

# ACRUX LIMITED

## BOARD CHARTER



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## 1. OVERVIEW OF THE CHARTER

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This Charter sets out the principles for the operation of the Board of Acrux Limited (the ‘Company’).

This Charter should be read in conjunction with the Company’s Constitution and the Company’s Statement of Corporate Governance Principles.

## 2. OBJECTIVES AND PURPOSES

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### 2.1 Primary Responsibility

The Board has the primary responsibility for setting the strategic direction for the Company, aimed at creating value for shareholders. The Board will guide and monitor the company, including compliance with the Company’s corporate governance objectives.

### 2.2 Duties

In giving effect to this Charter, each Director will, at all times, act honestly and fairly, and with skill and diligence, and in all respects in accordance with the law applicable to the Company.

### 2.3 Interests of Shareholders and Others

Each Director will at all times act in the interests of the Company as a whole and, subject to that, will have regard for the interests of shareholders, employees, customers and other stakeholders of the Company and the community and environment in which the Company operates.

### 2.4 Culture

The Board will seek to support and maintain a culture within the Company which embraces and establishes the principles set out in this Charter.

## 3. DUTIES, RESPONSIBILITIES AND POWERS

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### 3.1 Duties and Responsibilities

The Board is responsible for the management, oversight and performance of the Company, including but not limited to the following matters:

#### ***Strategic and Financial Objectives***

- (a) evaluating, approving and monitoring the strategic and financial plans and performance objectives for the Company;
- (b) evaluating, approving and monitoring the annual budgets and business plans;
- (c) evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions including the issue of any securities of the Company;
- (d) evaluating and approving the annual and half year financial reports and associated announcements and disclosures;
- (e) monitoring other material reporting and external communications by the Company including financial projections and or statements as to future financial performance;

- (f) approving the payment of dividends; and
- (g) appointing external auditors.

#### ***Board and Management***

- (h) nomination and remuneration of Directors;
- (i) appointment of the Chair;
- (j) evaluation of Board and individual Director performance;
- (k) appointing, removing and managing the performance of, and the succession planning for, the Chief Executive Officer;
- (l) overseeing and ratifying the terms of appointment and, where appropriate, removal, of senior management (being those persons reporting directly to the Chief Executive Officer), including their remuneration;
- (m) monitoring senior management performance and their implementation of strategy and ensuring appropriate resources are available;
- (n) control of membership and Charters of Board Committees; and
- (o) corporate governance matters relating to the Board and senior management and matters of principle regarding corporate governance.

#### ***Risk and Compliance Management***

- (p) monitoring the Company's performance in relation to best practice principles of corporate governance;
- (q) approving and monitoring the Company's risk management strategy and internal controls and accountability systems and their effectiveness;
- (r) approving and monitoring compliance with the Company's Code of Conduct and other policies; and
- (s) monitoring and reviewing the Company's operations in relation to, and compliance with, legal and regulatory requirements.

#### ***Secretarial and Other***

- (t) convening of shareholder meetings;
- (u) issuing shares, equity instruments or other securities;
- (v) disclosure of Directors' interests;
- (w) major litigation;
- (x) continuous disclosure and shareholder communications;
- (y) related party transactions;
- (z) insider trading;
- (aa) design of any short or long-term incentive plans to employees of the Company including, but not limited to employee share and option plans; and

- (ab) authorisation of expenditure in excess of Chief Executive Officer delegations

### **3.2 Powers**

The Board also has the power to:

- (a) initiate and adopt corporate plans, commitments and actions;
- (b) initiate and adopt changes in accounting principles and practices;
- (c) provide advice and counsel to the Chief Executive Officer;
- (d) instruct and review the actions of any Committee and of the Chief Executive Officer;
- (e) make recommendations to shareholders;
- (f) direct the management of the Company's business;
- (g) delegate to Board Committees, to a Director or to any other person authority to perform any of the Board functions and to exercise any of its powers;
- (h) meet from time to time without management present; and
- (i) act as to all other matters not requiring member approval.

### **3.3 Delegation to Senior Management**

The Board has delegated the day to day management of the Company to the Chief Executive Officer who in turn may delegate to senior management. This delegation includes:

- (a) developing business plans, budgets and company strategies for consideration by the Board and, to the extent approved by the Board, implementing those plans, budgets and strategies;
- (b) operating the business of the Company within the parameters determined by the Board and keeping the Board promptly informed of all developments material to the Company and its business;
- (c) where proposed transactions, commitments or arrangements to be undertaken by management exceed limits authorised by the Board, referring the matter to the Board for consideration and approval;
- (d) identifying and managing operational risks and formulating strategies for managing those risks for consideration by the Board;
- (e) managing the Company's financial and other reporting mechanisms and control and monitoring systems to ensure that they capture all relevant material information on a timely basis and are functioning effectively;
- (f) ensuring that the Board is provided with sufficient information on a timely basis in relation to the Company's business and, in particular, in relation to the Company's performance, financial condition, operating results, risks and prospects to enable the Board to discharge its duties;
- (g) implementing the policies, processes and codes of conduct approved by the Board.

## **4. COMPOSITION AND STRUCTURE OF THE BOARD**

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### **4.1 Number of Directors**

The Constitution allows for up to a maximum of twelve Directors, with a minimum of three Directors.

### **4.2 Majority of Independent Directors**

The Board should comprise a majority of independent Directors, with independence being determined by the Board in accordance with the criteria set out below (section 6). The Board will assess the independence of each Director at least annually.

### **4.3 Term of Office – Non-executive Directors**

Non-executive Directors should be willing to serve for not less than that period of time determined by the Board at the time of the non-executive Director's appointment before retiring from the Board. Each non-executive Director will resign pursuant to ASX guidelines unless the other Directors unanimously request that Director to continue in office. In that case the non-executive Director will continue as a Director until he or she resigns or does not stand for re-election or another Director does not approve of him or her standing for re-election.

### **4.4 Contribution**

No non-executive Director should consider that support for re-election is automatic. If the contribution of a non-executive Director is determined by the Board to be inadequate or harmful to the proper functioning of the Board then the Board may request such non-executive Director to resign. If he or she does not do so the Board may resolve to instruct the Company Secretary to inform shareholders that the Board does not support the re-election of the non-executive Director at the annual general meeting at which he or she is due to next offer himself or herself for re-election.

### **4.5 Term of Office – Executive Directors**

Executive Directors must resign from the Board upon ceasing to hold an executive position with the Company. They may be eligible for re-appointment as a Director if they fulfil the criteria for non-executive Directors.

### **4.6 Terms of Appointment**

Each Director will enter into a formal appointment document with the Company setting out the terms and conditions of the Director's appointment.

### **4.7 Notifications**

Each Director must notify the Chair and the Human Capital Committee before accepting any other position (whether executive or non-executive and paid or unpaid) which may affect, or could be perceived as affecting, his or her ability to perform the duties of a Director of the Company.

### **4.8 Code of Conduct**

Each Director is bound by the Code of Conduct of the Company.

#### **4.9 Skills and capabilities of Board and Directors**

The Board should adopt and regularly review a skills matrix that defines a set of skills appropriate for the Board to discharge its duties having regard to the current and future strategies and operational priorities of the Company.

Directors should be appointed having regard to meeting the skills required in the skills matrix and ensuring a diversity of skills, experience, backgrounds and gender.

### **5. CHAIRMAN'S RESPONSIBILITIES**

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#### **5.1 Non-executive Chair**

The Directors will appoint one of the Non-executive Directors as Chair of the Board.

#### **5.2 Responsibilities of the Chair**

The Chair is responsible for the leadership of the Board, for ensuring that the Board functions effectively and for communicating the views of the Board to the public. The Chair's responsibilities include:

- (a) setting the agendas for Board meetings;
- (b) leadership and effective performance of the Board;
- (c) managing the conduct, frequency and length of Board meetings with a view to ensuring that the Board has an in-depth understanding of the Company's financial position and performance and opportunities facing the Company;
- (c) facilitating open and constructive communications between Directors and encouraging their contribution as Directors;
- (d) facilitating open and constructive communications between the Board and the Chief Executive Officer;
- (e) establishing protocol to take effect on occasions when the Chairman is absent from Board meetings

### **6. INDEPENDENCE OF DIRECTORS**

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#### **6.1 Test of Independence**

In assessing whether a Director is independent, the Board will have regard to the independence criteria in ASX Corporate Governance Principle 2. In addition, the Board will consider other facts, information and circumstances deemed relevant by the Board.

Should the Board propose to discuss any matter which gives rise or may give rise to a conflict or a possibility of a conflict of interest between the duties and obligations of the Director to the Company and to another Company or interest, the Director of the Company must not be present while the matter is being considered and must not vote on the matter. A Director may request the meeting be postponed or temporarily adjourned to allow provision of legal advice on whether the Director can be present while the matter is being considered and vote on the matter in question. Where appropriate, the other Directors of the Board may pass a resolution that states the nature and extent of the conflict, or possible conflict, has been considered and the matter should not disqualify the Director of the Company from being present or voting.

The Board will assess independence upon appointment and will review their independence, as appropriate.

## **6.2 Materiality**

The Board will determine relevant materiality thresholds for the purposes of determining independence from time to time. The Board will regularly assess the independence of each Director having regard to the information disclosed by each Director.

## **6.3 Directors Obligations**

Each Director must notify the Board of any circumstances (including family ties and cross- Directorships) which may reasonably be perceived as potentially affecting the independence of that Director, upon such circumstances becoming imminent or, in any event, immediately upon such circumstances occurring.

# **7. PROCEEDINGS**

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## **7.1 Frequency and Notice**

The Board will meet, and notice will be given of such meeting, in accordance with the Constitution. Resolutions of the Board may be passed by circular written resolution as permitted by the Company's Constitution.

## **7.2 Board Papers**

Supporting papers for each meeting of the Board will be distributed by the Company Secretary to all Directors a reasonable time in advance of the meeting.

## **7.3 Meeting Quorum**

The Chair will take reasonable measures to ensure that where possible, in accordance with the Constitution, a quorum is formed for each meeting and for each agenda item.

## **7.4 Attendance of Others**

The Chair of the meeting may request the attendance of any person at a meeting who is responsible for, or associated with, a matter included as an agenda item at a meeting. The Company Secretary will act as secretary to the Board and attend meetings of the Board unless the Board resolves otherwise.

## **7.5 Non-executive Director Meetings**

The non-executive Directors may meet in the absence of management to conduct a non- executive discussion of Board and management issues as they reasonably require.

## **7.6 Minutes**

Minutes of meetings of the Board must be prepared and circulated to the Chair for approval within one month of the meeting and, once approved by the Chair, circulated as part of the Board meeting information pack to all Directors for approval at the next meeting.

## **8. BOARD COMMITTEES AND DELEGATION**

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### **8.1 Committees**

The Board may establish Committees to assist in the discharge of its responsibilities from time to time. At present, the Board has established the following Committees:

- (a) Audit and Risk Committee; and
- (b) Human Capital and Nominations Committee;

### **8.2 Charters**

The Board will adopt Committee Charters in respect of all Committees, addressing the composition, responsibilities, administration and any other matters the Board determines relevant to such Committee.

### **8.3 Attendance of Directors at Committee Meetings**

Any Director may be invited to attend meetings of Committees of which he or she is not a member. On appropriate notice any non-executive Director may attend meetings of any Committee of which he or she is not a member.

## **9. ASSESSMENT AND EVALUATION OF BOARD PERFORMANCE**

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### **9.1 Evaluation**

The Board will, at least once in each financial year, complete a performance evaluation:

- (a) of the Board and of individual Directors and assess the performance of the Board and individual Directors against the requirements of this Charter, against criteria determined by the Board from time to time and against the requirements of the Constitution; and
- (b) establishing the goals and objectives of the Board for the forthcoming year.

The Company will provide opportunities for Directors to further develop and maintain skills and knowledge needed to perform their role as Directors effectively.

### **9.2 Procedures**

The Board will determine the manner and form of the performance evaluation.

## **10. RELATED PARTY TRANSACTIONS AND DISCLOSURES OF INTEREST**

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### **10.1 Related Party Transactions**

Directors, or entities in which a Director has a significant interest or over which he or she has significant influence, who enter into a transaction with the Company or its controlled entities (other than a transaction involving the payment of Directors' remuneration) must make full disclosure to the Company.

All such transactions must be approved by the Audit and Risk Committee in advance of committing the Company or its controlled entities.

### **10.2 Declaration of Material Personal Interests**

Directors must disclose all matters involving the Company or its controlled entities in which they have a material personal interest.



Disclosure may be made either by giving notice on a specific transaction basis or as a standing notice. Notices must be in writing, must include details of the nature and extent of the interest of the Director in the matter, must show the relation of the interest to the affairs of the Company or its controlled entities (other than in the case of a standing notice) and must be given to each Director and tabled at the next Board meeting. The Company Secretary will record details of the notice in the minutes of the meeting.

Directors must provide new notices if the nature and extent of their interest changes at any time.

The Company Secretary will maintain a register of notices tabled at Board meetings and will make this register available to new Directors when appointed.

Where a matter in which a Director has a material personal interest, whether or not declared, is being considered at a Board meeting, that Director must not:

- (a) be present while the matter is being considered, or
- (b) vote on the matter;

unless Directors who do not have a material personal interest in the matter pass a resolution that:

- (c) identifies the Director, the nature and extent of the Director's interest in the matter and its relation to the affairs of the Company or its controlled entities; and
- (d) states that those Directors are satisfied that the interest should not disqualify the Director from voting or being present.

## **11. INDEPENDENT ADVICE AND ACCESS TO INFORMATION**

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### **11.1 Independent Advice to the Board**

The Board is entitled to obtain external legal or other independent professional advice in relation to any Board matter and to seek the attendance of such advisers at meetings if it is considered necessary.

### **11.2 Independent Advice to Directors**

A Director is entitled to obtain external legal or other independent professional advice in relation to the performance of his or her duties as a Director of the Company, and to seek the attendance of such advisers at meetings if it is considered necessary provided the Director:

- (a) informs the Chair of the reason for seeking advice, of the name of the person from whom the advice will be sought and of the estimated cost of the advice; and
- (b) obtains the consent of the Chair to the Director obtaining the advice.

### **11.3 Chairperson's Consent**

The Chair must not unreasonably withhold consent to a Director seeking external legal or other independent professional advice or seeking attendance of advisers. The Chair must inform the other Directors of any such request for consent from a Director as soon as possible.

#### **11.4 Copies of Advice**

The details or copies of the advice so obtained must be provided to the Board as soon as possible after the advice is obtained unless the Director who sought the advice requests not to disclose the advice and is able to demonstrate that the advice obtained is personal to his or her specific lawful performance, duties and/or responsibilities as a Director or is able to demonstrate that the disclosure of the advice would compromise the legal professional privilege that attaches to the advice and that retaining that privilege would be in the best interests of the Company.

#### **11.5 Cost of Advice**

The costs reasonably incurred in obtaining external legal or other independent professional advice by the Board or a Director are reimbursable by the Company.

#### **11.6 Access**

The Board and any Director is authorised to seek any information they require from any employee of the Company or its controlled entities or from any other source.

### **12. INDEMNITY AND INSURANCE**

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Unless the Board resolves otherwise each Director will enter into a deed with the Company whereby:

- (a) to the extent permitted by law, the Company will indemnify the Director against liability arising out of the discharge of the Director's duties;
- (b) the Company agrees to maintain insurance for the Director against liability incurred in his or her capacity as a Director for the term of his or her appointment and for seven years after cessation of that term; and
- (c) the Company agrees to maintain all Board papers relating to the Director's term of office and to make those papers available to the Director for a period of seven years after cessation of office to the extent required under the Corporations Act.

### **13. REVIEW OF CHARTER**

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The Company's Board of Directors approved this Charter on 20 December 2017.

The Board will review this Charter and the Committee Charters as often as the Board determines appropriate and make any changes it determines necessary or desirable.

### **14. ACCESS TO THE CHARTER**

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This Charter will be available for viewing by any person on the Company's website.