

# Board charter

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Keybridge Capital Limited

ACN 16 088 267 190 (**Company**)

# Board charter

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## 1. Introduction

- 1.1 Keybridge Capital Limited (**Company**) is a listed public company.
- 1.2 The board is responsible for the corporate governance of the Company.
- 1.3 The purpose of this charter is to:
  - (a) promote high standards of corporate governance;
  - (b) clarify the role and responsibilities of the board; and
  - (c) enable the board to provide strategic guidance for the Company and effective management oversight.
- 1.4 This charter is supported by the Company's corporate code of conduct and the charters for the Nomination Committee, Remuneration Committee and Audit, Finance and Risk Committee.
- 1.5 The Company presently has one independent non-executive director. In addition, the chairperson is a non-executive role.

## 2. Board size, composition and independence

- 2.1 There must be a minimum of 3 directors and may only be a maximum of 10 directors.
- 2.2 The board must comprise:
  - (a) a majority of independent non-executive directors;
  - (b) no more than three directors who are not independent;
  - (c) directors with an appropriate range of skills, experience and expertise;
  - (d) directors who can understand and competently deal with current and emerging business issues; and
  - (e) directors who can effectively review and challenge the performance of management and exercise independent judgment.
- 2.3 An independent non-executive director is one who:
  - (a) is independent of management;
  - (b) free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment; and
  - (c) otherwise meets the criteria for independence set out in the *Corporate Governance Principles and Recommendations* published by the ASX Corporate Governance Council.
- 2.4 The Nomination Committee is responsible for recommending candidates for appointment to the board.
- 2.5 Each director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director clearly understands the Company's expectations of him or her.

- 2.6 It is acknowledged that, in circumstances where the Company is not undertaking new activities for an extended period, the composition of the Board may not have a majority of independent directors. If this were to apply, the composition of the Board should be reviewed no less frequently than each six months.

### **3. The board's role and responsibilities**

- 3.1 The board acts in the best interests of the Company as a whole and is accountable to shareholders for the overall direction, management and corporate governance of the Company.

- 3.2 The board is responsible for:

- (a) overseeing the Company, including its control and accountability systems;
- (b) appointing and removing the managing director and the chairperson;
- (c) monitoring the performance of the managing director and the chairperson;
- (d) ratifying the appointment, and where appropriate, the removal of the company secretary;
- (e) ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices;
- (f) developing and approving succession plans for the managing director and, from time to time as appropriate, for senior management;
- (g) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- (h) reporting to shareholders;
- (i) providing strategic advice to management;
- (j) approving management's corporate strategy and performance objectives;
- (k) determining and financing dividend payments;
- (l) approving and monitoring the progress of major investments, capital expenditure, capital management, acquisitions and divestitures;
- (m) approving and monitoring financial and other reporting;
- (n) reviewing and ratifying systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- (o) reviewing and overseeing the implementation of the Company's corporate code of conduct;
- (p) approving charters of board committees;
- (q) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies; and
- (r) monitoring and ensuring compliance with best practice corporate governance requirements.

- 3.3 Role and responsibilities of directors associated with a significant shareholder:

- (a) A director who has been appointed at the request of or by virtue of a nomination from a significant shareholder is subject to the same duties as any other director of the Company, including:

- to act in the best interest of the Company;
  - avoid conflicts of interest; and
  - recognise and maintain the confidentiality of Company information and, in particular, information that is or may be price sensitive.
- (b) Any information which comes into such a director's possession, by virtue of their acting as a director, must not be communicated to the significant shareholder without the consent of the chairperson.
- (c) If a conflict arises between the interests of the Company and those of the significant shareholder, the director and the remainder of the board will proceed appropriately with a view to ensuring the conflict of interest is managed. This would typically involve the director abstaining from proceedings relating to that matter.

#### **4. Board Committees**

4.1 The board has established the following committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:

- (a) Audit, Finance and Risk Committee;
- (b) Nomination Committee; and
- (c) Remuneration Committee.

4.2 The charter or terms of reference of each board committee setting out matters relevant to the composition, responsibilities and administration of the committee must be approved by the board. Each committee will review its charter from time to time as appropriate.

#### **5. Audit , Finance and Risk Committee**

5.1 The objective of the Audit, Finance and Risk Committee is to:

- (a) help the board fulfil its responsibilities in relation to:
  - (i) financial reporting;
  - (ii) the application of accounting policies;
  - (iii) business policies and practices;
  - (iv) legal and regulatory compliance; and
  - (v) internal risk control and management systems;
- (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
- (c) promote a culture of compliance;
- (d) provide a forum for communication between the board and senior financial and compliance management;
- (e) maintain and improve the effectiveness of the internal and external group audit functions and communication between the board and the external and internal auditors;
- (f) maintain and improve the effectiveness of compliance strategies and compliance function; and

- (g) overview the investment management of entities where the Company or its subsidiaries is the investment manager.
- 5.2 The Audit, Finance and Risk Committee must comprise:
- (a) at least three directors;
  - (b) all non-executive directors who are financially literate (and at least one of whom is a financial expert); and
  - (c) a majority of independent directors.
- 5.3 The Audit, Finance and Risk Committee will appoint its chairperson. The chairperson must be an independent chairperson and may not be the chairperson of the board.

## **6. Nomination Committee**

- 6.1 The objective of the Nomination Committee is to help the board to achieve its objective of ensuring the Company has a board of directors of an effective composition, size and commitment to adequately discharge its responsibilities and duties.
- 6.2 The Nomination Committee is responsible for evaluating the board's performance, including the effectiveness of the chairperson and managing director.
- 6.3 Any Director of the Company may join the Nomination Committee.
- 6.4 The Nomination Committee must comprise:
- (a) at least three members; and
  - (b) a majority of independent directors.
- 6.5 The Nomination Committee will appoint its chairperson. The chairperson of the Nomination Committee must be the chairperson of the board or an independent director.

## **7. Remuneration Committee**

- 7.1 The objective of the Remuneration Committee is to help the board achieve its objective of ensuring the Company:
- (a) has coherent remuneration policies and practices to attract and retain executives and directors who will preserve value for shareholders;
  - (b) observes those remuneration policies and practices; and
  - (c) fairly and responsibly rewards executives and other employees having regard to the performance of the Company, the performance of the executive or employee and the general pay environment.
- 7.2 The Remuneration Committee must comprise:
- (a) at least three directors; and
  - (b) a majority of independent directors.
- 7.3 The Remuneration Committee will appoint its chairperson. The chairperson of the Remuneration Committee must be an independent director.
- 7.4 Non-executive directors are not entitled to retirement benefits except statutory superannuation.

## **8. Chairperson of the board**

- 8.1 The chairperson of the board:
- (a) is appointed by the directors; and
  - (b) may not be the same person as the managing director and the managing director may not become the chairperson of the board.
- 8.2 The responsibilities of the chairperson of the board include:
- (a) providing leadership to the board and the Company;
  - (b) promoting the efficient organisation and conduct of the board's functions;
  - (c) ensuring the board considers and adopts strategies designed to meet present and future needs of the Company;
  - (d) monitoring the performance of the board;
  - (e) facilitating board discussions to ensure core issues facing the Company are addressed;
  - (f) ensuring adequate flow of relevant information to all directors;
  - (g) facilitating the effective contribution and ongoing development of all directors;
  - (h) promoting constructive and respectful relations between board members and between the board and management;
  - (i) ensuring the board regularly meets to consider the Company's performance and key issues facing it;
  - (j) setting the agenda for the board meetings after consulting with the managing director; and
  - (k) chairing general meetings.

## **9. Managing Director and executive team**

- 9.1 Responsibility for day to day management and administration of the Company is delegated by the board to the managing director and the executive team.
- 9.2 The managing director manages the Company in accordance with the strategy, plans and policies approved by the board.
- 9.3 The managing director is appointed by the board.
- 9.4 The managing director may not be the same person as the chairperson and the managing director may not become the chairperson of the board.
- 9.5 The responsibilities of the managing director include:
- (a) developing and recommending to the board strategies, business plans and annual budgets for the Company;
  - (b) implementing the strategies, business plans and budgets adopted by the board;
  - (c) providing effective leadership, direction and supervision of the executive team to achieve the strategies, business plans and budgets adopted by the board;
  - (d) developing and managing resources, policies and systems to ensure the effective operation of the Company (including policies on risk management, internal controls and human resources);
  - (e) managing resources within budgets approved by the board;

- (f) ensuring compliance with applicable laws and regulations;
- (g) ensuring the board is given sufficient information to enable it to perform its functions, set strategies and monitor performance; and
- (h) acting within authority delegated by the board.

9.6 The board has in place procedures to assess the performance of the managing director and executive team.

## 10. Directors

- 10.1 Directors are expected to attend and participate in board meetings and meetings of committees on which they serve.
- 10.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.
- 10.3 Directors are expected to review meeting materials before board meetings and committee meetings.
- 10.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.
- 10.5 Directors must exercise independent judgment when making decisions.
- 10.6 Publicly, directors are expected to support the letter and spirit of board decisions.
- 10.7 Directors must keep board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- 10.8 Directors must comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:
  - (a) to act in good faith and in the best interests of the Company; and
  - (b) to act with care and diligence;
  - (c) to act for proper purposes;
  - (d) to avoid a conflict of interest or duty; and
  - (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

## 11. Conflicts

- 11.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 11.2 Directors must:
  - (a) disclose to the board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
  - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
  - (c) comply with the *Corporations Act 2001 (Cth)* and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.

- 11.3 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the board is discussing any matter to which the conflict relates.
- 11.4 The independent directors may appoint one of their number as a “lead independent director”. The lead independent director will chair any board meeting or parts of board meetings where the chairperson is absent or where he or she has absented himself or herself due to a conflict of interest.
- 11.5 Directors are expected to inform the chairperson of the board of any proposed appointment to the board or executive of another company as soon as practicable.

## **12. Access to information and independent advice by directors**

- 12.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 12.2 Directors have access to:
- (a) management to seek explanations and information from management; and
  - (b) auditors, both internal and external, to seek explanations and information from them without management being present.
- 12.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.
- 12.4 If the chairperson of the board consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

## **13. Retirement of directors**

- 13.1 At the end of every annual general meeting, one-third of the directors (to the nearest whole number) must retire.
- 13.2 A director must retire at the end of the third annual general meeting after the director's appointment even if it means that more than one-third of directors retire at an annual general meeting.
- 13.3 Those directors who have been longest in office since their last appointment must retire by rotation. Directors appointed on the same day may agree among themselves or determine by lot who must retire.
- 13.4 A director must resign at the end of the ninth annual general meeting after the director's appointment. The resignation will automatically be accepted in the absence of exceptional circumstances.
- 13.5 The managing director or a director appointed to fill a casual vacancy or as an addition to the board is not subject to retirement by rotation and is not taken into account when determining how many directors must retire by rotation. A director appointed to fill a casual vacancy or as an addition to the board must retire at the next annual general meeting after their appointment.

## **14. Codes of conduct**

- 14.1 The Company has adopted a corporate code of conduct setting out its legal and other obligations to all legitimate stakeholders including employees, customers and the community.

14.2 Each director, officer and employee will be given a copy of the code of conduct applicable to their position when joining the Company.

## 15. Communication of information

15.1 The board will:

- (a) communicate effectively with shareholders;
- (b) give shareholders ready access to balanced and understandable information about the Company and its corporate goals; and
- (c) make it easy for shareholders to participate in general meetings.

## 16. Review of board performance

The Nomination Committee will annually review:

- (a) the board's role;
- (b) the processes of the board and board committees;
- (c) the board's performance;
- (d) each director's performance before the director stands for re-election; and
- (e) the chairperson's performance before the chairperson stands for re-election.

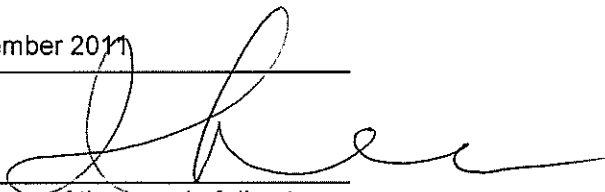
## 17. Approved and adopted

This charter was approved and adopted by the board on 22 December 2006 and amendments were approved and adopted on 2 April 2007, 14 March 2008, 18 December 2008, 7 August 2009, 4 November 2009, 8 November 2010, 27 May 2011, 2 November 2011 and 1 December 2011.

Date

1 December 2011

Signed

  
Chairperson of the board of directors  
of Keybridge Capital Limited