

# Board Policy

## 1.1. Introduction

Directors will be appointed and removed in accordance with the Corporations Act and the Constitution.

The conduct of the Board is governed primarily by the Company's Constitution. This policy aims to set out the practices that the Company has established and to which the Board and each Director is committed. This policy is simply an aid to the Board and the Directors. In the course of undertaking its responsibilities, the Board at all times must act in a manner that is consistent with its duties and obligations as imposed by the Company's Constitution, the ASX Listing Rules and by the law. Should there be any inconsistency between this policy and the Constitution, the Constitution shall prevail.

## 1.2. Responsibilities

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Company and in particular, is responsible for the Company's growth and profitability. In meeting its responsibilities the Board shall undertake the following functions:

### (a) Strategic Direction

- (i) Providing and implementing the Company's strategic direction.
- (ii) Directing and monitoring the Company's performance against strategies and business plans including budgets and financial plans.
- (iii) Approving and monitoring budgets, financial plans, capital management, major expenditure and investments.

### (b) Risk management and reporting

- (i) Reviewing and overseeing the operation of systems of risk management and internal controls ensuring that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with.
- (ii) Monitoring and appraising financial performance including the approval of annual and half year financial reports and liaising with the Company's auditors.
- (iii) Liaising with the Manager to identify and manage risk.
- (iv) The Manager is responsible for preparing the declaration pursuant to section 295A of the Corporations Act as the Company does not have a chief executive officer (or equivalent) or a chief financial officer (or equivalent). Accordingly, the Board will seek to procure that the Manager puts in place sound systems of risk management and

internal controls and ensure that the systems are operating effectively in all material respects in relation to financial reporting risks.

**(c) Management**

- (i) Monitoring and assessing the performance of the Manager and ensuring that their actions are consistent with corporate strategy.
- (ii) Ensuring that appropriate and effective remuneration packages and policies are implemented by the Company.
- (iii) Monitoring and reviewing business results, outsourced service providers and the Board itself.
- (iv) Ensuring the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance.

**(d) Remuneration**

- (i) The Company recognises the ASX recommendation with respect to distinguishing the structure of non-executive directors' remuneration from that of executive directors and senior executives. However, as the Company's Board comprises of all non-executive directors, this recommendation does not apply to the Company.
- (ii) The allocation and amount of remuneration for non-executive directors will be reviewed periodically every six months and will reflect market rates.

**(e) Performance**

- (i) Formation and monitoring of corporate governance policies and codes of conduct.
- (ii) Undertaking an annual performance evaluation of the Board in light of this Charter.
- (iii) Reviewing and overseeing internal compliance and legal regulatory compliance.

**(f) Corporate governance**

- (i) Ensuring compliance with the Company's Constitution and with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act.
- (ii) Communicating with and protecting the rights and interests of all Security Holders.
- (iii) Ensuring overall compliance with the Company's policies including Code of Conduct, Share Trading and Insider Trading policies.

**1.3. Board Composition**

The composition of the Board is determined as follows:

- (a) The Company's Board shall comprise of a minimum of (3) directors, two of which will be Australian residents.
- (b) The Board must be comprised of members with expertise, experience and skill relevant to the business of the Company.
- (c) The Board will determine the number of independent directors (if any) it considers appropriate based on the size, nature and complexity of the business at any given time.

#### **1.4. Diversity**

The Company is committed to building a diverse workplace and developing policies to promote diversity to the extent appropriate for the size, nature and complexity of the Company at any given time.

#### **1.5. Independence**

The ASX Recommendations establish a number of factors that may be considered when assessing the independence of directors. The factors are whether a director:

- (a) is a substantial shareholder of the Company or an Officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least 3 years between ceasing such employment and serving on the Board;
- (c) has within the last 3 years been a principle of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provider;
- (d) is a material supplier or customer of the Company or other group member, or an Officer or otherwise associated directly or indirectly with a material supplier or customer;
- (e) has a material contractual relationship with the Company or another group member other than as a director.

These factors are only indicators of matters in which to assess the independence of a Director. The Board will assess the independence of each Director in light of the interests disclosed by them. The Board's assessment of the independence of Directors will be disclosed in the Company's future annual reports (to the extent deemed necessary).

#### **1.6. Committees**

The Company recognises the important of establishing audit, remuneration and nomination committees as good corporate governance in circumstances where appropriate for the size, nature and complexity of the Company.

However, considering the size of the Company, the functions that would be performed by these committees are best undertaken by the Board. This is also in line with ASX Recommendations which recognise that "the ultimate responsibility of the integrity of a company's financial reporting rests with the full board".

The Board will review its view on these committees in line with the ASX Recommendations and in light of any changes to the size or nature of the Company and if required may establish committees to assist it in carrying out its functions. At that time the Board will adopt a policy or charter for such committees in accordance with the ASX Recommendations and industry best practices.

#### **1.7. Appointment and Retirement**

##### *Appointment*

The Board will consider the appointment of a Director as and when a vacancy arises in accordance with the following considerations:

- (a) the skills, expertise and experience of any proposed Director;
- (b) the relevant and appropriateness of these skills, expertise and experience when compared to those of the current Board;

- (c) the terms of appointment must be recorded in a letter of appointment taking into consideration the ASX Recommendations; and
- (d) the terms of appointment must be in accordance with the Company's Constitution, the Corporations Act and the Listing Rules.

Prior to making any formal offer, a potential Director must be given sufficient information about the Company to allow the potential Director to conduct his / her personal due diligence. The information will extend to non-public information and care must be taken to ensure confidentiality.

#### *Retirement*

A Director must retire in accordance with the Corporations Act, the Listing Rules and the Company's Constitution. A Director may be re-elected if the Constitution permits.

### **1.8. Induction and Information**

#### *Induction Program*

The Company Secretary is responsible for arranging for the new Director to undertake an induction program to enable them to gain an understanding of:

- (a) the Company's investments;
- (b) the Company's financial, strategic, operational and risk management position;
- (c) their rights, duties and responsibilities; and
- (d) any other relevant information.

As part of this induction program, a new Director will meet with all incumbent Directors (if this has not already taken place).

#### *Ongoing Information*

The Chair, Directors, Officers, the Executives, Company Secretary and any other key members of management must be conscious to ensure that updated information is provided to the Board in a timely fashion to enable them to effectively discharge their duties as Directors.

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he/she requires from any Officer, Executive, employee or contractor of the Company.

### **1.9. Advice, Unit Trading and Performance**

#### *Independent Advice*

In the performance of their duties as Directors, the Directors have a right to seek independent legal or other professional advice at the Company's expense.

#### *Director Securities Trading*

The Share Trading Policy imposes restrictions on the trading of financial products by people, including Directors with undisclosed price sensitive information. All Directors, Officers, Executives and senior management must follow that Policy.

#### *Performance*

The performance of Directors shall be assessed and reviewed by the Board. To determine whether it is functioning effectively, the Board shall:

- (a) review this Policy annually; and
- (b) perform an evaluation of the Board's performance at intervals considered appropriate.

#### **1.10. Ethical standards and Securities Trading**

Officers of the Company must perform their duties in line with the Company's objectives and with the utmost integrity. Furthermore, all Officers must comply with the Company's Code of Conduct, Share Trading Policy and Insider Trading Policy as set out in Sections 4, 5 and 6 of this Charter.

#### **1.11. Compliance with Laws**

The Company must comply with the Corporations Act, the Listing Rules as well as all other applicable laws, statutes and policies. Examples of applicable areas of regulation include:

- (a) Regulatory Guides and Practice Notes issued from time-to-time by the Australian Securities & Investments Commission;
- (b) occupational health & safety legislation;
- (c) employment related legislation;
- (d) anti-discrimination legislation; and
- (e) taxation legislation.

#### **1.12. Constitutions**

The Constitution of the Company is a key governance document. The Board must ensure that it complies at all times with the provisions of the Constitution.