

Risk Management Committee Charter (CD05)

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COVA

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1. PURPOSE

The Risk Management Committee (RMC) will assist the Board of COVA (Board) as the Board:

- Oversees a strong risk culture across COVA.
- Oversees compliance management within COVA
- Considers and reviews COVA's overall Risk Management Framework, Risk Appetite and Risk Profile For managing financial and non-financial material risks across the business including:
 - Governance
 - Operational
 - Liquidity & Capital
 - Stress testing
 - Projects COVA undertakes in its normal course of business

COVA's Risk Management Framework is expressed throughout the COVA Integrated Management System (IMS) through policies and procedures (refer to the [IMS Policy \(PL0001\)](#) and [Risk Management Policy \(PL0002\)](#)).

COVA's Risk Profile is expressed within the [Risk Management Register \(R008\)](#) which looks across the whole operation of the business which affect the company, regardless of the type of projects we take on.

COVA's Risk Appetite is expressed in [Systems Management Procedures \(P000\)](#) HAZARD IDENTIFICATION, RISK ASSESSMENT AND CONTROL (HIRAC) Section which defines the risk tolerances levels COVA is prepared to accept.

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

The committee has free and unfettered access to senior management, risk and financial control personnel and other internal and external parties in carrying out its duties.

The committee is supported in performing its responsibilities by the Group's external legal counsel and external accountants, however maintains overall responsibility for assisting the Board to oversee all risk matters.

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, including the Managing Director and executives of the business as nominated by the board from time to time, including the Commercial Manager for EPC and D&C Projects. Should the Commercial Manager not attend, then the PMO leader will take their place and responsibilities on the committee.

The committee must include at least one member of the Financial Audit committee; should this committee be formed at the time.

The Secretary of the committee (Secretary) will be the Company Secretary or his or her designated representative (nominally the PMO Leader).

Should the Chairman of the committee be absent from a meeting, the members of the committee present will appoint a chairman for that particular meeting.

3. MEETINGS

Procedurally, the committee will meet at a minimum on the following basis:

- Monthly to review the current status of risks for active projects previously approved by the Risk Management Committee.
- At least two times annually or more frequently if necessary to review and consider the Risk Management Framework, Risk Appetite and Risk Profile.

The committee may request any officer or employee of the COVA Group, external legal counsel, the external auditor or any person or group with relevant experience or expertise to attend meetings of the committee or to meet with any members of, 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 for 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 will circulate minutes of meetings to members of the committee (within three days) and the Board (within seven days, upon review by 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 any rules and regulations considered appropriate for the conduct of its affairs, provided that they are consistent with the COVA Constitution, the COVA Board Charter, this Charter (as amended from time to time), or any resolution of the Board.

4. REPORTING

The Chairman of the committee will update the Board about committee activities and make appropriate recommendations. The minutes of each committee 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 committee, including:

- The Finance Audit Committee having primary responsibility for oversight of the integrity of the financial statements and financial reporting systems, external audit engagement, performance of the internal audit function and the integrity of COVA's corporate reporting, the committee will refer to the Finance Audit Committee any matters that have come to the attention of the committee that are relevant.
- The Technology Committee, together with the committee, overseeing the risks associated with major technology-related transformation and data-related programs, the committee will refer to the Technology Committee any matters that have come to the attention of the committee that are relevant.

The committee will provide relevant periodic assurances and reports (as appropriate) to the Finance Audit committee.

5. RESPONSIBILITIES AND DUTIES

Without limiting its role, to fulfil its responsibilities and duties, the committee will in respect of material risks:

- Oversee the identification, management and reporting of risks inherent in COVA's operations
- Oversee those sufficient resources and skills are dedicated to risk management. Such oversight will include, but is not restricted to, the elements in this Responsibilities and Duties section.
- Review and where appropriate approve risks beyond the approval discretion provided to management.
- Recognise uncertainties, limitations and assumptions attached to the measurement of each material risk; and
- Assist the Board to oversee that the operational structure of COVA facilitates effective risk management.
- Establish a view of COVA's current and future risk position relative to its Risk Appetite and capital strength and advise the Board on COVA's overall current and future risk appetite and risk management strategy.

- Review and recommend the COVA's Risk Profile and Risk Appetite to the Board for approval, and review and monitor the risk controls of COVA for consistency.

6. RISK MANAGEMENT CONSIDERATIONS

6.1 RISK GOVERNANCE

Form a view of the risk culture within COVA and the extent to which that supports the ability of the company to operate consistently within the Risk Management Framework, Risk Appetite and Risk Profile, and oversee the identification of and steps taken to address any desirable changes to risk culture and periodically report to the Board.

Review the:

- COVA Risk Management Framework annually to satisfy itself that it continues to be sound, and that COVA is operating with due regard to the COVA's Risk Appetite and Risk Profile.
- Findings of the independent review of the appropriateness, effectiveness and adequacy of the COVA's Risk Management Framework, which is undertaken at least every three years.
- Adequacy and effectiveness of COVA's internal control framework (excluding financial reporting controls) including receiving and reviewing reports on any material incident involving a breakdown of risk controls and recommend the Risk Management Framework to the Board for approval as required.
- Oversee management's implementation of the Risk Management Framework and measuring, monitoring and reporting on aggregate risk exposures associated with risk types within COVA monitored by the committee.
- Assist the Finance Audit committee and Technology committee as required in the assessment of risks associated with finance, accounting and ITC.

6.2 OPERATIONAL

- Review the monitoring of the performance of operational risk management and controls to the extent not delegated by the committee to the operational team.
- Review and approve key policies supporting the Risk Management Framework to the extent not delegated by the committee to the operational team.
- Review the monitoring of COVA's reputation risk performance and controls. Other risks (including sustainability risk, equity risk, related entity risk, insurance risk, business risk, aggregate risk exposures, and others as identified by the committee).
- Monitor changes anticipated for the economic and business environment, including consideration of emerging risks and other factors considered relevant to COVA's Risk Profile and Risk Appetite.
- Receive and review reports as required by regulation.
- Review the performance of, and set objectives for, the Commercial Manager. The Commercial Manager will have access as required to the Board and the committee.
- Review its own performance as part of the annual Board evaluation process and report such findings to the Board.

6.3 LIQUIDITY & CAPITAL

- Review and approve the annual funding strategy for COVA and oversee management's monitoring of that plan.
- Review and recommend target capital ranges for regulatory capital for Board approval.
- Oversee stress testing results (refer below), including approving liquidity targets and limits.
- Review the monitoring of COVA's liquidity position and requirements.
- Review and approve recovery and resolution plans, as required.

6.4 STRESS TESTING

- Approve the COVA's stress testing, including review and approval of the material scenarios adopted and monitor material stress testing results and management responses (Model Risk).
- Review and approve material changes for the management of Model Risk.
- Review the monitoring of the performance of risk management.
- Review and approve material policies and associated risk concentration limits supporting COVA's Risk Management Framework, including policies for the credit risk rating system, managing large exposures, industry concentration and country risk and cross-border risk.
- Review and approve the limits and conditions that apply to credit risk approval authority delegated to the GMD, CFO and any other officers of COVA to whom the Board has delegated credit approval authority.
- Review the credit risk profile, performance and management of COVA's credit portfolio, including credit controls, portfolio asset quality, portfolio concentrations, provisioning levels, bad debt performance, risk rating system and associated risk estimates.

6.5 PROJECT RISKS

Approval of risks considered as "High Risk" (Possible with catastrophic or major consequences & Very likely with major consequences) to COVA and/or above the level defined as COVA's Risk Appetite (Refer to [Systems Management Procedures \(P000\)](#), HAZARD IDENTIFICATION, RISK ASSESSMENT AND CONTROL (HIRAC) Section).

6.5.1 DELIVERY PROJECTS (EPC AND D&C)

- Review and approve go and no go for **all** projects prior to tender spend commencing.
- Review and approve the project risk management for each project prior to tender submission.
- Review and monitoring of the performance of project risk management and controls to the extent not delegated by the committee to the operational team.
- Receive and review reports from the Project Manager for each project via the PMO leader each month.
- Conduct monthly Risk review meetings on a face-to-face basis where possible for all projects within this category, with the specific Project Manager presenting and discussing their project, include the Construction Manager and others as required.

6.5.2 THINKING PROJECTS (CONSULTING)

- Review and approve consulting projects with a Weighted Risk Value (WRV) ((Refer to [IMS Policy PL0001](#) for details) greater than \$200K prior to commencing letters of offer to the extent not delegated by the committee to the operational team.
- Receive and review reports from the PMO, Country & National Leaders in relation to WIP and project risks as determined from time to time by the committee.
- Review and monitor the performance of project risk management and controls to the extent not delegated by the committee to the operational team.