



# XTEK LIMITED BOARD OF DIRECTORS CORPORATE GOVERNANCE POLICY

## BOARD CHARTER

<b>Prepared by</b>	<b>Approved by</b>
Laurie Gardiner	Mark Stevens
Company Secretary	Chairman of the Board
Date: 10 October 2022	Date: 26 October 2022



## 1. Introduction

- 1.1 XTEK Limited (**Company**) is a listed public company on the Australian Securities Exchange (ASX).
- 1.2 The Board of the Company (“Board”) has the ultimate responsibility to its shareholders for the strategy and performance of the Company in general. The Board is dedicated to fulfilling these duties in a lawful and professional manner, and with the utmost integrity and objectivity. As such, the Board actively pursues best practice governance processes.
- 1.3 Good governance policies and processes are critical for ensuring that the Company is governed in the best interests of the Company as a whole. With this in mind, the Board has decided to articulate and formalise the corporate governance framework within which the Company operates.
- 1.4 This document outlines the Company’s corporate governance policy in the form of a Board Charter, which is a written policy document that defines the respective roles, responsibilities, and authorities of the Board, both individually and collectively, and of management in setting the direction, management, and control of the organisation. As such, it establishes the guidelines within which the Directors and Officers are to operate as they carry out their respective roles. It does not in any way constitute legal advice or act as a substitute for legal advice.
- 1.5 The purpose of this Board Charter is to document the policies upon which the Board has decided to meet its legal and other responsibilities.
- 1.6 The Charter is structured in accordance with the ASX Corporate Governance Council’s *Principles and Best Practice Recommendations (2007)*.
- 1.7 While it is acknowledged that good governance is an important component of a successful company, it is also recognised that it is contingent upon the context in which it is practiced. Therefore, corporate governance needs to be an evergreen process, and, as a result, this Board Charter is a living document.
- 1.8 The Board Charter will need to be regularly reviewed and updated to reflect changes in the legal framework within which the Company operates, and amendments and developments in Board policies and procedures.
- 1.9 It is the responsibility of the Company Secretary to ensure that the Board is consulted regarding any changes and updates, that the Charter is kept current and is reviewed on a regular basis, and that all Board members are provided with the latest versions of the Charter.
- 1.10 Nothing in this Charter must conflict with the Company’s Constitution (“Constitution”). If such a conflict occurs, the Constitution prevails.
- 1.11 This charter is supported by the Company's corporate Code of Conduct for Directors and senior executives, and the charters for the Nomination Committee, the Human Resources and Remuneration Committee, the Finance and Audit Committee and the Risk Management Committee.



## **2. Role of the Board**

- 2.1 The Board is ultimately responsible for all matters relating to the running of the Company.
- 2.2 The Board's role is to direct and control the Company. In doing so the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.
- 2.3 The Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management, and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. In carrying out its governance role, the main 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 any other legal obligations, including the requirements of any regulatory body.
- 2.4 Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:
- (a) Providing leadership to the Company by:
    - (i) Guiding the development of an appropriate culture and values for the Company through the establishment and review of Codes of Conduct, rules, and procedures to enforce ethical behaviour and provide guidance on appropriate work methods;
    - (ii) Always acting in a manner consistent with the Company's culture and Code of Conduct;
  - (b) Overseeing the development and implementation of an appropriate strategy by:
    - (i) Working with the senior management team to ensure that an appropriate strategic direction and array of goals are in place;
    - (ii) Regularly reviewing and amending or updating the Company's strategic direction and goals;
    - (iii) Ensuring that an appropriate set of internal controls are implemented and reviewed regularly;
    - (iv) Overseeing planning activities including the development and approval of strategic plans, annual plans, annual corporate budgets, and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets;
    - (v) Reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis;



- (c) Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications policy, encouraging effective participation at general meetings and, through the Chair, being the key interface between the Company and its shareholders;
- (d) Overseeing the control and accountability systems that ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements, and community expectations;
- (e) Ensuring robust and effective risk management, compliance, and control systems (including legal compliance) are in place and operating effectively;
- (f) Being responsible for the Company's senior management and personnel including:
  - (i) Directly managing the performance of the Executive Management Team, including
    - (a) appointing and remunerating the Group Chief Executive Officer (GCEO);
    - (b) providing advice and counsel to the GCEO including formal reviews and feedback on his or her performance;
    - (c) overseeing the development or removal the GCEO, where necessary;
  - (ii) Ratifying the appointment, the terms, and conditions of the appointment and, where appropriate, removal of the Chief Financial Officer (CFO) and/or Company Secretary;
  - (iii) Ensuring that an appropriate succession plan for the GCEO, CFO and Company Secretary is in place;
  - (iv) Ensuring appropriate human resource systems (including OH&S systems) are in place to ensure the well-being and effective contribution of all employees;
- (g) Delegating appropriate powers to the GCEO, management and Committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers; and
- (h) Making all decisions outside the scope of these delegated powers including:
  - (i) Approving all significant operational expenditures outside the approved budget;
  - (ii) Approving all mergers and acquisitions; and
  - (iii) Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures.

2.5 The detail of some Board functions will be handled through Board Committees. However, the Board as a whole is responsible for



determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying, or rejecting Committee recommendations.

### **3. Board size, composition, and independence**

- 3.1 The Board has determined that, consistent with the size of the Company and its activities, the Board is to be comprised of a minimum of three Directors and a maximum of 12 Directors.
- 3.2 The Board's policy is that the majority of Directors should be independent, non-executive Directors. This ensures that all Board discussions or decisions have the benefit of outside views and experience, and that the majority of Directors are free of any interests or influences that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.
- 3.3 The Board has adopted the definition of independence set out in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (2007).
- 3.4 The independence of the Company's non-executive Directors will be assessed on an ongoing basis.
- 3.5 In the opinion of the Board, all Directors should bring specific skills and experience that add value to the Company. The balance of skills and experience of the Board is to be regularly reviewed by the Nomination Committee.
- 3.6 When considering the potential appointment, of a Director or the recommendation for reappointment of a Director, the Board will take into account the individual's performance as well as the skills and experience mix required by the Board into the future.
- 3.7 When considering vacancies, the Board will take into account a candidate's capacity to enhance the mix of skills and experience of the Board.
- 3.8 The Board, through the Nomination Committee, will maintain a regularly reviewed capabilities matrix. This matrix shall include technical skills, director capabilities and personal attributes. It will normally review the Board's composition against this matrix and recommend any changes in Board composition on an annual basis. An essential component of this matrix is the time availability of Directors.
- 3.9 The Nomination Committee is responsible for recommending candidates for appointment to the Board.
- 3.10 Each Director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each Director clearly understands the Company's expectations of him or her.

### **4. The Role of Individual Directors**

- 4.1 As members of the peak decision-making body in the Company, Directors share ultimate responsibility for the Company's overall success.



Therefore, Directors have an individual responsibility to ensure that the Board is undertaking its responsibilities as set out in its Statement of Board Functions. Directors need to ensure that the Board is providing:

- (a) Leadership to the Company, particularly in the areas of ethics and culture;
- (b) A clear and appropriate strategic direction;
- (c) Accountability to key stakeholders, particularly shareholders;
- (d) Oversight of policies;
- (e) Oversight of all control and accountability systems including all financial operations and solvency, risk management and compliance;
- (f) An effective senior management team and appropriate personnel policies; and
- (g) Timely and effective decisions on matters reserved to it.

## **5. Code of Conduct**

5.1 In accordance with legal requirements and agreed ethical standards, Directors, and key executives of the company:

- (a) Will act honestly, in good faith and in the best interests of the whole Company;
- (b) Owe a fiduciary duty to the Company as a whole;
- (c) Have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- (d) Will undertake diligent analysis of all proposals placed before the Board;
- (e) Will act with a level of skill expected from directors and key executives of a publicly listed company;
- (f) Will use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- (g) Will demonstrate commercial reasonableness in decision making;
- (h) Will not make improper use of information acquired as Directors and key executives;
- (i) Will not disclose non-public information except where disclosure is authorised or legally mandated;
- (j) Will keep confidential, information received in the course of the exercise of their duties and such information remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law;
- (k) Will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company;



- (l) Will not take advantage of Company property or use such property for personal gain or to compete with the Company;
- (m) Will protect and ensure the efficient use of the Company's assets for legitimate business purposes;
- (n) Will not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company;
- (o) Have an obligation to be independent in judgment and actions, and Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- (p) Will make reasonable enquiries to ensure that the Company is operating efficiently, effectively, and legally towards achieving its goals;
- (q) Will not engage in conduct likely to bring discredit upon the Company;
- (u) Will encourage fair dealing by all employees with the Company's customers, suppliers, competitors, and other employees;
- (r) Will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith;
- (s) Will give their specific expertise generously to the company; and
- (t) Have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

## **6. Conflicts of Interest**

- 6.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 6.2 Directors must:
- (a) disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
  - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
  - (c) comply with the *Corporations Act 2001 (Cth)* and the Company's Constitution in relation to disclosing material personal interests and restrictions on voting.
- 6.3 If a conflict exists, it is expected that any Director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates.
- 6.4 Directors are expected to inform the Chairperson and the Company Secretary of any proposed appointment to the Board or executive of another company as soon as practicable. The Chairperson should advise the Company Secretary of any such appointment as soon as practicable.



## **7. Board Committees**

- 7.1 The Board has established the following Committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:
- (a) Finance and Audit Committee;
  - (b) Human Resource and Remuneration Committee;
  - (c) Nomination Committee; and
  - (d) Risk Management Committee.
- 7.2 The charter or terms of reference of each Board committee setting out matters relevant to the composition, responsibilities and administration of the Committee must be approved by the Board. Each Committee will review its charter from time to time as appropriate.

## **8. Finance and Audit Committee**

- 8.1 The objective of the Finance and Audit Committee is to:
- (a) help the Board fulfil its responsibilities in relation to:
    - (i) financial management and reporting;
    - (ii) financial risk management;
    - (iii) the application of accounting policies;
    - (iv) business policies and practices; and
    - (v) legal and regulatory compliance.
  - (b) maintain and improve the quality, credibility, and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
  - (c) promote a culture of compliance;
  - (d) encourage and promote communications between the Board and the senior compliance manager;
  - (e) provide a forum for communication between the Board and senior financial and compliance management;
  - (f) maintain and improve the effectiveness of the internal and external group audit functions and communication between the Board and the external and internal auditors; and
  - (g) maintain and improve the effectiveness of the financial management, capital raisings and compliance strategies and compliance function.
- 8.2 The Finance and Audit Committee should comprise:
- (a) at least two Directors;
  - (b) all non-executive Directors who are financially literate (and at least one of whom is a financial expert); and





(c) be independent Directors.

8.3 The Finance and Audit Management Committee will appoint its chairperson. The chairperson must be an independent chairperson and may not be the chairperson of the Board.

## **9. Human Resources and Remuneration Committee**

9.1 The objective of the Human Resources (HR) and Remuneration Committee is to help the Board achieve its objective of ensuring the Company:

- (a) maintain a system of human resource management that recognises the company's staff as the most important asset of the company and oversee that HR practices meet legislative requirements and meet the current and future business needs;
- (b) has coherent remuneration policies and practices to attract and retain employees, executives and Directors who will create value for shareholders;
- (c) observes those remuneration policies and practices; and
- (d) fairly and responsibly rewards executives, managers and other employees having regard to the performance of the Company, the performance of the executive or employee and the general pay environment.

9.2 The HR and Remuneration Committee should comprise:

- (a) at least two Directors; and
- (b) be independent Directors.

9.3 The HR and Remuneration Committee will appoint its chairperson. The chairperson of the HR and Remuneration Committee should be an independent Director.

9.4 Non-executive Directors are not entitled to retirement benefits except statutory superannuation.

## **10. Nomination Committee**

10.1 The objective of the Nomination Committee is to help the Board to achieve its objective of ensuring the Company has a Board of Directors of an effective composition, size, and commitment to adequately discharge its responsibilities and duties.

10.2 The Nomination Committee is responsible for evaluating the Board's performance.

10.3 The Nomination Committee should comprise:

- (a) at least two members; and
- (b) be independent Directors.



10.4 The Nomination Committee will appoint its chairperson. The chairperson of the Nomination Committee must be the chairperson of the Board or an independent Director.

## **11 Risk Management Committee**

11.1 The objectives of the Risk Management Committee are to:

- (a) assist the Board in achieving its objective in relation to:
  - (i) management and reporting
  - (ii) risk management
  - (iii) business policies and practices
  - (iv) legal and regulatory compliance
  - (v) internal control and risk management systems; and
  - (vi) promoting a culture of compliance.
- (b) provide a forum for communication between the Board and the Group Chief Executive Officer;
- (c) ensure effective communication between the Board and the Group Chief Executive Officer;
- (d) ensure effective internal and external audit functions and communication between the Board and the external and internal auditors; and
- (e) ensure compliance strategies and compliance functions are effective.

11.2 The Risk Management Committee should comprise:

- (a) at least two Directors; and
- (c) be independent Directors.

11.3 The Risk Management Committee will appoint its chairperson. The chairperson must be an independent chairperson and may not be the chairperson of the Board.

## **12. Chairperson of the Board**

12.1 The Chair's role is a key one within the Company. The Chair is considered the "lead" Director and utilises his/her experience, skills, and leadership abilities to facilitate the governance processes.

12.2 The Chairperson of the Board:

- (a) is appointed by the Directors;
- (b) should be an independent non-executive Director; and
- (c) may not be the same person as the Managing Director / Chief Executive Officer.



- 12.3 There are two main aspects to the Chair's role, being the Chair's role within the boardroom and the Chair's role outside the boardroom.
- 12.4 The division of the responsibilities of the Chairperson of the Board and the Managing Director have been agreed by the Board and are set out in this charter.
- 12.5 The responsibilities of the Chairperson of the Board include:
- (a) providing leadership to the Board and the Company
  - (b) promoting the efficient organisation and conduct of the Board's functions;
  - (c) ensuring the Board considers and adopts strategies designed to meet present and future needs of the Company;
  - (d) ensuring the Board has an effective composition, size, and commitment to adequately discharge its responsibilities and duties;
  - (e) monitoring the performance of the Board;
  - (f) facilitating Board discussions to ensure core issues facing the Company are addressed;
  - (g) briefing all Directors in relation to issues arising at Board meetings;
  - (h) facilitating the effective contribution and ongoing development of all Directors;
  - (i) promoting constructive and respectful relations between Board members and between the Board and management;
  - (j) ensuring the Board regularly meets to consider the Company's performance and key issues facing it;
  - (k) setting the agenda for the Board meetings after consulting with the GCEO and Company Secretary and chairing general meetings.

### **13. Role of the Company Secretary**

- 13.1 The Company Secretary is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively.
- 13.2 The Company Secretary is accountable to the Board, through the Chair, on all governance matters and reports directly to the Chair as the representative of the Board. All Directors have a right of independent access to the Company Secretary. The Company Secretary is appointed and dismissed by the Board.
- 13.3 The tasks of the Company Secretary shall include:
- (a) Notifying the directors in writing in advance of a meeting of the Board as specified in the Constitution;



- (b) Ensuring that the agenda and Board papers are prepared and forwarded to Directors prior to the Board meeting as set out in the Board Policy Manual;
- (c) Recording, maintaining, and distributing the minutes of all Board and Board Committee meetings as required;
- (d) Maintaining a complete set of Board papers at the Company's main office;
- (e) Preparing for and attending all annual and extraordinary general meetings of the Company; and
- (f) Recording, maintaining, and distributing the minutes of all general meetings of the Company.
- (g) Overseeing the Company's compliance program and ensuring all Company legislative obligations are met;
- (h) Ensuring all compliance requirements of ASIC, ASX, the ATO and any other regulatory body are fully met;
- (i) Providing counsel on corporate governance principles and Director liability; and
- (j) Any other services the Chair or Board may require.

#### **14. Group Chief Executive Officer and Senior Executive Team**

14.1 Responsibility for day-to-day management and administration of the Company is delegated by the Board to the Group Chief Executive Officer (GCEO) and the Senior Executive Team, which comprises the, the Chief Financial Officer and the Company Secretary.

14.2 The GCEO manages the Company in accordance with the strategy, plans and policies approved by the Board.

14.3 The GCEO is appointed by the Board and must not be the same person as the chairperson.

14.4 The responsibilities of the GCEO include:

- (a) developing and recommending to the Board strategies, business plans and annual budgets for the Company;
- (b) implementing the strategies, business plans and budgets adopted by the Board;
- (c) providing effective leadership, direction, and supervision of the executive team to achieve the strategies, business plans and budgets adopted by the Board;
- (d) developing and managing resources, policies, and systems to ensure the effective operation of the Company (including policies on risk management, internal controls, and human resources);
- (e) managing resources within budgets approved by the Board;
- (f) ensuring compliance with applicable laws and regulations;



- (g) ensuring the Board is given sufficient information to enable it to perform its functions, set strategies and monitor performance; and
- (h) acting within authority delegated by the Board.

14.5 The Board has in place procedures to assess the performance of the GCEO and the executive team.

## **15. Directors**

15.1 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.

15.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.

15.3 Directors are expected to review meeting materials before Board meetings and committee meetings.

15.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.

15.5 Directors must exercise independent judgment when making decisions.

15.6 Publicly, Directors are expected to support the letter and spirit of Board decisions.

15.7 Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.

15.8 Directors must comply with their legal duties when discharging their responsibilities as Directors. Broadly, these duties are:

- (a) to act in good faith and in the best interests of the Company; and
- (b) to act with care and diligence;
- (c) to act for proper purposes;
- (d) to avoid a conflict of interest or duty; and
- (e) to refrain from making improper use of information gained through the position of Director or taking improper advantage of the position of Director.

## **16. Access to information and independent advice by Directors**

16.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.

16.2 Directors have access to:

- (a) management to seek explanations and information from management; and



(b) auditors, both internal and external, to seek explanations and information from them without management being present.

16.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the Directors.

16.4 If the chairperson of the Board consents, the Company will pay a Director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

## **17. Retirement of Directors**

17.1 At the end of every annual general meeting, one-third of the Directors (to the nearest whole number) shall retire.

17.2 A Director must retire at the end of the third annual general meeting after the Director's appointment even if it means that more than one-third of Directors retire at an annual general meeting.

17.3 Those Directors who have been longest in office since their last appointment must retire by rotation. Directors appointed on the same day may agree among themselves or determine by lot who must retire.

17.4 Executive Directors or a Non-Executive Director appointed to fill a casual vacancy or as an addition to the Board are not subject to retirement by rotation and are not taken into account when determining how many Non-Executive Directors must retire by rotation. A Non-Executive Director appointed to fill a casual vacancy or as an addition to the Board must retire at the next annual general meeting after their appointment.

## **18. Communication of information**

18.1 The Board will:

- (a) communicate effectively with shareholders;
- (b) give shareholders ready access to balanced and understandable information about the Company and its corporate goals; and
- (c) make it easy for shareholders to participate in general meetings.

18.2 The Board has adopted a communications strategy to facilitate and promote effective communication with shareholders and encourage participation at general meetings.

## **19. Review of Board performance**

19.1 The Nomination Committee will annually review:

- (a) the Board's role;
- (b) the processes of the Board and Board committees;
- (c) the Board's performance; and



- (d) each Director's performance before the Director stands for re-election.

**20. Approved and adopted**

20.1 This charter was approved and adopted by the Board on 26<sup>th</sup> day of October 2022.

Date: 26<sup>th</sup> day of October 2022

Signed:



Mark Stevens  
Chairman of the Board of Directors  
XTEK Limited