

# **Board Charter**

**Althea Group Holdings Limited**

ACN 626 966 943

# Board Charter

## 1 Introduction

- 1.1 This Board Charter has been developed and approved by the Board of Althea Group Holdings Limited (**Company**) to outline the manner in which the Board discharges its responsibilities.
- 1.2 The powers and duties of individual Directors are set out in the Constitution and at law.

## 2 Role and Responsibilities of the Board

- 2.1 The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include:
- (1) providing leadership and approving the strategic objectives of the Company and establishing goals to promote their achievement;
  - (2) monitoring the operational and financial position and performance of the Company;
  - (3) implementing procedures to allow Directors to inform themselves of the Company's business and financial status;
  - (4) establishing investment criteria including acquisitions and divestments, approving investments, and implementing ongoing evaluations of investments against such criteria;
  - (5) determining dividend policy and the amount, nature and timing of dividends to be paid (if any);
  - (6) approving and monitoring the progress of major capital expenditure, capital management and major acquisitions and divestitures;
  - (7) providing oversight of the Company, including its control and accountability systems;
  - (8) establishing written policies on compliance, risk oversight and management;
  - (9) setting appropriate levels of delegated authority to management;
  - (10) assessing and determining whether to accept risks beyond the delegated authority provided to management;
  - (11) overseeing management's implementation of the Company's strategic objectives and its performance generally;
  - (12) reviewing, ratifying and monitoring systems of risk management and internal compliance and control, codes of conduct and legal compliance, in conjunction with the Company's Audit, Risk and Compliance Management Committee, and ensuring they are operating effectively;
  - (13) appointing and removing the Chief Executive Officer (or equivalent) (**CEO**) and monitoring their performance;

- (14) appointing and removing other senior executives (including senior and key officers of the Company) (**Senior Executives**) in consultation with the CEO, or where appropriate through delegation to the CEO;
- (15) ratifying the appointment of the Directors and, where appropriate or applicable, the Company's secretary (**Secretary**);
- (16) approving the Company's remuneration framework and succession plans;
- (17) identifying business risks facing the Company and using reasonable endeavours to ensure that appropriate monitoring and reporting internal controls are in place to manage such risks;
- (18) approving and monitoring financial and other reporting and disclosure, including the Company's budgets and the external audit;
- (19) calling meetings of members;
- (20) using reasonable endeavours to ensure the Company complies with its responsibilities under the *Corporations Act 2001* (Cth), the Company's Constitution, the ASX Listing Rules and other relevant laws;
- (21) to the extent practicable ensuring that the Company's workforce, including its Board of Directors, is made up of individuals with diverse skills, values, backgrounds and experience to the benefit of the Company.
- (22) from time to time considering the social, ethical and environmental impact of the Company's activities, setting standards and monitoring compliance with the Company's sustainability policies and practices;
- (23) exercising due care and diligence and sound business judgment in the performance of those functions and responsibilities;
- (24) providing oversight and monitoring of Workplace Health & Safety (**WHS**) issues in the Company and considering appropriate WHS reports and information; and
- (25) using reasonable endeavours to ensure that appropriate resources are available to Senior Executives.

2.2 The Board should be provided with the information it needs to discharge its responsibilities effectively. The Senior Executives should supply the board with information in a form and timeframe, and of a quality that enables the board to discharge its duties effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

### **3 Composition of the Board**

#### **3.1 Size**

The Company's Constitution provides for the required quorum for a directors' meeting and sets out the manner in which the number of Directors of the Board is determined.

#### **3.2 Independent Directors**

- (1) To the extent practicable given the size and composition of the Board from time to time, the majority of Directors of the Company will be independent non-executive Directors.

- (2) The Board should regularly assess, at least annually, the independence of each Director, including each non-executive Director, and include this information on the Company's website together with the length of service of each Director.
- (3) When assessing the independence of the Directors, the Board should consider the factors set out in Box 2.3 of the ASX Corporate Governance Council's Principles and Recommendations (3<sup>rd</sup> Edition). If a Director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the Director, the Board may determine that Director to be independent and the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion should be included on the Company's website.
- (4) In the case of a change in a non-executive Director's interests, positions, associations or relationships, the assessment should be made as soon as is practicable after the Board becomes aware of the change. Should a Director's independent status change, this should be disclosed and explained in a timely manner to the market.

### 3.3 Expertise

To the extent practicable, the Board will use reasonable endeavours to ensure that, collectively, it has the appropriate range of expertise to properly fulfil its responsibilities, including:

- (1) accounting;
- (2) finance and investment;
- (3) business generally;
- (4) international business expansion;
- (5) sales and marketing;
- (6) the Company's specific industry;
- (7) legal skills;
- (8) CEO-level experience; and
- (9) relevant technical experience.

### 3.4 Review

- (1) The Board shall have a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve and will disclose this as required.
- (2) The Board shall regularly review whether the Directors as a group have the range of expertise, skills, knowledge and operational and technical expertise relevant to the operation of the Company required to fulfil their role on the Board and on the board committees. Where gaps are identified, the Board should consider what training or development could be undertaken to bridge those gaps. This includes, in the case of a Director who does not have specialist accounting skills or knowledge, ensuring that the Director has a sufficient understanding of accounting matters to fulfil their responsibilities in relation to the Company's financial

statements. It also includes, for all Directors, ensuring that they receive ongoing briefings on developments in accounting standards.

## **4 Appointment of the Directors**

- 4.1 The Directors are appointed in accordance with the terms of the Company's Constitution.
- 4.2 The terms and conditions of the appointment and retirement of Directors will be set out in a letter of appointment.

## **5 Allocation of responsibilities**

### **5.1 Chair**

- (1) The Board elects the chairperson (**Chair**) in accordance with the Constitution. A deputy chair (**Deputy Chair**) may also be elected.
- (2) To the extent practicable given the size and composition of the Board from time to time, the Chair will be an independent Director who is selected on the basis of the person's achievements and record as a leader. The Chair's other positions should not be such that they are likely to hinder effective performance of that role.
- (3) The roles of the Chair and the CEO may not be exercised by the same individual.
- (4) The position of Chair will be reviewed by the Board at the first Board meeting following the annual general meeting. The Chair will authorise the expenses of all the other Directors and the CEO.
- (5) The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function, and for the briefing of all the Directors in relation to issues arising at Board meetings.
- (6) The Chair's specific duties are as set out in the Constitution and the Policies include:
  - (a) when present at a Board meeting, chair those Board meetings;
  - (b) establish the agenda for Board meetings in consultation with the CEO;
  - (c) ensure Board minutes properly reflect Board decisions;
  - (d) be the spokesperson for the Company at the annual general meeting and in the reporting of performance and profit figures; the CEO or the CEO's nominee will undertake all other public relations activities;
  - (e) maintain a regular dialogue with the CEO and Senior Executives, serving as a primary link between the Board and management and providing continuity between Board meetings;
  - (f) be the major point of contact between the Board and the CEO;
  - (g) be kept fully informed of current events by the CEO on all matters which may be of interest to the Directors; and
  - (h) regularly review with the CEO and such other Senior Executives as the CEO recommends, progress on important initiatives and significant issues facing the Company.

- (7) The Chair is not entitled to vote or participate in the deliberations on any matter in which he or she has a personal interest, unless there is compliance with the Directors' interest provisions under the Constitution.
- (8) The Chair may be removed from office in accordance with the Constitution.

## 5.2 Individual Directors

In accordance with statutory requirements and in keeping with developments at common law, the Directors have the following responsibilities:

- (1) exercise their powers and discharge their duties in good faith and in the best interests of the Company;
- (2) use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
- (3) use due care and diligence;
- (4) make an effort (as is reasonably required in the circumstances) to become and remain familiar with the affairs of the Company;
- (5) review, question and challenge, where appropriate, the accuracy of the minutes and board papers;
- (6) actively engage in the conduct of board matters;
- (7) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- (8) commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company, without placing undue reliance on other Directors or Senior Executives to fulfil these duties.

Each Director also should make themselves available for the Company Secretary.

## 5.3 The CEO

- (1) The CEO is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board.
- (2) The CEO's responsibilities include (but are not limited to):
  - (a) developing with the Board, a consensus for the Company's vision, strategy and direction;
  - (b) constructing, with the Company's Senior Executives, programs to implement this vision and strategy;
  - (c) identifying and negotiating the terms and conditions of appointment of Senior Executives for Board approval;
  - (d) endorsing the terms and conditions of appointment of all other staff members;
  - (e) providing strong leadership to, and effective management of, the Company in order to:

- (i) encourage co-operation and teamwork;
  - (ii) build and maintain staff morale at a high level; and
  - (iii) build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
- (f) taking reasonable action to ensure a safe workplace for all personnel;
  - (g) taking reasonable action to ensure a culture of compliance generally, and specifically in relation to environmental matters;
  - (h) carrying out the day-to-day management of the Company, including implementing the strategic objectives and operating within the risk appetite set by the Board;
  - (i) forming other committees and working parties from time to time to assist in the orderly conduct and operation of the Company;
  - (j) keeping the Board informed, at an appropriate level, of all the activities of the Company with accurate, timely and clear information; and
  - (k) ensuring that all personnel act with the highest degree of ethics and probity.
- (3) The Board formally delegates the power to the CEO to authorise all expenditures as approved in the budget or employment contract of each individual Director, subject to:
- (a) all CEO remuneration, outside of normal monthly remuneration, which must be authorised by the Chair;
  - (b) all business related expenses paid to the CEO which must be authorised or ratified by the Chair;
  - (c) the terms of any delegated authority policy agreed by the Board; and
  - (d) the appointment of individuals to specific Senior Executive roles, however, provided that the terms and conditions under which appointed individuals report to the CEO must be approved by the Nomination and Remuneration Committee.

#### 5.4 **Secretary**

- (1) The Secretary reports directly to the Board through the Chair. All Directors will have access to the Secretary.
- (2) The Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board. The Secretary holds primary responsibility for ensuring that the Board processes and procedures function efficiently and effectively.
- (3) The Secretary is appointed in accordance with the Constitution.
- (4) The specific tasks of the Secretary include:
  - (a) advising the Board and its committees on governance matters;

- (b) monitoring that Board and committee policy and procedures are followed;
- (c) overseeing the Company's compliance program and taking reasonable action to ensure that all Company legislative obligations are met;
- (d) coordinating all Board business including:
  - (i) meetings;
  - (ii) timely preparation and despatch of agendas, board and committee papers; and
  - (iii) ensuring that the business at Board and committee meeting is accurately captured in the minutes; and
  - (iv) monitoring the completion of actions arising from Board meetings;
- (e) meeting statutory reporting requirements in accordance with relevant legislation;
- (f) helping to organise and facilitate the induction and professional development of the Directors; and
- (g) any other services the CEO or Chair may reasonably require.

## 6 Committees

- (1) To assist with focusing on specific Board responsibilities in order to properly execute the Board's duties, the Board has the authority to establish and determine the powers and functions of the committees of the Board, including the Audit and Risk Management Committee and the Nomination and Remuneration Committee. Each Board committee is to document a charter, approved by the Board, setting out its responsibilities.
- (2) There are 2 standing committees:
  - (a) the Remuneration and Nomination Committee; and
  - (b) the Audit, Risk and Compliance Management Committee.

## 7 Meetings

- (1) The Board has established procedures for conducting Board meetings and meetings of the various Board Committees.
- (2) Subject to the Constitution, non-executive Directors may confer periodically without executive Directors or other Senior Executives present.

## 8 CEO and CFO assurances

- 8.1 It is the responsibility of both the CEO and the Chief Financial Officer (or equivalent) (**CFO**) to provide to the Board, before it approves the entity's financial statements for a financial period, a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and

performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## **9 Board Performance**

- 9.1 The Board will regularly assess and review the performance of the Board, the Company's committees and individual Directors, at least annually.
- 9.2 The Board will consider periodically using external facilitators to conduct its performance reviews.
- 9.3 The Board will select a suitable non-executive Director to conduct the performance evaluation of the Chair after having canvassed the views of the other Directors.

## **10 Code of Conduct**

- 10.1 To promote ethical and responsible decision-making, the Board must approve a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
- 10.2 The Code of Conduct will deal with the following main areas:
  - (1) conflicts of interest;
  - (2) confidentiality;
  - (3) fair dealing;
  - (4) inside information;
  - (5) compliance with laws and regulations;
  - (6) corporate opportunities;
  - (7) protection and proper use of the Company's assets; and
  - (8) encouraging the reporting of unlawful, unethical behaviour.
- 10.3 All Directors, Senior Executives and employees must comply with the Code of Conduct and demonstrate commitment to the Code and consistency in its execution. Adherence to the Code of Conduct must be periodically evaluated and intermediate action taken where necessary.

## **11 Induction and continuing education**

- 11.1 The Board must implement an appropriate induction and education process for new Board appointees and Senior Executives.
- 11.2 The Board must consider the need for Director education from time to time and where considered necessary ensure that Director education occurs regularly and that the Directors are given the opportunity to undertake professional development education in order to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

## **12 Independent professional advice**

To facilitate independent judgement in decision-making, each Director has the right to seek independent professional advice at the Company's expense whenever that Director judges such advice necessary for them to discharge their duties and responsibilities as Directors or a conflict of interest arises between the Director and the Company.

## **13 Policies**

### **13.1 Establish policies**

The Board (or appropriate Board committee) is responsible for establishing and reviewing, and overseeing the implementation and monitoring the effectiveness of, policies relating to various matters, including:

- (1) risk management;
- (2) securities trading;
- (3) communications strategy with shareholders; and
- (4) price sensitive information, including continuous disclosure.

## **14 Review of Charters**

Board and Committee charters will be reviewed at least annually.

## **15 Public availability of materials**

The Committee must ensure that a copy of this Charter is made publicly available on the Company's website in a clearly marked corporate governance section.

Adopted on 9<sup>th</sup> August 2018