

# PACIFIC CURRENT GROUP

## Board of Directors Charter

### Part 1: Interpretation

#### 1.1 In this Charter:

“Act” means the Corporations Act 2001;

“Board” means the board of directors of the Company;

“Business” means the business of the Company;

“MD” means the Managing Director of the Company and “CEO” means the Chief Executive Officer of the Company and if no MD or CEO has been appointed then the roles and responsibilities of those positions are the roles and responsibilities of the person or persons the Board appoints to meet those obligations. All references to MD or CEO in those circumstance are taken to mean the individuals tasks with the obligations of the MD or CEO;

“Chairman” means the chairman of the Board and is used in a gender-neutral sense;

“Company” means Pacific Current Group Limited;

“Company Goals” means the goals of the Company as set out in Part 2;

“Director” means a Director of the Company Board and refers to both non-executive and executive Directors;

“Management” means the management personnel of the Company;

“Management Limitations” means the limitations on the actions of Management as set out in paragraph 4.3;

“Secretary” means the Board secretary or the person normally exercising the functions of a Board secretary;

“Shareholders” means the shareholders of the Company.

### Part 2: Company Goals

#### 2.1 General

2.1.1 The purpose of the Company is to maximise Shareholder returns through the provision of funds management services.

2.1.2 The capital and resources of the Company will be allocated to those assets and activities which will enable it to achieve the Company Goals in a manner

best serving the interests of the Shareholders as a whole.

### **Part 3: Board Governance Process**

#### **3.1 Role of the Board**

3.1.1 The role of the Board is to effectively represent and promote the interest of Shareholders with a view to adding long-term value to the Company's shares.

3.1.2 Having regard to its role the Board will direct, and supervise the management of, the Business and affairs of the Company including, in particular:

- ensuring that the Company Goals are clearly established, and that strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from Management);
- establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the Business through innovation, initiative, technology, new products and the development of its business capital;
- monitoring the performance of Management;
- appointing the MD/CEO, setting the terms of the MD/CEO's employment contract and, where necessary, terminating the MD/CEO's employment with the Company;
- deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Company's financial statements are true and fair and otherwise conform with law;
- ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
- ensuring that the Company has appropriate risk management/regulatory compliance policies in place.

3.1.3 In the normal course of events, day-to-day management of the Company will be in the hands of Management.

3.1.4 The Board will satisfy itself that the Company is achieving the Company Goals.

#### **3.2 Board Procedures**

3.2.1 The conduct of the Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities and in accordance with the Directors Code of Conduct.

3.2.2 Directors will use their best endeavours to attend Board meetings and to prepare thoroughly. Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table.

Directors unable to attend a meeting will advise the Chairman and Secretary at the earliest possible date.

3.2.3 Board discussions will be open and constructive, recognising that genuinely-held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.

3.2.4 Executive Directors attend Board meetings to discharge the Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.

3.2.5 The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, request the addition of an item to the agenda. The agenda will be set by the Chairman in consultation with the MD/CEO and the Secretary.

3.2.6 The Board will normally hold meetings in each month of the year and will hold additional meetings as the occasion requires. At each normal meeting the Company's interests register will be updated as necessary and the Board will consider:

- an operational report from the MD/CEO;
- a report from the Chief Financial Officer;
- a report from the group manager risk & compliance services;
- reports on their activities from the Company's individual business units;
- specific proposals for capital expenditure and acquisitions; and
- major issues and opportunities for the Company.

3.2.7 Directors are entitled to have access, at all reasonable times, to all relevant company information and to Management.

3.2.8 Directors are expected to strictly observe the provision of the Act applicable to the use and confidentiality of company information.

### **3.3 Chairman**

3.3.1 The Board will appoint from among the Directors a Chairman.

- 3.3.2 The Chairman will be a non-executive Director.
- 3.3.3 The Chairman is responsible for representing the Board to Shareholders.
- 3.3.4 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board as set out in this Part 3.
- 3.3.5 The Chairman is responsible for maintaining regular dialogue with the MD/CEO over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern.
- 3.3.6 The Chairman will act as facilitator at meetings of the Board to ensure that no Director, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Directors is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes.
- 3.3.7 The Chairman is responsible for evaluating the performance of the Board, its committees and Directors.

### **3.4 Board Committees**

- 3.4.1 Board committees will be formed only when it is efficient or necessary to facilitate efficient decision-making.
- 3.4.2 Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.
- 3.4.3 Board committees will only speak or act for the Board when so authorised. The authority conferred on a Board committee will not derogate from the authority delegated to the MD/CEO.
- 3.4.4 As a minimum the Board will have the following committees and shall adopt Charters setting out matters relevant to the role, composition, rights, responsibilities and administration of each of those committees:
- an Audit Committee
  - a Governance Committee; and
  - a Remuneration Committee.

### **3.5 Board Composition and Mix**

- 3.5.1 The Board shall comprise Directors with a range of skills, experience, expertise and diversity.
- 3.5.2 Generally, the qualifications for Board membership are the ability and intelligence to make sensible business decisions and recommendations, entrepreneurial talent for contributing to the creation of Shareholder value, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the industry sector, high ethical standards, sound

practical sense, and a total commitment to furthering the interest of Shareholders and the achievement of Company Goals.

- 3.5.3 The size of the Board will be such that the common purpose, involvement, participation, harmony and sense of responsibility of the Directors are not jeopardised. It must be large enough to ensure a range of knowledge, views and experience. Generally, the number of Directors will be between four and six of which the majority will be non-executive.

### **3.6 Conflicts of Interest**

- 3.6.1 Directors are expected to be sensitive to conflicts of interest that may arise and mindful of their fiduciary obligations.
- 3.6.2 Directors must disclose any actual or potential conflict of interest as required under the Act, Australian Securities Exchange Listing Rules and general law requirements.
- 3.6.3 A conflicted Director will not receive the relevant Board paper and will not be present at a Board meeting during the consideration of the matter and subsequent vote unless the Board (excluding the conflicted Director) resolves otherwise.

### **3.7 Induction of New Directors**

- 3.7.1 Genuine potential Directors are encouraged to carry out “due diligence” on the Company before accepting an appointment to the Board.
- 3.7.2 On their first appointment, non-executive Directors will have the benefit of an induction program aimed at deepening their understanding of the Company and the Business and the environment and markets in which the Company operates. As part of the program Directors will receive a folder of essential Board and Company information and will meet key management.
- 3.7.3 Directors are expected to keep themselves abreast of changes and trends in the Business and in the Company’s environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally.

### **3.8 Directors' Remuneration**

- 3.8.1 The Board will determine the level of remuneration paid to Directors within any limitations imposed by Shareholders.
- 3.8.2 Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid, as additional remuneration, an extra fee as members of Board committees, an extra fee as chairman of a Board committee and an extra fee for any special service as a Director. The Chairman will be paid a level of fees appropriate to their office. Remuneration will be reviewed as required by the Board after taking independent advice.
- 3.8.3 Executive Directors will receive no fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company.

### **3.9 Shareholdings by Directors in the Company**

3.9.1 Directors are encouraged to hold shares in the Company, recognising that this has the capacity, in many cases, to increase the focus of Directors on Company performance and share value and therefore be in the interests of all Shareholders.

3.9.2 When buying or selling shares Directors must strictly observe the provisions of the Company's securities trading policy and all relevant legislative or regulatory procedures, and should follow any procedural recommendations prescribed from time to time by the Company.

### **3.10 Provision of Business or Professional Services by Directors**

3.10.1 Because a conflict of interest (actual or perceived) may be created, Directors should not, generally, provide business or professional services of an ongoing nature to the Company.

3.10.2 Notwithstanding the general rule, the Company is at liberty to:

- for the purpose of a special assignment, engage the services of any Director having special expertise in the particular field, or
- engage the services of another member of a Director's organisation,

so long as the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosure of the engagement are properly disclosed.

### **3.11 Other Board Appointments**

3.11.1 Any Director is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the Business and does not detrimentally affect the Director's performance as a Director. All other appointments must first be discussed with the Chairman before being accepted.

### **3.12 Independent Professional Advice**

3.12.1 Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director.

3.12.2 If a Director considers such advice is necessary the Director shall first discuss it with the Chairman and, having done so, shall be free to proceed.

3.12.3 Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

### **3.13 Board and Director Evaluations**

3.13.1 The Board will, through the Governance Committee, evaluate its performance, processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.

3.13.2 Individual Directors will be evaluated by their fellow Directors through a written questionnaire which will be collected and collated by the Chairman who then discusses the results with each Director. The Chairman's own position is discussed with either the Governance Committee Chair, a senior Director and/or the rest of the Board.

### **3.14 Indemnities and Insurance**

3.14.1 The Company will provide Directors with, and will pay the premiums for, indemnity and insurance coverage while acting in their capacities as Directors, to the fullest extent permitted by the Act.

### **3.15 The Secretary**

3.15.1 The appointment of the Secretary is made on the recommendation of the MD/CEO and must be approved by the Board.

3.15.2 The Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

3.15.3 All Directors, particularly the Chairman, have access to the advice of services of the Secretary for the purposes of the Board's affairs and the Business.

## **Part 4: Board – Management Relationship**

### **4.1 Position of MD/CEO**

4.1.1 The Board will link the Company's governance and management functions through the MD/CEO.

4.1.2 All Board authority conferred on Management is delegated through the MD/CEO so that the authority and accountability of Management is considered to be the authority and accountability of the MD/CEO so far as the Board is concerned. The Board must agree to the levels of sub-delegation immediately below the MD/CEO.

4.1.3 The Board will agree with the MD/CEO to achieve specific results directed toward the Company Goals. This will usually take the form of an annual performance contract under which the MD/CEO is authorised to make any decision and take any action within the Management Limitations, directed at achieving the Company Goals.

4.1.4 Between Board meetings the Chairman maintains an informal link between the Board and the MD/CEO, the Chairman expects to be kept informed by the MD/CEO on all important matters, and is available to the MD/CEO to provide counsel and advice where appropriate.

4.1.5 Only decisions of the Board acting as a body are binding on the MD/CEO. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where specific authorisation is given by the Board.

## **4.2 Accountability of MD/CEO to Board**

4.2.1 The MD/CEO, in association with the Chairman, is accountable to the Board for the achievement of the Company Goals and the MD/CEO is accountable for the observance of the Management Limitations.

4.2.2 At each of its normal monthly meetings the Board should expect to receive from or through its MD/CEO:

- the operational and other reports and proposals referred to in paragraph 3.2.6; and
- such assurances as the Board considers necessary to confirm that the Management Limitations are being observed.

## **4.3 Management Limitations**

4.3.1 The MD/CEO is expected to act within all specific authorities delegated to him or her by the Board.

4.3.2 The MD/CEO is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.

4.3.3 In allocating the capital and resources of the Company the MD/CEO is expected to adhere to the Company Goals.

4.3.4 The MD/CEO is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.

4.3.5 In financing the Company the MD/CEO is expected to not cause or permit any action that will increase the financial risk beyond the tolerance and acceptance of the Board.

4.3.6 The assets of the Company are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, at a minimum, are sufficient to meet standards acceptable to the Company's external auditors. In managing the risks of the Company, the MD/CEO is expected to not cause or permit anyone to substitute their own risk preferences for those of the Shareholders as a whole.



4.3.7 The MD/CEO is expected to not permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.