
Board Charter

Adopted by the Kangaroo Island Plantation Timbers Ltd (KPT or “the Company” Board on 24 September 2013 and reviewed annually, last reviewed September 2020.

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, shareholders, environment and the broader community in which we operate.

The KPT values underpin the Board’s desired culture to maximise shareholder value while nurturing the needs of the environment and community. The values at the core of the Board’s ethos are:

- ✓ Transparency
- ✓ Integrity
- ✓ Resilience
- ✓ Ecological awareness and
- ✓ Accountability

The Board instils a culture of integrity and transparency through regular quarterly newsletters and regular ASX and media releases. The Company has demonstrated its ability to move forward in the face of adversity during this post fire period and continues to work hard to ensure negating environmental impact is at the forefront of its actions. The Board has ensured the Company takes responsibility for matters such as fencing and future fire protection.

Purpose

Kangaroo Island Plantations Ltd’s short term purpose is to find an efficient way to harvest and export the primarily fire damaged timber that is currently stranded on Kangaroo Island while ensuring the needs of shareholders (to maximise value and minimise costs), the environment and the community are considered.

The Company’s aim is to become a sustainable long-term timber export Company that maximises shareholders’ needs, minimises environmental impact and benefits the community through long-term employment opportunities, improved local economic growth and upgraded roads.

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.



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Key accountabilities and matters reserved for the Board include:

- Demonstrating leadership;
- Setting and reviewing the Company's purpose and its strategic objectives designed to meet stakeholders' needs and manage business risk;
- Approving the Company's statement of values and code of conduct underpinning the desired culture within the Company;
- Appointing the Chair of the Board;
- Appointing and reviewing the performance, remuneration, and succession plans of the Executives, Executive Directors, Managing Director and Company Secretary.
- Setting the criteria for Board membership, continuity and reviewing the composition of the Board;
- considering whether the Board has an appropriate mix of skills, knowledge, experience, independence and diversity outlined in its board skills matrix;
- Conducting an annual review of the Board Charter;
- Conducting an annual review of the Board's performance;
- Overseeing and working with management to instil the Company's values and develop strategic and business plans to achieve those strategic objectives;
- Approving budgets and major capital expenditure, acquisitions and divestitures and monitoring progress against budget – via the establishment and reporting of both financial and non-financial key performance indicators;
- Approval of the annual and interim financial reports;
- Overseeing the integrity of the Company's accounting and corporate reporting systems, including appointing or removing the Company's external auditor;
- ensuring that the Company is financially sound and meets its regulatory, prudential and other requirements, and has appropriate financial reporting practices; 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;
- reviewing and ratifying internal controls, codes of conduct and legal compliance;
- ensuring the significant risks facing the Company, taking into account its financial obligations and legal obligations including (but not limited to) trade practices and fair dealing laws, environmental, privacy, employment, occupational and health and safety and equal opportunity laws have been identified and adequate control monitoring and reporting mechanisms are in place;
- Overseeing that our security holders and the market are provided with full and timely information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- Setting the Company's risk appetite and satisfying itself that management have established an appropriate risks management framework for both financial and non-financial risks;
- Ensuring the existence of an appropriate framework for relevant information to be reported by management to the Board;
- Whenever required, challenging management and holding it to account;
- The Board must satisfy itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- Monitor the effectiveness of the Company's governance practices including ensuring high business standards, ethical conduct and fostering a culture of compliance and accountability;
- Enhancing and protecting the reputation of the organisation;
- Overseeing the Company's relationship and communications with security holders and ensuring the timely release of price sensitive and material disclosures;
- Establishing and monitoring the Company's capital management strategy, including any dividend payments;
- Assessing the Company's funding requirements; and
- Monitoring borrowings from financial institutions.



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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 the skills and experience of 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 September 2020.

Appointment of Directors

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. Appropriate background checks are made when engaging directors. For these purposes, appropriate checks include checks as to the person's character, experience, education, criminal record and bankruptcy history.

The directors sign a letter of appointment that sets out the terms and conditions.

Management

The Managing Director "MD", Executive Director of Community Engagement "EDC", Chief Financial Officer "CFO" and Senior Executives ("senior management team") are responsible for running the affairs of the Company under delegated authority from the Board and for implementing the policies and strategy set by the Board.

In carrying out their responsibilities the senior management team must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position, operational results, compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the entity. Clear lines of communication between the Chair and the senior management team are established and each consult with the Chair, in the first place, on matters which are sensitive, extraordinary or of a strategic nature. Every board agenda includes the following agenda items:

- Managing Director's Report
- Project approvals update
- Construction Update
- Operations Report
- Media and Community Reports
- Corporate Governance including breach reporting
- Finance and Admin report

The role of the senior management team is to implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. The senior management team are responsible for the implementation of the Company's strategic and business plans and instilling and re-enforcing its values while operating within the values, code of conduct, budget and risk appetite set by the Board. The senior management team are not responsible for setting the Company's strategic and business plans.

The senior management team will also usually be responsible for providing the Board with accurate, timely and clear information on the entity's operations to enable the Board to perform its responsibilities. This includes information about the financial performance of the Company as well as its compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the Company.



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The Chair 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 senior management. The Chair is responsible for approving board agendas and ensuring that adequate time is available for discussion of all agenda items, including strategic issues.

The Audit and Risk Committee have delegated certain financial risk management duties to the MD.

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 Chair 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 two Executive Directors; and three Non-Executive Directors, comprising a Non-Executive Chair, a Non-Executive Director and one independent Non-Executive Director. 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 knowledge and experience 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 as part of the annual informal self-assessment by the Board.

Chair

The Chair 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 Chair is responsible for representing the Board to the Shareholder.



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Directors

The appointment and removal of Directors to fill casual vacancies (subject to Shareholders approval) is made by the Board in the absence of a Remuneration Committee.

Board interaction with the Group

The Board approves a framework of 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 other committees such as 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 Chair. 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 Chair, or directly on governance matters.

Director induction and education

The Company has an induction program for new Directors, which is reviewed periodically by the Board, the last review was completed in June 2020.

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 and to become members of the Australian Institute of Directors (AICD). 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). At every board meeting there is a standard agenda item for the Directors and company secretary to notify the Company of any change in Officers' Conflicts of interest and material interest.

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.



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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 Chair, 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.