

# Board Charter

McMillan Shakespeare Group of Companies



McMillanShakespeareGroup

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## 1. Purpose

The Board of Directors (**the Board**) of McMillan Shakespeare Limited (**MMS**) is responsible for the overall governance of MMS and exercises its powers and discharges its duties in good faith and in the best interests of the MMS Group (**MMSG**).

The Board promotes a culture within MMSG of accountability, integrity and transparency.

This charter specifies the authority reserved by the Board for itself and the authority delegated to management. The charter sets out the role and responsibilities of the Board, the Chairperson, the Chief Executive Officer (**CEO**) and the Company Secretary.

## 2. Values

The Board approves MMS' values, which are as follows:



## 3. Membership

The majority of MMS Directors should be independent non-executive Directors.

The Chairperson of the Board should be an independent non-executive Director and hence the CEO cannot be the Chairperson of the Board.

## 4. Role and responsibilities of the Board

Key roles and responsibilities of the Board are to:

- define MMS' purpose;
- set strategy;
- provide effective oversight of management while safeguarding MMS' interests;
- encourage and foster sustainable value creation;
- recognise and manage risk;

- take into account the reasonable interests of relevant stakeholders (including but not limited to) shareholders, customers, employees, regulators and the wider community in which MMS operates;
- approve MMS' governance practices and policies including relative relevant charters, codes, frameworks and policies and monitor the application of these policies.

The Board delegates responsibility for day-to-day management of MMS to the CEO. The CEO must, however, consult the Board on matters that are sensitive, extraordinary or strategic in nature or matters requiring Board notification and approval as noted in the Board approved Delegations.

## 5. Definition of Senior Management and Senior Executives

Senior Management or Senior Executives refers to the CEO, Group Executives and staff who qualify for our LTI program.

## 6. Role and responsibilities of Senior Management

Key roles and responsibilities of Senior Management are:

- proposing strategy for the Board;
- implementing MMS' strategic objectives while operating within the values, code of conduct, budget and risk appetite set by the Board;
- instilling and reinforcing MMS values;
- ensuring employees receive appropriate training on MMS values and code of conduct;
- monitoring, managing and reporting material risk and compliance matters to the Board;
- providing material ASX announcements to the Board for approval;
- providing the Board with accurate, timely and clear information on MMS' operations, financial performance and its compliance with material legal and regulatory requirements; and
- reporting to the Board material whistleblower complaints, bribery, corruption or any conduct that is materially inconsistent with its values or code of conduct.

**Key matters reserved to the Board or Board Committees include the following:**

### Strategy

- reviewing and approving MMS' strategy, business plan and significant initiatives and innovation;
- reviewing and approving MMS' annual budget as recommended by the CEO;
- ensuring that appropriate resources are available for the implementation of that strategy; and
- monitoring the implementation of the strategy approved by the Board.

### **Governance including management oversight**

- overseeing and monitoring MMS' performance, the achievement of MMS' strategic goals and objectives and instilling MMS' values;
- appointing and removing the CEO;
- monitoring and appraising the performance of the CEO;
- approving material ASX announcements;
- overseeing MMS' Continuous Disclosure and Shareholder Engagement Policy;
- approving the appointment and, where appropriate, the removal of Senior Management, the Chief Financial Officer and the Company Secretary;
- reviewing and approving the authority and limits of such authority delegated to the CEO and other Senior Management;
- oversight of managements compliance with their responsibilities;
- aligning the interests of MMS' Key Management Personnel with the financial interests of MMS shareholders by implementing a MMS' Share Ownership and Retention Policy requiring compulsory ownership of MMS securities by MMS' Key Management Personnel; and
- ensuring appropriate succession planning of Senior Management and Board members.

### **Risk management, audit and compliance**

- having management design and implement risk management and internal control and compliance programs to manage MMS' material financial and non-financial risks;
- overseeing the effectiveness of the risk management and compliance programs;
- annually reviewing and approving MMS' risk appetite statement, risk management policy and framework and compliance framework;
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;
- reviewing and approving other relevant codes, frameworks and policies;
- overseeing MMS' compliance with laws and regulations; and
- overseeing MMS' progress in implementing audit recommendations.

## Auditors

- ensuring that external auditor attends the AGM and is available to answer questions from security holders relevant to the audit;
- recommending the appointment / removal of external auditors to shareholders; and
- discussing and approving internal and external audit plans with internal and external auditors respectively.

## Board membership

- determining the appropriateness of the size and composition of the Board;
- determining the criteria for non-executive board membership;
- selecting the Chairperson;
- selecting candidates for appointment to the Board;
- evaluating the performance of the Board, Board committee's and individual Director's;
- assessing whether the Board has an appropriate mix of experience, skills, knowledge, diversity and expertise; and
- determining remuneration payable to non-executive Directors taking into account time spent including membership of Board Committees.

## Ethics

- setting the standards of behavior to strengthen MMS' reputation in the market and the community;
- overseeing compliance with the Employee Code of Conduct;
- maintaining MMS' reputation;
- approving the Code of Conduct applicable to Directors and employees;
- considering the social, environmental, and economic impact of MMS' operations;
- satisfying itself that MMS' remuneration policies are aligned with its purpose, values, strategic objectives and risk appetite;
- overseeing the Anti-bribery, Fraud & Corruption Policies and consideration of matters that are deemed to be of substance;
- overseeing compliance by MMS Directors and employees with the MMS Securities Trading Policy; and
- overseeing the Whistleblower program and consideration of matters that are deemed to be of substance.

## Oversight of financial management

- monitoring financial performance against agreed objectives;
- overseeing the integrity of corporate reports;
- review and disclose the process to verify the integrity of corporate reports released to the market that are not reviewed or audited by an external auditor;
- approving the annual and half-year financial reports and liaison with external auditors;
- approving and monitoring the progress of major capital expenditure, acquisitions and divestments;
- overseeing MMS' capital management and funding; and
- determining MMS' dividend policy.

## 7. Guidelines for nomination of Directors

- the Board should comprise a majority of independent non-executive Directors;
- the Chairperson of the Board should be an independent non-executive Director;
- the Board should comprise persons having a variety of professional skills and expertise that are relevant to the business of MMS;
- when making a new appointment, regard should be had to the skills of the candidate in relation to the skills profile of existing Directors to ensure continuity at Board level;
- terms and conditions of appointment shall be advised in writing to each new non-executive Director;
- undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and
- providing security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

## 8. Role and responsibilities of the Chairperson, CEO and Company Secretary

### Chairperson

- providing direction to the Board and effectively conducting Board meetings;
- chairing Board meetings;
- determining the meeting agenda;
- ensuring that adequate time is available for discussion of all agenda items, including strategic issues;
- briefing other Directors on matters for discussion before the Board;

- facilitating effective contribution from all Directors;
- providing a constructive link between the Directors and between the Board and CEO / Management;
- conducting the AGM; and
- spokesperson for the Board.

## CEO

- authority to manage the day to day affairs of MMS;
- authority to make decisions except for matters which require Board approval;
- authority to delegate to the senior management team;
- accountable to the Board for the overall management and performance of MMS; and
- managing MMS in accordance with the strategic direction approved by the Board.

## Company Secretary

- accountable directly to the Board;
- advising the Board on corporate governance matters;
- monitoring that Board and Committee policies and procedures are followed;
- organising Board meetings;
- preparing Board agenda;
- having an investor relations program that:
  - facilitates effective two-way communication with investors;
  - facilitates and encourages participation at meetings of security holders; and
  - gives security holders the option to receive communications from, and send communications to, MMS and its security registry electronically;
- convey significant comments or concerns raised by investors or their representatives to MMS' Board and relevant senior management;
- ensuring that resolutions at a meeting of MMS' security holders are decided by a poll;
- preparing minutes of meetings and resolutions for approval by the Board in a timely manner; and
- preparing and circulating minutes from Committee meetings to the Board in a timely manner.



## 9. Board Committees

The Board may establish Board Committees and delegate its powers, duties and responsibilities. The Board will appoint the Chairperson and the members of each committee. Each Committee will have its own charter setting out the role, responsibilities, membership and operation of the Committee.

The Board has established the following Board Committees:

- the Audit, Risk and Compliance Committee; and
- the Remuneration and Nomination Committee.

## 10. Administrative Matters

### Meetings

The Directors shall determine the frequency of meetings and will meet as required.

At least once per annum the Directors will meet with the external auditors in the absence of employees and executive management.

### Quorum

Three non-executive Directors shall constitute a quorum, two of whom must be independent non-executive Directors.

### Convening and notice of meeting

Any Director may, and the Company Secretary must upon request from any Director, convene a meeting of the Board. Notice will be given to every Director, of every meeting, at the Director's advised address for service of notice (or such other pre-notified interim address where relevant). A minimum notice period of 5 business days should be provided, unless there is a waiver by a majority of the Directors. An acknowledgement of receipt of notice by all Directors is not required before the meeting may be validly held.

## 11. Conflicts of Interest and Material Personal Interests

To ensure that Directors are at all times acting in the interests of MMS, Directors must:

- (a) disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of MMS;
- (b) seek Board's approval before accepting, any new role that could impact upon the time commitment expected of the Director or give rise to a conflict of interest; and
- (c) take such necessary and reasonable steps to remove any conflict of interest if requested by the Board, within seven days or such further period as may be permitted.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, in accordance with the Corporations Act, absent himself or herself from the room when Board discussion and/or voting occurs

on matters about which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

Any Director with a material personal interest in a matter being considered at the meeting must not be present for consideration of that matter or vote on the matter unless a resolution allowing the Director to be present has been passed or an order has been made by ASIC.

## **12. Review**

The charter will be reviewed by the Board annually.