



ROTOGRO

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## **Board Charter**

**Roto-Gro International Limited**

**ACN 606 066 059**

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## 1. Introduction

- 1.1 This Board Charter sets out the principles for the operation of the Board of Directors (**Board**) of Roto-Gro International Limited (**Company**) and describes the functions of the Board. The Company and its controlled entities are collectively referred to as the **Group**.
- 1.2 The Board is responsible for the corporate governance of the Company. This Charter sets out the roles and responsibilities of the Board, which responsibilities are delegated to committees of the Board or to management, as well as the membership and operation of the Board.
- 1.3 The Board derives its authority to act from the Company's Constitution.

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## 2. Composition of the Board

- 2.1 The Directors will determine the size of the Board, subject to the Company's Constitution, which provides there must be a minimum of three directors and no more than seven directors. The Board should comprise Directors with an appropriate mix of skills, experience from a diverse range of backgrounds and expertise in order to achieve efficient decision making and adequately discharge its responsibilities and duties.
- 2.2 The Directors appoint the Chairperson of the Board who must be an independent Non-Executive Director. The Chief Executive Officer is to be an executive officer.
- 2.3 It is noted that, ideally the Board should comprise a majority of independent Non-Executive Directors. 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 judgement; 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 Board should regularly assess whether a Non-Executive Director is 'independent' in accordance with the above criteria.
- 2.5 While the Company will aim to have a majority of independent non-executive Directors, this may not always be practicable given the size of the Board and the Company's circumstances. Accordingly, the Directors have absolute discretion to determine the appropriate composition of the Board from time to time, subject to the Constitution, the *Corporations Act 2001 (Cth)* and the ASX Listing Rules.
- 2.6 To the extent that the Board does not achieve this structure from time to time, the Board should establish a process to achieve this structure and measure itself against that process annually.
- 2.7 The Remuneration and Nomination Committee is responsible for recommending candidates for appointment to the Board.
- 2.8 Each Director is appointed by a formal letter of appointment setting out the terms and conditions of his / her appointment to ensure that each Director clearly understands the Company's expectations on him or her.
- 2.9 The continued tenure of each individual Director is subject to re-election from time to time, in accordance with the Company's Constitution.

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### **3. Responsibilities of the Board**

- 3.1 The Board acts in the best interests of the Company as a whole and is accountable to shareholder for the overall strategic direction, financial management and corporate governance of the Company.
- 3.2 In addition to matters it is expressly required by law to approve, the Board is responsible for:
- a) Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance.
  - b) Appointing, and where necessary, replacing, the Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination.
  - c) Approving the Company's remuneration framework.
  - d) Monitoring the timeliness and effectiveness of reporting to shareholders.
  - e) Reviewing and ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters.
  - f) Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures in line with Delegation of Authorities.
  - g) Approving and monitoring the budget and the adequacy and integrity of financial and other reporting such that the financial performance of the company has sufficient clarity to be actively monitored.
  - h) Approving the annual, half yearly and quarterly accounts.
  - i) Approving significant changes to the organisational structure.
  - j) Approving decisions affecting the Company's capital structure, including determining the Company's dividend policy and declaring dividends.
  - k) Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them.
  - l) Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.
  - m) Reviewing and evaluating its own performance, the performance of its Committees (if any), and the performance of individual Directors on an annual basis against both measurable and qualitative indicators in conjunction with the Remuneration and Nomination Committee (if any).
  - n) Perform such other functions as are required by law or are assigned to the Board.

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#### **4. Relationship between the Board and Management**

- 4.1 The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer. The Chief Executive Officer has authority to sub-delegate to the Executive Team.
- 4.2 Specific limits on the financial authority delegated to the Chief Executive Officer and the Executive Team must be set out in the Delegation of Authority approved by the Board.
- 4.3 The role of management is to support the Chief Executive Officer and implement the running of the general operations and financial business of the Company, in accordance with the Delegation of Authority of the Board.
- 4.4 In addition to formal reporting structures, members of the Board are encouraged to have direct communications with senior executives within the Company to facilitate the carrying out of their duties as Directors.
- 4.5 The Chief Executive Officer and Executive Team are ultimately accountable to the Board.
- 4.6 The Board has in place procedures to assess the performance of the Chief Executive Officer and the Executive Team.

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#### **5. Director Responsibilities**

- 5.1 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.
- 5.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.
- 5.3 Directors are expected to review meeting materials before Board meetings and committee meetings.
- 5.4 Directors must disclose their interests, positions, associations or relationships. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them.
- 5.5 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.
- 5.6 Directors must immediately declare to the Board, and the Board will determine whether to declare to the market, any loss of independence.
- 5.7 Directors must keep Board information, discussions, deliberations and decisions that are not publicly known, confidential.
- 5.8 Directors must comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are to:
  - (a) to act in good faith and in the best interests of the Company;
  - (b) act with care and diligence;
  - (c) act for proper purposes;
  - (d) avoid a conflict of interest or duty; and
  - (e) refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

- 5.9 Each Director is bound by all the Company charters, policies and codes of conduct, including without limitation:
- (a) the Company's Code of Conduct;
  - (b) the Company's Securities Trading Policy; and
  - (c) the Company's Continuous Disclosure Policy.
- 5.10 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.
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## **6. The role of the Chairperson**

- 6.1 The Chairperson is responsible for the leadership of the Board, setting the agenda of the Board, conducting Board meetings in consultation with the Chief Executive Officer and Company Secretary, ensuring that an accurate record of the minutes of board meetings is held by the Company, conducting shareholder meetings (including annual general meetings) and providing guidance to the Chief Executive Officer.
- 6.2 Where practical, the Chairperson should be an independent Non-Executive Director. If a Chairperson ceases to be an independent Director, then the Board will consider appointing a lead independent Director.
- 6.3 Where practical, the Chief Executive Officer should not be the Chairperson of the Company during his term as Chief Executive Officer or in the future.
- 6.4 The Chairperson must be able to commit the time to discharge the role effectively.
- 6.5 The Chairperson should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management.
- 6.6 In the event that the Chairperson is absent from a meeting of the Board then the Board shall appoint a Chairperson for that meeting in an Acting capacity.
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## **7. The Chief Executive Officer**

- 7.1 The Chief Executive Officer has primary responsibility to the Board for the affairs of the Company. The Chief Executive Officer will:
- (a) develop with the Board, implement and monitor the strategic and financial plans for the Company, its policies, the annual budgets and business plans, major capital expenditure, capital management and all major corporate transactions, including the issue of any securities of the Company;
  - (b) manage the appointment of senior executive positions;
  - (c) develop, implement and monitor the Company's risk and audit management framework;
  - (d) consult with the Chairperson and Company Secretary in relation to establishing the agenda for Board meetings as well as all matters of significance where it is appropriate to do so;
  - (e) in consultation with the Company Secretary, consider and approve all disclosures of information to the ASX in accordance with the Continuous Disclosure Policy of the Company;

- (f) be the primary channel of communication and point of contact between the executive management and the Board (and the Directors);
  - (g) keep the Chairperson fully informed of all material matters which may be relevant to the Board, in their capacity as Directors of the Company;
  - (h) provide strong leadership to, and effective management of, the Company;
  - (i) ensure that the Company had regard to the interests of employees and customers of the Company and the community and environment in which the Company operates; and
  - (j) otherwise carry out the day to day management of the Company.
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## **8. The Company Secretary**

- 8.1 The Company must have at least one Company Secretary appointed by the Board.
  - 8.2 The Company Secretary acts as the secretary of the Board, attending all meetings of the Board and its Committees as required.
  - 8.3 The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
  - 8.4 The Company Secretary is to facilitate the induction and professional development of Directors.
  - 8.5 The Company Secretary is to facilitate and monitor the implementation of Board policies and procedures.
  - 8.6 The Company Secretary is to provide advice to the Board on corporate governance matters, the application of the Company's Constitution, the ASX Listing Rules and applicable other laws.
  - 8.7 All Directors have access to the advice and services provided by the Company Secretary.
  - 8.8 The Board has the responsibility for the appointment and removal, by resolution, of the Company Secretary.
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## **9. Board Committees**

- 9.1 Once the Board is of sufficient size and structure, reflecting that the Company's operations are of sufficient magnitude, to assist the Board in fulfilling its duties, the Board may establish the following committees, each with written charters:
  - (a) Audit and Risk Committee; and
  - (b) Remuneration and Nomination Committee.
- 9.2 The Company may establish other committees from time to time.
- 9.3 The charter of each Committee must be approved by the Board and reviewed following any applicable regulatory changes.
- 9.4 Members of Committees are appointed by the Board. The Board may appoint additional Directors to Committees or remove and replace members of Committees by resolution.
- 9.5 The Company must disclose the members and Chairperson of each Committee in, or in conjunction with, its annual report.

- 9.6 The minutes of each Committee meeting shall be provided to the Board at the next occasion the Board meets following approval of the minutes of such Committee meeting.
- 9.7 The Company must disclose in, or in conjunction with, its annual report, in relation to each reporting period relevant to a Committee, the number of times each Committee met throughout the period and the individual attendances of the members at those Committee meetings.
- 9.8 Where the Board does not consider that the Company will benefit from a particular separate committee:
- a) the Board must:
    - i. carry out the duties and discharge the responsibilities that would ordinarily be assigned to that committee as set out in the Charter for that committee; and
    - ii. ensure that it has appropriate balance of skills, experience, independence and knowledge of the Company to enable it to discharge its duties and responsibilities effectively; and
  - b) the Company must disclose in, or in conjunction with, its annual report the following, as applicable:
    - i. the fact a Committee has not been established; or
    - ii. if an Audit and Risk Committee has not been established, the processes the Board employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner, and the process it employs for overseeing the Company's risk management framework;
    - iii. if a Nomination Committee has not been established, the processes the Board employs to address Board succession issues; and
    - iv. if a Remuneration Committee has not been established, the processes the Board employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
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## **10. Board Meetings**

- 10.1 There must be a minimum of two Directors present at a meeting to constitute a quorum necessary for the transaction of business at a meeting, however Directors may determine a greater number of Directors is required to constitute a quorum.
- 10.2 The Board will ordinarily meet not less than 10 times formally per annum and as frequently as may otherwise be required to deal with urgent matters.
- 10.3 The Chairperson in conjunction with the Chief Executive Officer should ensure that availability and, if necessary, the attendance at the relevant meeting
- 10.4 Non-executive Directors may confer at scheduled times without management being present.
- 10.5 The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chairperson and circulated to Directors after each meeting.

- 10.6 The Company Secretary shall ensure that the business at Board and committee meetings is accurately captured in the minutes.
- 10.7 The Company Secretary shall co-ordinate the timely completion and distribution of Board and committee papers for each meeting of the Board and any Committee.
- 10.8 Minutes of meetings must be approved at the next Board meeting.
- 10.9 Further details regarding Board meetings are set out in the Company's Constitution.
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## **11. Confidentiality**

- 11.1 In order to enable full and frank discussions, all discussions at meetings of the Board are to be considered confidential and are not to be disclosed outside of the meeting except to the extent:
- (a) required by the *Corporations Act 2001 (Cth)*, the ASX Listing Rules, the Constitution; or
  - (b) approved by the Board.
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## **12. Conflicts**

- 12.1 Directors 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 potential conflicts of interest.
- 12.2 If a Director considers that they might be in a position where there is a reasonable possibility of conflict between their personal or business interests, the interests of any associated person, or their duties to any other company and the interests of the Company or their duties to the Company or the Group, the Board requires that the Director must:
- (a) Disclose to the Chairperson of the Board (or in their absence the Deputy Chairperson) 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 and the Company's Constitution in relation to disclosing material person interests and restriction on voting.
- 12.3 If a conflict exists, unless the Board otherwise determines, abstains from voting on any motion relating to the matter and absents themselves from all Board deliberations relating to the matter.
- 12.4 Directors are expected to inform the Chairperson (or in their absence the Acting Chairperson) of the Board of any proposed appointment to the board or executive of another company as soon as practicable.
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## **13. Access to Information and Independent Advice by Directors**

- 13.1 All Directors have unrestricted access to company records and information except where the Board determines that such access would be averse to the Company's interests.
- 13.2 All Directors may consult management and employees as required to enable them to discharge their duties as Directors.



- 13.3 The 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 Chairperson. A copy of any such advice received is made available to all members of the Board.
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## **14. Remuneration**

- 14.1 The level of Non-Executive Director remuneration will be set by the Board and is subject to any Listing Rule or Corporations Act requirements, and such remuneration should not exceed the amount set out under rule 14.1 of the Company's Constitution.
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## **15. Performance Review**

- 15.1 The Board undertakes ongoing self-assessment and review of the performance of the Board, Committees and individual directors annually. This is to ensure that the Board and their Committees are operating effectively.
- 15.2 The Company's goals for the year will be set out in the Company's Annual Report and these are used as the basis for evaluating performance of Senior Management. Performance evaluations are undertaken annually, by the Chief Executive Officer. The Chief Executive Officer's performance evaluation is also undertaken annually, by the Board.
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## **16. Induction**

- 16.1 The Company has induction procedures in place to allow new directors to gain an understanding of the Company (including its culture and values) and their rights, duties and responsibilities, the roles and responsibilities of Senior Management, the role of Board Committees, and meeting arrangements and director interaction.
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## **17. Continuous Disclosure**

- 17.1 The Board has adopted a policy related to the continuous disclosure obligations of the Company under the ASX Listing Rules. The Company Secretary will oversee the implementation of that policy and the Board will consider continuous disclosure as a standing item at Board meetings.
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## **18. Communication of Information**

- 18.1 The Board will:
- (a) communicate effectively with shareholders;
  - (b) give shareholders ready access to relevant and timely information about the Company; and
  - (c) make it feasible for shareholders to participate in general meetings.
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## **19. Review of this Charter**

- 19.1 The Company Secretary will review this Charter annually or as often as he or she considers necessary.

19.2 Any amendment to this Charter must be approved by the Board.

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## **20. Approved and Adopted**

20.1 This Charter was approved and adopted by the Board 27 April 2020.