

## Board of Directors Charter

ADM-PRC-L-004

Uncontrolled if printed

0	26.11.19	ISSUED FOR USE	JC	PDL	26.11.19
REV NO.	ISSUE DATE	DESCRIPTION OF REVISION	BY	APPROVED	Lycopodium Limited Board APPROVED

## Table of Contents

	<i>Page</i>
<b>1.0 PURPOSE</b>	<b>1</b>
<b>2.0 ROLE</b>	<b>1</b>
<b>3.0 BOARD SIZE AND COMPOSITION</b>	<b>3</b>
<b>4.0 INDEPENDENCE</b>	<b>3</b>
<b>5.0 MEETINGS</b>	<b>4</b>
<b>6.0 BOARD COMMITTEES</b>	<b>4</b>
<b>7.0 CHAIRPERSON</b>	<b>5</b>
<b>8.0 MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER</b>	<b>6</b>
<b>9.0 COMPANY SECRETARY</b>	<b>6</b>
<b>10.0 AUTHORITY DELEGATED TO SENIOR MANAGEMENT</b>	<b>7</b>
<b>11.0 ACCESS TO ADVICE</b>	<b>7</b>
<b>12.0 CODE OF CONDUCT</b>	<b>8</b>
<b>13.0 DISCLOSURE POLICY</b>	<b>8</b>
<b>14.0 ASSESSMENT</b>	<b>8</b>

Lycopodium Limited's (the Company) Board of Directors (the Board) is elected to represent shareholders' interest in the direction and management of the Company together with the interests of its employees, customers and the local communities where it operates.

This Board of Directors Charter (Board Charter) sets out the corporate governance framework by which this is to be achieved including the composition, functions and responsibilities of the Board and matters affecting Directors in execution of their duties.

## **1.0 PURPOSE**

1.1 The Board is responsible for:

- a. approving the strategic direction, strategies and financial objectives of the Company and appropriate resources are available;
- b. monitoring the implementation of the Company's policies and strategies and the achievement of financial objectives;
- c. reporting to shareholders and the investment community on the performance and state of the Company; and
- d. appointing and removing the Managing Director and/or Chief Executive Officer, determining their remuneration, terms and conditions of employment and assessment of the Managing Director and/or Chief Executive Officer's performance and monitoring senior executives performance.

1.2 In performing the responsibilities set out above, the Board has the responsibility to act at all times:

- a. in a manner designed to create and build sustainable value for shareholders; and
- b. honestly and ethically, diligently and in accordance with the duties and obligations imposed on it by the Company's Constitution and by law.

## **2.0 ROLE**

2.1 In addition to matters expressly required by law to be approved by the Board, power specifically reserved for the Board include:

- a. reviewing and approving each of the following:
  - i) systems of risk management, internal control and compliance, codes of conduct, continuous disclosure and legal compliance;
  - ii) external financial and other reporting to shareholders and the financial market; and

- 
- iii) major capital expenditure, capital management, acquisitions and divestments.
  - b. any matters in excess of authorities that it may have delegated to the Managing Director/Chief Executive Officer and senior management;
  - c. providing input into and approval of the Company's strategic plan;
  - d. reviewing and approving business plans and budgets, including the setting of performance objectives;
  - e. monitoring the Company's operational, financial position and performance;
  - f. approving the Company's financial policies and financial statements;
  - g. monitoring compliance with control and accountability systems, regulatory requirements and ethical standards;
  - h. on the Managing Director/Chief Executive Officer's recommendation ratifying the appointment, and when appropriate the removal of, the Chief Financial Officer, Company Secretary and other senior executives reporting to the Managing Director/Chief Executive Officer;
  - i. reviewing and approving remuneration and conditions of service, including financial incentives, for the Chief Financial Officer, Company Secretary and other senior executives reporting to the Managing Director/Chief Executive Officer;
  - j. reviewing on a regular and continuing basis;
    - i) executive succession planning (in particular for the Managing Director/Chief Executive Officer); and
    - ii) executive development activities.
  - k. approving the issue of any securities in the Company;
  - l. approving any public statements which reflect significant issues of the Company's policies or strategy;
  - m. appointing, re-appointing or removing the Company's external auditors (on the recommendation of the Audit Committee); and
  - n. approving any changes to the powers of the Board.

---

## **3.0 BOARD SIZE AND COMPOSITION**

### **3.1 Board Size**

- a. The Board is to be structured in accordance with the Company's Constitution and is to consist of a minimum of three (3) members and up to a maximum of ten (10) members.
- b. The Board's composition is reviewed regularly to ensure the appropriate mix of skills and expertise is present.

### **3.2 Board Membership**

- a. In appointing new Board members, consideration is given to the appointee's ability to contribute to the Board's ongoing effectiveness, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively, and to contribute to the development of the Company's strategic direction.
- b. Each Director is to have a formal job description and letter of appointment setting out the key terms and conditions relevant to their appointment.
- c. No Board member may serve for more than three (3) years or past the third Annual General Meeting following their appointment, whichever is the longer, without being elected by the shareholders.
- d. Retirement and rotation of Directors are governed by the Corporations Act 2001 and the Company's Constitution. Each year one third of Directors must retire and offer themselves for re-election. Any casual vacancy filled will be subject to the shareholder vote at the Company's next Annual General Meeting.

## **4.0 INDEPENDENCE**

### **4.1 An independent Director is a non-executive Director and:**

- a. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company (as defined under Section 9 of the Corporations Act 2001);
- b. has not been employed in an executive capacity in the Company in the last three (3) years;
- c. has not been a principal of a material professional advisor or a material consultant to the Company, or an employee materially associated with the services provided, in the last three (3) years;

- 
- d. is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
  - e. has no material contractual relationship with the Company other than as a Director; and
  - f. is free of any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the Directors ability to act in the best interests of the Company.
- 4.2 The Board will assess the independence of new Directors on appointment, and the independence of other Directors as appropriate.
- 4.3 Directors must disclose their interests. Director's independence should be regularly assessed by the Board in light of the interests disclosed by them.
- 4.4 Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest.
- 4.5 To facilitate independent judgement in decision, Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.

## **5.0 MEETINGS**

- 5.1 The Board of Directors holds a minimum of ten (10) formal Board meetings per year and may schedule additional meetings, including by telephone or video conference, as required to discharge its duties effectively.
- 5.2 A minimum of two (2) Directors must be present at a Board meeting to constitute a quorum in accordance with the Company's Constitution;
- 5.3 Non-executive Directors may confer at scheduled meetings without management present to discuss the position of the Company and the performance of the senior management team.
- 5.4 The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chairperson and circulated to Directors after each meeting.
- 5.5 Minutes of meetings must be approved at the next Board meeting.

## **6.0 BOARD COMMITTEES**

- 6.1 In accordance with the Company's Constitution, the Board may from time to time establish committees to assist in carrying out its responsibilities and approve Charters setting out matters relevant to the role, composition, rights, responsibilities and administration of such committees.

6.2 The Board has established the following committees:

- a. Audit Committee;
- b. Risk Committee; and
- c. Remuneration Committee.

6.3 The Board is of the opinion that due to the size of the Company, the functions performed by a Nomination Committee can adequately be executed by the Board. This opinion is reviewed annually.

6.4 The Committees are composed of Directors with the necessary skills and experience. Directors who are not Committee members, senior management and other employees may attend Committee meetings by invitation as appropriate.

6.5 Following each Committee meeting, the Board is provided with a verbal report on meeting proceedings by the Committee Chairperson as well as minutes of that meeting. A copy of the Committee papers is available for the Board if required.

6.6 The Board may also delegate specific responsibilities to ad-hoc committees from time to time.

## **7.0 CHAIRPERSON**

7.1 The Chairperson of the Board should be a Non-executive Director and is elected by the Directors.

7.2 The Chairperson is responsible for leadership of the Board, for ensuring that the Board functions effectively and for communicating the views of the Board (including through the Managing Director and/or Chief Executive Officer) to shareholders, the financial community and the public.

7.3 In performing this role, the Chairperson's responsibilities include:

- a. overseeing the efficient organisation and conduct of the Board's function;
- b. setting the agenda of matters to be considered by the Board;
- c. managing the conduct, frequency and length of Board meetings so as to ensure that the Board maintains an in-depth understanding of the Company's performance and the opportunities and challenges it faces;
- d. facilitating open and constructive communications between Board members and encouraging their contribution to Board deliberations;

- e. briefing all Directors in relation to issues arising at Board meetings;
- f. chair General Meetings of the Company; and
- g. exercise such specific and express powers as are delegated to the Chairperson by the Board from time to time.

7.4 The Managing Director should not be the Chairperson of the Company during their terms as Managing Director.

7.5 The Chairperson must be able to commit the time to discharge the role effectively.

7.6 The Chairperson is representative of and spokesperson for the Board.

7.7 In the event the Chairperson is absent from a Board meeting, the Board shall appoint a Chairperson for that meeting.

## **8.0 MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER**

8.1 The roles of Chairperson and Managing Director/Chief Executive Officer are not to be exercised by the same individual.

8.2 The Managing Director/Chief Executive Officer is to have a formal job description and letter of appointment describing their duties. Rights and responsibilities, entitlement on termination, and is to be appointed by the Board.

8.3 The Managing Director/Chief Executive Officer has responsibility for the following functions:

- a. managing administering the day-to-day operations of the Company;
- b. recommending policy and strategic direction for Board approval; and
- c. exercising such specific and express powers as are delegated to the Managing Director/Chief Executive Officer by the Board from time to time.

## **9.0 COMPANY SECRETARY**

9.1 The Company Secretary is to have a formal job description and letter of appointment describing their duties, rights and responsibilities, and entitlement on termination, and is to be appointed by the Board.

9.2 The Company Secretary is to be accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

9.3 Each of the Directors may communicate directly with the Company Secretary and vice versa.



---

## **10.0 AUTHORITY DELEGATED TO SENIOR MANAGEMENT**

- 10.1 The Board has delegated to the Managing Director/Chief Executive Officer and their senior management team authority of the day-to-day management of the Company and its operations. This delegation of authority includes responsibility 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 businesses within the parameters set by the Board from time to time and keeping the Board informed of material developments in the Company's businesses;
  - c. where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter 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;
  - e. managing the Company's current financial and other reporting mechanisms, control and other monitoring systems to ensure these mechanisms and systems 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 regard to the Company's businesses. In particular, its performance, financial condition, operating results and prospects to enable the Board to fulfil its governance responsibilities.
  - g. implementing the policies, processes and codes of conduct approved by the Board; and
  - h. implementing, policies, processes and procedures for the management and development of the Company's employees.

## **11.0 ACCESS TO ADVICE**

- 11.1 Each Director may obtain independent professional advice at the Company's expense to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Committee.
- 11.2 Directors are entitled to reimbursement of all reasonable costs where a request for reimbursement of the cost of such is approved by the Chairperson. In the case of a request made by the Chairperson, approval is required by the Chairperson of the Audit Committee.

---

## 12.0 CODE OF CONDUCT

- 12.1 The Board is to establish a code of conduct to guide the Directors, the Managing Director/Chief Executive Officer, the Chief Financial Officer and other key executives as to:
- a. the practices necessary to maintain confidence in the Company's integrity;
  - b. the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

## 13.0 DISCLOSURE POLICY

- 13.1 The Board is responsible for the Company having in place effective disclosure policies and procedures so that shareholders and the financial market are fully informed to the extent required by the applicable disclosure rules and legislation on matters that may influence the share price of the Company.

## 14.0 ASSESSMENT

- 14.1 The Chairperson is responsible for ensuring that an annual performance evaluation of the Board is undertaken.
- 14.2 The evaluation will:
- a. assess the performance of the Board and individual Directors against the requirements of this Charter; and
  - b. recommend any improvements to the Board Charter, membership and processes deemed necessary or desirable.
- 14.3 The performance evaluation will be conducted in such a manner as the Board deems appropriate.
- 14.4 Directors will be assessed by their peers prior to recommending they stand for re-election.

This Charter was approved by the Lycopodium Limited Board on 26 November 2019.



.....  
**Michael Caratti**  
**Chairman**