

# Capital Management Committee

July 2023



**NAVALO**  
Financial Services Group

# 1. Introduction

This Charter is established by the Board of Navalo Financial Services Group Limited (the 'Company' or 'Navalo') and governs the operations, roles and responsibilities, composition, structure and membership requirements of the Capital Management Committee (the Committee).

## 2. Committee role

The role of the Committee is to assist the Board to carry out its responsibilities in relation to oversight of the operation and appropriateness of the capital management functions of the Company. Accordingly, the Committee will meet on a regular basis to:

- assess the adequacy of management reporting on capital budgeting, capital raising and capital allocation;
- monitor and review the Company's capital adequacy;
- review the appropriate mix of debt and equity capital;
- seek to ensure an appropriate balance between the preservation of the Company's equity, investor/funder capital and maximisation of returns from allocated capital;
- review portfolio returns as reported by management;
- review pricing rate cards proposed by management and updated from time to time;
- receive any material updates on any interactions with rating agencies;
- consider other matters from a capital management perspective as applicable including:
  - i. delegated authority to the CEO;
  - ii. business plans and strategic initiatives including potential acquisitions or disposals that may have a material impact on the Company's capital position

## 3. Committee composition and operations

### 3.1. Membership

The Committee will be comprised of non-executive Directors with an open invitation to any Board Advisors and management as required or appropriate from time to time in accordance with the terms of their appointment (if any), role description and subject matter knowledge & expertise . Committee members are appointed and removed (if necessary) by the Board.

The Committee will be of sufficient size, independence and technical expertise to discharge its mandate effectively and will comprise at least three members, including at least one independent Director.

The Board will also appoint a Chair of the Committee (Committee Chair), who must not be the Chair of the Board.

The Committee members will collectively have the capital raising and management expertise, necessary technical knowledge, and a sufficient understanding of the financial services industry to be able to discharge the Committee's mandate effectively.

If a member ceases to be a Director, then they automatically cease to be a member of the Committee. A member may cease to be a member of the Committee if they give reasonable notice in writing to the Committee Chair or the Committee Chair gives notice in writing that the person is to cease to be a member of the Committee.

## 3.2. Meetings

- a) The Committee will meet often enough to undertake its role effectively, being at least quarterly each calendar year. Special meetings may be convened by the Committee Chair at the request of a member, or the Chair of the Board.
- b) Meetings must be minuted.
- c) The Committee may invite additional attendees to its meetings (including Board Advisors, , the CEO, CFO, CRO, internal and external auditor or other members of management or external parties) as deemed necessary, whether on a permanent or ad hoc basis.
- d) A quorum for the Committee is two members.

## 3.3. Committee Authority

The Committee has the authority to:

- a) investigate any matter brought to its attention and obtain any information it deems relevant (including full access to all books and records and facilities of the Company);
- b) seek any information it requires from employees, management or external parties; and
- c) seek advice from external consultants or specialists where the committee considers that necessary or appropriate.

## 3.4. Secretary

The Company Secretary, or other person as nominated by the Board, will be the Committee Secretary, reporting to the Committee Chair for the purpose of providing administrative support to the operations of the Committee.

The Committee Secretary will attend all Committee meetings and, in conjunction with the Committee Chair, must prepare an agenda to be circulated to each Committee member prior to each meeting of the Committee.

The Committee Secretary must take meeting minutes and include them (or arrange for them to be included) in the Board papers for the next Board meeting after the Committee meeting.

## 4. Committee Responsibilities

### 4.1. Business context

Committee members will ensure they individually and collectively understand the Company's structure, business including business model and controls sufficiently to adequately assess the significant risks faced by the Company and the measures in place to address them.

### 4.2. Reporting to the Board

- a) The Committee will regularly report to the Board on all matters relevant to the Committee's role and responsibilities.
- b) The Chair will report, and as appropriate, make recommendations to the Board after each meeting of the Committee on matters dealt with by the Committee.
- c) As and when appropriate, the Committee will seek direction and guidance from the Board on audit, risk management and compliance matters.
- d) The Committee will ensure that the Board is made aware of material capital management matters which may significantly impact upon the Company in a timely manner.

## 5. Committee performance

The Board will evaluate the Committee's performance in accordance with this Charter as it considers appropriate.

## 6. Review

The Committee must review and reassess this Charter annually and obtain the approval of the Board for any amendments to the Charter. The Board will also review this Charter annually.

This Charter can only be amended with the approval of the Board.