

## **KANGAROO ISLAND PLANTATION TIMBERS LTD**

### **BOARD CHARTER**

Adopted by the Kangaroo Island Plantation Timbers Ltd's Board on 24 September 2013 and reviewed annual, latest review 23 September 2019.

#### **Introduction**

The Charter provides a summary of the role of the Board in the business structure and operations of Kangaroo Island Plantation Timbers Ltd and its controlled entities ("The Group").

It should be read in conjunction with the Kangaroo Island Plantation Timbers Ltd Corporate Governance Policy which provides a detailed framework for the governance of the company.

The Board is constituted and empowered pursuant to the Constitution of the company and the Corporations Act.

#### **Values**

The Board carries out the legal duties with integrity having regard to the interests of the company's customers, staff, shareholder and the broader community in which we operate.

#### **Role and Responsibilities of the Board**

The Board is responsible for the overall corporate governance of the Company, its performance, and is accountable to its various stakeholders.

In carrying out its governance role, a key task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and other legal obligations, including the requirements of all applicable regulatory bodies.

The Board has the overall responsibility for the successful operations of the Company.

Key accountabilities and matters reserved for the Board include:

- ensuring that the Company is financially sound and meets its regulatory, prudential and other requirements, and has appropriate financial reporting practices;
- setting and reviewing objectives, goals and strategic direction, and assessing performance against these benchmarks;
- ensuring a process is in place for the maintenance of the integrity of internal controls, risk management; delegations of authority and financial and management information systems;
- appointing Chair of the Board;
- appointing, supporting, evaluating and rewarding the Managing Director;
- monitoring the executive succession plan and ensuring a process of evaluating and rewarding;
- appointing, replacing, evaluating and rewarding key executives;
- ensuring high business standards, ethical conduct and fostering a culture of compliance and accountability;
- approval of the Corporate Plan;
- Implementation of budgets by management and monitoring progress against budget – via the establishment and reporting of both financial and non-financial key performance indicators;
- approval of all new business activities, loans to external parties and other commitments in excess of certain thresholds detailed in the Delegation of Authority documents;
- ensuring that our security holders and the market are provided with full and timely information; and
- reporting to stakeholders on the Board's stewardship of the Company and monitoring the achievement of the Corporate Plan.

### **Board succession planning**

It is the Board's policy to consider the appointment and retirement of non-executive directors on a case by case basis. In doing so, the Board will take into account the requirements of the ASX Listing Rules and the Corporations Act 2001 and has compiled a skills matrix to assist in the identification of any gaps in skills and experience on the Board. The Company does not seek external advice to identify or assess potential board candidates as it believes its own internal review process ensures a diverse range of candidates is considered. The selection process of potential candidates includes a review of industry experience and the skills the candidate will bring to the Board.

Board succession planning is an important part of the governance process. The Board regularly reviews and evaluates its succession planning process with the last review occurring in August 2018.

### **Management**

The Board delegates authority and responsibility for the management of the Company business to the Senior Management Team. In the absence of an Executive Director the Board are responsible for establishment of policies and authority levels through the business.

Senior Management Team meet regularly as a group with the Board to review the Company business on a timely basis.

### **Structure for Board and decision making**

Each Board meeting is to have a structured agenda to ensure that there is an appropriate amount of time spent on corporate governance, Committee reports, industry and general environmental issues, strategic and policy issues, and monitoring of business performance.

All Board decisions are to be informed by a Board paper to ensure the appropriate information is provided to enable the best decision to be made. A draft resolution is to be proposed in relation to each paper.

Board and Committee papers are to be provided to Directors to allow them to have a reasonable amount of time to review the papers before the relevant meeting.

Time is to be allowed at each meeting for Management to provide any updates to the information provided in the Board and Committee papers and Directors are to be encouraged to ask the relevant Executive(s) any questions they may have in relation to the issue being discussed.

The Chairman of the Board is to encourage all Directors to contribute to the discussion of each issue. All discussions are to be conducted in a professional, frank and transparent manner with each Director contributing their independent thoughts and judgements in discharging their responsibilities. At the conclusion of discussions the proposed resolution is either passed as is, amended and passed, or rejected.

Minutes of each Board and Committee meeting are prepared which record the documents provided and decisions made.

### **Composition of the Board**

The Board comprises a maximum of three Executive Director; and two Non-Executive Directors, comprising a Non-Executive Chairman, and one independent Non-Executive Directors. Collectively, the Non-Executive Directors provide broad-based knowledge and experience to the Board's deliberations. This assists the Board in ensuring there is appropriate corporate accountability and that the Board has the right balance of for the ongoing direction of the Company.

Each Director will ensure the Board continues to have the range of skills, knowledge and experience to:

- understand collectively the risks to the Company;

- understand the fund's legal and prudential obligations;
- oversee effectively the management of the fund, and
- use their independent thinking and judgement to contribute effectively to the Company's deliberations and process.

All Directors are to be assessed annually to ensure that they are 'fit and proper' persons to hold that office.

### **Chairman**

The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable the Directors to analyse and constructively critique the performance of management and the Company as a whole. The Chairman is responsible for representing the Board to the Shareholder.

### **Directors**

The appointment and removal of Directors is made by the Board in the absence of a Remuneration Committee.

### **Board interaction with the Group**

The Board approves a framework policies and procedures for the controlled entities ('The Group').

The Group policies and procedures are permitted to have specific transitional arrangements, exemptions and variations as required. The Board provides access, and authority, for the Group, to use the resources of the Company to assist in operating and providing governance to its businesses.

### **Board Committees**

The Board from time to time establishes committees to assist in carrying out its responsibilities, and adopts charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.

The Board has established an Audit and Risk Committee.

In view of the size of the Group, the directors have considered that establishing a nomination and remuneration committee would contribute little to its effective management and accordingly all directors participate in decisions regarding the nomination and election of new Board members. The Board will review the need to establish further committees when circumstances change.

### **Company Secretary**

The Company Secretary is appointed by the Board and reports directly to the Chairman. The Company Secretary is responsible for developing and maintaining information systems that are appropriate for the Board to fulfil its role. The Company Secretary is also responsible for ensuring compliance with Board procedures, and provides advice to the Board, via the Chairman, on governance matters.

### **Director induction and education**

The Company has an induction program for new Directors, which is reviewed periodically by the Board.

Directors are provided with detailed briefings by management on corporate strategy and current issues affecting the Company, industry and relevant sector(s) generally. All Directors are encouraged to visit the operational and support divisions, and to meet with employees across the business.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

### **Conflicts of interest**

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. All Directors are required to disclose to the Board details of transactions which may create a conflict of interest for them in the decisions placed before the Board, in accordance with the Corporations Act 2001 (Cth).

Directors do not participate in discussions, and abstain from voting on any decisions, in which they have, or may be perceived to have, a material personal interest.

### **Independent professional advice and access to Company information**

The Board and its Committees may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairman, individual Directors may seek independent professional advice at the expense of Kangaroo Island Plantation Timbers Ltd on any matter connected with the discharge of their responsibilities.

Each Director has the right of access to all relevant Kangaroo Island Plantation Timbers Ltd information and to the Company's management.

### **Director dealings in Company shares**

See the Kangaroo Island Plantation Timbers Ltd Policy on trading in company shares.

### **Indemnity by Company**

To the extent permitted by law, the Company indemnifies every officer of the Company against any liability incurred by that person:

- in his or her capacity as an officer of the Company, and
- to a person other than the Company or a related body corporate of the Company.

To the extent permitted by law, the Company indemnifies every officer of the Company and the Auditor against any liability for costs and expenses incurred by that person in his or her capacity as an officer of the Company or Auditor:

- in defending any proceedings, whether civil or criminal, in which judgement is given in favour of the person or in which the person is acquitted, or
- in connection with an application, in relation to those proceedings, in which the Court grants relief to the person under the Corporations Act.