

# BOARD CHARTER

Effective 28<sup>th</sup> August 2019



## 1. PURPOSE

- 1.1 The purpose of the Charter is to set down the role, composition, authority, responsibilities and conduct of the Board of Directors of AUB Group Limited (**AUB Group or The Company**) in the governance framework of the Company and its wholly-owned entities (**The Group**).
- 1.2 This Charter is subject to the Corporations Act and the Constitution of the Company.

## 2. MEMBERSHIP

- 2.1 The Constitution of the Company provides for a minimum of three (3) directors and a maximum of ten (10) directors. The Board has adopted a policy of having six (6) directors – comprising five (5) non-executive, and one (1) executive director, namely (the CEO). The Board may review this policy from time to time.
- 2.2 The Board must have a majority of independent directors (as the term "independence" is defined in the "Principles of Good Corporate Governance and Best Practice Recommendations" issued by the ASX Corporate Governance Council).
- 2.3 The Chairperson of the Board must be an independent non-executive director.
- 2.4 The Board has adopted the policy that no non-executive director may hold office continuously as a director for more than (10) years the director's appointment.
- 2.5 The Board must collectively have an appropriate mix of skills and experience to appropriately discharge their responsibilities set out in this Charter.
- 2.6 Each Director must be of fit and proper character, financially literate and have sufficient capacity to discharge their duties as a director taking into account their other commitments as disclosed to the Board.
- 2.7 Each Director is required to comply with the Company's Conflicts of Interest Policy including but not limited to notifying the Board of any potential or actual conflict of interest with the Company as soon as the Director identifies the conflict.

## 3. SEPARATION OF FUNCTION

- 3.1 The roles of the Chairman and Chief Executive Officer are strictly separated.



### 3.2 The Chairman is responsible for:

- leading the Board in the performance of its role and responsibilities;
- ensuring the regular evaluation of the performance of the Board, its Committees and its individual directors;
- Chairing Board meetings;
- facilitating effective discussion at Board meetings;
- liaising with the Company Secretary on matters relating to the operation of the Board and ensuring that the Company has an appropriate and effective corporate governance framework in place; and
- ensuring effective communications with shareholders.

### 3.3 The Chief Executive Officer is responsible for:

- the efficient and effective operation and administration of the Group;
- ensuring the directors are provided with accurate and clear information in a timely manner to promote effective decision-making by the Board; and
- ensuring all material matters affecting the Group are brought to the Board's attention.

## 4. ROLES AND RESPONSIBILITIES

### 4.1 The Board is responsible for:

- charting all direction, and developing the objectives, policies and strategies of the Group;
- monitoring the implementation of that direction and of those objectives, policies and strategies;
- monitoring compliance with regulatory requirements and ethical standards;
- financial oversight of the Company including its ability to pay its debts as and when they fall due;
- reviewing the Company's risk management framework and assessing its effectiveness in relation to material risks posed to the Company and its business;
- oversight of the Company's internal financial and operational controls;
- approval of all governance policies applicable to the Company including any policies relating to disclosure of market sensitive information and trading in the Company's securities by the Company's Directors, officers, employees or contractors;



- appropriate communication and stakeholder management with shareholders and shareholder representatives;
- setting the Company's dividend policy; and
- appointing, terminating and reviewing the performance of the Chief Executive Officer

**4.2** Without limiting 4.1, the Board has specific responsibility for:

- monitoring and assessing management's performance in achieving any strategies and budgets approved by the Board;
- setting criteria for, and evaluating at least annually, the performance of the Chief Executive Officer;
- reviewing on a regular and continuing basis:
  - executive succession planning (particularly for the Chief Executive Officer); and
  - executive development activities.

**4.3** In performing its role and responsibilities the Board should at all times act:

- honestly, fairly and in accordance with the Company's Code of Conduct;
- in a manner designed to create and continue to build sustainable value for shareholders; and
- in accordance with the duties and obligations imposed upon them by the Constitution and by law.

## **5. POWERS**

**5.1** The Board retains ultimate authority in relation to the Company.

**5.2** The Board may delegate authority from time to time to the Chief Executive Officer and senior management on certain matters (other than those specific matters reserved for the Board in this Charter) provided that such delegations are clearly documented and regularly reviewed at least annually to ensure that they are appropriate to the scale and complexity of the Company's business.

**5.3** Subject to the specific limits set out in the Company's Delegations of Authority, the Board delegates the day-to-day operation of the business of the Company to the Chief Executive Officer.



**5.4** In addition to the matters expressly required by law to be approved by the Board, the following powers are specifically reserved to the Board:

- appointment of the Chief Executive Officer and determination of his or her terms and conditions of employment (including remuneration);
- appointment of the Company Secretary who is accountable directly to the Board, through the Chair, on all matters relating to the proper functioning of the Board;
- any matters in excess of authority that it may from time to time have delegated to the Chief Executive Officer and senior management on particular matters; and
- approvals of each of the following:
  - the strategic plan, at least annually;
  - the budget, at least annually;
  - the remuneration and conditions of service, including financial incentives, of any executive directors, and their direct reports, at least annually;
  - significant changes to the organisational structure and the appointment of such senior officers as the Board may determine;
  - the acquisition, establishment, disposal or cessation of any significant business of the Group;
  - the issue of any shares, options, equity instruments or other securities in or by any Group member;
  - any public statements which reflect significant issues of Group direction, objectives, policy and strategy; and
  - any change to the authority delegated by the Board to the Chief Executive Officer or senior management.

## **6. MEETINGS**

**6.1** The Board should ideally meet at least six (6) times each financial year but not less than four (4) times each financial year.

**6.2** Directors are required to attend all Board meetings unless leave from the Chairman is first sought.

**6.3** A quorum shall comprise of three (3) directors entitled to vote on a given resolution.

**6.4** The non-executive directors may meet on an ad hoc basis for private discussion of management issues as the circumstances require.



- 6.5** The Agenda for each Board meeting shall be prepared by the Company Secretary in consultation with the Chairman.
- 6.6** Board papers are to be provided to the Board in sufficient time for the directors to adequately assess the content of the papers.
- 6.7** The Company Secretary will take suitable minutes of each Board meeting and will circulate the minutes in a timely manner to the Board to properly document the discussion and any resolutions passed at the meeting. Once the Board has approved and adopted the minutes, the Chairman or any other member of the Board nominated for this purpose may sign the minutes as an accurate record of the meeting.

## **7. BOARD COMMITTEES**

- 7.1** The Board may from time to time establish Committees to assist it in carrying out its role and responsibilities, and must adopt a charter for each of those Committees setting out matters relevant to its composition, responsibilities and administration, and other matters the Board considers appropriate.
- 7.2** The Board will as a minimum establish the following Committees:
- an Audit and Risk Management Committee;
  - a Nomination Committee; and
  - a Remuneration and People Committee.

## **8. INDEPENDENT ADVICE**

After consultation with the Chairman, the Board as a whole or any individual director may seek independent professional advice at the Company's expense. Following its receipt, such advice should normally be made available to all directors.

## **9. BOARD PERFORMANCE**

The Board will maintain a Board Skills matrix and regularly evaluate its performance and the performance of its Committees and individual directors to ensure that the Board has the appropriate mix of skills and experience for the effect conduct of its role and responsibilities. Where gaps in skills or experience are identified or a vacancy on the Board is required to be filled, the Board may identify and nominate new Directors. An external consultant may be engaged to assist the Board with this process.