



**COVENTRY GROUP LTD**  
ABN 37 008 670 102

# **BOARD CHARTER**

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## **1. Introduction**

- 1.1 In carrying out its responsibilities and exercising its powers as contained in this Charter, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the shareholders of Coventry Group Ltd (CGL), as well as its employees, customers, and the community. It will work to promote and maintain an environment within CGL that establishes these principles as basic guidelines for all of its employees and representatives at all times.

## **2. Purpose and Role**

- 2.1 The Board is responsible for:

- (a) charting the direction, strategies and financial objectives of CGL and ensuring appropriate resources are available;
- (b) monitoring the implementation of those policies and strategies by management and the achievement of those financial objectives;
- (c) monitoring compliance with control and accountability systems, regulatory requirements and ethical standards;
- (d) reporting to shareholders, statutory authorities and the investment community on the performance and state of CGL; and
- (e) reviewing on a regular and continuing basis:
  - executive succession planning (in particular for the chief executive officer); and
  - executive performance and development activities.

- 2.2 In performing the responsibilities set out above the Board acts at all times:

- (a) in a manner designed to create and build sustainable value for shareholders; and
- (b) in accordance with the duties and obligations imposed upon them by CGL's Constitution and by relevant legislation.

## **3. Powers**

- 3.1 In addition to matters expressly required by relevant legislation to be approved by the Board, powers specifically reserved for the Board are as follows:

- (a) appointing and removing the chief executive officer and determining the terms and conditions of employment (including remuneration);
- (b) setting criteria for, and evaluating at least annually, the performance of the Chief Executive Officer;
- (c) reviewing and ratifying each of the following:
  - (i) systems of risk management and internal control and compliance, codes of conduct and legal compliance;
  - (ii) financial and other reporting; and
  - (iii) the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (d) any matters in excess of discretions that, from time to time, it may have delegated to the chief executive officer and senior management (for instance, in relation to capital expenditure); and
- (e) approving each of the following:
  - (i) the strategic plan, at least annually;
  - (ii) the budget, at least annually;
  - (iii) the appointment and, where appropriate, the removal of the chief financial officer, company secretary, and other senior executives reporting to the chief executive officer;
  - (iv) the remuneration and conditions of service, including financial incentives, for the chief financial officer, company secretary, and other senior executives reporting to the chief executive officer;
  - (v) significant changes to organisational structure and the appointment of such senior executives as the board may determine;
  - (vi) the acquisition, establishment, disposal or cessation of any significant business of CGL;
  - (vii) the issue of any shares, options, equity instruments or other securities in CGL;
  - (viii) any public statements which reflect significant issues of CGL policy or strategy; and
  - (ix) any changes to the discretions delegated from the Board.

#### **4. Board Membership**

- 4.1 The Board will comprise a majority of independent directors.
- 4.2 The Chairman of the Board will be an independent director.

#### **5. Independence**

- 5.1 An independent director is a non-executive director (i.e. is not a member of management) and:
  - (a) is not a substantial shareholder of CGL or an officer of, or otherwise associated directly with, a substantial shareholder of CGL;
  - (b) within the last three years has not been employed in an executive capacity by CGL or another group member, or been a director of CGL within three years after ceasing to hold any such employment;
  - (c) within the last three years has not been a principal of a material professional adviser or a material consultant to CGL or another group member, or an employee materially associated with the service provided;
  - (d) is not a material supplier or customer of CGL or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
  - (e) has no material contractual relationship with CGL or another group member other than as a director of CGL;
  - (f) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of CGL;
  - (g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of CGL.
- 5.2 For the purpose of this Section 5,
  - (a) substantial shareholder has the Corporations Act meaning – ie having a relevant interest in 5% or more of a company's capital;
  - (b) a material professional adviser or consultant means the provision of ongoing legal, taxation, financial, auditing, strategic and risk/insurance consultancy services;

- (c) a material supplier or customer does not include a supplier or customer representing less than 5% of the value of purchases or sales respectively for goods and services by CGL or other group member;
- (d) that in relation to the term served on the Board by a director, a period in excess of 12 years, of itself, is not perceived to interfere with the director's ability to act in the best interests of CGL;
- (e) principal does not include a non-executive director; and
- (f) in considering the independence of a director, family ties and cross relationships will also be taken into account and will be required to be disclosed to the Board.

## **6. Meetings**

- 6.1 Board and committee papers will be provided to directors, where possible, four days prior to the relevant meeting.
- 6.2 The non-executive directors will meet at least twice each year for private discussion of management issues.

## **7. Board Committees**

- 7.1 The Board will from time to time establish committees to assist it in carrying out its responsibilities, and adopt charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.
- 7.2 The Board will, as a minimum, establish the following committees:
  - (a) an Audit Committee;
  - (b) a Remuneration Committee; and
  - (c) a Nomination Committee.

## **8. Self Assessment**

- 8.1 The Board will undertake an annual performance evaluation of itself that:
  - (a) compares the performance of the Board with the requirements of its charter; and
  - (b) effects any improvements to the Board charter deemed necessary or desirable.
- 8.2 The performance evaluation will be conducted in such manner as the Board deems appropriate.

## **9. Appointment**

- 9.1 Letters of appointment will be provided for each new appointee to the Board as well as for the chief executive officer, chief financial officer, company secretary and other senior executives reporting to the chief executive officer setting out the key terms and conditions relative to the appointment.

## **10. Term of Office**

- 10.1 Subject to circumstances prevailing at the time and CGL's ability to find a suitable replacement, a director shall retire from the Board no later than the earlier of:
- (a) the conclusion of the annual general meeting occurring after the twelfth anniversary of the director's first appointment or election to the Board; or
  - (b) the conclusion of the annual general meeting occurring immediately after the director's seventieth birthday.

For the purpose of calculating the term of a director who is in office at the time of adoption of this policy by the Board, a director who has been in office for a period longer than seven years will be deemed to have been in office for a period of seven years only and will agree not to seek re-election to the Board after having served a further five years.

The Board may consider variations to this policy in exceptional circumstances.