

# Board Charter

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## Role

The Board is accountable to shareholders for the performance of Desane Group Holdings Limited. It oversees the activities and performance of management and provides an independent and objective oversight of the decisions of the Company.

## Responsibilities

The Board's responsibilities are:

- Review, approve and monitor the corporate strategies and objectives of the Company;
- Review, approve and monitor the business plan and financial budget of the Company;
- Establish Board committees to assist the Board in discharging its responsibilities;
- Monitor the operational and financial performance of the Company regularly;
- Review and approve the financial reports and documents;
- Review and approve all shareholder communications and other documents provided to the investment community and for public view;
- Review and approve the declaration and payment of dividends;
- Review and approve capital management strategies, including approval of all share issue offers such as share purchase plans and dividend reinvestment plans;
- Review risk management systems and policies;
- Appoint (and remove) the Managing Director and determine their remuneration, terms and conditions of employment as well as reviewing their performance;
- Review the performance of senior executives and the Board itself;
- Review and approve the remuneration of the senior executives and key personnel;
- Approve the appointment of senior executives;
- Make recommendations regarding the election of directors;
- Ensure all directors undergo appropriate background checks before appointment or re-appointment; and
- Ensure there are written contractual agreements in place for all directors, the Managing Director, senior executives and key personnel, outlining their roles, responsibilities and terms of their appointment.

In addition to the above, the Board delegates to the Managing Director and senior management, all matters involving the day-to-day affairs and operations of the Company.

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The Company Secretary is accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board. The Board has direct access to the Company Secretary at all times. The Company Secretary is responsible for:

- Advising the Board on corporate governance matters;
- Managing the company secretarial duties and responsibilities;
- Attending all Board and Board Committee meetings; and
- Taking minutes of meetings and communication with the ASX.

A performance review is undertaken annually in relation to the Board and the Board Committees. The Board has established a Remuneration Committee to evaluate the performance of the Board, individual directors and senior executives. The Remuneration Committee convenes at least one meeting every 12 months. If required, the Board may convene additional meetings.

## Composition of the Board

The Board presently has 4 directors. Currently the Board has two independent non-executive directors, a Managing Director and an Executive Director.

## Board Committees

The Company's Constitution enables the Board to establish committees to assist in carrying out its responsibilities. These committees, whose charters have been approved by the Board, report to the Board regularly.

The Committees are:

- **Audit & Risk Committee**, consisting of at least two independent non-executive directors, is responsible for considering the effectiveness of the systems of risk management and internal controls, financial reporting and any other matters at the request of the Board. To assist in this function the Managing Director, external auditor and senior executives attend by invitation to report to meetings.
- **Remuneration Committee**, consisting of at least two non-executive directors, advises the Board on remuneration practices generally, and makes specific recommendations to the Board annually on remuneration packages and other terms of employment for directors, senior executives and key personnel.
- **Environmental & Occupational Health & Safety Committee**, consisting of at least two non-executive directors, advises the Board on any matters pertaining to Occupational Health and Safety, as well as Environmental matters. A meeting is held once a year as a minimum.

- **Finance & Operations Committee**, consisting of the entire Board, senior executives and key personnel (including the Chairman). The meetings are held every month of the financial year. The role of this committee is to assist the Board in monitoring the performance of the Company's various business activities, compliance by management with limits and benchmarks determined by the Board and compliance by management with the Board's procedures and policies regarding ASX listing rule disclosure requirements.
- **Nomination Committee**, consisting of at least two non-executive directors, including the Chairman and either the Managing Director or Executive Director, advises the Board annually on board composition, identifying and assessing necessary board skills and the selection and recommendation of the appointment of Managing Director, Company Secretary and executive directors. The majority of the committee are independent and the Chairman of the committee is also independent.

## Operation of the Board

All the committees will meet regularly throughout the year, unless the committee is only required to meet once or twice as required.

The Board meets formally every month of the financial year to monitor Desane's performance and to receive reports from its various committees and senior executives. Additional board meetings are held when necessary to deal with specific matters as they arise.

The board papers, which include comprehensive reports on the investment portfolio and on operational and financial performance, are circulated in advance of monthly meetings.

## Director Checks and Induction

The board is responsible for undertaking appropriate checks prior to appointing a person and recommending that person for election as a Director. These include checks as to the person's character, experience, education, criminal record and bankruptcy history. In accordance with Desane's induction programme, new directors are provided with a formal letter of Appointment, Deed of Indemnity, Insurance and Access agreement, Constitution, Corporate Governance Statement and related charters and policies.

Candidates who are considered suitable for appointment as directors by the Board are then recommended for decision by the Board and, if appointed, stand for election at the next AGM, in accordance with Desane's Constitution. Desane includes in the Notice of Meeting for the AGM all material information known to Desane which is relevant to a decision by shareholders whether or not to elect or re-elect a Director.

Desane has written agreements with each of its directors which details their role, responsibilities and terms of appointment.

New directors are encouraged to meet with management and attend all committee meetings to develop a deep understanding of the operation of the company.

In order to achieve continuing improvement in Board performance, all directors are encouraged to undergo continuing professional development in their relevant area of expertise.

## **Board Policies**

The Board has adopted the following policies which are reviewed at least annually:

- Code of Conduct;
- Share Trading Policy in relation to listed securities;
- Dividend Policy;
- Communication Policy;
- Diversity Policy;
- Disclosure Policy; and
- Risk Management Policy.