

# Board Charter

**Rubicor Group Limited**

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## Board Charter

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### 1. Role of the Board

This Board Charter sets out the principles for the operation of the board of directors (**Board**) of Rubicor Group Limited (**Company**) and describes the functions of the Board. This Board Charter applies to the Company and its subsidiaries (**Group**).

The Board is accountable to shareholders for the performance of the Group. The Board must at all times act honestly, conscientiously and fairly in all respects in accordance with the law applicable to the Company and must act in the best interests of the shareholders of the Company and other stakeholders.

This Board Charter has been prepared and adopted on the basis that corporate governance procedures can add to the performance of the Group and the creation of shareholder value, and help to engender the confidence of the investment market.

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### 2. Responsibilities of the Board

The Board is responsible for the management of the affairs of the Group, including:

**(a) Strategic and financial performance**

- Developing and approving the corporate strategy.
- Evaluating, approving and monitoring the strategic and financial plans and objectives of the Group.
- Evaluating, approving and monitoring the annual budgets and business plans.
- Determining the Company's dividend policy, the operation of the Company's dividend re-investment plan (if any), and the amount and timing of all dividends.
- Evaluating, approving and monitoring major capital expenditure, capital management and all major acquisitions, divestitures and other corporate transactions, including the issue of securities of the Company.
- Approving all accounting policies, financial reports and material reporting and external communications by the Group.
- Appointing the Chairman of the Company.
- Appointing and where appropriate, removing the Chief Executive Officer and Company Secretary.
- Ratifying the appointment and, where appropriate, the removal of senior management including the Chief Financial Officer, Chief Operating Officer and Chief Executive Officers of the Company's major subsidiaries.

**(b) Executive management**

- Appointing, monitoring, managing the performance of executive directors.
- Managing succession planning for the executive directors and such other key management positions which may be identified from time to time.

**(c) Strategic planning**

- Being actively and regularly involved in strategic planning including the establishment of goals for management of the Company and monitoring the achievement of those goals.
- Ensuring that strategic planning is based on the identification of opportunities and the full range of business risks that will determine which of those opportunities are most worth pursuing.
- On an ongoing basis, reviewing how the strategic environment is changing, what key business risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted.

**(d) Performance evaluation**

- At least once per year, reviewing and evaluating the performance of the Board and each individual director against the relevant charter, corporate governance policies, and agreed goals and objectives.
- Following each review and evaluation considering how to improve its performance.
- Agreeing and setting the goals and objectives for the Board each year, and if necessary, amending the relevant charter and policies.
- Reviewing and approving the remuneration of the Company's executive and non-executive directors.

**(e) Other responsibilities**

- Refer to paragraph 10 below, on the audit and risk management, remuneration and human resources and nomination and corporate governance functions and responsibilities undertaken by the Board as a whole.

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## 3. Structure of the Board

### 3.1 Overview

Subject to the requirements in paragraph 3.2 below, the Board determines the size and composition of the Board subject to the terms of the Constitution of the Company. The continued tenure of each individual director is subject to re-election from time to time, in accordance with the Constitution.

The Board has an agreed Director Selection and Appointment Policy (Annexure 4). It is intended that the Board should comprise a majority of independent directors, and comprise directors with a broad range of skills, expertise, diversity and experience from a range of backgrounds.

The directors appoint the Chairman of the Board.

## **3.2 Board composition**

The Board shall comprise at least three directors.

## **3.3 Criteria for an "independent" director**

An "independent" director is a non-executive director who:

- (a) is not a substantial shareholder (as defined in the *Corporations Act 2001* (Cth)) of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) within the last three years, has not been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold any such employment;
- (c) within the last three years has not been a partner, director or senior employee of a provider of material professional services to the Company or another Group member;
- (d) within the last three years has not been in a material business relationship (e.g. as a supplier or customer) with the Company or the Group member, or an officer of or otherwise associated directly or indirectly with such a relationship;
- (e) has no material contractual relationship with the Company or another Group member other than as a director of the Company;
- (f) has not served on the Board for a period which could, or could reasonably be perceived to compromise the director's independence;
- (g) is free from any interest and any 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; and
- (h) has no close family ties with any person who falls within any of the categories described above.

Cross-directorships may also be relevant in considering interests and relationships which may compromise independence, and should be disclosed by directors to the Board.

## **3.4 Directors' responsibilities**

Each director is bound by all the Company's charters, policies and codes of conduct, including:

- the Code of Conduct;
- the Share Trading Policy; and
- the Continuous Disclosure Policy.

The directors of the Company must:

- (a) conduct their duties at the highest level of honesty and integrity;
- (b) observe the rule and the spirit of the law and comply with any relevant ethical and technical standards;

- (c) maintain the confidentiality of all information acquired in the course of conducting their role and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board, or is required by law or by the ASX Listing Rules;
  - (d) observe the principles of independence, accuracy and integrity in dealings with the Board, board committees, internal and external auditors and senior management within the Group;
  - (e) disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the director becomes aware and which the director reasonably believes may compromise the reputation or performance of the Group; and
  - (f) set a standard of honesty, fairness, integrity, diligence and competency in respect of the position of director.
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## **4. Role of the Chairman**

### **4.1 Objective**

The Company recognises that it is important that the Chairman has a defined role in the organisation and operates in accordance with clear functional lines.

### **4.2 Role of the Company Chairman**

The Chairman of the Board should be a non-executive director. Any future Chairman will be selected on the basis of relevant experience, skill, judgement and leadership abilities to contribute to the effective direction of the Company.

### **4.3 Specific duties of the Chairman**

The Chairman will:

- (a) chair board meetings;
  - (b) establish the agenda for Board meetings, in consultation with the executive directors and the Company Secretary;
  - (c) chair meetings of shareholders, including the Annual General Meeting of the Company;
  - (d) be the primary spokesperson for the Company at the Annual General Meeting;
  - (e) represent the views of the Board to shareholders, the general public, government, regulators and other stakeholders; and
  - (f) develop and maintain key strategic relationships.
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## **5. Role of Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

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## 6. Confidential information and external communication

The Board has established the following principles to apply in respect of information of the Group:

- (a) generally, the Chairman will speak for the Group. Individual Board members are expected not to communicate on behalf of the Board or the Group without prior consultation with the Chairman;
- (b) any disclosure of information to a shareholder which is not disclosed to the market must be approved under the Continuous Disclosure Policy and must comply with the ASX Listing Rules; and
- (c) all directors are required to keep all information provided to them in their capacity as a director confidential.

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## 7. Conflicts of interest

The directors of the Company are required to act in a manner which is consistent with the best interests of the Company as a whole, free of any actual or possible conflicts of interest.

If a director considers that he or she might be in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any associated person, or his or her duties to any other company, on the one hand, and the interests of the Company or his or her duties to the Company, on the other hand, the Board requires that the director:

- (a) fully and frankly informs the Board about the circumstances giving rise to the conflict; and
- (b) abstains from voting on any motion relating to the matter and absents himself or herself from all board deliberations relating to the matter, including receipt of Board papers bearing on the matter.

If a director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the director should immediately consult with the Chairman (or, in the case of the Chairman, the Chairman should immediately consult with the other non-executive directors).

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## 8. Related party transactions

The Board is responsible for reviewing and monitoring related party transactions and investments involving the Group and its directors including maintain a register of related party contracts, which is reviewed at least annually.

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## 9. Meetings

### 9.1 Overview

The Board will meet not less than six times formally per annum and as frequently as may otherwise be required to deal with urgent matters.

A meeting of the Board will usually be convened by the Chairman, although under the Company's Constitution a meeting may be called by any director.

All directors are expected to diligently prepare for, attend, and participate in all Board meetings. At a minimum, a quorum of directors under the Company's Constitution is two. Meetings of the Board may be held or participated in by conference call or similar means. Resolutions of the Board may be passed by circular resolution or in writing in accordance with the Company's Constitution.

The Chairman in conjunction with the Chief Executive Officer should ensure the availability and, if necessary, the attendance at the relevant meeting, of any member of the Group's executive management responsible for a matter included as an agenda item at the relevant meeting.

## 9.2 Agenda

An agenda will be prepared for each Board meeting. The agenda will be prepared by the Company Secretary under the supervision of the Chairman.

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## 10. Board committees

Pursuant to the Constitution of the Company and to assist the Board in fulfilling its duties and responsibilities, the Board may delegate its powers to a committee or committees consisting of such of their number as they think fit, from time to time.

Any such committees established will have formal charters. With the exception of certain limited delegations contained in the committees' charters, recommendations of such committees are to be referred to the Board for approval.

As the current composition of the Board is three directors, the Board has determined for governance and practical purposes that the audit and risk management, remuneration and human resources and nomination and corporate governance functions and responsibilities are to be undertaken by the Board as a whole.

In order to fulfil its duties, the Board has adopted the following functions and responsibilities:

- audit and risk management function: monitoring and advising the Board on the Group's audit, risk management and regulatory compliance policies and procedures;
- remuneration and human resources function: overseeing the remuneration and human resources policies and practices of the Group; and
- nomination and corporate governance function: advising the Board on the composition of the Board and its committees, reviewing the performance of the Board, its committees and the individual directors.

The responsibilities under each function are set out in the following annexures:

- Annexure 1: Audit and Risk Management
- Annexure 2: Remuneration and Human Resources
- Annexure 3: Nomination and Corporate Governance

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## 11. Independent advice

A director of the Company is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at the Company's expense on any matter connected

with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out below:

- (a) a director must seek the prior approval of the Chairman;
- (b) in seeking the prior approval of the Chairman, the director must provide the Chairman with details of:
  - the nature of the independent professional advice;
  - the likely cost of seeking the independent professional advice; and
  - details of the independent adviser he or she proposes to instruct;
- (c) the Chairman may set a reasonable limit on the amount that the Company will contribute towards the cost of obtaining such advice;
- (d) all documentation containing or seeking independent professional advice must clearly state that the advice is sought both in relation to the Company and to the director in his or her personal capacity. However, the right to advice does not extend to advice concerning matters of a personal or private nature, including for example, matters relating to the director's contract of employment with the Company (in the case of an executive director) or any dispute between the director and the Company; and
- (e) the Chairman may determine that any advice received by an individual director will be circulated to the remainder of the Board.

All directors are entitled to the benefit of the Company's standard Deed of Access, Indemnity and Insurance which provides ongoing access to Board Papers and, at the Company's expense, Directors and Officers insurance for seven years after the director leaves the Board.

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## 12. Remuneration

The level of director remuneration will be set by the Board.

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## 13. Continuous disclosure

The Board has adopted a policy related to the continuous disclosure obligations of the Company under the ASX Listing Rules. The Board will oversee the implementation of that policy and will report at each regular Board meeting.



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## Annexure 1: Audit and Risk Management

In order to fulfil its audit and risk management responsibilities, the Board will:

**(a) Financial Statements**

- Review and approve the financial statements for the half year and full year, and consider whether they are complete and reflect appropriate accounting policies and principles.
- Receive and consider in connection with the half year and full year financial statements the Chief Executive Officer and Chief Financial Officer declaration required by section 295A of the *Corporations Act 2001 (Cth)* and the statement required by Recommendation 4.2 of the ASX Corporate Governance Council's Principles and Recommendations.
- Review and approve the financial sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors the results of the audit.

**(b) Internal Control**

- Review the effectiveness of the Group's internal controls regarding all matters affecting the Group's financial performance and financial reporting, including information technology security and control.
- Review the scope of internal and external auditors' review of internal control, review reports on significant findings and recommendations, together with management's responses, and recommend changes from time to time as appropriate.

**(c) Internal Audit**

- Review with management and the internal auditor (if one is appointed), its Charter, plans and activities of the internal audit activity.
- Meet with the internal auditor to review reports and monitor management response.
- Meet separately, at least once a year, to discuss any matters that the Board or internal auditor believes should be discussed privately.
- Review the effectiveness of the internal audit activity.
- Ensure there are no unjustified restrictions or limitations placed on the internal auditor, and review and concur in the appointment, replacement or dismissal of the internal auditor by management.

**(d) External Audit**

- Appoint the external auditor and determine its remuneration and terms of appointment.
- Review the external auditors' proposed audit scope and approach.
- Meet with the external auditors to review reports, and meet separately, at least once a year, to discuss any matters that the Board or auditors believe should be discussed privately.

- Establish policies as appropriate in regards to the independence of the external auditor.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Group, including non-audit services, and discussing the relationships with the auditors.
- Review the performance of the external auditors, and consider the re-appointment and proposed fees of the external auditor and, if appropriate, conduct a tender of the audit. The appointment of an external auditor will be put to the Board and then if a change is approved it will be put forward to shareholders for their approval.

**(e) Compliance**

- Consider the workplan for Group compliance activities.
- Obtain regular updates from management and company legal counsel regarding compliance matters.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the findings of any examinations by regulatory agencies.
- Review the process for communicating the code of conduct to Group personnel, and for monitoring compliance therewith.
- Approve systems for financial, workplace health and safety and other reporting and monitoring the operation of these systems.

**(f) Risk Management**

- Ensure that effective audit, risk management and regulatory compliance programs are in place to protect the Group's assets and shareholder value. Review the Group's risk management framework at least annually to satisfy itself that management has developed and implemented a sound system of risk management and internal control and that it continues to be sound.
- Approve and monitor the Group's risk and audit framework, including (but not limited to) systems of risk management and internal compliance and control. Approve and monitor compliance with the Group's risk and audit policies and protocols and Code of Conduct.
- Receive and review reports from the Executive Risk Management Committee on the management of material risks, changes in the risk profile and risk mitigation strategies.
- Consider the overall risk management framework, monitor and review its management of key business risks and keeping abreast of all material business risks of the Group.
- Review with management the system for identifying, managing, and monitoring the key risks of the Group.
- Obtain reports from management on the management of any key risk exposures or incidents.

**(g) Reporting Responsibilities**

- Provide an open avenue of communication between internal audit, the external auditors, and the Board. For the purpose of supporting the independence of their function, the external auditor and the internal auditor have a direct line of reporting access to the Board.
- Report annually to the shareholders, describing the Board's audit and risk management responsibilities and how they were discharged, and any other information required by law or the Listing Rules of the Australian Securities Exchange.
- Review any other reports the Company issues that relate to audit and risk management responsibilities.

**(h) Review Insurance Policies**

- Review the adequacy of the Group's insurance policies.

**(i) Other Responsibilities**

- Review adequacy of external reporting by the Company to meet the needs of shareholders.
- Perform other activities related to this function.
- Institute and oversee special investigations as needed.

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## Annexure 2: Remuneration and Human Resources

### **Remuneration responsibilities**

The Board is required to review, consider and approve (where applicable):

- (a) the general remuneration strategy for the Group, so that it motivates the Group's executives and employees to pursue the long term growth and success of the Group and establishes a fair and transparent relationship between individual performance and remuneration;
- (b) policies with respect to remuneration of any employees;
- (c) the terms of remuneration for the executive directors and other senior management of the Group from time to time including the criteria for assessing performance;
- (d) the outcomes of remuneration reviews for executives collectively, and the individual reviews for the executive directors, and other senior management of the Group;
- (e) remuneration reviews for executive and non-executive directors;
- (f) changes in remuneration policy and practices, including superannuation and other benefits;
- (g) employee equity plans and allocations under those plans; and
- (h) the disclosure of remuneration requirements in the Company's public materials including Australian Securities Exchange filings and the annual report.

### **Specific remuneration responsibilities**

In order to fulfil its remuneration responsibilities, the Board will:

#### **(a) Executive director and senior management remuneration**

- review and evaluate market practice and trends in remuneration matters;
- review and approve executive and senior management remuneration including, but not limited to, base pay, incentive payments, equity awards and service contracts and identifying any gender based disparities between comparable positions;
- consider whether to seek shareholder approval of the executive remuneration;
- oversee the implementation of executive and senior management remuneration within the Group; and
- review and consider any termination payment to the executive directors and any other senior management of the Group. A termination payment to any other departing executive must be reported to the Board at its next meeting.

#### **(b) Non-executive director remuneration**

- review and establish the level of remuneration, including superannuation and any equity incentives, for non-executive directors. The level of director remuneration is to be set so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type;

- where necessary seek an increase in the amount of remuneration for non-executive directors approved by shareholders; and
  - request management or external consultants to provide necessary information upon which the Board may make its determination.
- (c) Performance review**
- review and report on the performance of senior management and non-executive directors;
- (d) Short term incentives**
- review, at least annually, and approve short term incentives for management, employees and contractors;
- (e) Employee share, option and other equity based plans**
- review, at least annually, and approve the design or amendment of all equity based plans;
  - keep all plans under review in the light of legislative, regulatory and market developments;
  - for each such plan, determine each year whether awards will be made under that plan;
  - review and approve proposed aggregate and individual awards under each plan;
  - review and approve the administration and allocation of individual interests in awards which are held in a trust or similar structure; and
  - review, approve and keep under review performance hurdles for each equity based plan.

### **Human resources responsibilities**

In relation to its human resource function, the Board is required to:

- (f) review and develop succession planning for the executive directors and other senior management of the Company and provide advice on progress;
- (g) review the recruitment, retention and termination policies and procedures for senior management;
- (h) review human resource policies and procedures for senior management;
- (i) review the strategies to meet the objectives of the Diversity Policy;
- (j) develop measurable objectives and strategies to meet the objectives of the Diversity Policy (*Measurable Objectives*);
- (k) monitor progress against the Measurable Objectives (if any set) and report progress towards achieving them to the Board;
- (l) review and report annually (with reference to the Corporate Governance Statement) on the respective proportions of women and men employees in the whole organisation, at senior management level and at Board level;
- (m) review the superannuation arrangements for employees; and

- (n) review executive development programs to ensure they are appropriate for the Company's needs.

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## Annexure 3: Nomination and Corporate Governance

### **Nomination responsibilities**

In relation to its nomination function, the Board is required to:

- (a) critically review the performance and effectiveness of the Board and its individual members;
- (b) establish criteria for Board membership, including the desirable mix of skills and diversity;
- (c) review the size, composition and diversity of the Board;
- (d) review the time required by non-executive directors to effectively fulfil duties;
- (e) develop and maintain a Board skills matrix to periodically identify and assess the skills and desirable competencies required to discharge the Board's duties, having regard to the strategic direction of the Company;
- (f) propose candidates for directorships for consideration by the Board using a structured approach to identify a pool of candidates (including reference to the Board skills matrix and using external experts where necessary) and having regard to the desired composition as stated in the Board Charter and the Director Selection and Appointment Policy (Annexure 4);
- (g) consider the names of directors who are retiring in accordance with the provisions of the Constitution and consider whether the Board should support the re-nomination of that retiring director. In order to make these recommendations, the Board will review the retiring director's performance during the period in which the director has been a member of the Board;
- (h) establish and facilitate an induction program for new directors with all such information and advice which may be considered necessary or desirable for the director to commence their appointment to the Board and facilitate the provision of appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively;
- (i) identify any specific responsibilities of individual Board members, including the Chairman; and
- (j) review succession planning for the executive directors and other senior management (if any) of the Company and advise the Board on progress;

### **Corporate governance responsibilities**

In relation to its governance function, the Board is required to:

- (a) at least once per year, review the performance and effectiveness of the Company's corporate governance policies and procedures and, if appropriate, amending those policies and procedures as necessary;
- (b) review and approve all disclosures related to any departures from the ASX Corporate Governance Council Corporate Governance Principles and Recommendations;
- (c) review and approve the public disclosure of any of the Group's policies and procedures;

- (d) supervise the public disclosure of all matters that the law and Listing Rules of the ASX (*ASX Listing Rules*) require to be publicly disclosed, consistent with the Continuous Disclosure and Shareholder Communications Policy approved by the Board;
- (e) approve and monitor delegations of authority;
- (f) review developments in corporate governance in Australia and internationally that may be relevant to the Group and to the expectations of the investor market and other stakeholders;
- (g) monitor the corporate governance requirements of regulators, including the Australian Securities and Investments Commission and the Australian Securities Exchange;
- (h) review ethical guidelines and standards for directors;
- (i) advise on corporate governance standards, and on the adoption or amendment of corporate governance policies that would be appropriate for the Group;
- (j) review annually the Group's compliance with its corporate governance policies and procedures, and report on the results of the review; and
- (k) prepare the Group's corporate governance disclosure statements in its Annual Report.



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## Annexure 4: Director Selection and Appointment Policy

The Board has adopted a Director Selection and Appointment Policy. A skilled, experienced, diverse and effective Board is needed to provide innovative management of the Company and deliver value to shareholders.

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### 1. Procedure for selection of directors

The Board will periodically consider whether it is necessary and desirable to recruit additional directors bearing in mind (among other things):

- the mix of skills, experience and diversity of existing directors;
- business and strategic needs of the Company;
- the need to replace directors before scheduled retirements (to ensure an appropriate familiarisation and transition process occurs); and
- the opportunity to obtain the services of particular persons with desirable skills when they are available.

The Board decides whether it is necessary to recruit additional directors to the Board.

If additional non-executive directors are required, the Board will follow a structured approach to identify a short list of candidates based on the skills required by the Board and the skills of the candidates, using external experts where necessary.

The directors will interview selected candidates and, if relevant, the candidate will be put forward to the full Board for appointment. Any appointment made by the Board is subject to ratification by shareholders at the next annual general meeting.

The Board (or its delegate) will conduct appropriate checks on the candidate before it appoints the candidate as a director. Such checks may include as to the candidate's character, experience, education, criminal record and bankruptcy history.

Any new director will also receive from the Company an appointment letter.

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### 2. Policy for appointment of directors

When considering a candidate for appointment, the Board has regard to (among other things):

- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board and work constructively with the existing directors;
- the skills and experience that the appointee brings to the role and how they will enhance the skill sets and experience of the Board as a whole and the various Board's committees;
- the diversity of the existing Board;
- the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's:
  - ability to exercise independent judgment;

- attention to Company matters; and
  - the time commitment required from a director to actively discharge his or her duties to the Company.
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### 3. Election as a director

The following information about a director standing for election as a director should be provided to shareholders to enable them to make an informed decision on whether to elect the person as a director:

- biographical details, including qualification, experience and the skills they bring to the Board;
- details of any material directorships currently held;
- any material adverse information revealed by the checks the Company has performed about the director;
- details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally; and
- a statement by the Board as to whether it supports the election.