



# OVATO BOARD CHARTER

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**1. INTRODUCTION**

- 1.1 This Charter is to be applied in conjunction with the Ovato Limited (“the Company”) Constitution, the Corporations Act 2001 and the ASX Listing Rules.
- 1.2 This Charter sets out the role, responsibilities and powers of the Board of directors of Company and the processes for appointing, assessing, remunerating and removing the directors of the Company.
- 1.3 In carrying out the responsibilities and powers set out in this Charter and the Company’s Constitution, the directors are bound by the Company’s Code of Conduct and are expected to observe the highest standards of ethical behaviour.

**2. ACCESS TO THE CHARTER AND CONSTITUTION**

- 2.1 All Board directors, management, and internal and external auditors have access to this Charter and the Company’s Constitution. These are also available, upon request, to shareholders and other interested parties.

**3. ROLE OF THE BOARD**

- 3.1 The Company’s Board is responsible for:
- (a) overseeing the Company, including its control, accountability and risk management systems designed to ensure compliance with all regulatory and prudential requirements;
  - (b) reviewing matters of general corporate governance, including reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance;
  - (c) appointing and removing the Chief Executive Officer;
  - (d) ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and the Company Secretary;
  - (e) providing input into and final approval of management’s development of corporate strategy and performance objectives;
  - (f) monitoring performance against Board approved objectives, targets and strategies;
  - (g) monitoring the management of the Company’s business;
  - (h) succession planning for the CEO and senior executives;

- (i) approving of the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (j) approving and monitoring financial and other reporting; and
- (k) setting delegated authority limits.

#### 4. **COMPOSITION OF THE BOARD**

- 4.1 The composition of the Board is determined with regard to the following:
- (a) the chair of the Board being an independent director.
  - (b) the majority of the Board being independent directors.
  - (c) directors having a broad range of commercial expertise and experience and/or appropriate professional qualifications that will contribute to Board deliberations and decision making.
  - (d) directors having a proven ability and capacity to monitor Company performance and participate in strategy development.
  - (e) the Chief Executive Officer being the only executive director.

#### 4. **INDEPENDENCE OF DIRECTORS**

- 4.1 The Board will regularly assess the independence of each director with regard to interests disclosed by them.
- 4.2 In assessing independence, a director will be regarded as independent if that person is a non executive director and is free from any interest and other business relationship that could materially interfere with that person's ability to act in the best interests of the Company. Specifically, they must not be or have been:
- (a) a substantial shareholder of the Company or associated with a substantial shareholder of the Company;
  - (b) an executive of the Company for the last three years;
  - (c) a principal of a material professional advisor or an employee of a material service provider for the last three years; or
  - (d) a material supplier to or a customer of the Company or its subsidiaries.

- 4.3 If one of these relationships exists, either directly or through a related party interest, the Board may still consider a director to be independent however it must clearly state the reasons for this decision in the Annual Report. If the independent status of a director is lost, this will be disclosed to the market.

## 5. **ROLE OF THE CHAIR**

5.1 The role of the Chair and Managing Director are strictly separated.

5.2 The Chair is responsible for:

- (a) leading the Board in its duties to the Company;
- (b) ensuring that there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors;
- (c) facilitating effective discussions at Board meetings;
- (d) overseeing shareholder communications; and
- (e) overseeing that the Board, Committees of the Board and individual Directors adhere to the Company's Constitution, this Charter, and the Company's corporate governance principles.

## 6. **ROLE OF THE MANAGING DIRECTOR**

6.1 The Board has delegated to the CEO as a managing director various powers including the power to:

- (a) implement Board and management decisions;
- (b) conduct Ovato's operational, strategic, management and general business and affairs; and
- (c) bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

6.2 The CEO may also delegate authority to the general managers (or equivalent) and other departmental managers within the Company. The discretion to delegate is set out in the Company's policy on delegation of authority.

## 7. **BOARD APPOINTMENT AND RENEWAL**

7.1 The Board renews itself in order for it to remain open to new ideas and independent thinking, while retaining adequate expertise. The

Board evaluates its performance every two years with performance assessments facilitated by an external party.

- 7.2 The Board has delegated to the Appointments and Remuneration Committee the responsibility of recommending candidates to the Board for appointment as directors.
- 7.3 The Board will provide sufficient information to shareholders to enable them to make an informed decision when candidates are submitted for election at a general meeting.
- 7.4 Upon appointment a director will be provided with a copy of this Board Charter and will execute a Director's Deed in accordance with this Charter.
- 7.5 Where a director has retired by rotation and is eligible for re-election, the Board may indicate to shareholders it supports the re-election of a director, it will not provide any direct or indirect financial encouragement to achieve this end.
- 7.6 A non executive director must retire from office at the conclusion of the third annual general meeting after the Director was last elected.
- 7.7 A non executive director who has served ten (10) years as a director is expected to retire from the Board at the first Annual General Meeting immediately following their tenth year anniversary, subject only to a prior unanimous decision by the Board to extend (or support the extension of) that director's tenure. Such a unanimous resolution by the Board is to be made in the absence of the director concerned.

## **8. DIRECTOR'S ACCESS, INDEMNITY AND INSURANCE DEED**

- 8.1 The Chair will arrange for each director to enter into a Director's Access, Indemnity and Insurance Deed ("the Director's Deed") with the Company. This deed provides rules for dealing with Board papers and confidential information and outlines the procedure under which directors can obtain independent professional advice at the Company's expense.
- 8.2 The Board will ensure the Company maintains directors and officers' insurance that sufficiently indemnifies directors under the Constitution.

## **9. ACCESS TO INFORMATION AND MANAGEMENT**

- 9.1 In executing their responsibilities, Board directors shall have direct and unfettered access to all relevant information and employees within the Company. Directors should request the information they

require or arrange for access to employees through the Chief Executive Officer or Company Secretary.

- 9.2 Board Committees may also seek resources and information from Ovato, including direct access to the Company employees and advisers, as required. The Committee Chair will determine appropriate access procedures through consultation with the Chief Executive Officer or Company Secretary.
- 9.3 The Company must reimburse directors for the reasonable expense of obtaining independent professional advice to assist them in the proper exercise of their powers and discharge of their duties as directors of the Company. Reimbursement is provisional on the director obtaining the prior written approval of the Chair or, if the director is the Chair of the Board, the prior written approval of a majority of the nonexecutive directors of the Company.

## 10. **DIRECTORS' REMUNERATION AND RETIREMENT BENEFITS**

- 10.1 The Board determines how the remuneration set by the shareholders shall be divided among individual directors. Such remuneration is paid by quarterly instalments in arrears.
- 10.2 The Appointments and Compensation Committee reviews the level of directors' remuneration annually and, in this process, may seek external advice on levels of Board remuneration within similar industry sectors. It may then recommend to the Board whether to seek shareholder approval for an increase in remuneration.
- 10.3 Directors' remuneration will be in the form of cash plus statutory superannuation contributions. There will be no additional retirement benefit.

11. **SHARE OWNERSHIP**

- 11.1 Directors are encouraged but not required to own shares in Ovato.
- 11.2 Under its share purchasing policy, Ovato directors and executive are permitted to buy and sell shares in the company where they are not in possession inside information and the Company is not in a black out period. Inside information is information not generally available and if it were available, it would - or would likely to - influence investors in trading in the Company's shares. The black out periods are 30 days before half year results and full year results are announced and 30 days before the AGM.

12. **BOARD MEETINGS**

- 12.1 Board meetings are normally held 10 times per year, and may be held more or less frequently, as appropriate.
- 12.2 Directors are expected to attend at least 8 meetings per year.
- 12.3 Where appropriate, the Chief Executive Officer, Chief Financial Officer and Company Secretary will attend each meeting.
- 12.4 Directors are expected to attend the Company Annual General Meeting and any other meetings of shareholders.
- 12.5 The Company Secretary will assist the Chair in drawing up the agenda and keeping and circulating minutes of each Board meeting. The minutes will be approved by the Board and signed by the Chair.

13. **BOARD COMMITTEES**

- 13.1 The Board may establish such committees as it considers appropriate to assist decision making, supervision and control and it shall establish a:
- (a) Audit and Risk Management Committee; and
  - (b) Appointments and Compensation Committee.
- 13.2 The Board shall establish and approve charters for Committees. The Charters shall be regularly reviewed by the Board. The Charters shall deal with the purpose, membership, authority, responsibilities and

duties of each Committee, together with the quorum and frequency of meetings.

- 13.3 Board Committees review or consider matters relevant to their Charters and make recommendations to the Board. Minutes of Committee meetings are tabled at the next Board meeting.
- 13.4 Directors are expected to serve on the Committees. The membership of Board Committees is determined by the Board. Prior to such determination, the Chair will discuss with the directors their availability and likely contribution.
- 13.5 Both the Chair and Chief Executive Officer are ex officio members of all Board Committees.

#### 14. **PERFORMANCE REVIEW PROCESS**

- 14.1 Every alternate year:
  - (a) the Board will review its performance and that of its committees and senior executives;
  - (b) the Board will review the relationship between the Board and management and matters of general corporate governance;
  - (c) the Chair will review the performance and contribution of each nonexecutive director;
  - (d) the Board will review the performance of the Chief Executive Officer. The Board (excluding the Chair) will review the performance of the Chair
- 14.2 The Chair may, at any time or on the recommendation of the Appointments and Compensation Committee, request the Board (other than the director concerned) vote on the question of whether a particular director should remain on the Board. If the majority of directors vote that this director should not remain on the Board, the director concerned is expected to resign or refrain from standing for re-election, whichever is more appropriate.
- 14.3 The Company will advise, in the corporate governance section of its annual report, whether the performance of the Board and its members has been evaluated in the reporting period and how this evaluation was conducted. The Appointments and Compensation Committee has been delegated the responsibility for carrying out this evaluation.



15. **OTHER MATTERS**

- 15.1 A number of operational matters relating to the Board are governed by the Constitution of the Company, ASX Listing Rules or the Corporations Act and are either not fully or are only in part reproduced here; such as meetings of directors, fees “fit and proper” requirements, powers and duties of directors, nomination of interests, appointment and retirement, alternate directors, delegation and appointment of committees and election of directors.