

Board Charter

Navalo Financial Services Group
Limited (the Company)

July 2023



NAVALO
Financial Services Group

1. Introduction

This Charter governs the operations of the board of directors (Directors) of the Company (Board). The Charter sets out the structure, roles, responsibilities and requirements for membership of the Board. The Board is also governed by the Corporations Act 2001 (Corporations Act), regulatory requirements, and the general law. The Company aims to have a performance driven culture across the organisation. This Charter sets out the expectations of Board performance.

2. Role and responsibilities of the Board

The role of the Board is to protect the interests of the Company, provide strategic guidance, effective oversight, and to drive Company performance. In performing its responsibilities under this Charter, the Board must act with the goal of building sustainable shareholder value accordance with the duties and obligations imposed on them by the Company's Constitution and the law.

The Board has the authority to determine Company policies and practices, and all matters relating to Company management and operations. This includes ensuring that the Company complies with the Company Constitution, and the Company's other contractual, legal and regulatory obligations.

The Board is responsible for the operation and stewardship of the Company, its short and long-term growth and profitability, and its strategy, policies and financial objectives. The Board's responsibilities also include monitoring the implementation of those policies, strategies and financial objectives, and the responsibilities set out below.

2.1 Strategy, Planning and Oversight

The Board will set and oversee the Company's operations including to:

- a) define the Company's purpose and strategic direction;
- b) monitor and guide the Company's culture and standards of conduct;
- c) review, approve and monitor implementation of management strategy, budgets, plans and policies including the progress of major capital expenditure, capital management, acquisitions, divestitures and other strategic commitments; and
- d) approve and monitor operating budgets (as developed by management), major capital expenditure, and Company acquisitions and divestments.

2.2 Remuneration and Nomination

The Board will establish and maintain effective remuneration practices of the Directors and management of the Company designed to ensure the Board can discharge its roles and responsibilities under this Charter and deliver the Company's goals and objectives. This include:

- a) making recommendations on and providing oversight of the Company's remuneration practices & framework (including superannuation arrangements and any equity-based remuneration plans);
- b) approving the appointment and remuneration packages for Directors, CEO and direct reports of the CEO (Senior Executives) (unless otherwise delegated to the CEO);
- c) reviewing of the size, composition and competencies of the Board and its committees, including reviewing and making recommendations on the recruitment, appointment and re-election of Directors, CEO and Senior Executives
- d) reviewing and making recommendations on Director induction training, continuing professional development and performance;
- e) evaluating of the performance of the Company, the CEO and Senior Executives and individual Directors where appropriate;
- f) overseeing the diversity and equality of the Board and management structure and avoiding any gender or other inappropriate bias in remuneration practices across the Company
- g) ensuring proper succession plans are in place for consideration by the Board and that these are reviewed periodically;
- h) monitoring and assessing overall performance in relation to safety and sustainability including monitoring and assessment of compliance with workplace health and safety obligations and environmental and sustainability matters.

2.3 Shareholder communications

The Board will monitor communications to shareholders to ensure that the Company's shareholders are informed of material developments affecting the Company and the Company complies with its disclosure obligations as an unlisted disclosing entity under s675 of the Corporations Act.

2.4 Risk & Capital management and compliance

The Board will:

- a) set and maintain acceptable levels of risk within which it expects management to operate, and monitor their application;
- b) ensure the Company has appropriate frameworks for the monitoring and management of capital to allow the Company to meet its strategic objectives including in relation to financial performance, growth and operational expenditure, operational performance and ensure it can meet its legal and other obligations to operate a financially viable and solvent business;

- c) ensure the Company has appropriate frameworks for the management of financial and non-financial risks in place, and monitor key strategic and operational risks to the business; and
- d) ratify, monitor and ensure the effectiveness and integrity of the Company's internal governance, compliance and control mechanisms, including frameworks to ensure compliance with applicable laws and regulation, accounting standards, ethical norms and business practices.

2.5 Business performance

The Board will:

- a) oversee the integrity of the Company's accounting and corporate reporting systems, including audit arrangements and that an appropriate framework exists for management to report relevant information to the Board¹; and
- b) monitor the financial, including capital, position and performance of the Company, and assess business results against forecasts and business plans; and
- c) approve and ratify business strategy, budgets, forecasts and capital management plans and monitor execution against strategy.

3. Roles and responsibilities of the CEO and Senior Executives

3.1 Relationship between the Board and Senior Executives

The Board will:

- a) appoint and (when necessary) remove the Chief Executive Officer (CEO) and Company Secretary;
- a) approve or ratify the appointment and (when necessary) the removal of all Senior Executives and other senior management as it determines is appropriate;
- b) delegate day to day decision making and implementation of the Company's strategic objectives, values and code of conduct to the CEO within the budget and risk appetite determined by the Board;
- c) ensure adequate resources are available for the CEO, Senior Executives and management to carry out their duties and responsibilities;

¹ As an unlisted disclosing entity, the Company is required to lodge annual audited and half-yearly financial statements in accordance with the requirements of the Corporations Act and have those statements reviewed by an auditor.

- d) approve and satisfy itself that the Company's remuneration policies, and the conditions under which the senior executives of the Company serve, are aligned with the Company's purpose, values, strategic objectives and risk appetite; and
- e) establish and monitor arrangements for executive succession planning.
- f) The Board will require the CEO to provide timely and clear reporting on the Company's operations, including financial performance, material legal and regulatory compliance matters, and any conduct that is materially inconsistent with the Company's values or code of conduct.

3.2 Performance Review

The role of the Board in respect of performance monitoring includes:

- a) annually setting the goals and objectives of the Company, CEO and Senior Executives for the upcoming performance year;
- b) setting key performance indicators and criteria for assessing performance of the Company, CEO and Senior Executives throughout the year;
- c) monitoring, evaluating and assessing the performance of the Company, CEO and Senior Executives against the key performance indicators & criteria set by the Board for each annual performance period;
- d) monitoring and evaluating the performance of any Board Committees in accordance with their applicable charter and reviewing and approving any changes to Board Committee Charters
- e) where appropriate, engaging external facilitators to set performance monitoring, assessment frameworks and criteria and conducting evaluations of Directors, CEO & Senior Executives against these frameworks and criteria.

Each year following the performance review of the Company, CEO and Senior Executives, the Chair should establish the goals and objectives of the Company, CEO and Senior Executives for the upcoming year and effect any amendments to this Charter and any Board Committee Charter considered necessary or desirable.

4. Board composition and related matters

4.2 Board size and composition

The number of Directors must be no less than 3. The Board may increase the maximum number of Directors in accordance with the procedures in the Company's Constitution.

The Board should comprise:

- a) a majority of non-executive Directors (to the extent this is practical given the size and composition of the Board from time to time);
- b) a Chair that is a non-executive Director and, to the extent this is practical given the size and composition of the Board from time to time, an independent Director; and

- c) people with a mix of skills and diversity of backgrounds to address existing and emerging business and governance issues.

The Board, will review its composition and size annually to ensure it remains appropriate to discharge the Board's roles and responsibilities under this Charter and deliver the Company's goals and objectives.

Independence

An independent Director is a director that is not aligned with management or shareholder interests, and is free of any interest, position or relationship that might actually, or be perceived to, influence their capacity to bring independent judgement on issues before the Board.

Examples of such relationships include if the Director:

- d) is, or has been, employed in an executive capacity by the Company or any subsidiary of the Company, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- e) receives performance based remuneration (including options or performance rights from, or participates in an employee incentive scheme of the Company);
- f) is, or has within the last three years been, a principal, partner, director, or senior employee of a material professional adviser or a material consultant to the Company;
- g) is, or has been within the last three years, in a material business relationship (such as a material supplier or customer) with the Company, or an officer of, or otherwise associated directly or indirectly with, someone with such a relationship;
- h) is a substantial shareholder of the Company, or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- i) has a material contractual relationship with the Company other than as a director of the Company;
- j) has close family ties with a person who falls within any of the above categories; or
- k) has been a Director for such a period that his or her independence may have been compromised.

Family relationships and cross-directorships may be relevant in considering interests and relationships which may compromise independence, and should be disclosed to the Board.

The Board, will review the independence of its Directors and Board composition when required to ensure the composition and size is appropriate to discharge the Board's roles and responsibilities under this Charter and deliver the Company's goals and objectives. New Directors

The Board will ensure appropriate background checks of any potential director being considered for appointment are completed satisfactorily before the person is put forward as a candidate for election as a Director. These checks will include the candidate's character, experience, education, criminal record and bankruptcy history.

A candidate standing for election as a non-executive director will be asked to provide the Board, , with such information as is considered necessary to enable shareholders to make an informed decision as to whether to elect or re-elect the candidate. The candidate will also be asked to provide details of any commitments that will be in addition to those they will undertake if elected or re-elected as a non-executive director of the Company, including a statement that they will have sufficient time to fulfil their responsibilities as a director of the Company.

5. Roles and responsibilities of the Chair

The Chair's role is to be the lead director and their principal responsibilities are to provide appropriate leadership to the Board and the Company, and to ensure the Board fulfils its obligations.

The Chair must be a non-executive Director who is selected based on the person's achievements and their record as a leader.

6. Role of the Company Secretary

The Company Secretary will report to and be accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board and Board Committees.

The Company Secretary should not be a Director.

7. Board Committees

The Board has established the following committees:

- a) Audit and Risk Committee; and
- b) Capital Management Committee

The Board may establish ad hoc committees from time to time to consider specific matters in greater detail than is possible for the Board and will determine the membership, composition and charter of those committees.

Each committee has a written charter, approved by the Board, defining its duties, reporting requirements and authority. Board Committees will report to the Board and make the minutes of meetings available to the Board.

8. Board operations and processes

8.1 Board meetings and agendas

Unless otherwise agreed, the Board will meet at least quarterly in accordance with a schedule of meetings to be set by the Chair and otherwise as required to address issues as they arise. A Director may convene a meeting by written request to the Company Secretary.

The Board may conduct meetings using technology consented to by all the Directors. A full set of minutes is kept by the Company Secretary.

The Chair is responsible for the conduct of all Board meetings, including ensuring that agendas and recommendations are appropriate, and will sign Board minutes as a true and correct record. The Company Secretary attends Board meetings as minute secretary.

The Board will keep Board discussions and resolutions confidential, unless disclosure is required by law.

8.2 Conflicts of Interest

Directors are required to take all reasonable steps necessary to avoid actual potential or perceived conflicts of interest with the Company in accordance with Board protocols and company policy, including in relation to trading in the securities of the Company.

8.3 Independent Professional Advice & Remuneration Consultants

Directors may obtain independent professional advice at the expense of the Company if they are of the opinion that obtaining such advice is necessary to carry out their responsibilities as directors of the Company.

If the Board considers it necessary to seek advice from external consultants or specialists in relation to making a remuneration recommendation (Remuneration Consultant), then the Board must approve the appointment of the Remuneration Consultant prior to entering into a contract with them. The Board will ensure that they comply with any provisions of the Corporations Act 2001 (Cth) that relate to the engagement of remuneration consultants to advise on the remuneration packages to be awarded to key management personnel.

Directors must:

- a) consult with the Chair before consultation with independent professional advisers or Remuneration Consultants for approval;
- b) advise the Chair of the fee payable by the independent professional adviser or Remuneration Consultants, which must be reasonable for the advice sought and comparable to market rates;
- c) provide instructions to the independent professional advisor or Remuneration Consultants in writing for the advice sought; and
- d) provide the instructions, professional independent advice and any other relevant materials to the Board, unless it is inappropriate to do so due to a conflict of interest.

9. Review of charter

The Board must review this Charter periodically to ensure it remains relevant, consistent with board objectives and good governance practice. The Board may make any necessary amendments to implement the results of any such review.