

## **The Board Charter**

Latest Revision Adopted 20 November 2014

### **The Role of the Board**

The Board of Directors of AVJennings Limited is responsible for the overall corporate governance of the Company, its business strategy and performance and is accountable to its various stakeholders. It establishes strategies and financial objectives to be implemented by management and monitors standards of performance directly or through its Committees. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

Key accountabilities and matters reserved for the Board include:

- Ensuring that the Company is financially sound and meets its regulatory, prudential and other requirements, and has appropriate financial reporting practices;
- Approval of a strategic plan, which is designed to meet stakeholders' needs and manage business risk. The strategic plan is a dynamic document and the Board is actively involved in developing and approving it;
- Approval of initiatives and strategies designed to ensure the continued growth and success of the entity;
- Board approval and implementation of operating plans and budgets by management and Board monitoring of progress against budget
  - This includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes;
  - The establishment of committees or management reporting mechanisms and policies to manage and report on regulatory requirements such as occupational health and safety;
  - The establishment of financial delegations by the Board, applying to management and staff;
  - The review and ratification of systems of risk management and internal compliance and control, codes of conduct and legal compliance;
  - The approval of and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
  - The approval and monitoring of financial and other reporting
- The establishment of appropriate Board Committees to advise, review and approve management actions to ensure they are in line with company policy;
- To select and appoint (and if appropriate, remove from office) the Chief Executive Officer and determine his/her conditions of service;
- To ratify the appointment and removal of senior executive positions and determining whether the terms and conditions (including remuneration) are appropriate.

## **Management**

The responsibility for the day to day operation and administration of the Company and the entities it controls is delegated by the Board to the Chief Executive Officer. The Board ensures that the Chief Executive Officer is appropriately qualified and experienced to discharge his responsibilities and has in place procedures to assess his performance.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board.

The Managing Director is accountable to the Board for the authority that is delegated to the Managing Director and will report routinely on the Company's progress on achieving the short, medium and long terms plans of the Company.

## **Composition of the Board**

The Board determines Board size and composition subject to the limitations imposed by the Corporations Law.

The Board has adopted the following guidelines regarding its composition:

- the Board should comprise at least five Directors, increasing where additional expertise is considered desirable in certain areas;
- the Board should include both executive and non-executive directors with a majority of non-executive directors;
- the non-executive directors should include independent and non-independent directors;
- the Board should comprise Directors with an appropriate range of qualifications and expertise, both nationally and internationally.
- the Board shall meet at least four times a year and follow the guidelines for Board Meetings. All Directors will be made aware of, and have available all necessary information to participate in an informed discussion of all agenda items.

## **Nomination and Election of Directors**

Pursuant to the Company's Constitution, the Board can at any time appoint any qualifying person to be a Director. That person holds office until the next Annual General Meeting and is then eligible for election at that meeting. The Company's Constitution does not require the Managing Director to retire by rotation.

## **Chairman**

The Chair will be a non-executive Director and will be appointed by the Board.

In the absence of the Chair from a meeting the Deputy Chairman is to act as Chair for that particular meeting.

The Chair is responsible for the leadership of the Board, including taking all reasonable steps to ensure that the Board functions effectively. The Chair is responsible for:

- ensuring the Board receives accurate, timely and clear information to enable Directors to analyse and constructively critique the performance of Management and the Company as a whole;
- managing the conduct at, and frequency and length of, Board meetings so as to provide the Board with an opportunity to have a detailed understanding of the issues affecting the Company's operations, current financial position and performance and opportunities and challenges facing the Company
- guiding Board meetings to facilitate open and constructive discussions and to encourage Director contribution to Board deliberations.

The Chair is also responsible for representing the Board and for communicating its views to shareholders and the public.

### **Board Committees**

From time to time the Board establishes committees to assist in carrying out its responsibilities, and adopts charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.

The Board has established the following Committees:

- Audit Committee
- Risk Management Committee
- Nominations Committee
- Remuneration Committee
- Investments Committee

### **Company Secretary**

The Company Secretary is appointed by the Board. The Company Secretary, through the Chair, is accountable to the Board on all matters to do with the proper functioning of the Board including advising on governance matters, monitoring that Board policies and procedures are followed, coordinating all Board business, including meetings, agendas, Board papers and minutes, and monitoring the completion of actions arising from Board meetings.

Directors have access to the Company Secretary at all times.

### **Guidelines for Board Meetings**

The guidelines for Board meetings are:

- Directors are to be given an annual program of Board meetings which is reviewed annually in advance. For any other Board meeting, 7 days notice must be given where possible;

- Directors are to nominate agenda items as soon as practicable and no later than five (5) days prior to Board meetings;
- Agendas for Board meetings are to be distributed no later than five (5) days prior to Board meetings; and
- where practicable, all supporting papers relating to agenda items should be distributed with the agenda.

### **Advice and Information**

- Directors are permitted in the furtherance of their duties to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required but this may not be unreasonably withheld. Any legal advice obtained must be made available to all directors;
- Board members have direct access to executives below the Chief Executive Officer. It is not intended that such access will consist of directives given by the Directors to such executives, but rather so that the Board may receive first hand advice regarding the Company's operations; and
- It is the practice of the Board to occasionally meet at different locations for the purposes of meeting executives who would not otherwise have any regular contact with the Board and also for observing operations first hand.

### **Conflicts of Interest**

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. All Directors are required to disclose to the Board details of transactions which may create a conflict of interest for them in the decisions placed before the Board, in accordance with the Corporations Act 2001 (Cth).

Directors do not participate in discussions, and abstain from voting on any decisions, in which they have, or may be perceived to have, a material personal interest.

### **Director Dealings in Company Shares**

Dealings in Company shares is governed by the Securities Trading Policy of the Company.

### **Review of Charter**

This Charter will be reviewed and revised as required. Any changes to the Charter will require approval of the Board and the Board will review the effectiveness of the Charter as appropriate.