

# BOARD CHARTER

The board of Directors (**Board**) of Zip Co Limited (**Company**) has adopted this charter (**Charter**) to outline the role, responsibilities, structure and processes of the Board.

The role of the Board is to provide leadership and strategic guidance for the Company and oversight of management for the Company. The Board is accountable to shareholders for the performance of the Company.

This Charter, and the charters of the Board Committees adopted by the Board, are intended to promote strong corporate governance, which can support the performance of the Company, create and protect shareholder value and engender the confidence of the investment market.

## 1. Role and Responsibilities

- 1.1. In addition to the matters that are required in the Constitution, or by law, to be undertaken by the Board, key responsibilities of the Board are to:
- (a) consider and set the strategy of the Company and its subsidiaries (**Group**) and monitor execution of the strategy by management;
  - (b) approve the Company's statement of values and Code of Conduct;
  - (c) approve an annual budget and monitor financial performance including approving the annual and half year financial statements and reports;
  - (d) oversee the integrity of the Company's accounting and corporate reporting systems, including the external audit;
  - (e) oversee the Company's work, health and safety performance;
  - (f) oversee the Company's Anti-Money Laundering (**AML**) and Counter-Terrorism Financing (**CTF**) Program (**AML/CTF Program**), including approval of the AML/CTF Program and monitoring the Company's compliance;
  - (g) approve major capital expenditure, acquisitions and divestments in excess of delegated levels and other major corporate initiatives;
  - (h) oversee the adequacy, appropriateness and operation of systems of internal control and compliance;
  - (i) oversee the Company's process for making timely, accurate and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have material effect on the price or value of the Company's securities;
  - (j) approve the Company's risk management framework and oversee its operation by management;
  - (k) set the risk appetite within which the Board expects management to operate;
  - (l) review and monitor significant business risks and oversee how they are managed;

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- (m) monitor the relationship with key regulators and the Company's compliance with regulatory and legal requirements;
  - (n) determine delegations to committees, subsidiary boards and management and approve any transactions or expenditure that exceed delegated levels;
  - (o) appoint and replace the chief executive officer of the Group (**CEO**);
  - (p) review the performance of, and determine the remuneration for, the CEO and oversee remuneration for the senior executives reporting directly to the CEO;
  - (q) oversee succession plans for the CEO, senior executives and other key staff;
  - (r) approve the Company's remuneration framework, and oversee the operation of remuneration and performance policies and systems;
  - (s) assess its own performance and that of individual Directors;
  - (t) select and appoint new Directors, and make recommendations to shareholders in respect of the election and re-election of Directors;
  - (u) approve Non-executive Directors' Board and Committee fees, subject to the fee pool approved by shareholders;
  - (v) consider the appointment and removal of the Company's external auditor for shareholder approval, and review the performance of the external auditor;
  - (w) monitor the effectiveness of the Company's corporate governance framework and practices, including for relevant information to be reported by management to the Board; and
  - (x) consider, approve, and endorse major policies of the organisation.
- 1.2. These responsibilities are designed to provide strategic guidance for the Company and effective oversight of management.
- 1.3. The Company's constitution (**Constitution**) ultimately governs matters relating to the Board and its functions. The Constitution prevails to the extent of any inconsistency between this Charter and the Constitution.

## 2. Role and responsibilities of the Managing Director and Group CEO, and Delegation of Authority

- 2.1. The Board delegates to the Group CEO and Managing Director the authority to manage the day-to-day business and operations of the Company and the authority to control the affairs of the Company, subject to those matters reserved by the Board in accordance with this Charter and any specific delegations of authority approved by the Board.
- 2.2. Any matters or transactions outside the delegations of authority must be referred to the Board or appropriate Committee for decision.
- 2.3. Responsibilities of the Group CEO and Managing Director include to:
- (a) manage the day-to-day business and operations of the Group in accordance with the Group's strategic objectives while operating within the values, Code of Conduct, budget and risk appetite set by the Board;
  - (b) develop strategy for the business for review and approval by the Board and achieve the planned results for the Group;

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- (c) assign responsibilities clearly to the employees of the Group, and supervise and report on their performance to the Board;
  - (d) recommend to the Board significant operational changes, and major capital expenditure, acquisitions or divestments, which are beyond delegated thresholds;
  - (e) provide the Board with accurate, timely and clear information on the Group's operations to enable the Board to undertake its responsibilities; and
  - (f) instil and reinforce the Company's values, implement the Code of Conduct and support a culture within the Group that promotes ethical and responsible behaviour.

### 3. Board composition and size

- 3.1. The Board will seek to have the Board of Directors comprised of persons with a blend of skills, knowledge, experience, and diversity appropriate to discharge its responsibilities, including to deal with current and emerging issues.
- 3.2. The Board will determine the size and composition of the Board, subject to the Company's Constitution and applicable law. At any time, there can be **no less than three** Directors.
- 3.3. The Board may consist of non-executive, executive, independent and non-independent Directors, and the Company will seek to achieve an appropriate balance between independent and non-independent representation on the Board.
- 3.4. In determining whether Directors are independent, the Board applies the **criteria for independence** outlined in Schedule 1. The independence of Directors will be reviewed annually.
- 3.5. All non-executive Directors must undertake an induction program upon joining the Board. This will include meeting with members of the existing Board, Company Secretary, and senior executives and other relevant employees (as appropriate) to familiarise themselves with the Company and the Board requirements, practices, and procedures.
- 3.6. Directors must retire from office in accordance with the Constitution. Retiring Directors may be eligible for re- election.

### 4. Role and Responsibilities of the Chair

- 4.1. The Chair is appointed by the Board in accordance with the Constitution (**Chair**). Where practicable, the Chair should be a Non-Executive Director who satisfies the criteria for independence set out in Schedule 1.
- 4.2. The Chair is responsible for:
  - (a) leadership of the Board and overseeing the Board in the effective discharge of its role;
  - (b) chairing Board meetings and general meetings;
  - (c) ensuring the efficient organisation and conduct of the Board's function, including overseeing the processes for the Board's performance in accordance with this Charter;

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- (d) liaising with the CEO in relation to the Board's information requirements to assist the Board with effective decision making;
  - (e) setting the agenda for Board meetings, in consultation with the Group CEO and Managing Director and the Company Secretary, and ensuring that appropriate time and attention is devoted to matters within the responsibilities of the Board;
  - (f) facilitating effective contributions by all Directors, and promoting open and constructive engagement between Board members, and between the Board and management, at Board meetings; and
  - (g) establishing and overseeing the implementation of policies and processes for Board performance reviews and renewal, and ensuring that appropriate action, if required, is taken in relation to the outcomes of Board performance reviews.

## **5. Board performance evaluation**

- 5.1. The performance of the Board as a group, its Committees and of individual Directors is to be assessed each year. In particular, all Directors seeking re-election at an annual general meeting may be subject to a formal performance appraisal to determine whether the Board (in the absence of that Director) recommend their re-election to shareholders.
- 5.2. An independent third-party consultant may be used to facilitate the assessment of the Board, its Committees and individual Directors. Independent review will occur at least once every three years.

## **6. Access to independent advice**

- 6.1. Each Director may consult independent experts where that Director considers it necessary to carry out their duties and responsibilities.
- 6.2. Any costs incurred as a result of the Director consulting an independent expert will be borne by the Company, subject to the estimated costs being approved by the Chair in advance as being reasonable (or in the case of the Chair, being approved by another Director).
- 6.3. Any independent advice sought by a Director is to be made immediately available to all Board members other than to a Director against whom privilege is claimed.

## **7. Board meetings**

- 7.1. All Board meetings will be conducted in accordance with the Company's Constitution and the Corporations Act.
- 7.2. Directors are committed to collective decision making but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the Directors.
- 7.3. Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed by law.
- 7.4. All Directors are expected to prepare adequately for, attend and participate at, each Board meeting.

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- 7.5. The Board may invite members of management, representatives of the external auditor or other external consultants and advisors to attend Board meetings, where necessary or desirable.
  - 7.6. The Non-Executive Directors may meet on their own, as they determine, without Executive Directors or management present.
  - 7.7. The Board will schedule formal Board meetings at least quarterly and hold additional meetings in person or using audio, audio-visual or other technology (including by telephone), as may be required.
  - 7.8. The minutes of each Board meeting must be prepared by the Company Secretary, approved by the Chair and circulated to Directors within 30 days after each meeting and subsequently formally approved at the next Board meeting.
  - 7.9. Further details regarding Board meetings are set out in the Company's Constitution.

## **8. Role and Responsibilities of the Company Secretary**

- 8.1. The appointment and removal of the Company Secretary is subject to Board approval.
- 8.2. The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
- 8.3. The Company Secretary is responsible for (but not limited to):
  - (a) advising the Board and its committees on corporate governance matters, the application of the Company's Constitution and any applicable listing rules (including the ASX Listing Rules);
  - (b) facilitating the implementation of Board policies and procedures;
  - (c) monitoring compliance with Board policies and procedures;
  - (d) coordinating the flow of information to the Board, between the Board and its Committees, and between Senior Executives and Non-Executive Directors;
  - (e) helping to organise and facilitate the induction and professional development of Directors; and
  - (f) communicating with securities exchanges (including the ASX), and regulatory bodies on corporate governance matters and co-ordinating statutory and other filings.
- 8.4. All Directors have access to the advice and services provided by the Company Secretary.

## **9. Committees**

- 9.1. The Board may delegate any of its powers to a standing committee (or committees) and may also delegate specific functions to ad-hoc committees to assist the Board in carrying out its responsibilities.
- 9.2. Directors who are not committee members are entitled to attend committee meetings as observers and receive committee papers. As a courtesy, Directors who are not committee members should communicate their intention to attend to the committee chair.

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- 9.3. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their proper functions.
  - 9.4. The Chair of each committee will report back on committee meetings to the Board at the next full Board meeting.
  - 9.5. Each standing committee must have its own charter. Amendments to the charters are to be approved by the Board.
  - 9.6. The Board will periodically review the membership, composition and charter of each standing committee, in consultation with the Nomination Committee.

## **10. Conflicts of Interests**

- 10.1. Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict.
- 10.2. Directors must:
  - (a) disclose to the Board any material personal interest the Director has in a matter relating to the affairs of the Company and otherwise comply with all applicable laws, applicable listing rules (including ASX Listing Rules) and the Constitution in relation to disclosure of interests;
  - (b) not disclose confidential information, unless the disclosure has been authorised by the Company or is required by law; and
  - (c) comply with the terms of the Securities Trading Policy.

In addition to these requirements, nominee directors representing any major shareholder must act in accordance with the relationship protocols for addressing conflicts.

- 10.3 If a Director has a material personal interest In a matter being considered by the Board, unless the Directors (without a relevant personal interest) agree otherwise, the Director with a material personal interest in a matter will not be permitted to vote or take part in any discussion concerning the matter, including at a Board or Committee meeting where that matter is being considered.

## **11. Review of Charter**

- 11.1. The Board shall periodically review this Charter to determine its appropriateness to the Board's objectives and needs of the Company from time to time, but at least once every two years.
- 11.2. External reviews of this Charter may be undertaken at the request of the Board.
- 11.3. This Charter may only be amended by resolution of the Board.

Date of last review: **22 August 2024**

### Further Information

Contact the Company Secretary.

### Version Control

#### Variations

This version of the Charter supersedes all previous versions.

<b>Document Title</b>	Board Charter
<b>Use</b>	Publicly disclosed on the website.
<b>Charter Owner</b>	This Charter is owned by the Board, which has authority to make amendments to this document.
<b>Charter Contacts</b>	Company Secretary
<b>Document Author</b>	Company Secretary
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<b>Original Issue Date</b>	
<b>Last Review Date</b>	<b>22 August 2024</b>
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# Schedule 1

## Criteria for Independence

ZIP considers a Director to be independent if the Director is independent of management and is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of ZIP rather than in the interests of an individual shareholder or other party.

When assessing the independence of a Director, the Board considers the matters potentially affecting the independent status of a Director as described in the ASX Corporate Governance Principles and Recommendations (as outlined below). Materiality is assessed on a case by case basis by reference to each Director's individual circumstances rather than by applying general materiality thresholds.

The Board will assess the independence of each non-executive Director at least annually in light of interests and relationships disclosed by that Director. Each non-executive Director must provide the Board with all relevant information to support this assessment.

## ASX's Corporate Governance Principles and Recommendations 4th Edition (ASX Recommendations)

### Box 2.3 / Factors relevant to assessing the independence of a director

Examples of interests, positions and relationships that might raise issues about the independence of a director of an entity include if the director:

- 1) is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- 2) receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the entity;
- 3) is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the entity or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
- 4) is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;
- 5) has close personal ties with any person who falls within any of the categories described above; or
- 6) has been a director of the entity for such a period that their independence from management and substantial holders may have been compromised.

In each case, the materiality of the interest, position or relationship needs to be assessed by the board to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.



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In relation to the fourth example in Box 2.3 (is, represents, or is an officer or employee of, or professional adviser to, a substantial holder), the holding of securities in the entity may help to align the interests of a director with those of other security holders, and such holdings are therefore not discouraged. The example simply reflects and addresses a perception that:

- a director who is a substantial holder in the entity is likely to have such a proportion of their personal wealth tied up in that holding that they have a qualitatively different interest to security holders generally; while
- a director who represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder is likely to have a bias towards the individual interests of that substantial holder rather than the interests of security holders generally.

In relation to the fifth example in Box 2.3 (close personal ties with someone who is not independent), these ties may be based on family, friendship or other social or business connections.

In relation to the last example in Box 2.3 (length of service as a director), the Council recognises that the interests of a listed entity and its security holders are likely to be well served by having a mix of directors, some with a longer tenure with a deep understanding of the entity and its business and some with a shorter tenure with fresh ideas and perspective. It also recognises that the chair of the board will frequently fall into the former category rather than the latter.

The mere fact that a director has served on a board for a substantial period does not mean that the director has become too close to management or a substantial holder to be considered independent. However, the board should regularly assess whether that might be the case for any director who has served in that position for more than 10 years.