

# Board Charter (CD04)

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**COVA**

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## 1. PURPOSE

This Board Charter sets out the role, responsibilities, structure and processes of the Board of COVA (Board).

## 2. ROLE AND RESPONSIBILITIES

The role of the Board is to provide leadership and strategic guidance for COVA and its related entities (COVA) in addition to overseeing the sound and prudent management of COVA and management's implementation of COVA's strategic initiatives. The Board is accountable to the shareholders for the performance of COVA's businesses. In performing its role, the Board aspires to excellence in governance standards.

Other COVA documents which relate to the Board, Shareholders and Directors include:

1. COVA Company Constitution
2. COVA Shareholders Agreement
3. Directors Deed

This requires the Board to work as a team and meet on a regular basis.

The key responsibilities of the Board are as follows:

- Approving, and overseeing management's implementation of the Strategic Roadmap of COVA, its business plan and significant corporate strategic initiatives.
- Approving COVA's annual targets and financial statements and monitoring financial performance of COVA against forecast and prior periods.
- Determining dividend policy and the amount, nature and timing of dividends to be paid.
- Considering and approving the COVA's overall Risk Management Framework for managing financial and non-financial risks.
- Approving COVA's Risk Management Framework and monitoring the effectiveness of risk management by COVA, including:
  - Satisfying itself through appropriate reporting and oversight that appropriate internal control mechanisms are in place and are being implemented in accordance with regulatory requirements.
  - Satisfying itself that policies and processes are developed for risk-taking that are consistent with COVA's Risk Appetite and Risk Profile.
  - Satisfying itself that management is monitoring and managing all material risks consistent with COVA's strategic objectives and policies approved by the Board.
  - Satisfying itself that the operational structure of COVA facilitates effective risk management.
- Forming a view of the risk culture within COVA and the extent to which that supports the ability of COVA to operate consistently within the COVA Risk Management Framework and oversee the identification of and steps taken to address any desirable changes to risk culture.
- Approving policies and frameworks required to be approved by the Board.
- Assessing and determining whether to accept risks beyond the approval discretion provided to management.
- Maintaining an ongoing dialogue with COVA's external auditors and, where appropriate, principal regulators, to provide reasonable assurance of compliance with all regulatory requirements.
- Considering the social, ethical and environmental impact of COVA's activities, setting standards and monitoring compliance with COVA's sustainability policies and practices.
- Approving the appointment and termination of the external auditor (including associated recommendations to shareholders for approval).
- Reviewing and approving Directors' Board and Committee fees, including fees for COVA Non-executive Directors appointed to COVA's subsidiaries.
- Approving adjustments to performance-based remuneration.
- Approving the size of variable reward pools as part of the COVA's annual plan based on consideration of pre-determined business performance indicators and the financial soundness of COVA.
- Providing oversight and monitoring of Workplace, Health and Safety (WHS) issues in COVA and considering appropriate WHS reports and information.

- Approving COVA's Code of Conduct and Values.
- Reviewing succession planning for the Managing Director, Executives and any other person the Board determines, considering the challenges and opportunities facing COVA and the skills and expertise that are needed in the future.

### 3. ROLE AND DELEGATION TO MANAGEMENT

The Board is responsible for development and approval of COVA's Strategic Roadmap, and the Managing Director is delegated the responsibility for the development and implementation of the Strategic Roadmap for the business and the achievement of the planned results for COVA.

Management of COVA's day-to-day operations is undertaken by the Managing Director subject to specified delegations of authority approved by the Board.

Any matters or transactions outside the delegations of authority must be referred to the COVA Board.

### 4. BOARD SIZE AND COMPOSITION

The Board is responsible for:

- Appointing Directors to fill casual vacancies on the Board.
- Making recommendations to COVA's shareholders for the appointment or removal of Directors.

The Board will comprise a minimum of four Directors, a majority of whom are ordinarily resident in Australia.

The size of the Board will be determined in accordance with COVA's Constitution and Shareholders Agreement.

Collectively, the Board members should have a broad range of financial and other skills, experience and knowledge necessary to guide the business of COVA.

The Board will determine and regularly review the composition of the Board having regard to the optimum number and skill mix of Directors, subject to the limits imposed by COVA's Constitution, Shareholders Agreement and the terms served by existing non-executive Directors.

Non-executive Directors will be engaged through a letter of appointment.

### 5. CHAIRMAN

The Board will appoint one of its members to be the Chairman in accordance with COVA's Constitution and Shareholders Agreement.

The Chairman represents the Board to the shareholders and communicates the Board's position.

### 6. COMPANY SECRETARY

The Company Secretary is responsible for the co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, securities exchanges and all statutory and other filings. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The Board will appoint at least one Company Secretary. Appointment and removal of a Company Secretary will be subject to Board approval.

All Directors shall have direct access to the Company Secretary.

## 7. BOARD COMMITTEES

The Board has established committees to assist the Board in exercising its authority. The standing Board committees are:

- Risk Management Committee (RMC)
- Technology Committee (TC)
- Finance Audit Committee (FAC)

The Board may establish ad hoc Board committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

The Board will approve the Charters of standing Board committees, which will set out the roles and responsibilities of each committee.

The Board will determine the membership and composition of Board committees, having regard to workload, skills and experience and any regulatory requirements.

## 8. BOARD MEETINGS

The Chairman is responsible, in consultation with the Managing Director and the Company Secretary, for the conduct of all Board meetings. This includes being satisfied that the agendas are comprehensive, that all agenda items and attendees are appropriate and that recommendations fit within the broad strategic direction set by the Board.

Executive Management are available to be contacted by Directors between meetings. The Board may request any officer or employee of COVA, external legal counsel or any person or group with relevant experience or expertise to attend meetings of the Board or to meet with any members or consultants to the Board.

The Board will regularly meet without executive management, including at the conclusion of each meeting.

The Board will regularly meet without management representatives present, including at the conclusion of each meeting.

Where approvals are granted outside a meeting of the Board, a report is to be provided to the next meeting of the Board.

## 9. DIRECTOR INDEPENDENCE

The Board has adopted a definition of independence setting out the interests and relationships to be considered by the Board in assessing the independence of each Director.

The Board assesses independence of Directors upon appointment and annually through an attestation by each Director.

The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chairman, or in the Chairman's absence, the Board.

## 10. BOARD PERFORMANCE

The Board will undertake ongoing assessment and review of performance of the Board, its committees and individual Directors annually.

## 11. EXPECTATIONS OF DIRECTORS

Board members are expected to observe the highest standards of ethical behaviour.

The Board supports and encourages policies within COVA which require Directors and employees to observe high standards of personal integrity and display honesty in their dealings.

Board members are expected to comply with COVA's policies that apply to directors.

## **12. CONFLICTS OF INTEREST**

Directors are expected to avoid any action, position or interest that conflicts with an interest of COVA or gives the appearance of a conflict.

A Director that has a material personal interest in a matter that relates to the affairs of COVA must give the other Directors notice of such interest.

The Company Secretary will maintain a register of dealings in securities and declarations of interest by Directors and report them to the Board as necessary.

## **13. REVIEW OF CHARTERS**

Board and Committee Charters will be reviewed every two years or as required.