



# Board Charter and Relationship with Management

VERSION 2

Calibre Group Limited  
ABN 44 100 255 623

Adopted by the Board on 30 June 2016



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## 1 INTRODUCTION

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The Board of the Company has adopted this Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance, international best practice and applicable laws.

This Charter includes an overview of:

- Board composition and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees.

The Board Charter and the charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.

The Company's Constitution ultimately governs matters relating to the Board and its functions. This Charter expands, explains and interprets the Constitution.

This Charter is to be reviewed by the Board as required and at least annually.

## 2 BOARD COMPOSITION

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### 2.1 Board composition and size

- The Board is appointed by the shareholders. Non-executive Directors are engaged through a letter of appointment.
- The Board, together with the Nomination Committee, determines the size and composition of the Board, subject to the terms of the Company's Constitution.
- It is intended that the Board should comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.
- The Board, together with the Nomination Committee, will review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Company's strategy, subject to limits imposed by the Constitution and the terms served by existing Non-executive Directors.

### 2.2 Director independence and tenure

- The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment as disclosed by each Non-executive Director to the Board.
- The Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence based on that set out in the Investment & Financial Services Association Limited (IFSA) Blue Book (June 2009) (see [Attachment 1](#)).
- The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in the Company and its operation and, therefore, an increasing contribution to the Board as a whole. Accordingly, tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director in the context of the overall Board process.

## 3 BOARD ROLE AND RESPONSIBILITIES

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### 3.1 Board role

The Board's role is to:

- represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives, as well as reviewing management performance;
- protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

### 3.2 Board key responsibilities

The responsibilities/functions of the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Managing Director;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control; and ethical, legal, tax and regulatory compliance. This includes reviewing procedures to identify main risks associated with the Company's businesses and implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, monitoring capital management, and approving major new projects and contracts as required under the Company's Authorisations and Delegations Procedure;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- developing and reviewing corporate governance principles and policies;
- promoting diversity within all levels of the Company, including establishing a Diversity Policy and measurable objectives for achieving diversity at all levels of the Company and assessing annually the Company's progress in achieving them; and
- performing such other functions as are prescribed by law or are assigned to the Board.

### 3.3 Reserved authorities

Matters which are specifically reserved for the Board or its committees include:

- appointment of a chair;
- appointment and removal of the Managing Director;
- appointment of directors to fill a vacancy or an additional Director;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling of meetings of shareholders; and
- any other specific matters nominated by the Board from time to time.

### 3.4 Directors

- Directors will act at all times with honesty and integrity, will exercise care and will observe the highest standards of ethical behaviour.
- Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.
- Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them.
- The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chair or the Board as a whole.

## 4 DELEGATION OF DUTIES AND POWERS

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### 4.1 Relationship with management

- Directors may delegate their powers as they consider it appropriate. However, ultimate responsibility for strategy and control rests with the directors.
- Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- Directors are entitled to request additional information at any time when they consider it appropriate.

### 4.2 Role of the Managing Director

- The management function is conducted by, or under the supervision of, the Managing Director as directed by the Board (and by other officers to whom the management function is properly delegated by the Managing Director).
- The Board approves corporate objectives for the Managing Director to satisfy and, jointly with the Managing Director, develops the duties and responsibilities of the Managing Director.
- The Managing Director is responsible for implementing strategic objectives, plans and budgets approved by the Board.

### 4.3 Delegation to Committees

- The Board from time to time establishes Committees to streamline the discharge of its responsibilities.
- Each standing Committee adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.
- The powers delegated to these Committees are set out in Board resolutions.
- The Board will, at least once in each year, review the membership and charter of each Committee to determine its adequacy for current circumstances.

## 5 BOARD PROCESS

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### 5.1 Meetings

- The Board will meet regularly.
- Periodically, Non-executive Directors will meet without Executive Directors or management present.
- Directors will use all reasonable endeavours to attend Board meetings in person.
- The Company's constitution governs the regulation of Board meetings and proceedings.

## 5.2 The Chair

- It is intended that the Chair will be an independent Non-executive Director.
- The Board will appoint one of its members to be Chair.
- The Chair represents the Board to the shareholders and communicates the Board's position.

## 5.3 The Company Secretary

- The Board will appoint at least one Company Secretary.
- The Company Secretary is accountable to the Board.
- The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and all statutory and other filings.
- All Directors will have direct access to the Company Secretary.

# 6 REVIEW AND PERFORMANCE EVALUATION

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- The Board will annually conduct a performance evaluation in accordance with the performance evaluation process that has been adopted by the Board, as set out in [Attachment 2](#).
- The Board will, at least once in each year, review this charter to determine its adequacy for current circumstances.

# Attachments

## 1 GUIDELINES OF THE BOARD OF DIRECTORS - INDEPENDENCE OF DIRECTORS

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Part 2 of the Company's Board Charter refers to the 'independence' of directors.

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of directors.

In general, directors will be considered to be 'independent' if they are not members of management (a non-executive director) and they:

- are not material shareholders of the Company, or officers of, or otherwise associated directly or indirectly with, material shareholders of the Company;
- have not within the last 3 years been employed in an executive capacity by the Company or another group member;
- were not appointed as a director of the Company within 3 years of ceasing to be employed in an executive capacity by the Company;
- have not within the last 3 years been a principal or employee of a material professional adviser or a material consultant to the Company or another group member;
- are not a material supplier to or customer of the Company or other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- have no material contractual relationship with the Company or another group member, other than as a director of the Company; and
- are free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

### Materiality thresholds

The Board will consider thresholds of materiality for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (e.g. revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the Company's shares to be material.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular director should be reviewed by the Board.
- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the director's ability to act in the best interests of the Company.

## 2 PERFORMANCE EVALUATION PROCESS IN RELATION TO THE BOARD AND ITS COMMITTEES

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- On an annual basis, Directors will provide feedback in relation to the performance of the Board and its Committees against a set of agreed criteria.
- Each Committee of the Board will also be required to provide feedback in terms of a review of its own performance.
- Feedback will be collected by the Chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees.
- The Managing Director will also provide feedback from senior management in connection with any issues that may be relevant in the context of the Board performance review.
- Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.