

# Board Charter

Orcoda Limited (ACN 009 065 650) (**Orcoda or Company**)

Reviewed and adopted by the Board on 27 September 2018

## 1. Introduction

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The purpose of this charter is to specify how Orcoda is governed so as to promote the Company and protect the interests of shareholders.

The Board is responsible for the corporate governance of Orcoda. This Charter sets out the roles and responsibilities of the Board, which responsibilities are delegated to committees of the Board or to management, the framework for the operation of the Board as well as the membership of the Board

## 2. Role of the Board

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The role of the Board is to provide overall strategic guidance for Orcoda and effective oversight of management. The Board ensures that the activities of Orcoda comply with its Constitution, from which the Board derives its authority to act, and with legal and regulatory requirements.

The Board is responsible for, and has the authority to determine, all matters relating to overall strategic direction, policies, practices, establishing goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include the following.

### 2.1. Strategy

- (a) Overseeing and approving the Company's strategic, operating objectives, business plans and budgets as developed by management.
- (b) Approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures.
- (c) Directing, monitoring and assessing the Company's performance against the strategic and business plans and ensuring appropriate resources are available.

### 2.2. Risk management

- (a) Identifying the principal risks of the Company.
- (b) Reviewing and ratifying the Company's system of internal compliance and control, risk management, codes of conduct and legal compliance and ensuring the integrity and effectiveness of those.

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- (c) Approving and monitoring internal and external financial and other reporting, including reporting to shareholders, ASX and other stakeholders.

**2.3. Management**

- (a) Appointing and removing the Managing Director/Managing Director, Chief Financial Officer and the Company Secretary, as applicable.
- (b) Ratifying the appointment and removal of senior executives and senior management.
- (c) Establishing the balance of responsibility between the Chairman and the Managing Director
- (d) Ensuring that the remuneration and conditions of service of senior executives are appropriate
- (e) Establishing and monitoring executive succession planning
- (f) Delegating authority to the Managing Director/Managing Director

**2.4. Performance**

- (a) Approving criteria for assessing the performance of the Managing Director/Managing Director and senior executives, and ensuring appropriate resources are available.
- (b) Determining the necessary and desirable competencies of directors.
- (c) Monitoring and undertaking annual performance evaluations of the Managing Director and key senior executive.
- (d) Undertaking an annual performance evaluation of the Board.
- (e) Reviewing the Board succession plans.

**2.5. Remuneration**

- (a) Establishing the Company's remuneration, recruitment, retention and termination policies and procedures;
- (b) Establishing senior executives' remuneration and incentives.
- (c) Approving superannuation arrangements.

**2.6. Corporate governance**

- (a) Ensuring that policies and procedures in place are consistent with the Company's objectives and corporate governance standards.
- (b) Ensuring ethical behaviour and compliance with the Company's own governing documents, including any code of conduct as adopted or amended from time to time and ensuring that the Company and its officers act legally, ethically and responsibly in all matters.

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**2.7. Financial reporting**

- (a) Examine and consider any matters relating to the financial affairs of the Company and its audit that it considers necessary.
- (b) Reviewing financial statements and other financial information distributed externally.
- (c) Monitoring the procedures and processes in place to ensure compliance with accounting standards, *Corporations Act 2001* (Cth) (**Corporations Act**) and Australian Securities & Investments Commission requirements, and any other statutory requirements applicable.
- (d) Ensuring that external reporting is sufficient for shareholders' needs.

**2.8. Audit functions**

- (a) Reviewing the nomination, performance, independence and remuneration of the external auditors and for any rotation of external audit partners.
- (b) Liaising with the external auditors and ensuring that the annual audits and half-year audit reviews are conducted in an effective manner.
- (c) As required, evaluating the need for and the performance of an internal audit function.

**2.9. Compliance**

- (a) Consider any matters relating to the ongoing compliance of the Company, particularly in respect of the various applicable laws and legislation and the regulators responsible for them.
- (b) Ensuring the Company complies with its responsibilities under the Corporations Act, the ASX Listing Rules, the Company's constitution and other relevant laws.

**2.10. Board committees**

- (a) Review the need for the establishment of any Board committees, as required.
- (b) If any Board committees are formed, adopting charters setting out the membership, responsibilities and reporting obligations of each committee and evaluating the performance of the committees.

**2.11. Fiduciary duties**

In performing the responsibilities set out above, the Board should:

- (a) act at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed on them by the Company's Constitution and by law; and

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- (b) exercise due care and diligence and sound business judgment.

**3. Board structure**

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The Company's Constitution provides that the number of directors of the Company is to be not less than 3 but no more than 9. The Company at a general meeting may by resolution increase or reduce the number of directors. The composition, structure and proceedings of the Board are primarily governed by the constitution of the Company and the laws governing corporations in the jurisdictions where the Company operates.

The Board's size and composition is aimed to effectively discharge its responsibilities, duties and encourage enhanced performance of the Company. The Board is comprised of carefully selected individuals whose experience and skill base is commensurate with the requirements and profile of the Company.

**3.1. Independent directors**

The Board considers that a director is independent if that director complies with the following criteria:

- (a) apart from directors' fees and shareholding, independent directors should not have any business dealings which could materially affect their independent judgment;
- (b) must not have been in an executive capacity in the Company in the last 3 years;
- (c) must not have been in an advisory capacity to the Company in the last 3 years;
- (d) must not be a significant customer or supplier for the Company;
- (e) must not be appointed through a special relationship with a Board member;
- (f) must not owe allegiance to a particular group of shareholders which gives rise to a potential conflict of interest;
- (g) must not hold conflicting cross directorships;
- (h) must not be a substantial shareholder or a nominee of a substantial shareholder (as defined under section 9 of the Corporations Act).
- (i) Does not have close family ties with any person who falls within any of the categories described above; or
- (j) Has been a director of the entity for such a period that independence may have been compromised.

Any change in the nature of the independence status of a non-executive director will be promptly notified to the Chairman and Company Secretary and shall be disclosed to ASX if required.

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The Board will re-assess the independence of each director on an annual basis in light of the interests disclosed by them.

**3.2. Conflict of interest**

Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Company and shall advise the Company Secretary of all directorships held in other companies.

If a potential material conflict of interest arises, the director concerned shall advise the Chairman prior to any Board meeting at which the issue is to be discussed. The director shall not receive the relevant Board papers and shall leave the Board meeting while the relevant matter is considered.

**3.3. Appointment of directors**

Directors are appointed in accordance with the terms of the Company's constitution, the Corporations Act and the ASX Listing Rules.

The Board, and where necessary with guidance from external consultants, shall identify candidates with appropriate skill and experience to maintain the necessary mix of experience and expertise on the Board.

The role of the Chairman and Managing Director will not be exercised by the same individual.

All non-executive directors will be engaged via an appointment letter that outlines their role, responsibilities, remuneration and other administrative matters in relation to their appointment to the Orcoda board.

**3.4. Election, retirement and rotation of directors**

The election, retirement and rotation of directors are governed by the Corporations Act, the ASX Listing Rules and the constitution of the Company. Under the Company's constitution, one third of the directors must retire each year and offer themselves for re-election. Any casual vacancy filled will be subject to shareholder vote at the next annual general meeting of the Company.

**3.5. Induction and education**

The Board will ensure that, where necessary, all newly appointed directors and senior executives are offered adequate support, training and information to enable the director or senior executive to gain an understanding of the Company's financial, strategic, operational and risk management position and policies, the industry in which the Company operates and the director's or senior executive's rights, duties, and responsibilities.

Directors will be offered access to continuing education to update and enhance their skills and knowledge as required.

**4. Role of the Chairman**

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The Chairman's role consists of leading the Board and general meetings of the

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Company, including being responsible for ensuring the directors are well informed, ensuring all directors are contributing effectively, that all matters are properly considered and there is clear decision making.

The Chairman is responsible for ensuring general meetings are conducted competently and ethically including ensuring that shareholders have adequate opportunity to express their views and obtain answers to any queries raised. The Chairman is responsible for setting the agenda for Board and general meetings and the review of the minutes of Board and general meetings.

The Chairman's other responsibilities include:

- (a) spokesperson for the Company at the general meeting and in the reporting of performance and profit figures;
- (b) representative of and spokesperson for the Board; and
- (c) ensuring all new Board members are well briefed and have access to all aspects of the Company's operations.

**5. The Managing Director**

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The Managing Director is appointed by the Board and reports directly to the Board.

The Managing Director is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board.

The Managing Director's responsibilities include:

- (a) developing with the Board, the Company's vision and direction;
- (b) constructing, with the Company's management team, programs to implement this vision;
- (c) appointing the senior executive team (with the approval of the Board);
- (d) endorsing the terms and conditions of appointment of all staff members;
- (e) providing strong leadership to, and effective management of, the Company in order to:
- (f) encourage co-operation and teamwork;
- (g) build and maintain staff morale at a high level; and
- (h) build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
- (i) ensuring a safe workplace for all personnel;
- (j) ensuring a culture of compliance generally, and specifically in relation to environmental matters;

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- (k) carrying out the day-to-day management of the Company;
- (l) forming other committees and working parties from time to time to assist in the orderly conduct and operation of the Company;
- (m) keeping the Board informed of all the activities of the Company; and
- (n) ensuring that all personnel act with the highest degree of ethics and probity.

The Board has formally delegated power to the Managing Director to conduct the day to day management of the Company.

**6. Company Secretary**

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The Company Secretary is generally responsible for carrying out the administrative and corporate governance requirements of the Board. The Company Secretary holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively and that the Board is provided with the information it needs to effectively discharge its duties.

The Company Secretary is appointed in accordance with the Constitution.

The Company Secretary is accountable to the Board, through the Chairman, on all corporate governance matters.

All directors shall have direct access to the Company Secretary.

**7. Board committees**

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To assist with the execution of its responsibilities, the Board has the authority to delegate responsibility to committees, and to establish and determine the powers and functions of those committees of the Board.

The Board shall establish such committees as required.

The Board has established the following committees:

- (a) Audit, Risk and Finance Committee; and
- (b) Remuneration and Nomination Committee;

These committees operate in accordance with their Committee charters approved by the Board.

The Board will review the composition and effectiveness of the committees on an annual basis. The Board may also establish other committees from time to time to consider other matters of special importance.

Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their proper

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functions. The chairman of each committee will provide a report on Committee meetings to the Board at the next full Board meeting.

## **8. Board Process**

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### **8.1. Meetings**

All Board meetings will be conducted in accordance with Orcoda constitution and the Corporations Act.

Board meetings are held when determined by the Chairman but no less than six meetings shall be held each year.

Non-executive directors should arrange to meet at least twice each year to conduct non-executive discussions of board and management issues.

All directors are generally expected to prepare adequately, attend and participate at each Board meeting. Directors are committed to collective decision-making, but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the directors. Individual directors must utilize their particular skills, experience and knowledge when discussing matters at Board meetings.

Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.

### **8.2. Independent Professional Advice**

Following notification of the Chairman (except in an emergency), directors may seek independent professional advice at the expense of the Company. Generally, this advice will be available to all directors.

### **8.3. Access to Management**

The directors have complete and open access to management following consultation with the Chairman and the MD.

### **8.4. Notice, Agenda and Papers**

Unless otherwise agreed or considered necessary by the Chairman, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers, will be circulated by the Company Secretary to each Board member and any other individual invited to attend, not less than three business days before the meeting but preferably five business days prior to the meeting.

## **9. Performance evaluation**

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It is the Board's responsibility to ensure the Remuneration and Nomination



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Committee co-ordinates a formal review of the performance of the Board, each non-executive director and each senior executive, and where necessary use an external consultant. The performance of the Committee shall also be reviewed on a regular basis.

**10. Review and Publication of Charter**

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The Board is responsible for reviewing this charter and to determine its appropriateness to the needs of Orcoda on an annual basis. The charter shall be amended by resolution of the Board.

This charter will be available on Orcoda website and the key features will be published in the Corporate Governance Statement.