. The WPO will provide reports of any Whistleblower notifications to the Chair of the Group Risk & Compliance Committee (and any other relevant Risk & Compliance Committees). The Insignia Financial Whistleblower Investigation Officer (WIO) will work with an investigations team to review, assess and prepare a findings report on all Whistleblower Reports. The WPO and the WIO will work independently of each other and each will be provided direct and unrestricted access to financial, legal and operational assistance when this is required for an investigation.

Once an investigation has been completed, depending on the nature of the disclosure, the final report is provided to the Chair of the Group Audit Committee, Chair of the Group Risk & Compliance Committee (and any other relevant Audit or Risk & Compliance Committees) and the CEO. The Insignia Financial Whistleblower Policy is available on our website at www.insigniafinancial.com.au/corporate-governance.

Anti-bribery and anti-corruption

The Insignia Financial Anti-Bribery and Anti-Corruption Policy prohibits employees from engaging in any activity that constitutes bribery or corruption, and provides a framework to ensure that related risks within Insignia Financial's businesses are properly identified, mitigated and managed.

Breaches of the Policy will be dealt with in accordance with the Insignia Financial Incidents and Breaches Policy and are reported to the Board.

The Insignia Financial Anti-Bribery and Anti-Corruption Policy is available on our website at: www.insigniafinancial.com.au/corporate-governance.

Diversity and Inclusion

An important part of our culture is the belief that Insignia Financial is a place where we all belong, our people and clients alike. Diversity and inclusion lie at the very heart of Insignia Financial's culture of belonging.

We believe by creating an environment that allows people to be themselves, they will feel connected to the organisation and as such, perform at their best. This is a key enabler to sustainable business success, ensuring we attract and retain high performing people. In order to help achieve this, Insignia Financial has a Diversity and Inclusion Policy which sets out our diversity and inclusion principles, priorities and resolution protocols.

Insignia Financial also has a Diversity and Inclusion Plan for 2022 to 2024, which reaffirms our on-going commitment to diversity and inclusion at Insignia Financial.

The Plan contains our diversity and inclusion strategy, which comprises initiatives that:

- raise awareness
- provide support
- celebrate difference
- create belonging, and
- address systemic inequalities to level the playing field.

The strategy focuses on six key areas, each representing parts of our community that need specific support: pride, accessibility, reconciliation, life and family, gender and multicultural.

Each of these six key areas is sponsored by an Executive Team member and is led by a senior business leader. These individuals make up our Diversity and Inclusion Advisory Committee, which is chaired by our Chief Executive Officer, Renato Mota.

A key goal within our strategy is to gain 'tier status' under the Australian Workplace Equality Index by Pride in Diversity by the end of 2024. This index drives best practice in Australia, setting a comparative benchmark for Australian employers across all sectors. It is designed

to gauge the overall impact of inclusion initiatives on organisational culture for LGBTQIA+ identifying and non-identifying employees.

Our people are positive about our approach to diversity and inclusion, with 85% of our people agreeing Insignia Financial values diversity (+5 points above the external benchmark⁴) and 77% agreeing we build teams that are diverse (+13 points above the external benchmark⁴).

Through our work in the diversity and inclusion space we aim to build a balanced business which represents the broader community we serve. The Diversity and Inclusion Policy and the Diversity and Inclusion Plan can be found on our website at: www.insigniafinancial.com.au/corporate-governance.

Our measurable objective for achieving gender diversity in the composition of the Board is to have not less than 30% representation of each gender. Insignia Financial currently meets this objective.

Gender diversity and pay gap

We continue to make significant strides forward around gender diversity. We are improving our gender balance across most leadership cohorts and other targeted areas (table one) and we've reduced our gender pay gap from 24.9% to 14.3% in twelve months, which is well below the broader Financial Services and Australia averages.

Another key focus for us is improving our female talent pipeline for Executive roles to reach our goal of having a female successor for all Executive level roles by 2024, including the CEO. We are currently working on this through our 'Our Leading Women' sponsorship and mentorship program which focuses on improving the visibility, connectedness, and growth of high potential women across the organisation.

We are also working towards WGEA (Workplace Gender Equality Agency) Employer of Choice for Gender Equality citation, which we aim to achieve by 2024.

The table below displays the number of women in Board, executive and senior management positions, and across the whole workforce:

Category	Female Representation July 2021	Female Representation July 2022	Female representation target outlined in 2022 to 2024 diversity and inclusion strategy
Board (excluding CEO)	40.00%	40.00%	-
Executives (including CEO)	35.70%	38.46%	45%
Senior Managers ⁵	45.10%	46.15%	45% - target achieved
Other Managers ⁶	41.30%	41.75%	45%
Total workforce	49.50%	50.17%	-
Technology	27.18%	28.52%	30%
Asset Management	34.08%	34.74%	35%

4 External Benchmark: Culture Amp All Industry Global 2021 benchmark.

5 Senior Managers includes all roles reporting to an Executive, excluding administrative support roles.

6 Other Managers includes all other managers.

The IOOF Foundation

At Insignia Financial we are dedicated to making an ongoing positive contribution to the communities in which we live. In FY22, the IOOF Foundation contributed more than \$800,000 to community organisations, bringing the total funds distributed since its inception to more than \$17 million. Our grants program offers long term grants (up to three years) in areas that have been historically important to Insignia Financial and also to the wider Australian community. To date we have focused on mental health, aged care, families, and at-risk children and youth.

Detailed information can be found in our Environmental, Social and Governance (ESG) report within our 2022 Annual Report.

Our people

At Insignia Financial our purpose – understand me, look after me, secure my future – guides our approach to our people. We strive to create an environment where our people feel understood, looked after and secure.

We aim to equip our people with the right tools, knowledge and development opportunities. We continue to focus on our employees' safety, health and wellbeing, providing diverse support and educational opportunities to ensure they thrive. This includes career and development planning, learning opportunities, and commitment to financial study support. In addition, we offer a range of programs and services to support the wellbeing of all employees, including investing in and promoting initiatives to support employee mental and physical health.

Further information can be found in our ESG report within our 2022 Annual Report.

Financial reporting

The Board has a strong commitment to the integrity and quality of its financial reporting and its systems for risk management, compliance and internal control. The Board of Insignia Financial receives regular reports about the financial condition and operational performance of Insignia Financial and its subsidiaries and related bodies corporate. The CEO and Chief Financial Officer report in writing to the Board that the consolidated financial statements of Insignia Financial and each of the subsidiaries and related bodies corporate for each half year and full year present a true and fair view, in all material respects, of the Group's financial condition and are in accordance with accounting standards. In addition, they report on the Group's risk management system (financial, strategic and operational) and its effectiveness.

Unaudited financial information is provided to the market in the form of the Directors' Report, quarterly Funds Under Management and Administration (FUMA) updates, the Investor and Analyst Book, and other ad hoc market updates such as earnings outlook or guidance. The

content of these reports and updates is verified through monthly management reports, checked for consistency against our financial statements and prior disclosures, and key strategies are reviewed by relevant executive team members and their teams to ensure they are relevant and current before release to the market.

Group Audit Committee

The Board has established a Group Audit Committee to provide assistance to the Board in relation to financial reporting, audit and taxation.

The primary objectives of the Committee are oversight of the following:

- the system of risk management, compliance and internal control framework relating to financial information, reporting and disclosure
- financial reporting (including professional accounting) requirements, including regulatory reporting
- the internal audit function (including appointment of the internal auditor)
- the external audit function (including appointment of the external auditor)
- taxation
- treasury.

The Committee comprises five independent Directors. The Chair of the Committee is not the Chair of the Board. All Group Audit Committee members have appropriate financial experience, an understanding of the financial services industry and satisfy the independence requirements under the ASX Governance Principles.

External auditor

The role of the external auditor is to provide an independent opinion that the financial reports are true and fair, and comply with applicable regulations.

Our external auditor is KPMG. The external auditor receives all Group Audit Committee and Group Risk & Compliance Committee papers, attends all meetings of these Committees and is available to Committee members at any time. The external auditor has the opportunity to present to the Group Audit Committee at least annually, and in practice at each Group Audit Committee meeting, without management being present. The external auditor attends the AGM to answer questions from shareholders regarding the conduct of its audit, the audit report, financial statements and its independence.

KPMG is required to confirm its independence and compliance with independence standards. In order to ensure this independence, the roles of lead audit partner and review audit partner must be rotated every five years and cannot be resumed by the same person for a minimum of five years.

The Board has also adopted a formal policy on the provision of non-audit services from any audit firm engaged.

Internal audit

As of 1 July 2021, Insignia Financial's internal audit activities have been undertaken by the Group Internal Audit function, which is governed by a Charter approved by the Group Audit Committee. The role of Group Internal Audit is to provide the Board and management with independent and objective assurance on the effectiveness of the Group's governance, risk management and internal control processes. To maintain its necessary independence, Group Internal Audit has no direct operational responsibility or authority over any of Insignia Financial's business or risk management activities.

Functional responsibility for Group Internal Audit resides with the General Manager, Group Internal Audit, whose appointment is approved by the Board. The General Manager, Group Internal Audit reports directly to the Group Audit Committee and to relevant subsidiary Boards or Board Audit Committees. Group Internal Audit has full and unrestricted access to all of Insignia Financial's information systems, records, physical properties and employees in order to carry out its activities. The work of Group Internal Audit is guided by The International Professional Practices Framework provided by the Institute of Internal Auditors. The Group Audit Committee monitors Group Internal Audit's activities and performance, including its independence.

Market and shareholder communication

Market disclosure

The Board is committed to keeping its shareholders and the market fully informed of material developments that may have an impact on the Group. In line with this commitment, Insignia Financial maintains a Disclosure and Communications Policy which governs how we communicate with shareholders and the investment community.

The Disclosure and Communications Policy is designed to ensure compliance with Insignia Financial's obligations under the ASX Listing Rules and the Corporations Act. Procedures are in place to identify matters that are likely to have a material effect on the price of the Insignia Financial's securities and to ensure notifications to the ASX are factual and made in a timely manner in accordance with the ASX Listing Rule requirements. Processes for engagement with analysts and investors are also detailed in this Policy, including a requirement that any new and substantive investor or analyst presentation is released to the ASX ahead of the presentation. Once relevant information is disclosed to the market, it is also published on the Insignia Financial website.

The Board is supported by a management Disclosure Committee which is responsible for considering potentially market sensitive information, and monitoring Insignia Financial's disclosure processes and reporting framework. The Terms of Reference for the Disclosure Committee are contained within the Disclosure and Communications Policy which is available on the Insignia Financial website at www.insigniafinancial.com.au/corporate-governance.

The Company Secretary has been nominated as the person responsible for all communications with the ASX, and Board members are provided with copies of all material market announcements once they have been made.

Information about Insignia Financial and its governance framework

Insignia Financial recognises the right of shareholders to receive effective communication which ensures shareholders are informed of all necessary information to fully assess the performance of the Group. Insignia Financial communicates shareholder information about the Group through its Annual Report, disclosures to the ASX, at the AGM and via the Insignia Financial website. In addition, shareholders have the opportunity to receive relevant documentation electronically via Insignia Financial's Registry and can communicate with Insignia Financial via email.

The Board encourages active participation by shareholders at any Insignia Financial shareholders meeting. The Board encourages shareholders to attend the AGM and take the opportunity to ask questions of the Board either at the meeting or ahead of the meeting. The external auditor attends the AGM and is available to answer any questions relevant to the audit report.

The Board ensures that the Notice of Meeting and Explanatory Notes are clear and concise and provides shareholders with all necessary information on the business to be considered in order for them to make an informed decision when voting. Resolutions are decided by poll. These materials, together with any presentations made at the AGM and the voting results, are released on the ASX.

Shareholders may appoint proxies and lodge proxy instructions for items of business to be considered at general meetings.

Investor relations program

Insignia Financial has a scheduled program of regular Quarterly Business Update disclosures to the ASX on its financial results, in addition to the half year and full year result disclosures. Insignia Financial also hosts strategy briefings, meetings, telephone calls and webcasts for institutional and retail investors, analysts and financial media to give further information on the business.

Advance notice of new and substantive investor and analyst briefings is provided via the ASX and a copy of any presentations are also made available on the ASX and Insignia Financial websites. In all communications with investors, analysts and media, only publicly available information or information which is not market sensitive is discussed.

Risk management

Roles and responsibilities

The Board recognises that effective management of risk is an integral part of sound governance and is vital to the continued growth and success of Insignia Financial. The Board is ultimately responsible for the oversight of the Insignia Financial Group's Risk Management Framework. The Board has implemented a framework designed to ensure that the Group's risks are identified, analysed, evaluated, monitored and communicated, both within the organisation or to any relevant external party and that adequate controls and mitigation processes are in place and function effectively.

In addition to the Group Audit Committee, the Board has established a Group Risk & Compliance Committee. The primary objectives of the Committee are to monitor and receive assurances that:

- an appropriate and effective Risk Management Framework (RMF) is in place for identifying, assessing, mitigating and monitoring material risks
- appropriate and effective compliance policies, procedures and frameworks are in place for identifying, monitoring and managing relevant obligations
- operations are conducted within the scope of the abovenamed policies, procedures and frameworks
- management devotes relevant, appropriate and proper attention to compliance and risk management issues.




In accordance with the annual work plan, the Group Risk & Compliance Committee reviewed the risk management framework during the reporting period to satisfy itself that it continues to be sound.

The Group Risk & Compliance Committee comprises five independent Directors including an independent Director as Chair. It is regularly attended by representatives from the Enterprise Risk & Compliance division, Internal and External Audit as well as representatives from each operating business within the Group at the request of the Chair. The Chief Risk Officer and the Enterprise Risk & Compliance team report to the Committee on the monitoring of risk through the enterprise-wide framework including, where appropriate, positive assurance

The Committee meets regularly and reports to the Board.

Lines of defence

Insignia Financial adopts a Three Lines of Defence Model to govern risk management activities across the organisation. The model is represented as follows:

 First Line of Defence Business Management	<p>The first line of defence is business line management and employees, which means that business units are accountable for identifying, managing and owning the risks inherent in the products, services, activities, processes and systems for which they are responsible.</p>
 Second line of defence Enterprise Risk & Compliance Function	<p>The second line of defence is the independent Enterprise Risk Management function comprising the Chief Risk Officer and the Enterprise Risk & Compliance Team.</p> <p>The second line of defence is responsible for the design, maintenance and ongoing development of the Risk Management Framework and to support the first line in its risk management responsibilities by providing risk insight and advice, training, and providing challenge and oversight. Oversight includes assessing the use and adequacy of frameworks, systems, processes, and behaviours to form a view of how well risk and compliance is being managed across the Group.</p>
 Third line of defence Independent Assurance	<p>Internal and external audit provide a third line of independence and oversight over both the second line and first line activities. This oversight may include other independent reviews commissioned by the Board.</p>

Risk management framework



Board and Committees

The Board and Committees are responsible for:

- an effective governance structure;
- oversight of the Risk Management Framework;
- review and approval of the Risk Management Strategies;
- setting the risk appetite for each risk category;
- oversight of the Group risk profile; and
- promoting a sound risk culture.

The Board is responsible for developing the Risk Management Framework which is designed to ensure that the Group's risks are identified, analysed, evaluated, monitored and communicated, both within the organisation or to any relevant external party and that adequate controls and mitigation processes are in place and function effectively. The Board is responsible for setting the Group's risk appetite and ensures that it reviews the Group risk profile for the business on a quarterly basis.

Material risk categories are reviewed by the Board annually or as emerging risks arise. Key risks identified, including emerging risks, and Insignia Financial's response to managing those risks have been disclosed at pages 56 through 60 of the 2022 Annual Report.

The CEO and the Chief Financial Officer report to the Board that to the best of their knowledge the financial reporting assurances given under section 295A Corporations Act are founded on a sound system of risk management and internal compliance and control which is operating efficiently and effectively in all material respects in so far

as they relate to financial, strategic and operational risks. This report confirms that the system which implements the policies adopted by the Board either directly or through delegation to management, and the Group's risk management and internal compliance are operating effectively in all material respects as at the date of the report, based on the risk management model adopted by the Board. The statement provides a reasonable, but not absolute, level of assurance and does not imply a guarantee against adverse events or more volatile outcomes arising in the future. In addition, the report sets out that the risk management and internal compliance and internal control systems are subject to periodic declaration by process owners and review through the Group's internal audit process and by regulators.

Environment, social and governance risks

The Insignia Financial Group acknowledges that sustainability of its business is intrinsically linked to the sustainability of the environment and the communities in which it operates. Maintaining strong environmental, social and governance (ESG) practices forms part of the Insignia Financial Group's business strategy and enables the Group to manage risks and realise long-term value for all stakeholders.

Exposure to environmental and social sustainability risk is contemplated by the Group's Risk Management Framework and quarterly assessment of Insignia Financial's risk appetite. These risks, their materiality and how they are managed are described in the ESG Report on page 12 of the 2022 Annual Report.

Climate

Insignia Financial has continued to build its ESG capability throughout FY22. The Group believes in the science of climate change, and is committed to supporting the global vision to move to net zero 2050. In June 2022, Insignia Financial achieved carbon neutrality across its business operations through the offsetting of scope one, two, and three emissions. The Company is also currently in the process of becoming a Climate Active accredited organisation.

After almost doubling in employee numbers following the acquisition of MLC, later this calendar year the Insignia Financial Group plans to make a further carbon reduction commitment by 2030, once 2022 emissions have been benchmarked.

To help guide our responsible investment practices, the Insignia Financial Group is a member of the Investor Group on Climate Change (IGCC) and a member of Responsible Investment Association of Australia (RIAA) through the MLC Asset Management business.

As noted above, Insignia Financial's annual ESG Report will provide detailed information on our ESG material matters and how we are progressing towards our United Nations Sustainable Development Goals. It will also address climate risk using the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework.

Community

The Insignia Financial Group is also building stronger community connections through workplace giving, the IOOF Foundation and engaging with First Nations Australians. We have also focused on creating a sense of belonging for our people, given the significant growth of the Insignia Financial business.

Modern slavery

Insignia Financial is committed to combating modern slavery issues. Insignia Financial's Modern Slavery Policy, updated in FY22, outlines our approach to reducing the risk of modern slavery practices within our operations. Insignia Financial's second Modern Slavery Statement was submitted to the Australian Border Force via the public online register in December 2021.

Insignia Financial has established a Modern Slavery Team to understand and identify modern slavery risks within our operations and key supply chains. Furthermore, a Modern Slavery general awareness online training module has been developed and rolled out to all employees.

Remuneration

The remuneration policy for the Board and remuneration of each Director and senior executive is set out in the Remuneration Report. Information in relation to Insignia Financial's remuneration framework can be found in the Remuneration Report in the 2022 Annual Report.

The Board has also established the Group People & Remuneration Committee. The Committee's responsibilities are set out in its Terms of Reference which are available on the Insignia Financial website at www.insigniafinancial.com.au/corporate-governance. The Group includes Australian financial services licensees, responsible entities (REs) and APRA-regulated (AREs) subsidiaries.

The responsibilities of the Committee in relation to remuneration matters include developing, reviewing and making recommendations to the Board, the ARE and the RE Boards in discharging their responsibilities in relation to:

- the remuneration framework for Non-Executive Directors, the CEO and other senior executives or other categories of persons covered by the Committee's Terms of Reference
- the Group Remuneration Policy, any changes to the Policy and the implementation of the Policy (including any shareholder approvals required) as well as assessing the Policy's effectiveness and compliance with APRA Prudential Standards
- the remuneration of categories of persons covered by the Group Remuneration Policy and the Committee's Terms of Reference; and
- the total remuneration packages for the CEO and senior executives, any changes to remuneration packages and as part of the annual review process proposed rewards after performance evaluation procedures.

The Board may engage an external independent consultant to provide market data and to provide advice in relation to levels of remuneration and suitable remuneration plans. The Group People & Remuneration Committee consists of five Non-Executive Directors and is Chaired by an independent Non-Executive Director, who is not the Chair of the Board.

Approved by the Board of Insignia Financial Limited.