



## Board Charter

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### 1. Board Composition

- The Board is to be composed of both executive and non-executive directors, with a majority of the Board being independent directors.
- In recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairman must be an independent non-executive director, the majority of the Board must be independent of management and all directors are required to bring independent judgement to bear in their Board decision making.
- The Chairman is elected by the full Board and meets regularly with the CEO.
- The Board may decide to appoint one of the non-executive directors as Deputy Chairman.
- The company maintains a mix of directors on the Board from different genders, age groups and professional backgrounds who have complementary skills and experience.
- The Board has established measurable Board gender diversity objectives and assesses annually the objectives and the progress in achieving them.
- The Board is to undertake an annual Board performance review and consider the composition, structure, and role of the Board and individual responsibilities of directors.
- The minimum number of directors is three and the maximum is fifteen unless the company passes a resolution varying that number.
- There is no requirement for a director to hold shares in the company unless the company passes a resolution requiring directors to hold shares.

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the group and directors with an external or fresh perspective; and
- the size of the Board is conducive to effective discussion and efficient decision-making.

## 2. Directors' independence

Independent directors are those non-executive directors who have the ability to exercise their duties unaffected by any business or other relationship, and willing to express their opinions to the Board free of concern about their position or the position of a third party.

Examples of factors that will be considered by the Board in determining whether a non-executive director is an independent director, include that the relevant director:

- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- within the last three years, has not been employed in an executive capacity by the company, or been a director after ceasing to hold any such employment;
- within the last three years, has not been a principal of a material professional adviser or a material consultant to the company, or an employee materially associated with the service provided;
- is not a material supplier or customer of the company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the company other than as a director;
- is free from any interest and any 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;
- has no close family ties with any person who falls within any of the categories described above; and
- has not been a director of the entity for such a period that his or her independence may have been compromised.

The above factors are considerations only, and the approach and attitude of each director will be considered when taking into account a director's independence in the event that one or more of the above factors apply. Materiality for the purposes of applying these criteria is determined on both quantitative and qualitative bases. An amount of 5% of the individual director's net worth is considered material, and in addition a transaction of any amount or a relationship is deemed material if knowledge of it may impact the director's ability to bring independent judgement to bear or would hinder the director's ability to act in the best interests of the company and its shareholders. A substantial shareholder for the purposes of applying these criteria is a person with a substantial shareholding as defined in section 9 of the *Corporations Act 2001*.

## 3. Term of office

The company's Constitution specifies that all non-executive directors must retire from office no later than three years or the third annual general meeting following their last election (whichever is longer), and that an election of directors must take place each year.

It is anticipated that non-executive directors would generally hold office for up to ten years, and shall serve a maximum of fifteen years from date of first election by shareholders. The Board, on its initiative and on an exceptional basis, may exercise discretion to extend this maximum term where it considers that such an extension would benefit the company.

#### **4. Commitment**

The commitments of non-executive directors are considered by the remuneration and nomination committee prior to their appointment to the Board and are reviewed each year as part of the annual performance assessment. Prior to appointment or being submitted for re-election each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the company.

#### **5. Conflict of interests**

Directors are expected to avoid any action, position or interest that may result in a conflict with an interest of the company. A director who has a material personal interest in a matter that relates to the affairs of the company must give notice of such interest and is precluded from participating in discussions or decision making on such dealings.

#### **6. Independent professional advice**

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior approval of the Chairman is required, but this approval will not be unreasonably withheld.

#### **7. Performance assessment**

An annual assessment of Board and each Board Committee's performance is undertaken annually. Each director is asked to consider matters such as composition, structure and role of the Board.

The CEO's performance is assessed annually taking into account attainment of predetermined targets or goals based on various financial and other measurable indicators related to the company. Senior executive performance is assessed annually based on a combination of pre-determined personal and company based performance indicators. The CEO meets with the remuneration and nomination committee annually to discuss attainment of key performance indicators of both the CEO and the senior management team, with recommendations put forward by the Remuneration and Nomination Committee to the Board.

#### **8. Responsibilities of the Board:**

The responsibilities of the Board include:

##### **(a) Strategic Issues**

- approving the company's corporate strategy;
- overseeing and monitoring organisational performance and the achievement of the group's strategic goals and objectives;
- approving any major transaction not included in the budget or outside the ordinary course of the business;
- determining the structure of the company and the definition of the business;

(b) Shareholding Items

- issuing shares, options or performance rights;
- granting special rights to shares;
- determining the amount of a dividend;

(c) Financial and Expenditure Items

- approval of the annual and half-year financial reports;
- approving the company's credit policy;
- reviewing and approving the annual budget and financial plans including available resources and major capital expenditure initiatives;
- seeking credit from any one party that exceeds \$1,000,000;
- giving any guarantee (or similar) to a party over the company's assets that is not in the ordinary course of business;
- giving any guarantee (or similar) to a party over the company's assets in the ordinary course of business that exceeds \$1,000,000, for example, a letter of credit or equipment lease under banking facilities;
- approving any purchase of inventory for sale (or materials for inventory) that exceeds \$750,000
- approving non-inventory expenditure and capital expenditure that exceeds \$250,000;
- approving divestments of assets whose value exceeds \$250,000;

(e) Audit

- approving appointment or removal of external auditors;
- considering any external audit reports;

(f) Board and Senior Management

- establishing and monitoring corporate governance policies and practices;
- appointment, performance assessment and, if necessary, removal of the CEO;
- determining remuneration of the CEO and senior executives;
- determining the entity's remuneration framework;
- succession planning;
- appointment, and if necessary, removal of the Company Secretary;
- ratifying the appointment and, if necessary, the removal of senior executives;

(g) Other Board Responsibilities

- enhancing and protecting the reputation of the group;
- overseeing the operation of the group, including its systems for control, accountability, and risk management;
- monitoring financial performance;
- liaising with the company's auditors;
- overseeing the integrity of the company's accounting and reporting systems, including the external audit;
- ensuring there are effective management policies, procedures and processes in place, including the Code of Conduct, to endorse and monitor compliance with the culture and values of the company;
- approving major corporate initiatives;
- overseeing the company's process for making timely and balanced disclosure of all material information concerning the company that a reasonable person would expect to have a material effect on the price or value of the company's securities; and
- reporting to shareholders.

**9. Responsibilities of the Chairman**

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the company's senior executives and directors. The roles of Chairman and CEO should be undertaken by separate people, and the Chairman should be an independent director where possible.

**10. Responsibilities of the CEO**

The Board has established the functions delegated to the CEO. The CEO is responsible for implementing company strategies and policies, and for the day to day business operations of the group in accordance with the strategic objectives of the group as approved by the Board from time to time.

**11. Responsibility of the Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The Company Secretary is responsible for advising the Board and its committees on governance matters, monitoring that Board and Committee policies and procedures are being followed, accurately capturing Board business in the minutes of meeting, co-ordinating and ensuring the timely dispatch of Board and Committee papers, helping to organise and facilitate induction and professional development of directors.

Each director should be able to communicate directly with the Company Secretary, and vice versa.