

## Board Charter

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## **1 Role of the Board**

Under the Company's Constitution 'The number of the directors shall not be less than three, nor, until otherwise determined by the Company in general meeting, more than five'. The Board is accountable to shareholders for the management of the Company's business and affairs. The Board delegates responsibility for day-to-day management of the Company to the Company Secretary/Chief Financial Officer. The Chairman and other members of the Board are Non-Executive Directors.

It is Board policy that a majority of directors on the Board, at any one time, must be independent, not being major shareholders of the Company, not having been a principal or employee of a professional advisor or consultant to the Company within the previous three years, has not been employed in an executive capacity by the Company and is free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement. The Chairman is not deemed to be independent but the other Directors are considered to be independent.

The Board is responsible to the shareholders for the overall strategy, governance and performance of the Company. The role of the Board includes the following:

### **1.1 Strategic direction**

- providing strategic direction to the Company by establishing, monitoring, developing and modifying when necessary the Company's investment strategy,
- decision making in relation to matters of a sensitive, extraordinary or strategic nature,
- providing advice and counsel to the Company Secretary on a periodic and ad hoc basis, and
- making decisions in respect of acquisition of investments.

### **1.2 Governance**

#### *General*

- ensuring best practice corporate governance complies with the Principles and Recommendations issued by the ASX Corporate Governance Council and is understood and practised by the directors, management and staff of the Company.

#### *Risk management*

- to annually assess the Group's risk management framework to satisfy itself that the framework is operating effectively within acceptable risk parameters having regard to the Group's risk appetite;
- monitoring the integrity of internal control and reporting systems; and
- monitoring strategic risk management systems, including reviewing processes for identifying areas of significant business risk, monitoring risk management policies and procedures, oversight of internal controls and review of major assumptions used in the calculation of significant risk exposure.

### **1.3 Operating performance**

- approving decisions concerning proposed changes in the capital of the Company, including capital restructures, on-market buy-backs etc,
- monitoring financial results on an on-going basis and reviewing and approving annual and half yearly financial statements and reports and,
- determining dividend policy and declaring dividends,

### **1.4 Organisational development**

The Board meets on a monthly basis in accordance with an agreed schedule and at any other time in person or by telephone when required. Under the Company's Constitution, any Director may at any time, and the Company Secretary on the request of a Director shall, convene a meeting of the Board.

## **2 Key Board Functions**

### **2.1 Strategy**

Matters approved by the Board are executed by the Company Secretary and monitored by the Board in accordance with their decisions.

### **2.2 Delegation - Board Committees**

The Board has appointed an Audit and Risk Committee, chaired by an independent director to oversee the financial affairs and management of the Company. That committee has its own Charter setting out its detailed roles and responsibilities.

The Board has also appointed a Nominations or Remuneration Committee, chaired by an independent director. This committee has the responsibility of advising Board members on matters regarding composition and remuneration of the Board and senior management, the necessary and desirable skills that Board members should have and making recommendations on the appointment of and evaluation of directors and senior management.

The Company Secretary/chief financial officer must consult with the Chairman on any matters which he or she considers are of such a sensitive, extraordinary or strategic nature to warrant the attention of the Board regardless of value.

Following each Committee meeting, the Chairman of a Board Committee will report to the Board.

#### ***Continuous disclosure***

The Company has in place a comprehensive continuous disclosure procedure, which it has followed since its securities first became quoted for trading on the Australian Securities Exchange (ASX). The procedure is reviewed and updated on a regular basis. The aim of the procedures is to ensure that the Company releases price sensitive information in a timely fashion to the ASX.

The ultimate management responsibility for continuous disclosure rests with the Company Secretary who is required to be fully conversant with the ASX Listing Rules.

## **3 Role of the Chairman**

Under the Company's Constitution, the Chairman is elected by the Board. The Chairman's responsibilities are to ensure that the Board discharges its duties including:

- chairing Board meetings and shareholders' general meetings,
- providing the appropriate leadership to the Board and the Company,
- facilitating Board discussions to ensure the core issues facing the Company are addressed,
- ensuring membership of the Board is skilled and appropriate for the Company's needs, and
- in conjunction with the Nomination and Remuneration Committee:
  - ensuring membership of the Board is skilled and appropriate for the Company's needs,
  - monitoring Board performance, and
  - guiding and promoting the on-going effectiveness and development of the Board and individual Directors.

## **Role of the Company Secretary/Chief Financial Officer**

The Company Secretary/Chief Financial Officer is responsible to the Board for the overall implementation of strategy, management and performance of the Company. He/she manages the Company's operations on a daily basis in accordance with the strategy, business plans and policies approved by the Board to achieve the agreed goals.

### **4 Duties of the Individual Directors**

#### **5.1 Participation in Board meetings**

Directors are encouraged to question, request information, raise any issue which is of concern to them, fully canvas all aspects of any issue confronting the Company and cast their vote on any resolution according to their own judgement. Outside the boardroom, Directors should support the letter and spirit of Board decisions.

Directors must keep confidential Board discussions, deliberations and decisions which have not been publicly disclosed by the Company.

Confidential information received by Directors in the course of the exercise of their duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been properly authorised or is required by law.

#### **5.2 Legal obligations**

In accordance with legal and statutory requirements and ASX Listing Rules, Directors must:

- discharge their duties in good faith and honesty in the best interests of the Company and for a proper purpose,
- act with required care and diligence, demonstrating commercial reasonableness in their decisions and with the level of skill and care expected of a Director,
- avoid conflicts of interest – i.e. be alert to potential conflicts of interest and not to vote on or participate in the discussion of matters where the Directors have a material personal interest in the matter (except as permitted by the Corporations Act) (see 5.3 below);
- act for the benefit of the Company at all times,
- provide details to the Company Secretary of any information that has to be disclosed to the ASX, i.e. changes in directors' interests,
- not make improper use of information gained through their position as a Director,
- not take improper advantage of the position of Director,
- make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals, and
- undertake diligent analysis of all proposals placed before the Board.

Directors decide which Company matters are delegated to the Company Secretary whom they must ensure is reliable and competent and that adequate controls are in place to oversee the operation of the delegated powers.

Individual Directors must not purport to bind the Company unless expressly authorised to do so by the Board.

#### **5.3 Conflicts of interest**

The Corporations Act 2001 and the Company's Constitution require Directors to disclose any conflicts of interest and to abstain from participating in any discussions or voting on matters in which they have a material personal interest. In addition, the Board has developed procedures to be allowed by a Director who believes he or she may have a conflict of interest or material personal interest.

Directors must:

- disclose to the Board any actual or potential conflicts of interest which may exist or might reasonably be thought to exist, as soon as they arise,
- if deemed appropriate by the Board or the Director, take such steps as are necessary and reasonable to resolve any conflict of interest within an appropriate period, and
- comply with the Corporations Act provisions about disclosing interests and restrictions on voting.

In accordance with Article 125 of the Company's Constitution a Director may be present and vote on a matter in which they have an interest before the Board if and to the extent they are permitted to do so under the Corporations Act, including complying with the relevant disclosure of interest requirements.

It is expected that a Director would inform the Chairman of any related party transactions other than personal and domestic dealings with the Company on normal commercial terms and conditions. Related party transactions should be reported in writing to the Company Secretary, and where appropriate raised for consideration at the following Board meeting.

#### **5.4 *Dealing with the media, analysts and institutional investors***

Generally, communication with the media, analysts or institutional investors on issues relating to the Company, will be undertaken by the Company Secretary or the Chairman. Other non-executive Directors are not expected to become involved in such communications in the normal course of business.

#### **5.5 *Directors' remuneration***

Directors' remuneration is periodically determined by the board and is subject to the aggregate cap on non-executive directors' remuneration approved by shareholders.

#### **5.6 *Retirement of directors***

The Company's Constitution provides for one third of all Directors to seek re-election by rotation each year. The Directors to retire by rotation are those who have been longest in office computed from the date of their last election. A Director appointed by the Directors, is subject to re-election at the next annual general meeting.

### **6 Role of the office of Company Secretary/Chief Financial Officer**

The Board is supported by the office of the Company Secretary which is responsible for:

- organising Board meetings,
- preparing agendas,
- preparing Board papers,
- organising Directors' attendances,
- implementing the strategy of the Board including investment decisions made by the Board, and
- maintaining the company's accounting and other records and complying with statutory requirements relating to the Company's registered office, annual returns and lodgement of documents with ASIC and the ASX.

### **7 Company Policies**

The Company has introduced policies, codes and operating principles on a wide range of matters designed to define the business directives and rules of the Company and to

articulate the minimum requirements for the practices within the Company. The following policy and codes apply personally to Directors:

- Share Trading Policy
- Core Values, Code of Ethics and Code of Conduct (Codes).

## **8 Directors' and officers' indemnity**

Under Article 188 of the Company's Constitution every officer of the Company shall be indemnified out of the property of the Company against the following:

- any liability incurred by the officer in his or her capacity as an officer of the Company in defending any proceedings, whether civil or criminal, in which judgement is given in the officer's favour or in which the officer is acquitted including any application in relation to any such proceedings in which relief under the Law is granted by a Court; and
- any liability incurred by the officer in his or her capacity as an officer of the Company to a person other than the Company or a related body corporate, unless the liability arises out of conduct involving a lack of good faith by the officer.

If an officer or employee of the Company is asked by the Company to be a nominee director or alternate director of a non-related company, the Company may indemnify the officer or employee out of its property for any liability he or she incurs. This indemnity only applies if the liability was incurred in the officer's or employee's capacity as a director of that other company. It is also subject to any corporate policy made by the Board.

### **8.1 Deeds of indemnity, access and insurance**

The Company has also executed deeds of indemnity in favour of:

- Directors and
- Company Secretary.

Each of these deeds provides an indemnity on substantially the same terms as the indemnity provided in the Constitution in favour of officers.

The deed of indemnity in favour of Directors also allows each Director to access, inspect and make copies of the Company's books and Board papers at reasonable times during their directorship and for 7 years after ceasing to be a director.

### **8.2 Directors' and officers' insurance**

Under the Company's Constitution the Company may take out a policy insuring a Director or an officer or previous officer of the Company against liabilities for costs and expenses incurred in defending proceedings concerning the officer's conduct as an officer of the Company and against any liability incurred except a liability which arises from conduct involving a wilful breach of duty in relation to the Company or contravention of Sections 182 or 183 of the Corporations Act.