



## **Redflow Limited ACN 130 227 271**

### **Board Charter**

#### **Revised Charter adopted by the Board on 14 December 2018**

This Charter sets out the role, responsibilities, structure and processes of the Board of Directors of Redflow Limited.

#### **1. The Board's Roles & Responsibilities**

- 1.1. The Board is primarily responsible for ensuring that Redflow has an appropriate corporate governance structure aimed at creating and protecting shareholder value.
- 1.2. The Board is also responsible for ensuring that Redflow recognises its legal and other obligations to all legitimate stakeholders. "Stakeholders" are groups that are likely to feel a social, environmental, economic or financial impact from Redflow's actions. They include shareholders, customers, suppliers, employees, government regulators and members of the communities where Redflow operates and are affected by Redflow's activities.
- 1.3. Redflow endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition (ASX Principles).
- 1.4. The role of the Board is to
  - a. appoint, remove and monitor the performance of the CEO;
  - b. approve the strategic direction of Redflow;
  - c. guide and monitor the management of Redflow in achieving its strategic plans;
  - d. review, approve and monitor Redflow's risk management systems across its business; and
  - e. oversee overall good governance practice.
- 1.5. The Board is responsible for:
  - a. providing leadership and setting the strategic objectives of Redflow;
  - b. appointing, and when necessary replacing, the Chair;
  - c. appointing, and when necessary replacing, the CEO;
  - d. approving the appointment, and when necessary replacement, of senior executives reporting to the CEO;
  - e. overseeing management's implementation of Redflow's strategic objectives and its performance generally;
  - f. approving operating budgets and major capital expenditure;
  - g. approving the half year and annual report and financial statements (including the directors' report and remuneration report) and any other published reporting, upon recommendation from the Audit & Risk Committee, and in accordance with the Constitution, Corporations Act, ASX Listing Rules and any other applicable regulations;
  - h. appointing, re-appointing or removing the Company's external auditors;
  - i. approving and monitoring the progress of capital management and capital raising initiatives, and acquisitions and divestments;

- j. approving Redflow's dividend policy and authorising payment of dividends;
- k. overseeing Redflow's process for making timely and balanced disclosure of all material information concerning Redflow that a reasonable person would expect to have a material effect on the price or value of the entity's securities;
- l. approving and monitoring the effectiveness of Redflow's system of corporate governance, including formation of Board committees and the terms of applicable governing charters;
- m. monitoring and guiding the culture, reputation and standards of conduct of Redflow;
- n. approving Redflow's Code of Conduct, Continuous Disclosure Policy and other Group level policies, and monitoring their effectiveness;
- o. approving the overall remuneration policy, including non-executive director remuneration, executive director and senior executive remuneration, and any executive incentive plans;
- p. determining the size, composition and structure of the Board, and the process for evaluating its performance;
- q. reviewing annually Redflow's diversity initiatives and progress towards their achievement; and
- r. overseeing the management of Redflow's interactions and communications with shareholders and the broader community, and overseeing the effectiveness of Redflow's sustainability policies.

## **2. The Role of Management**

- 2.1. The day-to-day management of Redflow is the responsibility of the CEO, supported by the Redflow Executive Team.
- 2.2. The Board delegates to the CEO all powers to manage the day-to-day business of Redflow, subject to those powers reserved to the Board in Clause 1 and any specific delegations of authority approved by the Board.
- 2.3. The key responsibilities of the CEO are to:
  - a. manage and administer the day-to-day operations of Redflow and its businesses in accordance with the strategy, business plans and policies approved by the Board;
  - b. develop strategies for Redflow, its businesses and management, and make recommendations to the Board on such strategies;
  - c. develop Redflow's annual budget for Board approval and conduct Redflow's activities within the approved annual budget;
  - d. develop strategies for Redflow to maintain a strong balance sheet and sound credit rating over time;
  - e. develop and maintain Redflow's risk management systems, including internal compliance and control mechanisms;
  - f. ensure compliance with Redflow's continuous disclosure obligations, in accordance with the role and responsibilities delegated under the Continuous Disclosure Policy;
  - g. develop an appropriately qualified and experienced Executive Team, assign responsibilities clearly to that Team, and supervise and report on their performance to the Board;
  - h. recommend to the Board significant operational changes, and major capital expenditure, acquisitions or divestments, which are beyond delegated thresholds;
  - i. report regularly to the Board with accurate, timely and clear information, such that the Board is fully informed to discharge its responsibilities effectively;
  - j. exercise such additional powers as are delegated to the CEO by the Board from time to time; and
  - k. support a culture within the Group that promotes ethical and responsible behaviour.

## **3. Operation of the Board**

- 3.1. **Composition:** The Board is responsible for determining an appropriate mix of skills, knowledge, experience, expertise and diversity on the Board, necessary to review and approve the strategic direction of the Group, and to guide and monitor the management of the Company.
- 3.2. **Size:** The number of directors on the Board shall be determined in accordance with the Constitution and the requirements of the Corporations Act.
- 3.3. **Independence:** The Board shall consist of a majority of non-executive directors who satisfy the criteria for independence in clause 11.
- 3.4. **New Directors:** A new Director will receive a formal Letter of Appointment setting out the key terms and conditions relative to the appointment.
- 3.5. **Tenure:**
  - a. The Board will review periodically its composition and the duration of terms served by Directors. The Board is responsible for developing and reviewing the succession plans of the Board (including the role of Chairman), with the aim of maintaining an appropriate mix of skills, experience, expertise and diversity on the Board over time.
  - b. Unless the Board resolves otherwise, the maximum tenure of a NED (other than the Chairman) will be no more than nine years (three terms of three years).
  - c. The Board is responsible for identifying existing directors who are due for re-election by rotation at Annual General Meetings, in accordance with the Constitution and the requirements of the ASX Listing Rules.
  - d. Each Non-Executive Director shall take into account the views of other Non-Executive Directors when deciding whether to stand for re-election.
  - e. An executive director shall tender their resignation as a Director immediately upon cessation of employment with Redflow.
- 3.6. **Performance Review:** The Board is responsible for undertaking a formal evaluation process to review its performance and that of its committees once every two years.
- 3.7. **Shareholding:** Each Director is encouraged to hold shares in Redflow.
- 3.8. **Obligations:** In discharging their duties, each Director must:
  - a. exercise care and diligence;
  - b. act in good faith in the best interests of Redflow, and for a proper purpose;
  - c. not improperly use their position or misuse information of Redflow;
  - d. make reasonable enquiries if relying on information or advice provided by others; and
  - e. commit the time necessary to discharge effectively their role as a Director.
- 3.9. **Participation:** All Directors (including Executive Directors) are entitled to be heard at all Meetings and should bring an independent judgement to bear in decision-making.
- 3.10. **NED Meetings:** Non-Executive Directors should confer at least quarterly without Management present.

#### **4. Appointment and Responsibilities of Chairman**

- 4.1. The Board shall appoint a Chairman in accordance with the Constitution.
- 4.2. Unless the Board resolves otherwise, the Chairman must be one of the Non-Executive Directors who satisfy the criteria for independence in clause 9.
- 4.3. The role of Chairman must not be held by someone who is performing the role of CEO.

- 4.4. Unless the Board resolves otherwise, the Chairman's term should not exceed six years.
- 4.5. The appointment of the Chairman shall be formally reviewed at the end of each three-year period.
- 4.6. The Chairman is responsible for:
  - a. leadership of the Board;
  - b. overseeing the Board in the effective discharge of its supervisory role;
  - c. the efficient organisation and conduct of the Board's function and Meetings;
  - d. facilitating the effective contribution of all Directors;
  - e. briefing of all Directors in relation to issues arising at Meetings;
  - f. the promotion of constructive and respectful relations between Board Members and between the Board and Management;
  - g. chairing Redflow's general meetings;
  - h. committing the time necessary to discharge effectively their role as Chair;
  - i. scheduling regular and effective evaluations of the Board's performance; and
  - j. exercising such specific and express powers as are delegated to the Chairman by the Board from time to time.

## **5. Company Secretary**

- 5.1. The Board must appoint at least one secretary in accordance with the Constitution.
- 5.2. The Board may removal the Company Secretary at its discretion.
- 5.3. The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.
- 5.4. Each director has a right of access to the Company Secretary at all times.
- 5.5. The role of the Company Secretary includes:
  - a. assisting the Board and Board Committees on governance matters;
  - b. monitoring Board and Committee policy and procedures;
  - c. co-ordinating the timely completion and dispatch of Board and Committee Papers;
  - d. ensuring that the business at Board and Committee Meetings is accurately captured in the Minutes; and
  - e. helping to organise and facilitate the induction and professional development of directors.

## **6. Committees of the Board**

- 6.1. The Board may from time to time establish and delegate any powers to a committee of the Board in accordance with the Constitution.
- 6.2. The Board is responsible for approving and reviewing the Charter and membership of each Committee established by the Board.
- 6.3. The Board has established an Audit & Risk Committee.
- 6.4. At the date of adoption of this Charter, the Board is of the opinion that, given the size and relative non-complexity of Redflow, the functions normally undertaken by a Remuneration Committee and a Nomination Committee are better performed by the full Board.
- 6.5. Where there is no conflict of interest, all non-executive directors are entitled to attend meetings of Board Committees and will receive copies of Committee Papers.

## 7. Director Protection Deeds

- 7.1. The Constitution indemnifies each Director to the fullest extent permitted by law.
- 7.2. Each Director is entitled to a Director Protection Deed which includes provisions relating to access to Board Papers, confidentiality; indemnity by Redflow and the provision of Directors' and Officers' insurance.

## 8. Board Meetings

- 8.1. The Board shall meet at least eight times per year, and otherwise as often as the Directors determine necessary to enable the Directors and the Board to fulfil their duties and responsibilities to Redflow.
- 8.2. A Director may call a Meeting of the Directors, and the Company Secretary must, if requested by a Director, call a Board meeting.
- 8.3. The Company Secretary is responsible for distributing Board Papers to Directors prior to each Meeting.
- 8.4. A quorum for a Board meeting shall be determined in accordance with the Constitution.
- 8.5. Draft Minutes of each Board meeting shall be prepared by the Company Secretary promptly following the Meeting for review by the Chairman and approval at the next Board Meeting.

## 9. Written Resolutions

Written Resolutions:

- a. are not to be forwarded to Directors until they are approved by the Chairman (and the Directors are to be informed that the Chairman has approved the proposed Resolution);
- b. are to be sent to all Directors;
- c. are not to be implemented if any Director advises that they have any reservations about the proposed Resolution (in which case the matter is to be considered at the next Board Meeting); and
- d. are not to be implemented until:
  - i. assented to by at least half of the Directors; or
  - ii. if the Chairman considers it appropriate, assented to by all the Directors.

## 10. Ethical Standards and Legal Duties

- 10.1. **Code of Conduct:** Each Director shall abide by the terms of Redflow's Code of Conduct, and are expected to uphold the ethical standards and corporate behaviour described in the Code.
- 10.2. **Duties:** The Board will operate in a manner reflecting the values of Redflow and in accordance with its agreed corporate governance guidelines, the Constitution, the Corporations Act and all other applicable laws and regulations.
- 10.3. **Conflicts of interest:** Each Director has a fiduciary and statutory duty not to place themselves in a position which gives rise to, or is perceived to give rise to, a real or substantial possibility of conflict, whether it be a conflict of interest or conflict of duties. Each Director is required:

- a. to ensure that the Board is notified (whether by formal standing notice or notification to the Company Secretary or Board immediately on becoming aware) of any such conflicts of interest; and
- b. if any matter is or likely to be brought before the Board which could give rise to such a conflict of interest, then the director:
  - i. shall disclose this to the Board;
  - ii. shall not receive Board papers or other information which relates to the matter which is the subject of the conflict of interest, unless the Chairman determines, that the Director may receive any or all of those documents;
  - iii. shall withdraw from any part of a Board or Committee meeting for the duration of any discussion relating to the matter which is subject of the conflict; and
  - iv. not vote on the matter, unless a majority of Directors who do not have an interest in the matter resolve that the disclosed interest should not disqualify the Director.

10.4. **Dealing in shares:** Directors must ensure any dealings in shares are in strict compliance with the Redflow Share Trading Policy and otherwise in accordance with the values of honesty and integrity.

## 11. Independence of Directors

11.1. If a Director is or becomes aware of any information, facts or circumstances which will or may affect that Director's independence, the Director must immediately disclose all relevant details in writing to the Chairman and the Company Secretary

11.2. The Board will regularly assess the independence of each Director in light of disclosures made in accordance with clause 11.1.

11.3. If the Board determines that a Director's status as an independent director has changed, that determination should be disclosed and explained in a timely manner to the market.

11.4. An independent director is a non-executive director who is not a member of management and who is free of any interest, position, association, business or other relationship that might influence or be perceived to influence, in a material respect, the independent exercise of their judgement.

11.5. In considering whether a director is independent and the criteria against which the Board determines the materiality of a relationship, the Board is to have regard to:

- a. the relationships affecting the independent status of a director as described in the ASX Corporate Governance Principles and Recommendations;
- b. the materiality guidelines applied in accordance with Australian accounting standards;
- c. developments in International corporate governance standards; and
- d. any independent professional advice sought by the Board at its discretion.

11.6. The Board considers a relationship to materially influence, or be perceived to materially influence, a director's independent judgement, where it is of substance and consequence and there is a real and sensible possibility that it would affect the director's judgement.

## 12. External Directorships

12.1. A Non-Executive Director should continually evaluate the number of boards of companies (and any committees of those boards) on which the Non-Executive Director serves, to ensure that each company can be given the time and attention to detail required to properly exercise the Director's powers and discharge the Director's duties to that company

- 12.2. A Non-Executive Director shall notify the Chairman prior to accepting an invitation to become a director of any company. Prior to accepting such an invitation, the Director must have regard to:
- a. the views and recommendations of the Chairman with respect to the director acting simultaneously as a director of Redflow and as a director of an external entity (whether in competition with the Company or not);
  - b. any current policies of the Board on multiple directorships; and
  - c. best practice standards on multiple directorships.
- 12.3. An Executive Director shall not accept an invitation to become a director of any company without the prior approval of the Board.
- 12.4. Clauses 17.1-3 do not apply to appointment to the board of a non-listed company controlled by the relevant Director

### **13. Independent Advice**

- 13.1. 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.
- 13.2. 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 & Risk Committee.

### **14. Confidentiality**

- 14.1. 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.

### **15. Review of Charter**

- 15.1. 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.