

BOD AUSTRALIA LIMITED
ABN 89 601 225 441 ("Company")

BOARD CHARTER

PURPOSE OF THIS CHARTER

The purpose of this charter is to specify how the Company is governed so as to promote the Company and protect the interests of shareholders.

The Board is responsible for the governance of the Company. This charter sets out the role and responsibilities of the Board, which responsibilities are delegated to committees of the Board or to management, as well as the membership and the operation of the Board.

1. RESPONSIBILITIES OF THE BOARD

In carrying out the responsibilities and powers set out in this Charter, the Board:

- a) Recognises its overriding responsibilities to act honestly, fairly, diligently and in accordance with the law in serving the interests of its shareholders; and
- b) Recognises its duties and responsibilities to its employees, customers and the community.

In addition to the matters it is expressly required by law to approve, the specific responsibilities of the Board are outlined in the Matters Reserved for the Board Policy.

2. COMPOSITION OF THE BOARD

The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.

- (a) In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, 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 strategic direction of the Company.
- (b) The Board should comprise at least three Directors with the majority of the Board being comprised of non-executive Directors. Where practical, at least 50% of the Board will be independent. An independent Director is one who is independent of management and free from any business or other relationship, which could, or could reasonably be perceived to, materially interfere with, the exercise of independent judgement. Independent Directors should meet the definition of what constitutes independence as set out in Section 13 of the Board Charter.
- (c) Directors must disclose their interests. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them.
- (d) 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.
- (e) Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.
- (f) No member of the Board may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders.
- (g) Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated to ensure that they continue to contribute effectively to the Board.

- (h) The Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.

3. THE ROLE OF THE CHAIRMAN

The Chairman should be a non-executive Director. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director.

The Managing Director/Chief Executive Officer should not be the Chairman of the Company during his/her term as Managing Director/Chief Executive Officer or in the future.

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

The Chairman is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings and conducting the shareholder meetings. The Chair should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Directors and between the Board and management.

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In the event that the Chairman is absent from a meeting of the Board then the Board shall appoint a Chairman for that meeting.

4. BOARD COMMITTEES

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of committees.

The Board will establish the following separate committees when it deems appropriate:

- Audit Committee
- Risk Committee
- Remuneration Committee;
- Nomination Committee; and
- Such special purpose committees as deemed appropriate from time to time for specific purposes.

The Board, as a whole serves as these Committees in accordance with Charter items 5, 6, 7, 8 and 9. The Board does not believe any efficiency or other benefits would currently be gained by establishing separate Committees.

5. REMUNERATION

5.1 ROLE OF THE BOARD

- a) Establishing remuneration policies and monitoring their implementation;
- b) Establishing systems designed to enhance the performance of individual employees of the Company and of the Company as a whole;
- c) Fairly and responsibly rewarding executives and other employees having regard to the performance of the Company, the performance of the executive or employee and the general pay environment; and
- d) Establishing a system of performance appraisal for Directors and the Board as a whole.

5.2 RESPONSIBILITIES OF THE BOARD

The responsibilities of the Board with regards to remuneration are:

General responsibilities:

- a) Keeping itself apprised of the latest developments, policies and trends regarding remuneration issues which affect the market in which the Company operates;
- b) In formulating systems on remuneration issues and policies, the Board will have regard to the overriding goal of ensuring that Directors and senior executives of the Company are motivated to pursue the long-term growth and success of the Company within an appropriate control framework and that there is a clear relationship between performance and remuneration;
- c) Identifying and retaining such advisers and consultants in relation to remuneration issues as the Board considers necessary;
- d) Establishing superannuation arrangements for the Company's employees;

Remuneration of executives:

- a) Determining a policy for the remuneration of the Managing Director and such other senior executives as it requires necessary. The Company will not permit the Managing Director or an Executive Director to have direct involvement in the determination of their remuneration;
- b) Reviewing the total remuneration package of each executive, including where appropriate, non-cash components, bonuses, incentive schemes and shares or share options;
- c) Reviewing the senior management performance assessment processes and results;
- d) Assessing the Company's recruitment, retention and termination policies and procedures for senior executives;
- e) Incentive schemes for executives
- f) Establishing policies governing incentive schemes and requesting shareholder approval of such policies where necessary or appropriate;

Remuneration of non-executive Directors:

- a) Establishing policies for the remuneration of non-executive Directors of the Company;
- b) Assessing the total quantum of remuneration to be paid to all Directors and communicating the basis for remuneration of Directors to shareholders;
- c) Advising the Board on the allocation of the Directors' total quantum of remuneration between the non-executive Directors (including the Chairman); and
- d) Evaluating the time required of non-executive Directors to perform their duties.

6. NOMINATIONS

- a) The Board shall periodically review and consider the structure and balance of the Board and make recommendations regarding appointments, retirements and terms of office of directors. In particular, the Board shall:
- b) Identify candidates after considering the necessary and desirable competencies of new Board members as highlighted by the Board skills matrix. This will ensure the appropriate mix of skills and experience after assessment of how the candidates can contribute to the strategic direction of the Company;
- c) Approve and review induction procedures for new appointees of the Board to ensure that they can effectively discharge their responsibilities;
- d) Assess and consider the time required to be committed by a non-executive director to properly fulfil their duty to the Company and advise the Board.

- e) Consider and approve candidates for election or re-election to the Board at each annual shareholders' meeting;
- f) Review directorships in other public companies held by or offered to directors and senior executives of the Company;
- g) Review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board; and
- h) Confirm the terms and conditions of appointment to, and removal and retirement from, the Board.

7. AUDIT

The Board is responsible for;

- a) Ensuring that the quality of financial controls is appropriate for the business of the Company;
- b) Reviewing the scope and results of external and internal audits;
- c) Monitoring corporate conduct and business ethics, including auditor independence and ongoing compliance with laws and regulations;
- d) Maintaining open lines of communication between the Board and the external auditors, thus enabling information and points of view to be freely exchanged;
- e) Reviewing matters of significance affecting the financial welfare of the Company;
- f) Ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate;
- g) Considering whether the Company's financial statements reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;
- h) Considering the appropriateness of the accounting judgements or choices exercised by management in preparing the Company's financial statements;
- i) Reviewing the Company's internal financial control system;
- j) Considering the appointment or removal of the external auditor, the rotation of the external audit partner and approving the remuneration and terms of engagement of the external auditor;
- k) Monitoring and reviewing the external auditor's independence, objectivity and performance, taking into consideration relevant professional and regulatory requirements;
- l) Developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provisions of non-audit services by the external audit firm;

8. RISK

The Board is responsible for:

- a) ensuring the development of an appropriate risk management policy framework that will provide guidance to Management in implementing appropriate risk management practices throughout the Company's operations, practices and systems;
- b) Defining and annually reviewing risk management as it applies to the Company and clearly identify all stakeholders;

- c) Ensuring that the Company's risk appetite, policies and strategies are communicated to Management, employees, contractors and appropriate stakeholders;
- d) Ensuring that Directors and Management establish a risk aware culture which reflects the Company's risk policies and appetite;
- e) Reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews;
- f) Considering the processes the Company will employ for evaluating and continually improving the effectiveness of its risk management and internal control processes;
- g) Considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authorities;
- h) Considering whether the Company has any material exposure to economic, environmental and social sustainability risks and if it does, how the Company manages those risks;
- i) Considering whether the Company requires an internal audit function;
- j) Reviewing any incident involving fraud or other breakdown of the Company's internal controls; and
- k) Reviewing the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business.

9. RISK MANAGEMENT POLICIES

The Board will ensure that the necessary controls are in place for risk management policies to be maintained by:

- a) Devising a means of analysing the effectiveness of risk management and internal compliance and control system and of the effectiveness of their implementation; and
- b) Reviewing, at least annually, the effectiveness of the Company's risk management system.

10. BOARD MEETINGS

- a) There must be two Directors present at a meeting to constitute a quorum.
- b) The Board will schedule at least 4 formal Board meetings a year and hold additional meetings, including by telephone conference calls, as may be required.
- c) Non-executive Directors may confer at scheduled times without management being present.
- d) The minutes of each Board meeting shall be prepared by the Company Secretary and circulated to Directors after each meeting for approval. Minutes of meetings should be approved within one month of the meeting.
- e) The Company Secretary shall distribute supporting papers for each meeting of the Board as far in advance as practicable.
- f) The Chief Financial Officer will generally be asked to attend the board meetings as an executive officer of the Company.

11. ACCESS TO ADVICE

All Directors have unrestricted access to company records and information except where the Board determines that such access would be adverse to the Company's interests.

All Directors may consult management and employees as required to enable them to discharge

their duties as Directors.

The Board, Board Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received would be made available to all members of the Board.

12. THE BOARD'S RELATIONSHIP WITH MANAGEMENT

The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director/Chief Executive Officer. The specific responsibilities delegated to the Managing Director/Chief Executive Officer are outlined in the Matters Reserved for the Managing Director/Chief Executive Officer Policy.

In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Group to facilitate the carrying out of their duties as Directors.

13. DIRECTOR INDEPENDENCE

A Director is only to be regarded as independent if the Director is independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of the Director's unfettered and independent judgement.

The Board assesses the independence of each director in light of interests disclosed by them.

In determining the independent status of a Director, the Board will consider the ASX Corporate Governance Principle and Recommendations guidance on relationships affecting the independent status of a Director which provide that an independent Director is a non-executive Director (i.e. is not a member of management) who:

- Is not a substantial shareholder of the Company (as defined in section 9 of the Corporations Act);
- Within the last 3 years has not been employed in an executive capacity by the Company;
- Within the last 3 years has not been a material professional adviser or material consultant to the Company;
- Is not a material supplier or customer of the Company;
- Has no material contractual relationship with the Company other than as a Director of the Company.

The assessment of whether a Director is considered independent (both from the perspective of the Company and the Director) is based on the following materiality thresholds:

- Payments made by the Company to the Director or any of his associated entities for the provision of goods and/or services does not exceed 10% of the annual gross expenditure of the Company; or
- Payments received by the Director for the provision of goods and/or services to the Company does not exceed 25% of the annual income or business turnover of the Director or his associated entities.

MATTERS RESERVED FOR THE BOARD

1. ANNUAL

- a) In conjunction with management, establishing the goals (short, medium and long term) and strategy for the Company.
- b) Approving the annual strategic plan and major operating plans.
- c) Approving the annual operating budget.

- d) Reviewing and providing feedback on the performance of the Managing Director/Chief Executive Officer.
- e) Reviewing the performance of the Board, the individual directors and any Board committees at least annually.
- f) Reviewing and approving the full-year financial statements and directors' report.
- g) Approving the annual report and notice of annual general meeting.

2. HALF-YEAR

- a) Reviewing and approving the half-year financial statements.

3. MONTHLY

- b) Reviewing the activities and performance of the Company in meeting its objectives, based on approved operating plans and budgets.
- c) Preparing for and participation in Board meetings.

4. AD HOC

- a) Appointing and approving the terms and conditions of appointment of the Managing Director/Chief Executive Officer, Chief Financial Officer and Company Secretary.
- b) Establishing appropriate levels of delegation to the Managing Director/Chief Executive Officer to allow him/her to manage the Company's operations effectively.
- c) Setting guidelines for the Managing Director/Chief Executive Officer in regard the appointment of other senior executives and staff required by the Company.
- d) Endorsing the terms and conditions of senior executives (those staff reporting to the Managing Director/Chief Executive Officer).
- e) Determining the remuneration for Directors.
- f) Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making.
- g) Planning Board succession to ensure membership of the Board is skilled and appropriate for the Company's needs.
- h) Establish and determine powers and functions of any Board committees and reviewing those powers and functions annually, or as circumstances demand.
- i) Maintain an appreciation of the risk profile of the Company and where appropriate, approval of risk management policies, internal control and codes of conduct.
- j) Being satisfied that procedures are in place so that the ASX is promptly and adequately informed of all material matters.
- k) Recommending to shareholders the appointment of the external auditors as and when their appointment or re-appointment is required to be approved by them.
- l) Approving:
 - Any changes to the capital of the Company, including capital restructures, capital returns, share buy backs and all new issues of securities in a Company. This includes the issue of shares or options provided in employment contracts.

- Operational and capital expenditure outside the approved budget and delegated authority limits;
- Mergers, acquisitions and disposals of businesses and/or equity investments and divestments;
- All borrowing and debt funding arrangements and or changes to existing borrowing facilities;
- Significant property acquisitions and disposals; and
- All other regulatory filing and matters required by law.

MATTERS RESERVED FOR MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

1. STRATEGY

- a) Formulating and reviewing, with the Board, the strategy for the Company and developing actions and plans to implement the strategy. Reporting to the Board on the progress against those plans.
- b) Develop actions with the management team to implement the strategy.
- c) Develop annual operating plans and budgets (with the Chief Financial Officer) in accordance with strategies endorsed by the Board.
- d) Report to the Board regularly on the Company's progress against the strategy.

2. MANAGEMENT TEAM AND EMPLOYEES

- a) Negotiate terms and conditions of appointment of senior executives (reporting directly to the Managing Director/Chief Executive Officer) within guidelines set by the Board.
- b) Appoint senior executives endorsed by the Board and other staff members within guidelines set by the Board.
- c) Provide strong leadership to the management team and ensure all employees understand the strategy and operational plans and their part in their achievement.
- d) Ensure procedures and training are in place to provide a safe work environment.
- e) Ensure employees are educated on legal requirements and Company policies such that compliance is the culture and a high level of ethical behaviour is expected.

3. BOARD OF DIRECTORS

- a) Ensure all matters requiring review or approval by the Board are brought to the Board with adequate information and time to allow proper consideration of such matters.
- b) Advise the Board in a timely manner of any significant change in the risk profile of the Company together with actions taken or proposed.
- c) Provide, with the Chief Financial Officer, certification to the Board on the integrity of the financial statements annually and half-yearly.
- d) Ensure directors are continually informed on the business of the Company, the environments in which it operates and any changes in its obligations.

4. GENERAL

- a) Ensure effective communication with shareholders and the investment community in line with the Company's shareholder communication policy.

- b) Identify business growth opportunities, evaluate these and present these to the Board for consideration and contribution.
- c) All other matters necessary for the day-to-day management of the Company and not reserved for the Board.

5. DELEGATED AUTHORITY

- a) The Board has established levels of delegated expenditure authority for the Managing Director/Chief Executive Officer and Chief Financial Officer.

Policy history

Last review: March 2017

Review frequency: Annually or as required