



## BOARD CHARTER

### A. Derivation

The powers, duties and responsibilities of the Board are prescribed by the Corporations Act, the Company's Constitution and all other applicable legislation and regulation.

### B. Corporate Objective

The Company's stated aim is to provide shareholders with attractive investment returns through access to a growing stream of fully franked dividends and growth in capital invested.

In this regard, the Company's primary goals are:

- to pay dividends which, over time, grow faster than the rate of inflation; and
- to provide attractive total returns over the medium to long term.

### C. Purpose of the Board

The purpose of the Board is generally to set objectives and goals for the operation of the Company, to oversee the Company's management, to regularly review the Company's performance and to monitor its affairs in the best interests of the Company.

For these responsibilities, the Board is accountable to its shareholders as owners of the Company.

### D. Reserved Matters

In carrying out its purpose, the Board has reserved for itself the following matters, which are in addition to any matters expressly required by law or other regulation to be approved by the Board:

1. Setting the Corporate Objective of the Company and approving business strategies and plans of the Company designed to meet that Objective.
2. Approving the expense budget at least annually.
3. Approving changes to the Company's capital structure and dividend policy.
4. Appointing and removing the CEO/Managing Director and carrying out succession planning for the CEO/Managing Director as applicable.
5. Reviewing the performance of the CEO/Managing Director, his/her remuneration and contractual arrangements.
6. Appointing and removing Senior Executives on the recommendation of the CEO/Managing Director:
7. Reviewing the performance and remuneration of Senior Executives on the review and recommendation of the CEO.
8. Reviewing the composition of the Board and Board Committees, the independence of Directors, the Board's performance and for carrying out succession planning for the Chairman and other non-executive Directors.
9. Setting the Company's risk appetite.

10. Reviewing the performance of management and the Company, including in relation to the corporate governance, risk management, internal controls and compliance frameworks, systems, policies and processes adopted by the Company and the monitoring and review of the performance of Australian Investment Company Services Limited (AICS) in relation to the services that AICS provides the Company.
11. Dealing with any matters in excess of any specific delegations that the Board may from time to time delegate to the CEO/Managing Director and Senior Executives.
12. Approving the communication to shareholders and to the public of the half-year and full-year results and generally any public statements which reflect issues of the Company's policy or strategy that the Board deems material.
13. Setting designated authorities for the investment team to implement (in consultation with the Chairman/Managing Director) the decisions of the Investment Committee in buying/selling options or securities.

#### **E. Board Committees**

Pursuant to its powers under the Company's Constitution, the Board has delegated certain of its powers, including some of the items in D above, to Board Committees. Such Board Committees operate under specific charters approved by the Board which are made publicly available.

Currently, the Board has established the following principal Board Committees to assist the Board in exercising its authority:

- Investment Committee
- Audit Committee
- Nomination Committee
- Remuneration Committee

#### **F. Delegation to Management**

Under the Company's Constitution, the business of the Company is entrusted to the Directors, who may delegate any of the powers exercisable by them, on the terms and conditions and with any restrictions as they determine, to the Managing Director of the Company.

The Company has entered into an agreement with AICS to provide a comprehensive range of management services to the Company under the leadership of the CEO/Managing Director of AICS, who has been appointed as CEO/Managing Director of the Company.

The entering into this agreement by the Company constitutes the formal delegation of powers from the Board to management. The agreement stipulates certain performance conditions which AICS must meet.

The Board of the Company will act in close consultation and cooperation with AICS in relation to the provision of Services by AICS to the Company. AICS is a subsidiary of the Company.

### **G. Proceedings of the Board and Board Committees**

The Board usually meets on a monthly basis, including an annual strategy session.

Technical requirements relating to the administration of meetings of the Board and its Committees are set out in the Company's Constitution.

To assist Directors in exercising their powers and responsibilities, Directors may take independent advice, at the expense of the Company, after advising the Chairman of their intention to do so.

Non-executive Directors shall periodically meet alone without Executive Directors or other Senior Executives present.

### **H. Ethical Conduct**

When exercising their powers and responsibilities as Directors and when acting as a representative of the Company, Directors are expected to comply with all relevant laws and regulations and abide by the Company's Corporate Principles of Conduct.

### **I. Chairman of the Board**

The Chairman of the Board is responsible for the business of the Board, taking into account the issues and the concerns of all Directors and the requirements of this Charter.

The Chairman is also responsible for the leadership and conduct of Board and Company meetings to be in accordance with the agreed agenda, the Company's Corporate Objective and Corporate Principles of Conduct.

The Chairman shall encourage active engagement by Directors and an open and constructive relationship between the Board and the CEO/Managing Director and Senior Executives.

The Chairman shall conduct an annual review of the performance of the Board and each non-executive Director.

The Chairman has the authority to act and speak for the Board between meetings, subject to any agreed consultation processes.

### **J. Deputy Chairman**

If appointed, the Deputy Chairman will deputise for and support the Chairman in respect of the authorities and responsibilities conferred or delegated to the Chairman by the Board.

Dated: July 2017