

AUB GROUP LIMITED BOARD CHARTER

Effective 1st July 2020



1. INTRODUCTION

1.1 PURPOSE OF THE CHARTER

The purpose of this Board Charter (**Charter**) is to set down the role, composition, authority, responsibilities and conduct of the Board of Directors of AUB Group Limited (**Company**) in the governance framework of the Company and its wholly-owned entities (**Group**). This Charter is subject to the *Corporations Act 2001* (Cth) (**Corporations Act**) and the Constitution of the Company (**Constitution**).

1.2 ROLE OF THE BOARD

The Board is responsible for the overall operation and stewardship of the Company, and, in particular, for the long-term growth and profitability of the Company, the strategies, policies and financial objectives of the Company, and for monitoring the implementation of those policies, strategies and financial objectives, including the responsibilities set out below.

In performing the responsibilities set out in this Charter, the Board should act at all times in a manner that:

- (a) demonstrates leadership;
- (b) is designed to create and continue to build sustainable value for shareholders;
- (c) is in accordance with the Company's values; and
- (d) is in accordance with the duties and obligation imposed by the Constitution and by law.

2. ROLES AND RESPONSIBILITIES OF THE BOARD

2.1 STRATEGY

The role of the Board in respect of strategy includes:

- (a) defining the Company's purpose and setting its strategic objectives and plans; and
- (b) approving the Company's statement of values and code of conduct (**Code of Conduct**) to underpin the desired culture within the Company.



2.2 RISK MANAGEMENT AND REPORTING

The Board is ultimately responsible for the Company's risk management framework and is responsible for the oversight of its operation by management. In particular, the Board must ensure that:

- (a) it sets the risk appetite within which it expects management to operate and approves the institution's risk appetite statement and risk management strategy (RMS) which should encompass financial and non-financial risks;
- (b) it forms a view of the risk culture in the Company, and the extent to which that culture supports the ability of the Company to operate consistently within its risk appetite, identify any desirable changes to the risk culture and ensures the Company takes steps to address those changes;
- (c) senior management of the Company monitor and manage all material risks consistent with the strategic objectives, risk appetite statement and policies approved by the Board;
- (d) the operational structure of the Company facilitates effective risk management;
- (e) policies and processes are developed for risk-taking that are consistent with the RMS and the established risk appetite;
- (f) sufficient resources are dedicated to risk management; and
- (g) it recognises uncertainties, limitations and assumptions attached to the measurement of each material risks.

2.3 FINANCIAL MANAGEMENT

The role of the Board is responsible for:

- (a) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- (b) approving operating budgets and major capital expenditure;
- (c) overseeing the financial performance and conditions of the Company including its ability to pay its debts as and when they fall due; and
- (d) setting the Company's dividend policy.

2.4 RELATIONSHIP WITH MANAGEMENT

The role of the Board in relation to management includes:

- (a) appointment and removal of the Chief Executive Officer (or equivalent) (CEO) and the



Company Secretary;

- (b) ratifying the appointment and removal of senior executives (which includes all executives who report directly to the CEO);
- (c) overseeing management in its implementation of the Company's strategic objectives and instilling the Company's values and performance generally;
- (d) determining whether the remuneration and conditions of service of senior executives are appropriate and consistent with the approved remuneration policies and framework;
- (e) establishing and monitoring executive succession planning, with gender diversity being a relevant consideration;
- (f) delegating the day-to-day decision making and implementation of Board approved strategy to the CEO;
- (g) setting specific limits of authority for management;
- (h) satisfying itself that an appropriate framework exists to facilitate reporting of relevant information by management to the Board; and
- (i) where required, challenging management so as to hold it to account.

2.5 MONITORING OF PERFORMANCE

The role of the Board in respect of performance monitoring includes:

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

2.6 CORPORATE GOVERNANCE

The role of the Board in respect of corporate governance includes:

- (a) selecting and appointing the Chair;
- (b) approving the Company's statement of values and Code of Conduct;



- (c) approving the Company's remuneration policies and framework and having satisfied itself that they are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- (d) ensuring ethical behaviour and compliance with the Company's governing documents, including the Code of Conduct;
- (e) 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
- (f) monitoring the effectiveness of the Company's governance practices.

2.7 BOARD COMMITTEES

The Board may from time to time establish committees to assist it in carrying out its role and responsibilities (Committees), 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. The Board will as a minimum establish the following Committees:

- (a) an Audit and Risk Management Committee;
- (b) a Nomination Committee; and
- (c) a Remuneration and People Committee.

3. BOARD COMPOSITION AND RELATED MATTERS

3.1 BOARD SIZE

The directors of the Company (Directors) may determine the number of Directors, subject to the Constitution, a minimum of three (3) Directors and a maximum of ten (10) Directors.

3.2 BOARD COMPOSITION

The Board must comprise:

- (a) a majority of people who are independent Directors; and
- (b) people who collectively have an appropriate mix of skills and experience to appropriately discharge their responsibilities set out in this Charter.



3.3 CHAIR

The chair of the Board (Chair) should be independent and should not hold the role of the CEO. The Chair is responsible for:

- (a) leading the Board in the performance of its role and responsibilities;
- (b) ensuring the regular evaluation of the performance of the Board, its Committees and its individual Directors, including facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and management;
- (c) chairing Board meetings;
- (d) facilitating effective discussion at Board meetings, including approving Board agendas and ensuring that adequate time is available for discussion of all agenda items, including strategic issues;
- (e) 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
- (f) ensuring effective communications with shareholders.

3.4 COMPANY SECRETARY

The Company Secretary will:

- (a) be appointed and removed by the Board;
- (b) report to and be accountable to the Board on all matters to do with the proper functioning of the Board and its Committees; and
- (c) perform the role in accordance with Recommendation 1.4 of the Corporate Governance Principles and Recommendations (4th edition) of the ASX Corporate Governance Council.

3.5 INDEPENDENT DIRECTORS

A Director will be considered independent from the Company if they have no business or other relationship which could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Examples of such relationships include:

- (a) is, or has been, employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;



- (b) receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- (c) is, or has been within the last three years, in a material business relationship (such as a material supplier or customer) with the Company or other group member, or an officer of, or otherwise associated directly or indirectly with, someone with such a relationship;
- (d) represents, or is or has been within the last three years, an officer or employee of, or professional adviser to, a substantial shareholder;
- (e) has close personal ties with any person who falls within any of the categories described above; or
- (f) has been a Director of the Company for such a period that his or her independence from management and substantial shareholders may have been compromised.

Family ties and cross-directorships may be relevant in considering interests and relationships, which may compromise independence, and should be disclosed by Directors to the Board.

The Board will regularly review the independence of each Director in light of interests disclosed and will disclose any change to ASX, as required by the ASX Listing Rules.

The Board has adopted the policy that a Director will in the ordinary course hold office continuously as a Director for no more than (10) years from the date following their first election to the Board. In circumstances where it is considered in the Company's best interests for a Director to serve beyond the 10 year period that director's re-election will be subject to a shareholders vote at each subsequent Annual General Meeting following the expiry of their 10 years as a non-executive Director.

3.6 APPOINTING NEW DIRECTORS

When considering the appointment of a person as a Director, the Board will undertake appropriate checks before appointing that person, or putting the person forward to shareholders as candidate for election as a Director. These checks will include the candidate's character, experience, education, criminal record and bankruptcy history.

A candidate standing for election as non-executive Director will be asked to provide the Board, or the Nomination Committee of the Board, with the necessary information so as to enable shareholders to make an informed decision as to whether to elect or re-elect the candidate. The candidate will also be asked to provide details of any commitments that will be in addition to those they will undertake if elected or re-elected as a non-executive Director of the Company, including a statement they have sufficient time to fulfil their responsibilities as a Director of the Company.



4. MANAGEMENT AND DELEGATION

4.1 CEO AND MANAGEMENT

The Board may delegate authority from time to time to the CEO 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.

Subject to any specific limits determined by the Board from time to time, the Board delegates the day-to-day operation of the business of the Company to the CEO.

The CEO has authority to sub-delegate to the senior management team.

4.2 DELEGATION TO MANAGEMENT

The role of management is to support the CEO (or equivalent) and implement the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. The delegated authority includes responsibilities for:

- (a) developing business plans, budgets and strategies for the Company for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- (b) operating the Company's business within the parameters set by the Board from time to time and keeping the Board informed of all material developments in the Company's business;
- (c) in respect of proposed transactions, commitments or arrangements that exceed the parameters set by the Board, referring such matters to the Board for its consideration and approval;
- (d) identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses, formulating strategies for managing these risks for consideration by the Board; and
- (e) implementing the policies, processes and codes of conduct approved by the Board.

4.3 SENIOR EXECUTIVES

The Company will have:

- (a) a written agreement with each person appointed as a senior executive of the Company setting out the terms of their appointment; and
- (b) a process for ensuring the performance of senior executives of the Company are reviewed at least annually.



The senior executive team is responsible for implementing the Company's strategic objectives and instilling and reinforcing its values, all while operating within the values, Code of Conduct, budget and risk appetite set by the Board. The Executive Management Team is also responsible for ensuring the Directors are provided with accurate and clear information in a timely manner to promote effective decision-making by the Board, which is not just limited to information about the financial performance of the Company, but also its compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values the Company or Code of Conduct.

4.4 MATTERS RESERVED TO THE BOARD

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

- (a) all responsibilities specified in clause 2 of this Charter; and
- (b) approvals of each of the following:
 - (i) the strategic plan, at least annually;
 - (ii) the budget, at least annually;
 - (iii) the remuneration and conditions of service, including financial incentives, of any executive Directors, and their direct reports, at least annually;
 - (iv) significant changes to the organisational structure and the appointment of such senior officers as the Board may determine;
 - (v) the acquisition, establishment, disposal or cessation of any significant business of the Group;
 - (vi) the issue of any shares, options, equity instruments or other securities in or by any Group member;
 - (vii) any public statements which reflect significant issues of Group direction, objectives, policy and strategy; and
 - (viii) any change to the authority delegated by the Board to the CEO or senior management.

5. OTHER MATTERS

5.1 MEETINGS

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

Directors are required to attend all Board meetings unless leave from the Chair is first sought and granted.



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

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

The agenda for each Board meeting shall be prepared by the Company Secretary in consultation with the Chair.

Board papers are to be provided to the Board in sufficient time for the Directors to adequately assess the content of the papers.

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 Chair or any other member of the Board nominated for this purpose may sign the minutes as an accurate record of the meeting.

5.2 INDEPENDENT ADVICE

After consultation with the Chair, the Board as a whole or any individual Director may seek independent professional advice at the Company's expense when necessary to discharge their responsibilities as Directors. Following its receipt, such advice should normally be made available to all Directors.

5.3 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.

5.4 CONFLICTS OF INTERESTS

The Board will agree, and Directors will abide by the following:

- (a) declaring their interests as required under the Corporations Act, ASX Listing Rules and general law requirements;
- (b) unless the Directors (without a relevant personal interest) agree otherwise, where any Director has a material personal interest in a matter, the Director will not be permitted to vote or take part in any discussion concerning the matter or at a Directors' meeting where that matter is being considered;
- (c) Directors must not:
 - (i) allow personal interests to conflict with the interests of the Company; or



- (ii) disclose confidential information, unless the disclosure has been authorised by the Company or is required by law;
- (d) all Directors will abide by the terms of the Share Trading Policy of the Company; and
- (e) in addition to these requirements, if there are nominee Directors representing a major shareholder they must act in accordance with agreed relationship protocols for addressing conflicts.

5.5 REVIEW OF THIS CHARTER

The Board is responsible for reviewing this Charter and the division of functions and responsibilities between the Board and management to ensure that these continue to be appropriate to the needs of the Company from time to time. This Charter may be amended by resolution of the Board.

6. MATERIAL REVISIONS

Version	Approval Date	Effective Date	Details
1.0	28 August 2019	28 August 2019	Policy approved by AUB Group Board.
2.0	30 June 2020	1 July 2020	Policy approved by AUB Group Board.