

# BOARD CHARTER

## **1. ROLE AND RESPONSIBILITIES**

The Board of Directors of the Company has adopted this 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 Board Charter and the charters adopted by the Board for its standing Committees 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 provides guidance and oversight in critical areas.

### **Strategic Direction**

- considers and approves the strategy of the Company and monitors its implementation; and
- approves major investments and monitors the returns achieved.

### **Financial Oversight**

- reviews and adopts an annual budget;
- monitors financial performance; and
- approves the annual and half year financial statements and reports on the advice of the Audit and Risk Committee.

### **Risk Management and Internal Controls**

- approves the Company's risk management approach;
- reviews and monitors significant business risks and oversees how they are managed on the recommendation of the Audit and Risk Committee;
- monitors the adequacy, appropriateness and operation of internal controls including reviewing and approving the Company's compliance systems; and
- monitors compliance with key regulations.

### **Managerial Oversight**

- appoints the CEO and the Company Secretary in conjunction with the CEO;
- regularly reviews succession plans;
- evaluates the performance of the CEO and senior management;

- oversees the remuneration framework; and
- approves annual remuneration recommendations for the CEO and senior management on the advice of the Remuneration and Nomination Committee.

### **Delegations**

- determines delegations to Committees, Subsidiary Boards and individual members of the Board;
- determines delegations to Management; and
- approves transactions in excess of delegated levels.

### **Corporate Governance**

- approves the Company's corporate governance approach and monitors compliance;
- considers, approves and endorses major policies of the organisation including a code of conduct which includes ethical behaviour and social responsibility;
- provides continuous disclosure of information to the investment community;
- makes available information shareholders can reasonably require to make informed assessments of the Company's prospects;
- assesses its own performance and that of individual Directors;
- selects, appoints and recommends appointment of new Directors to shareholders;
- oversees the implementation of appropriate work health and safety systems; and
- protects and oversees the enhancement of the reputation of the Company.

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

## **2. COMPOSITION**

### **2.1 Board composition and size**

At the time of the Company's ASX listing, the Board will initially consist of an equal number of independent non-executive Directors and non-independent Directors. The Board intends to appoint an additional Independent Director in the near future to ensure that it complies with this Board Charter. After this appointment, the Board will comprise a

majority of independent non-executive Directors.

The Board, on the recommendation of the Remuneration and Nomination Committee, will review the size and composition of the Board with a view to having an appropriate mix of skills.

The Board will comprise a majority of independent non-executive Directors. Their independence will be regularly reviewed. The Chairman of the Board will also be an independent non-executive Director. The Chairman will represent the Board to shareholders.

The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment (which may include the matters listed in Schedule 1).

## **2.2 Engagement letter**

Upon appointment, a new Director will be given a formal letter of appointment from the Chairman setting out the key terms, conditions and responsibilities of their position. This will include a confirmation from the Director that he or she has the necessary time to devote to the Board position.

## **3. MEETINGS**

The Board will meet a minimum of six times a year, with additional meetings as required. Any Director is able to convene a meeting of the Board by contacting the Chairman or the Company Secretary.

The Company Secretary is appointed by and responsible to the Board of Directors through the Chairman.

The Chairman of the Board and the Company Secretary will co-ordinate the Board agenda. The Company Secretary is also responsible for co-ordinating all Board business, including board papers, minutes, communication with regulatory bodies and Australian Securities Exchange (**ASX**), and all statutory and other filings.

Board papers should normally be distributed at least a week prior to each Board meeting.

In addition to the above meetings, the non-executive Directors meet at least once per year in the absence of executive Directors and management, and at such other times as they may determine. The independent Directors may also meet on their own as they determine.

Where deemed appropriate by Directors, meetings and subsequent approvals and recommendations may occur by written resolution or conference call or other electronic means of audio or audio-visual communication.

#### **4. COMMITTEES**

The Directors may delegate any of their powers to a Committee or Committees.

The Directors shall, at a minimum, establish the following Committees for which a formal charter will be adopted:

- an Audit and Risk Committee; and
- a Remuneration and Nomination Committee.

The Board may also delegate specific functions to ad hoc committees. The Board will, at least once each year, review the membership and charter of each committee.

#### **5. RELATIONSHIP WITH MANAGEMENT**

The role of Board in relation to management includes:

- appointment and removal of the CEO and COO;
- ratifying the appointment and removal of senior executives (including executives who report directly to the CEO and COO);
- approving the Company's remuneration policies and determining the appropriateness of remuneration and conditions of service of senior executives;
- establishing and monitoring a plan for executive succession;
- delegating the day to day decision making and implementation of approved strategy to the CEO; and
- setting specific limits of authority for management.

#### **6. ROLE OF CHAIRMAN**

The Chairman is responsible for:

- leadership of the Board, including the effective discharge of its supervisory role; and
- ensuring the efficient organisation and conduct of the Board's function and meetings.

Should the Chairman be absent from a meeting, the Deputy Chairman, if one is appointed will act as Chairman of the meeting. If a Deputy Chairman has not been appointed, the Directors will appoint an acting Chairman.

## **7. EDUCATION, DEVELOPMENT AND PERFORMANCE EVALUATION**

Each new Director will, upon appointment, participate in an induction programme. This will include meeting with members of the existing Board, Company Secretary, management and other relevant executives to familiarise themselves with the Company, its procedures, and Board practices and procedures.

On an ongoing basis, and subject to approval of the Chairman, Directors may request and undertake training and professional development, as appropriate, at the Company's expense.

The performance of the Board as a group and of individual Directors is to be assessed each year. In particular, all Directors seeking re-election at an annual general meeting will be subject to a formal performance appraisal to determine whether the Board (with their absents themselves) recommend their re-election to shareholders.

## **8. CONFLICT OF INTERESTS – ALL DIRECTORS**

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

- declaring their interests as required under the Corporations Act, ASX Listing Rules and general law requirements;
- 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:
  - a) receive any papers;
  - b) take part in any discussion concerning the matter; or
  - c) vote on the matter,at a Director's meeting where that matter is being considered; and
- Directors must not:
  - a) allow personal interests to conflict with the interests of the Company; or
  - b) disclose confidential information, unless the disclosure has been authorised by the Company or is required by law.

All Directors will abide by the terms of the Securities Trading Policy.

## **9. ACCESS**

The Company's external auditors will allow all issues to be raised directly with the Board.

Board members are not to be constrained or impeded from disclosing information to the external auditors in accordance with statutory and regulatory requirements and must be available to meet with the external auditors on request after notification to the Chairman.

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 Chairman in advance as being reasonable.

## **10. REVIEW OF CHARTER**

The Board will, at least once in each year, review this Board Charter to determine its ongoing appropriateness.

## SCHEDULE 1

### GUIDELINES OF THE BOARD OF DIRECTORS – INDEPENDENCE OF DIRECTORS

Section 2.1 of the Board Charter refers to the 'independence' of Directors.

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors.

In general, Directors will be considered to be 'independent' if they are not members of management (a non-executive Director) and they:

- are not material shareholders of the Company, or officers of, or otherwise associated directly or indirectly with, material shareholders of the Company;
- have not within the last three years been employed in an executive capacity by the Company or another group member;
- were not appointed as a Director of the Company within three years of ceasing to be employed in an executive capacity by the Company;
- have not within the last three years been a principal or employee of a material professional adviser or a material consultant to the Company or another group member;
- have not within the last three years been a material supplier to or customer of the Company or other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- have no material contractual relationship with the Company or another group member, other than as a Director of the Company;
- have no close family ties with any person who falls within any of the categories described above;
- have not been a director of the Company for such a period that his or her independence may have been compromised; and
- are free from any interest, 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 the Company.

## **MATERIALITY THRESHOLDS**

The Board will consider thresholds of materiality for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (eg revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the Company's shares to be material.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board.
- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company.