

# Board Charter



Butn Limited  
ACN 644 182 883

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# 1. Board Charter

This Board Charter sets out the major principles adopted by the Board to manage its affairs and enable it to discharge its responsibilities. It operates in conjunction with the constitution of the Company and relevant laws, including under the *Corporations Act 2001 (Cth)* (**Corporations Act**) and ASX Listing Rules.

## 1.1 Responsibilities and functions of the Board

The Board is responsible for approving and authorising the strategic direction of the Company and for overseeing and monitoring its businesses and affairs. Directors are accountable to the shareholders for the Company's performance.

The Board's overriding objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of all shareholders, whilst ensuring that the Company is properly managed. Directors must fulfil their fiduciary obligations to shareholders and must also consider the interests of other stakeholders in the Company including, but not limited to, employees, customers and creditors with a legitimate interest in the Company's business.

The Board reviews and approves the Company's business plans and guiding policies. Day to day management of the Company's business and the implementation of its strategy and policy initiatives are delegated to the Chief Executive Officer(s) who, in turn, delegates to other senior executives.

The senior executive team is responsible for implementing the Company's strategic objectives while operating within the Company's values, Code of Conduct, budget and risk appetite as set by the Board. The senior executive team will also be responsible for instilling and reinforcing the Company's values.

In addition, the senior executive team will also provide the Board with accurate, timely and clear information relating to the Company's financial performance, compliance with any legal and regulatory requirements and any conduct that is materially inconsistent with the Company's values or Code of Conduct.

The Board will regularly review the division of functions between the Board and the senior executive team to ensure that it continues to be appropriate to the needs of the Company.

For guidance, the Board has also developed a broad set of supplementary policies describing how to deal with employee conflicts of interest, disclosures to the investment community, its shareholder communication strategy and performance evaluation of the Board and senior executives. In addition, in order to align with the requirements under the whistleblower protection regime in Australia, the Board has also developed a Whistleblower Policy to enable and encourage the disclosure of misconduct.

The primary functions of the Board include:

- (a) demonstrating leadership;
- (b) defining the Company's purpose, approving and authorising strategic objectives;

- (c) approving the Company's statement of values and code of conduct to underpin the desired culture within the Company;
- (d) appointing and/or removing the chairperson of the Board (**Chairperson**) and the Chief Executive Officer(s) (**CEO(s)**);
- (e) approving the appointment and replacement of executives reporting directly to the CEO (**senior executives**) as well as the company secretary;
- (f) overseeing management in its implementation of the Company's strategic objectives, instilling of the Company's values and performance generally;
- (g) approving operating budgets and major capital expenditure;
- (h) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- (i) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (j) satisfying itself that the Company has in place an appropriate risk management framework (for both financial and non- financial risks) and setting the risk appetite within which the Board expects management to operate;
- (k) satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;
- (l) whenever required, challenging management and holding it to account;
- (m) satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite; and
- (n) monitoring the effectiveness of the Company's governance practices.

## 1.2 Composition of the Board

The composition of the Board is determined using the following principles:

- (a) subject to the Company's constitution, the Board is comprised of a minimum of 3 and a maximum of 7 directors;
- (b) the Chairperson may be an independent non-executive director and may be the CEO of the Company;
- (c) where possible, the Board is comprised of a diverse group of directors; and
- (d) the Board may contain a majority of independent non-executive directors (where possible).

### 1.3 Chairperson

The Chairperson is responsible for leading the board, facilitating the effective contribution of all directors and promoting constructive and respectful relations between directors and between the board and management.

In addition, the Chairperson is responsible for approving board agendas and ensuring that adequate time is available for discussion of all agenda items, including strategic issues.

### 1.4 Independent directors

All directors, whether independent or not, should bring an independent judgement to bear on Board decisions. An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

In determining whether a non-executive director is considered by the Board to be independent, the following factors will be considered:

- (a) whether the director would be considered to have a **"substantial holding"** in the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company (as defined in section 9 of the Corporations Act) if the Company were incorporated in Australia;
- (b) whether the director was employed in an executive capacity by the Company or another group member and such employment ceased less than 3 years before serving on the Board;
- (c) whether the director receives material performance-based remuneration (including options or performance rights) from the Company or materially participates in an employee incentive scheme;
- (d) whether the director is or has been in a material business relationship with the Company or another group member (ie as a supplier, professional adviser, consultant or customer) (**Material Business Partner**), or is or has been an officer, employee or otherwise associated with a Material Business Partner;
- (e) whether the director is or has been, within the last 3 years, an officer or employee of a material professional adviser or a material consultant to the Company or another group member;
- (f) whether the director is or has within the previous 3 years been employed by, or a partner of, the external auditors of the Company or another group member;
- (g) if the director has been a director of the Company for 10 or more years, whether the director's term has been for such a period that their independence from management and substantial holders may have been compromised; and
- (h) whether the director is free from any interest and any business or other relationship which could materially interfere with the director's ability to act in the best interests of the Company.

Family or close personal ties, friendships, cross-directorships and other social or business connections may also be relevant in considering interests and relationships which may compromise the independence of a director.

Directors considered by the Board to be independent will be identified as such, along with their length of service in that capacity, in the "Corporate Governance" section in the Company's annual report and / or on the Company's website.

The Board will assess at least annually whether each non-executive director is considered to be independent. Information relevant to this assessment must be provided to the Board by each non-executive director. Should a director's independent status change, this will be disclosed and explained in a timely manner to the market.

## **1.5 Skills and diversity**

The Board will ensure it collectively has the appropriate range of skills, knowledge, experience, expertise and diversity to properly fulfil its responsibilities, particularly in areas which include:

- (a) accounting;
- (b) finance;
- (c) business;
- (d) risk management;
- (e) the primary industry sectors in which the Company operates; and
- (f) relevant technical expertise.

The Board will review the range of skills and diversity of its members on a regular basis and ensure it has operational and technical expertise relevant to the operation of the Company.

## **1.6 Appointment and retirement of directors**

The Nomination and Remuneration Committee will regularly review the composition of the Board and, if it is considered appropriate to appoint new directors to the Board, will arrange for the matter to be discussed at a full Board meeting. Nominations will be received and reviewed by the Board. The Board will then determine any special qualifications, experience or other prerequisites for the new director, and the manner of selecting that director.

The Nomination and Remuneration Committee will ensure appropriate checks (including those of the person's character, experience, education, criminal record and bankruptcy history) are undertaken before it appoints a person, or nominates a new candidate for election, as a director.

The Nomination and Remuneration Committee may use external consultants to access a wide base of potential directors. In considering the potential candidates, the Board will have regard to the range of skills and experience required in light of:

- (a) the current composition of the Board;

- (b) the need for independence;
- (c) the need for diversity;
- (d) the strategic direction and progress of the Company; and
- (e) the geographic spread and diversity of the Company's business.

If the need for a new Board member is identified, the candidate must stand for election at the next general meeting of shareholders. In order to provide greater transparency around the appointment process, the Company will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect a director including:

- (a) an overview of the process used to identify candidates, including use of a **"skills matrix"** or external consultants;
- (b) steps taken to ensure a diverse range of candidates is considered;
- (c) factors taken into account in the selection process; and
- (d) a statement from the Board as to whether it supports the proposed candidate's nomination.

The following information about the candidate standing for election or re-election as a director will be provided to shareholders to enable them to make an informed decision on whether or not to elect or re-elect the candidate:

- (a) biographical details, including the candidate's relevant qualifications and experience and the skills they bring to the Board;
- (b) details of any other material directorships currently held by the candidate;
- (c) in the case of a candidate standing for election as a director for the first time:
  - (i) confirmation that the Company has conducted appropriate checks into the candidate's background and experience (including those relating to the candidate's character, education, criminal record and bankruptcy history);
  - (ii) any material adverse information revealed about the candidate from the checks the Company has performed;
  - (iii) details of any interest, position or relationship that may materially influence, or may reasonably be perceived to materially influence, the candidate's capacity to independently judge issues before the Board and to act in the best interests of the Company as a whole, and its shareholders generally, rather than in the interests of an individual security holder or other party; and
  - (iv) if the Board considers the candidate will qualify as an independent director, a statement to that effect;
- (d) in the case of a candidate standing for re-election as a director:
  - (i) the term of office currently served by the candidate; and

- (ii) if the Board considers the candidate to be an independent director, a statement to that effect; and
- (e) a statement by the Board as to whether it supports the election or re-election of the candidate and a summary of the reasons why.

A candidate for appointment or election as a director should provide the Board, or the Nomination and Remuneration Committee, with the information listed above, along with their consent for the Company to conduct any background or other checks it would ordinarily conduct. The candidate should also provide details of their other commitments along with an indication of the time involved for each commitment, and should specifically acknowledge to the Company that they will have sufficient time to fulfil their responsibilities as a director.

Where the Company makes a provisional appointment of a director or senior executive (**Interim Director**), it should ensure that the Interim Director signs an undertaking indicating that they will resign should the Company receive any outstanding background check that the Company considers to be unsatisfactory.

No director, except the Managing Director, may hold office for a period in excess of 3 years, or beyond the third annual general meeting (**AGM**) following the director's election, whichever is the longer, without submitting for re-election.

The Company does not have a policy with regard to establishing a maximum term for the appointment of a director. However, one third of all directors, except the Managing Director, will retire by rotation each year but may submit for re-election for a further 3 year period.

With the exception of outsourcing certain roles from time to time to a professional services firm, the Company will enter into written agreements with each director and senior executive personally, which will set out the terms of their appointment.

In the case of a non-executive director, the agreement should include:

- (f) the requirement to disclose the directors' interests and any matters which may affect the director's independence;
- (g) the requirement to comply with key corporate policies, including the Company's Code of Conduct and anti-bribery and corruption obligations, along with its Trading Policy;
- (f) the requirement to notify the Company of, or seek the Company's approval before accepting, any new role that could impact on the time commitment expected of the director or give rise to a conflict of interest;
- (g) the Company's policy on when directors may seek independent professional advice at the expense of the Company;
- (h) indemnity and insurance arrangements;
- (i) ongoing rights of access to corporate information; and
- (j) ongoing confidentiality obligations.

## 1.7 Board meetings



Board meetings are generally held every 2 months. All directors are expected to prepare fully for all Board meetings, and to attend as many Board meetings as reasonably practicable.

Where possible, the Board meeting agenda and relevant papers will be distributed to all directors at least 3 days prior to the meeting. Directors are expected to be available for the full duration of the meeting as notified in the meeting agenda.

Directors will keep confidential all Board discussions, deliberations and decisions that are not publicly known. Further, outside the boardroom, directors will support the letter and spirit of Board decisions.

Confidential information received by a director in the course of the exercise of their duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been properly authorised, or is required by law.

## **1.8 Committee meetings**

The Board has established a number of Board committees to assist in the execution of its responsibilities (see the Audit and Risk Charter and the Nomination and Remuneration Charter). In addition to these permanent committees, it is the practice of the Board to establish ad hoc sub-committees as required from time to time. All directors are expected to be available for membership to these permanent and sub-committees.

Committee members are expected to prepare fully for relevant committee meetings and to attend as many meetings as is reasonably practicable. The agenda and papers for Board committee meetings will be distributed, where possible, at least 3 days prior to each meeting.

## **1.9 Other meetings**

In addition to formal Board and committee meetings, directors are also required to attend functions and activities on behalf of the Company. This will include from time to time meetings with staff, customers and suppliers. All directors are expected to make themselves available where possible for these functions and activities.

## **1.10 Remuneration of directors**

Executive directors receive no extra remuneration for their service on the Board beyond their executive salary package.

Remuneration of non-executive directors is determined in maximum aggregate by the shareholders, and is allocated by the Board on the recommendation of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee will take independent advice with respect to directors' fees on an as needs basis.

Directors' fees are paid on a gross fees basis (except GST where applicable). The Board may determine that a separate payment is made for attendance at Board committee meetings or for other attendances to Company or Board activities. Directors have the option of packaging their fees on the same basis as executives (eg superannuation, motor vehicles).

Directors are not required to hold shares in the Company as part of their appointment.

The reasonable expenses incurred by directors in discharging their obligations and performing their duties will be reimbursed by the Company, consistent with Company policies which are established from time to time.

No individual director will be involved in deciding their own remuneration and there is to be no plan to provide remuneration, reward or other benefits to non-executive directors on their cessation as a director.

Please refer to the Nomination and Remuneration Charter for further information on the remuneration of executive and non-executive directors.

### **1.11 Board appraisal**

The Chairperson of the Board has authority to develop key performance indicators for Board members to assess the performance of the Board as a whole, their own individual performance and the performance of each of their fellow directors.

Each year, a survey of directors is coordinated by the Chairperson to review the role of the Board, its committees and individual directors, to assess the performance of the Board over the previous 12 months, and to examine ways of assisting the Board in performing its duties more effectively.

The Chairperson will have individual meetings with each director and selected senior executives to assess their views on these issues and to identify any areas of concern or opportunities for improvement of the performance of the Board or individual directors, or both.

The Chairperson will provide a summary of their findings to the Nomination and Remuneration Committee and to the full Board and is responsible for ensuring agreed actions are implemented. It is recognised that some findings will be of a sensitive nature and will not be included in the Chairperson's report but will be acted on by the Chairperson on a one to one basis.

This process will occur at least once each calendar year and more frequently at the discretion of the Chairperson.

At the end of the Company's reporting period, details of whether such a review has taken place will be included in the "Corporate Governance" section of the Company's annual report and / or on the Company's website.

### **1.12 Senior Management performance evaluation**

The Board will annually review the performance of its senior executives and address any issues that may emerge from that review. The Board has authority to develop key performance indicators for management to assess the performance of each senior executive.

A non-executive director will be responsible for reviewing the performance of the Chairperson.

At the end of the Company's reporting period, details of whether such a review has taken place will be included in the "Corporate Governance" section of the Company's annual report and / or on the Company's website.

### **1.13 Directors' other interests**

Directors must declare any other interests, which are likely to conflict with the interests of the Company, at the time the interest arises or the potential conflict becomes apparent. If a conflict arises, the relevant director must absent themselves from any meeting during the time at which the issue is being discussed and must abstain from voting on the issue. This requirement for a director to be absent from a meeting is subject to the Corporations Act (including the exception under section 195(2) of the Corporations Act, which provides that a director may be present and vote if directors who do not have a material personal interest in the matter have passed a resolution that (i) identifies the director, the nature and extent of the director's interest in the matter and its relation to the affairs of the Company; and (ii) states that those directors are satisfied that the interest should not disqualify the director from voting or being present.

Each director is required to provide, and to continually update the Company with, details of their other interests (for example, employment, directorships, potential conflicts of interest, interests in contracts to which the Company is party, related party transactions, family ties) prior to and throughout their appointment as a director.

### **1.14 Independent professional advice**

Each director has the right, with the prior approval of the Chairperson (such approval not to be withheld except in the case of an unreasonable request by a director), to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as a director.

Where the Chairperson wishes to obtain independent professional advice, the Chairperson must obtain the prior authorisation of the chairperson of the Audit and Risk Committee (such approval not to be withheld except in the case of an unreasonable request by the Chairperson).

A copy of all the advice must be provided immediately to the Chairperson and made available at the next Board meeting following receipt of the advice, unless it is privileged according to law and such disclosure would jeopardise that privilege.

### **1.15 Agreement for provision of information to ASX**

Where the Company is required under the ASX Listing Rules and, in contracts relevant to its securities, to provide information to the ASX, the Company will enter into an agreement with each director obliging them to provide the necessary information to the Company to enable the Company to discharge those obligations.

All directors are required to enter into such an agreement and to provide the specified information within the agreed timeframe.

### **1.16 Buying and selling shares**

The Corporations Act prohibits **Insider Trading** and imposes significant penalties if a person with **Inside Information** engages in Insider Trading.

Inside Information includes profit projections, knowledge of large contracts won or lost, knowledge of a merger or takeover or sale or knowledge of a significant change in personnel. The offence of Insider Trading relates to the use of Inside Information to trade or cause (ie to incite, induce, encourage or tip off) others to trade in the Company's shares.

The Company has developed a separate Trading Policy which directors are required to comply with in all trading activities. The Trading Policy:

- (a) recognises it is the individual responsibility of each **Key Management Personnel** or **KMP** to ensure they comply with insider trading laws; and
- (b) prohibits KMP from directly or indirectly buying, selling or otherwise trading in the Company's shares, or in the shares of any other corporation, where:
  - (i) they possess material and/or price sensitive information which is not generally available; or
  - (ii) buying or selling those shares in some way infringes insider trading laws.

**KMP or Key Management Personnel** means any person who has authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise), the CEO of the Company and other relevant senior executives

### **1.17 Continuous disclosure**

The Board is aware of its obligations with respect to continuous disclosure of material information and embraces the principle of providing access to that information to the widest audience of investors. The Board will regularly review the effectiveness of the Company's procedures to ensure compliance with its continuous disclosure obligations.

In accordance with the Corporations Act and the ASX Listing Rules, the Company will advise ASX of any transaction conducted by its directors in its securities. A Board policy "*Continuous Disclosure Policy*" has been issued and all directors are required to comply with that policy.

### **1.18 Director education**

The Company has an informal process to educate new and existing directors about the nature of its business, risk management position, current issues, corporate and financial strategy and position, and the expectations concerning performance of directors to ensure they have a thorough understanding of their roles and responsibilities.

The education will be tailored to the directors' existing skills, knowledge and experience, and include education on a director's legal duties and responsibilities under key governing legislation (including the ASX Listing Rules) as well as key accounting matters and responsibilities. Directors will also receive briefings on material developments in laws, regulations and accounting standards relevant to the Company.

### **1.19 Compliance Officer**

The Board will appoint a responsible executive of the Company as the Compliance Officer of the Company at all times. The Compliance Officer is responsible for arranging and monitoring the compliance obligations of the Company and is also responsible for reporting on the performance of those obligations to the Board. Unless a more appropriate officer is available, the Company Secretary will be appointed as the Compliance Officer.

## **1.20 Board sub-committees**

To ensure the Board has adequate time to concentrate on strategy, planning and performance enhancement, the Board will delegate certain specific duties to Board sub-committees. There are currently 2 sub-committees: the Audit and Risk Committee and the Nomination and Remuneration Committee. Each sub-committee has a defined charter to assist and support the Board in the conduct of its duties and obligations. The structure and membership of each sub-committee and their charters are reviewed annually. Other sub-committees may be constituted from time to time, as required.

## **1.21 Company Secretary**

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

The role of the Company Secretary includes, among other things:

- (a) ensuring that there are lines of communication directly available between the Company Secretary and each of the directors;
- (b) advising the Board and its relevant sub-committees on governance matters;
- (c) monitoring whether Board and sub-committee policies and procedures are followed;
- (d) coordinating the timely completion and despatch of Board and sub-committee papers;
- (e) ensuring the business at Board and sub-committee meetings is accurately captured in the minutes; and
- (f) helping to organise and facilitate the induction and professional development of directors.

The decision to appoint a Company Secretary will be formally resolved by the Board in accordance with section 204D of the Corporations Act. The decision to remove a Company Secretary will be made or approved by the Board.