

## 1 BOARD CHARTER

### PURPOSE

This statement summarises the roles and responsibility of the Board of PLC Financial Solutions Limited. The disclosure of the roles and responsibility of the Board is designed to assist those affected by corporate decisions to better understand the respective accountabilities and contributions of the Board and management of the Company.

The roles and responsibilities of the Board will evolve as the Company moves forward. As such, a regular review of the balance of responsibilities will ensure that the division of the functions remains appropriate to the needs of the Company.

This policy statement is only a summary of the matters reserved to the Board and should therefore only be used as a general guide, which is not to be used in a legal capacity.

### ROLE OF THE BOARD

#### Key Responsibilities

The management and control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of its shareholders. The Board also recognises its responsibilities to the Company's employees, the environments and communities in which the Company operates and where appropriate, other stakeholders. The Board strives to create shareholder value and ensure that shareholders' funds are prudently safeguarded.

The key responsibilities of the Board include:

- Approving the Company's strategy, business plans and policies;
- Monitoring the Group's strategic direction and portfolio of activities, and the associated risks;
- Reviewing, approving and monitoring the Group's risk management systems, including internal compliance and control mechanisms;
- Approving the annual report and financial statements (including the directors' report and remuneration report) and any other published reporting, upon recommendation from the Audit and Risk Committee, and in accordance with the Constitution, Corporations Act, ASX Listing Rules and any other applicable regulations;
- Approving and monitoring the progress of major capital expenditure, capital management and capital raising initiatives, and acquisitions and divestments;
- Overseeing the Company's accounting and corporate reporting systems and appointing, re-appointing or removing the Company's external auditors and approving the auditor's remuneration, upon recommendation from the Audit and Risk Committee;
- Approving and monitoring the effectiveness of the Company's system of corporate governance, including formation of Board committees and the terms of applicable governing charters;
- Approving the Company's Code of Conduct, Disclosure Policy and other Group level policies, and monitoring their effectiveness;
- Approving the overall remuneration policy, including non-executive director remuneration, executive director and senior executive remuneration; and any executive incentive plans, upon recommendation from the Remuneration Committee;
- Determining the size, composition and structure of the Board, and the process for evaluating its performance;

- Appointing and removing the Group Managing Director, and approving the remuneration of and overseeing the performance review of the Managing Director;
- Approving and reviewing succession plans for the Managing Director;
- Reviewing annually the Company's diversity initiatives and progress towards their achievement;
- Monitoring the Company's performance in delivering its strategic plans;
- Approving and monitoring the systems and policies to ensure integrity of budgets, financial statements and other reporting;
- Overseeing and approving strategies for the Company to maintain a strong balance sheet and sound credit rating over time;
- Overseeing the management of the Group's interactions and communications with shareholders and the broader community; and
- Reviewing the division of functions and responsibilities between the Board, Managing Director and Management

### **The Role of Management**

The day-to-day management of the Company and its businesses is the responsibility of the Managing Director.

The current scale of the Company's operations does not warrant the engagement of a Managing Director but if and when a Managing Director is appointed then the Board will delegate to the Managing Director all powers to manage the day-to-day business of the Company, subject to any specific delegations of authority approved by the Board.

The key responsibilities of the Managing Director will be to:

- Manage and administer the day-to-day operations of the Company and its businesses in accordance with the strategy, business plans and policies approved by the Board;
- Develop strategies for the Company, its businesses and management, and make recommendations to the Board on such strategies;
- Develop the annual budget and conduct the activities within the approved annual budget;
- Develop strategies for the Company to maintain a strong balance sheet and sound credit rating over time;
- Develop and maintain the Company's risk management systems, including internal compliance and control mechanisms;
- Ensure compliance with the Company's continuous disclosure obligations, in accordance with the role and responsibilities delegated under the Disclosure Policy;
- Assign responsibilities clearly to staff (when applicable), creditors, suppliers and external service providers and report on their performance to the Board;
- Recommend to the Board significant operational changes, and major capital expenditure, acquisitions or divestments, which are beyond delegated thresholds;
- Report regularly to the Board with accurate, timely and clear information, such that the Board is fully informed to discharge its responsibilities effectively;
- Exercise such additional powers as are delegated to the Managing Director by the Board from time to time; and
- Support a culture within the Group that promotes ethical and responsible behaviour

### **Delegated Responsibility**

The Board ensures that all staff are appropriately qualified and experienced to discharge their responsibilities and has in place procedures to ensure that this is achieved.

The roles of the Chairman and the Managing Director will not be combined. The Managing Director will be accountable to the Board for all authority delegated to that position.

Although there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and

risks identified by the Board. The Board has a number of mechanisms in place to ensure that this is achieved. These mechanisms include the following:

- The Board oversees the strategic direction of the Company;
- The Board approves all budget;
- The Board is to receive detailed Board papers and a Management Report on a monthly basis showing the monthly and year to date performance of all aspects of the Company, compared to budget;
- Procedures are in place to allow any Director or committee of the Board to seek external professional advice as considered necessary, at the Company's expense;
- Procedures are in place to incorporate presentations from senior management at relevant committee meetings on an as required basis to increase the committee's understanding of the area. Further, the Board may request further information from management from time to time on any issue;
- In the event that a potential conflict of interest may arise, involved Directors withdraw from deliberations concerning the matter;
- The Board gives consideration to the impact of the Company's activities on the environment and wider community, safety and security and occupational health welfare of all personnel; and
- The Board undertakes any financial risk management

### **Board Meetings**

The Board shall meet as often as the directors determine necessary to enable the directors and the Board to fulfil their duties and responsibilities to the Company.

A director may call a meeting of the directors, and the Company Secretary must, if requested by a director, call a Board meeting.

The Company Secretary is responsible for distributing Board meeting papers to directors prior to each meeting.

A quorum for a Board meeting shall be determined in accordance with the Constitution.

The Chairman is responsible for the conduct of all Board meetings, including briefing all directors in relation to the issues arising at Board meetings. The Chairman has a casting vote, subject to the terms of the Constitution.

Draft minutes of each Board meeting shall be prepared by the Company Secretary promptly following the meeting for review by the Chairman.

## **MEMBERSHIP AND TERM**

### **Membership**

**Composition** - The Board is responsible for determining that there is an appropriate mix of skills, knowledge, experience, expertise and diversity on the Board, necessary to review and approve the strategic direction of the Company and to guide and monitor the management of the Company.

- The Board currently comprises three (3) directors;
- The Board should comprise directors with a broad range of expertise with an emphasis on industry and technical experience, finance, accounting, corporate and human resources; and
- Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than the Managing Director) are subject to re-election at least every three years.

The name, position, independence classification, qualification, skills and appointment date of each director of the Company in office at the date of the Statement is:

Director	Role of Director	Term in Office	Non-Executive	Independent	Qualifications	Qualification/Skills
Harry FUNG	Non-Executive Chairman; and Non-Executive Director responsible for day to day management	Director since 19 May 2017	Yes	No	Diploma in Financial Markets	<ul style="list-style-type: none"> <li>• Corporate advisory;</li> <li>• capital markets;</li> <li>• banking experience;</li> <li>• business management</li> <li>• interpersonal skills</li> </ul>
Campbell McLEOD	Non-Executive Director	Director since 09 June 2017	Yes	Yes	Diploma in Project Management	<ul style="list-style-type: none"> <li>• financial and commercial acumen;</li> <li>• property development;</li> <li>• corporate matters</li> </ul>
Chun Fong LEUNG	Non-Executive Director	Director since 18 June 2018	Yes	No	Nil	<ul style="list-style-type: none"> <li>• financial and commercial acumen;</li> <li>• equity capital markets;</li> <li>• strategy/risk management;</li> </ul>

**Size** - The number of directors on the Board shall be determined in accordance with the Constitution and the requirements of the Corporations Act.

**Structure** - The Board shall consist of a majority of non-executive directors who satisfy the criteria for independence as defined *below* and at least one member with appropriate technical and commercial skills relevant to the information technology industry.

**Qualifications** - The Nomination Committee is responsible for reviewing Board composition, skills and experience, and making recommendations in relation to Board appointments and re-elections, including preparing a description of the role and capabilities required for a particular Board appointment, identifying suitable candidates to fill Board vacancies as and when they arise, and nominating candidates for the approval of the Board.

#### **Independence**

An independent Director is a non-executive Director (i.e. is not a member of management) and:

- Is able to hold securities in the Company but only to the extent of a 5% voting power. Once voting power exceeds 5% of the total Shares on issue; the director becomes a substantial shareholder and is no longer independent. This also extends to an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a Director after ceasing to hold any such employment;

- Is not a principal or employee of a professional adviser to the Company or its subsidiaries whose billings exceed 5% of the adviser's total revenue. A Director who is a principal or employee of a professional adviser will not participate in the provision of any service to the Company by the professional adviser;
- Is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company exceed five per cent of the supplier's total revenue. A significant
- Customer is one whose amounts payable to the Company exceed five per cent of the customer's total operating costs;
- Has no material contractual relationship with the Company or its subsidiaries other than as a Director of the Company;
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

**Term**

The Board has not adopted a tenure policy.

In accordance with the Constitution of the Company, no Director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's appointment, whichever is the longer, without submitting for re-election.

The Company will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

**Selection of new Directors**

Candidates for Board positions will be nominated by the Remuneration Committee for consideration by the Board. The whole Board shall decide on the recommendations of new Directors made by the Committee.

In selecting new members for the Board, Directors shall have regard to the appropriate skills and characteristics needed by the Board as a whole. The Directors shall endeavour to appoint individuals who would provide the mix of Director characteristics and diverse experiences, perspectives and skills appropriate for the Company.

Appropriate checks are to be undertaken before a director is appointed or put forward to security holders as a new candidate for election as a director. These should include checks as to the person's character, experience, education, criminal record and bankruptcy history.

A candidate for appointment or election as a non-executive director should also provide details of his or her commitments and an indication of time involved and should specifically acknowledge that they will have sufficient time to fulfill their responsibilities as a director.

New Directors are provided with a letter of appointment which sets out the key terms and conditions of their appointment including:

- The term of appointment;
- The time commitment envisaged
- Remuneration, including superannuation entitlements
- The requirement to disclose interests and any matter that may affect their independence;
- The entity's policy on when directors may seek independent professional advice;

- The circumstances in which the director's office becomes vacant;
- Indemnity and insurance arrangements;
- Ongoing rights of access to corporate information; and
- Ongoing confidentiality obligations.

New Directors participate in an induction program and have access to appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their roles effectively and form them to gain an understanding of:

- The Company's financial, strategic, operational and risk management position;
- The Company's financial statements including developments in accounting standards;
- Their rights, duties and responsibilities; and
- The role of Board committees.

### **Appointment and Responsibilities of Chairman**

The Board shall appoint a Chairman in accordance with the Constitution.

The Chairman must be one of the non-executive directors who satisfy the criteria for independence as outlined above. If at any stage the Chairman elected is not strictly independent, the Company will elect an independent non-executive director as Deputy Chairman to ensure that the Chairman is not conflicted.

The role of Chairman must not be held by someone who is performing the role of Managing Director.

The Chairman must retire from that position at the expiration of ten years unless the Board decides otherwise.

The appointment of the Chairman shall be formally reviewed at the end of each three (3) year period.

The responsibilities of the Chairman are to:

- Maintain effective communication between the Board and management;
- Lead the Board;
- Ensure the efficient organisation and conduct of the Board's function;
- Brief all directors in relation to issues arising at Board meetings;
- Chair general meetings of the Company; and
- Exercise such specific and express powers as are delegated to the Chairman by the Board from time to time.

### **Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters relating to the proper functioning of the Board.

The Company Secretary provides advice and support to the Board and is responsible for managing the day-to-day governance framework.

The role of the Company Secretary should include:

- advising the Board and its Committees on governance matters;
- monitoring that Board and Committee policy and procedures are followed;
- coordinating the timely completion and dispatch of Board and Committee papers;
- ensuring that the business at Board and Committee meetings is accurately captured in the Minutes; and
- helping to organise and facilitate the induction and professional development of directors.

Each director should be able to communicate directly with the company secretary and vice versa.

The Company Secretary is appointed and removed by the Board as a collective decision.

**Performance Evaluation**

The Board believes that regular assessment of the Board's effectiveness and the contribution of individual directors is essential to improve governance.

**Board**

On an annual basis the Board will evaluate and review:

- a) the performance of the Board against the requirements of the Board Charter;
- b) the mix of skills and experience of the Board;
- c) the performance of the Board's Committees;
- d) the Board Charter to ensure it remains relevant to the Company's activities.

The method and scope of the performance evaluation will be set by the Board and may be formal or informal in nature.

**Directors**

The Chairman is responsible for the performance appraisal of directors and will amongst other things evaluate and review individual directors':

- a) contribution to the Board;
- b) availability for and attendance at Board meetings and other events;
- c) contribution to Company strategy; and
- d) knowledge of the Company's operations

In the case of the Managing Director, in addition to the criteria stated above, compliance with legal and Company policy requirements will also be assessed as well as achievement of key operational goals and strategic objectives.

**Executives**

The Managing Director is responsible for the performance appraisal of executives and will amongst other things evaluate and review individual executives':

- a) contribution to Company strategy
- b) achievement of key operational goals and strategic objectives;
- c) development of staff
- d) achievement of key performance indicators.

Reviews are carried out annually and may be formal and informal in nature.

**Independent Advice**

The Board collectively, and each director individually, may obtain independent professional advice at the Company's expense, as considered necessary to assist in fulfilling their relevant duties and responsibilities.

A copy of any such advice received is to be made available to all members of the Board.

Individual directors who wish to obtain independent professional advice should seek the approval of the Chairman (acting reasonably), and will be entitled to reimbursement of all reasonable costs in obtaining such advice. In the case of a request made by the Chairman, approval is required by the Chairman of the Audit and Risk Committee.

**Confidentiality**

The directors acknowledge that all proceedings of the Board and its committees are strictly confidential and will not be disclosed to any person other than Board members, except as agreed by the Board or as required by law.

**Review of Charter**

The Board will from time to time review the Charter to ensure that it meets best practice standards, complies with the ASX Corporate Governance Principles and Recommendations and meets the needs of the Company and the Board.

**Last Updated:**

July 2018