

# Finance Audit Committee Charter (CD06)

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10 May 2022, Revision 0

**COVA**

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## **1. PURPOSE**

The Finance Audit Committee (FAC) will assist the board of COVA (Board) to discharge its responsibilities by having oversight of the:

- Integrity of the financial statements and financial reporting systems of COVA and its related entities.
- External audit engagement, including the external auditor's qualifications, performance, independence and fees.
- Performance of the internal financial audit function.
- Integrity of the COVA's financial reporting and compliance with professional accounting requirements.

The committee will primarily fulfil these responsibilities by carrying out the activities outlined in the Responsibilities and Duties section of this Charter.

## **2. COMPOSITION**

The committee membership and the Chairman of the committee will be as determined from time to time by the Board. The Chairman of the committee must be a Non-executive Director and not the Chairman of the Board. The committee will consist of at least two Directors of COVA, of whom two must be non-executive Directors and the majority of the members of the committee must non-executive.

The Secretary of the committee will be the Company Secretary or his or her designated representative.

Should the Chairman of the committee be absent from any meeting of the committee, the members of the committee present at that meeting shall appoint one of their number to be Chairman of that meeting.

All members of the committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the committee should be an audit committee financial expert.

## **3. MEETINGS**

The committee shall meet at least four times annually, or more frequently as necessary. Meetings should correspond with COVA's financial reporting cycle.

As part of its role to foster open communication, the committee will meet regularly with management, and the external auditor, in separate executive sessions, to discuss any matters the committee or each of these groups believe should be discussed privately.

The members of the committee shall, at all times, have free and unfettered access to management, the external auditor, and vice versa.

The committee 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 committee or to meet with any members or consultants to the committee.

Other Directors of the Board are entitled to attend committee meetings and will receive copies of the committee papers upon request.

A quorum of any meeting will be two members.

The agenda and supporting documentation will be circulated to the committee members within a reasonable period in advance of each meeting. The Secretary of the committee will circulate minutes of meetings to members of the committee and the Board.

The external auditor is entitled to be invited to and to attend all meetings of the committee. The committee may request the external auditor to meet with any member or consultant to the committee.

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

The committee may adopt such rules and regulations as it deems appropriate for the conduct of its affairs, provided only that they are not inconsistent with the COVA Constitution, this Charter (as amended from time to time) or any resolution of the Board.

#### **4. REPORTING**

The Chairman of the committee shall update the Board about committee activities and make appropriate recommendations. The minutes of each meeting will be tabled at the next Board meeting.

The committee will refer or recommend to the Board and any other Board committee (as appropriate) any matters that have come to the attention of the committee that are relevant for the Board or the respective Board committees.

The committee will review any reports required by law or as requested by the Board.

#### **5. RESPONSIBILITIES AND DUTIES**

Without limiting its role, to fulfil its responsibilities and duties the committee will:

##### **5.1 FINANCIAL REPORTING AND INTERNAL CONTROL PROCESSES**

- Review and discuss with management and any external auditor the half year reviewed and full year audited financial statements and recommend to the Board whether financial statements should be issued.
- Review and discuss with management and any external auditor any major issues as to the adequacy and effectiveness of COVA's internal controls over financial information, reporting and disclosure as well as any special steps adopted in light of material control deficiencies.
- Discuss with management and any external auditor, and make recommendations to the Board in relation to, judgements on the quality and appropriateness of COVA's accounting principles as applied in its financial reporting, including use of alternative disclosures and accounting principal treatment.
- Review and discuss:
  - The process by which management assures the integrity of information on COVA earnings (and earnings-related matters).
  - The type and presentation of information to be included in such disclosures, including the use of any "pro forma" or "adjusted" information.
- Review with management and any external auditor the processes surrounding, and the disclosures made by the GMD and CEO in connection with their personal certification of the COVA's half year and full year financial statements including:
  - Discuss with any external auditor COVA's major financial risk exposures and the steps management has taken to monitor and control such exposures.
  - Receive and consider reports from the Chairmen of the Risk Management Committee on relevant risk matters that should come to the attention of the committee.

##### **5.2 OVERSIGHT OF EXTERNAL AUDIT**

- Recommend to the Board the appointment and removal of any external auditor (including the rotation of the lead audit engagement partner), subject to shareholder ratification, considering the independence and effectiveness of the external auditor (including the background and experience of the lead audit partner and external audit personnel).

- Review annually and approve the terms of engagement and fees to be paid to any external auditor, including making an assessment of whether the external auditor meets the Audit Independence tests set out in APES 110 Code of Ethics for Professional Accountants, as well as other additional independence requirements as determined from time to time.
- Receive reports directly from any external auditor.
- Regularly review the external audit plan for coverage of all material risks and financial reporting requirements.
- Discuss with any external auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on scope of activities or access to requested information, significant disagreements with management (if any) and the adequacy of management's response.
- Annually review the policy for pre-approving audit-related, taxation and other non-audit services to be performed for COVA by any external auditor.
- Oversee the external audit engagement, including a review of the performance of any external auditor. Obtain and review a report from the external auditor at least annually on details of the auditor's internal quality control procedures, and the quality and capabilities of the lead engagement staff.
- Periodically consult with any external auditor out of the presence of management about internal controls over financial information, reporting and disclosure and the fullness and accuracy of COVA's financial statements.
- Review and discuss with any external auditor all significant relationships the external auditor has with COVA and obtain a declaration from the external auditor, at least annually, to provide reasonable assurance that the external auditor's independence is maintained

### **5.3 FINANCIAL REPORTING & REGULATORY COMPLIANCE**

- Obtain regular reports from management and any external auditor that COVA is in conformity with applicable legal and regulatory requirements in relation to financial information, reporting and disclosure. Advise the Board with respect to COVA's policies and procedures regarding compliance with applicable laws and regulations over financial information, reporting and disclosure.
- Review reports from management and any external auditor on the identification and resolution status of material weaknesses and reportable conditions in the internal control environment, including any significant deficiencies in the design or operation of internal controls that could adversely affect COVA's ability to record, process, summarise and report financial data.
- Review and approve COVA's policies and procedures for the receipt, retention and treatment of information submitted confidentially by employees and third parties about accounting, internal control, compliance, audit or other matters about which an employee has concerns and monitor employee awareness of these policies and procedures.
- Discuss with management and the external auditor any correspondence with regulators or government agencies and any published reports which raise material issues or could impact on matters regarding COVA's financial statements or accounting policies and make recommendations to the Board in respect of any action required.
- Discuss with the external legal counsel legal matters that may have a material impact on, or require disclosure in, the financial statements.

### **5.4 OTHER RESPONSIBILITIES**

- Review the findings of any external auditor of COVA's compliance with, and the effectiveness of the COVA Risk Management Framework.
- Review and update this Charter at least every two years and recommend changes to the Board for approval.
- Review its own performance annually, as part of the Board evaluation process and report such findings to the Board.
- Retain independent legal, accounting or other advisors as required. The committee shall have the resources and authority necessary or appropriate to discharge its duties and responsibilities, including authority to select, retain, terminate and approve the fees and other retention terms of special or independent counsel,

accountants or other experts and advisors as it deems necessary or appropriate, without seeking approval of the Board or management.

- Set clear hiring policies for employees or former employees of any external auditor.
- Oversee and monitor tax risk for the COVA Group, including reviewing the tax report quarterly.
- Review and approve the terms and conditions agreed to by COVA in relation to dealings with its related entities on non-arms' length terms.
- Receive and review reports as required by Regulations.

#### **6. LIMITATION OF THE COMMITTEE'S ROLE**

While the committee has the responsibilities and powers set out in this Charter, it is not the duty of the committee to

- Plan or conduct audits, which is the responsibility of either the internal or the external auditor: or
- Determine that the COVA Group's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. This is the responsibility of the Board based on the recommendation of, and reliance on certifications provided by management.

#### **7. DELEGATION TO ACT**

The committee may, in its discretion, delegate some or all of its duties and responsibilities to the Chairman of the committee or the Chairman of the Board and may delegate any of its duties and responsibilities to a sub-committee of the committee.