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## BOARD CHARTER

### 1.1 Role and Responsibilities

The board of directors (Board) of Zip Co Limited (Company) has adopted this charter (Charter) to outline the manner in which its powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws.

This Charter and the charters adopted by the Board have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market. To accomplish this, the Board:

- (a) considers and approves the strategy of the Company and its subsidiaries (Group);
- (b) adopts an annual budget and monitors financial performance including approving the annual and half year financial statements and reports;
- (c) oversees the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- (d) oversees the Company's commitment to the health and safety of employees and contractors;
- (e) oversees the Company's Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) Program (AML/CTF Program), including approval of the AML/CTF Program every 2 years, undertaking annual AML/CTF training and monitoring through quarterly reporting from the AML/CTF Compliance Officer;
- (f) approves major investments and monitors the return on those investments;
- (g) monitors the adequacy, appropriateness and operation of internal controls including reviewing and approving the Company's compliance systems and corporate governance principles;
- (h) oversees the Company's process for and provides continuous disclosure of information to the investment community, and makes available information shareholders can reasonably require to make informed assessments of the Group's prospects;
- (i) establishes and reviews the Company's risk management framework;
- (j) reviews and monitors significant business risks and oversees how they are managed;
- (k) monitors the conduct of the relationship with key regulators to meet the Group's obligations;
- (l) determines delegations to committees, subsidiary boards and management and approves transactions in excess of delegated levels;
- (m) reviews the performance of the chief executive officer of the Group including overseeing the remuneration, development and succession planning for the chief executive officer (CEO) and management, while overseeing the operation of appropriate human resource management systems including remuneration;
- (n) assesses its own performance and that of individual Directors;
- (o) selects and appoints new directors and the Chair of the Board;
- (p) appointing and replacing the CEO; and
- (q) considers, approves and endorses major policies of the organisation.

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These responsibilities are designed to provide strategic guidance for the Company and effective oversight management.

The Company's constitution (Constitution) ultimately governs matters relating to the Board and its functions. This Charter explains and interprets the Constitution. The Constitution prevails to the extent of any inconsistency between this Charter and the Constitution.

## **1.2 Delegations of Authority**

The Board delegates to the CEO the authority to manage the day to day affairs of the Company and the authority to control the affairs of the Company in relation to all matters, subject to those powers reserved to the Board in accordance with this Charter and any specific delegations of authority approved by the Board. The CEO has authority to sub-delegate to the senior management team.

The key responsibilities of the senior executive team are to:

- (a) manage the day to day business 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) assign responsibilities clearly to the employees of the Group, and supervise and report on their performance to the Board;
- (c) recommend to the Board significant operational changes, and major capital expenditure, acquisitions or divestments, which are beyond delegated thresholds;
- (d) provide the Board with accurate, timely and clear information on the Group operations to enable the Board to perform its responsibilities; and
- (e) support a culture within the Group that promotes ethical and responsible behaviour.

## **1.3 Relationship with Management**

The Board has delegated specific authorities to the chief executive officer of the Company. Subject to these delegated matters, the CEO is authorised to exercise all the powers in relation to the Company, except with respect to the following:

- (a) approval of major elements of strategy including any significant change in the direction of that strategy;
- (b) approvals above delegated levels of credit limits, country risk exposures, equity risk limits, market risk limits, loans and encumbrances, equity investments and underwriting risk;
- (c) capital expenditure in excess of delegated levels or expenditure outside the ordinary course of business;
- (d) certain remuneration matters including material changes to remuneration policies;
- (e) adoption of the Company's annual budget;
- (f) approval of the interim and final accounts and related reports of the Company;
- (g) specific matters in relation to Continuous Disclosure as defined in the Continuous Disclosure Policy; and
- (h) other matters as the Board may determine from time to time.

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#### 1.4 Composition and size

The Company will seek to have the Board of Directors comprised of persons with a blend of skills, experience, and attributes appropriate for the Company and its business to deal with current and emerging issues. The Chair of the Board will be appointed by the Directors and the Directors will determine the size of the Board, subject to the Company's Constitution, however at any time there can be no less than three Directors.

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. In determining whether Directors are independent, the Board applies the criteria as set out in the ASX recommendations which are outlined in Schedule 1. The independence of directors will be regularly reviewed.

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 management and other relevant employees as necessary to familiarise themselves with the Company and Board requirements, practices, and procedures.

Directors must retire from office in accordance with the Constitution. Retiring directors may be eligible for re-election.

#### 1.5 The Role and Responsibilities of the Chair

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.

The Chair is responsible for:

- (a) leading the Board and oversee the processes for the Board's performance of its role in accordance with this Charter;
- (b) chairing Board meetings and shareholder meetings;
- (c) ensuring the efficient organisation and conduct of the Board's function;
- (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 together with the CEO and the Company Secretary, ensuring that appropriate time and attention is devoted to matters within the responsibilities of the Board;
- (f) facilitating effective contribution by all directors and monitoring Board performance;
- (g) overseeing that membership of the Board is skilled and appropriate for the Company's needs;
- (h) promoting constructive relations between Board members and between the Board and management; and
- (i) establishing and overseeing the implementation of policies and systems for Board performance review and renewal.

#### 1.6 Process for evaluating Board performance

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 (with their absenting themselves) recommend their re-election to shareholders.

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An informal process of Board review is outlined in the Nomination Committee Charter however an independent third party consultant may be used to facilitate the assessment of the Board, its Committees and individual directors.

### **1.7 Access to independent advice**

Each Director shall have the ability to consult independent experts where that director considers it necessary to carry out their duties and responsibilities. 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).

The advice is to be made immediately available to all Board members other than to a Director against whom privilege is claimed.

### **1.8 Board meetings**

All Board meetings will be conducted in accordance with the Company's Constitution and the Corporations Act. 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. Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.

All Directors are generally expected to prepare adequately, attend and participate at each Board meeting. The Board may request or invite management or external consultants to attend Board meetings, where necessary or desirable. The non-executive directors may also meet on their own as they determine without executive directors or management present.

The Board will schedule formal Board meetings at least quarterly and hold additional meetings, including by telephone, as may be required.

The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chair and circulated to Directors after each meeting and subsequently formally approved at the next Board meeting.

Further details regarding Board meetings are set out in the Company's Constitution.

### **1.9 The Role and Responsibilities of the Company Secretary**

The Company Secretary is appointed by and accountable to the Board of Directors through the Chair. The Company Secretary acts as secretary of the Board, attending all meetings of the Board as required and is responsible for matters relating to the proper functioning of the Board.

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 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 of 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

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- (f) communicating with regulatory bodies and Australian Securities Exchange (ASX), and all statutory and other filings.

All Directors have access to the advice and services provided by the Company Secretary.

### **1.10 Committees**

The Board may delegate any of its powers to a committee or committees and may also delegate specific functions to ad hoc committees. Directors are entitled to attend committee meetings and receive committee papers.

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. The Chair of each committee will report back on committee meetings to the Board at the next full Board meeting.

Each of these committees shall have their own charters and are responsible for ensuring the Company practices good corporate governance in the area of its focus such as audit, risk, remuneration and nomination. The Board will, at least once each year, periodically review the membership and charter of each committee.

### **1.11 Conflicts of Interests**

The Board will agree, and Board members will abide by the following:

- (a) declaring their interests as required under the Corporations Act 2001 (Cth), ASX Listing Rules and general law requirements;
- (b) unless the directors (without a relevant personal interest) agree otherwise, where any director has a material personal interest in a matter, the director will not be permitted to vote or take part in any discussion concerning the matter or at a director's meeting where that matter is being considered;
- (c) directors must not:
  - (i) allow personal interests to conflict with the interests of the Company; or
  - (ii) disclose confidential information, unless the disclosure has been authorised by the Company or is required by law
- (d) all directors will abide by the terms of the Securities Trading Policy; and
- (e) in addition to these requirements, nominee directors representing the major shareholder must act in accord with the relationship protocols for addressing conflicts.

### **1.12 Review of Charter**

The Board is responsible for reviewing this Charter and the division of functions and responsibilities in the Company to determine its appropriateness to the needs of the Company from time to time. The Board will periodically review this Policy. External reviews may be undertaken of this Policy at the request of the Board.

This Policy may be amended by resolution of the Board. The Date of last review: 1 July 2020