

# Codan limited

ACN 007 590 605

## Board Charter

### Introduction

This Charter has been approved by the board of Codan Limited (“company”) and provides a summary of the role of the board in the business structure and operations of Codan Limited and its controlled entities (“group”).

It should be read in conjunction with the company’s Corporate Governance Statement which provides a detailed framework for the governance of the group.

The board is constituted and empowered pursuant to the Constitution of the company and the Corporations Act.

### Roles and responsibilities of the board

The board is responsible for demonstrating leadership, for monitoring the effectiveness of the group’s governance practices and for the overall operations, performance and shareholder value of the group.

In carrying out its governance role, a key task of the board is to drive the performance of the group. The Board must also ensure that the group complies with all of its contractual, statutory and other legal obligations, including the requirements of all applicable regulatory bodies.

The board has the overall responsibility for the successful operations of the group.

Key accountabilities and matters reserved for the board include:

- defining the group’s purpose, setting and reviewing objectives, goals and strategic direction, and assessing performance against those benchmarks;
- approving the group’s values and code of conduct to underpin the desired culture within the group;
- ensuring high business standards and ethical conduct, monitoring the effectiveness of the group’s governance practices and fostering a culture of compliance and accountability;
- satisfying itself that a process is in place for the maintenance of the integrity of internal controls, risk management, legal compliance, continuous disclosure practices, delegations of authority and financial and management information systems;
- setting the risk appetite within which the board expects management to operate;
- overseeing management in its implementation of the group’s strategic objectives, instilling of the group’s values and performance generally;
- ensuring that the group is financially sound and meets its regulatory, prudential and other requirements, and has appropriate financial and corporate reporting practices, and internal and external audit functions;
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the board;
- approving the group’s annual operating and capital budgets, and monitoring the achievement of those budgets;

- reviewing and approving the annual and half-yearly financial reports;
- approving all new business activities, significant acquisitions and disposals of assets, and commitments in excess of delegated authority levels;
- whenever required, challenging management and holding it to account;
- reviewing and approving the company's dividend policy and declaring dividends;
- satisfying itself that the remuneration framework is aligned with the group's purpose, values, strategic objectives and risk appetite;
- reviewing the size and composition of the board to ensure there is an appropriate mix of experience, expertise and diversity;
- appointing, inducting, removing and evaluating directors;
- appointing, supporting, evaluating and rewarding the Managing Director and CEO (CEO) and the Company Secretary;
- endorsing the appointment of senior executives;
- succession planning for directors, the CEO and Company Secretary;
- ensuring there is a process of evaluating the board, board committees, directors and key executives; and
- reporting to stakeholders on the board's stewardship of the group.

### **Roles and responsibilities of individual directors**

Individual directors are responsible for:

- acting in accordance with the duties and obligations imposed on them by the board, by the company's constitution and the law;
- contributing to board activities to the best of their abilities and with the level of skill and care expected;
- discharging their duties in good faith and honestly in the best interests of the group;
- using the powers of office for proper purpose, in the best interests of the group;
- acting with the required care and diligence, demonstrating commercial reasonableness in their decision-making;
- avoiding conflicts of interest, not allowing personal interests, or the interests of any associated person, to conflict with the interests of the group;
- notifying other directors of a material personal interest when a conflict arises;
- not making improper use of information gained through their position of director;

- making reasonable enquiries to ensure that the group is operating effectively, efficiently and legally toward achieving its objectives;
- undertaking diligent analysis of all proposals placed before the board;
- participating in the appointment of new directors and directors' performance evaluation; and
- serving on board committees as required.

### **Roles and responsibilities of management**

The board delegates authority and responsibility for the overall management and performance of the group to the CEO.

The CEO has authority to sub-delegate authority and responsibility to the senior executive team.

The senior executive team is responsible for

- instilling and reinforcing the group's values;
- implementing the strategic objectives, plans and policies approved by the board;
- operating within the values, code of conduct and budget approved by the board;
- operating within the risk appetite set by the board; and
- providing the board with accurate, timely and clear information on the group's operations.

The CEO refers all matters which are outside of the CEO's powers, discretions and delegations to the board for approval.

Executive-team members meet regularly as a group with the CEO to review group business.

All directors have access to the CEO and management.

### **Composition and independence of the board**

The composition of the board is determined using the following principles:

- a broad range of expertise both nationally and internationally;
- a majority of independent directors;
- directors having extensive knowledge of the group's industries and/or extensive expertise in significant aspect of financial or general management;
- an independent director as Chairman;
- enough directors to serve on various committees without overburdening the directors or making it difficult for them to fully discharge their responsibilities; and
- at each annual general meeting, one-third of the directors, including any director who has held office for three years or more since last being elected, must stand for re-election (except for the Managing Director).

The board's policy is to seek a diverse range of directors with appropriate skills and experience necessary to direct the group.

## Chairman

The Chairman is appointed by the board and has responsibility for:

- leadership of the board;
- ensuring that the board is comprised of directors with an appropriate level of skills and experience;
- chairing board and shareholder meetings;
- facilitating the effective contribution of all directors and promoting constructive and respectful relations between directors and between the board and management;
- approving board agendas and ensuring that adequate time is available for discussion of agenda items and strategic issues;
- ensuring the board receives accurate, timely and clear information to enable the directors to analyse and constructively critique the performance of management and the group;
- overseeing the processes and procedures in place to evaluate the performance of the board, its committees and individual directors;
- reviewing corporate governance matters with the Company Secretary and reporting on those matters to the board; and
- communicating the board's position to shareholders and the public.

## Board committees

The board from time to time establishes committees to assist in carrying out its responsibilities, and adopts charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the board may consider appropriate.

The Board has established the following committees:

- a Board Audit, Risk and Compliance Committee; and
- a Remuneration and Nomination Committee.

## Company Secretary

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 Company Secretary is generally responsible for carrying out the administrative and statutory requirements of the board, and for advising the board and its committees on governance matters.

The Company Secretary attends all meetings of the board.  
All directors have access to the Company Secretary.

### **Director induction and education**

Directors are expected to participate in the company's induction programme and in any continuing education or training arranged for them where skills and knowledge gaps are identified. Directors are provided with detailed briefings by management on corporate strategy and current issues affecting the group, industry and relevant sectors generally. All directors are encouraged to visit the operational and support divisions, and to meet with employees across the business.

### **Conflicts of interest and ethical standards**

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the company. All directors are required to disclose to the board details of transactions which may create a conflict of interest for them in the decisions placed before the board, in accordance with the Corporations Act 2001 (Cth).

Where the board believes that a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Directors are expected to observe the highest standards of ethical behaviour, and are bound by the company's Code of Conduct and Share Trading Policy.

### **Independent professional advice and access to company information**

Subject to prior consultation with the Chairman, at the expense of the company, the board, its committees and individual directors may seek from independent experts advice that they consider is necessary in order to fulfil their responsibilities and to exercise independent judgment when making decisions. A copy of advice received is made available to all members of the board.

Each director has the right of access to all relevant group information.

### **Charter review and approval**

The board reviews the Charter as required, and at least annually, to ensure it is up to date and consistent with the board's objectives and responsibilities. The Charter may be amended by resolution of the board.

This Charter was approved by the board on 19 June 2019.