



## TOPTUNG LIMITED

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# 3. BOARD CHARTER

## 1. ROLE OF THE BOARD

The key objectives of the Board of TopTung Ltd and its subsidiaries (“the Group”) are to:

- 1.1 create an environment for employees, other contributors and stakeholders which engenders trust, confidence, faith, loyalty and dedication to the interests and affairs of the Group;
- 1.2 increase shareholder value within an appropriate framework which safeguards the rights and interests of the Group’s shareholders; and
- 1.3 ensure the Group is properly managed and operated with integrity.

## 2. RESPONSIBILITY OF THE BOARD

The Board is collectively responsible for promoting the success of the Group by:

- 2.1 supervising the Group’s framework of control and accountability systems to enable risk to be assessed and managed, including addressing the matters enumerated in paragraph 2.2 following;
  - 2.2 ensuring the Group is properly managed, for example by:
    - (a) appointing and, where appropriate, removing the Chairman and Managing Director of the Group and the Company Secretary;
    - (b) input into and final approval of management’s development of corporate strategy and performance objectives;
    - (c) reviewing and ratifying the risk management framework including systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
    - (d) monitoring senior management’s performance and implementation of strategy, and ensuring appropriate resources are available;
    - (e) approving the entities remuneration framework;
    - (f) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
    - (g) approving the annual budget;
    - (h) monitoring the financial performance of the Group;
    - (i) providing overall corporate governance of the Group, including conducting regular reviews of the balance of responsibilities within the
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- Group to ensure division of functions remain appropriate to the needs of the Group;
- (j) appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Group;
  - (k) liaising with the Group's external auditors and Audit & Risk Management Committee (where there is a separate Audit & Risk Management Committee);
  - (l) monitoring and ensuring compliance with all of the Group's legal obligations, in particular those obligations relating to the environment, social responsibility, cultural heritage and occupational health and safety; and
  - (m) Overseeing the Group's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the Group's securities.

The Board must convene regular meetings with such frequency as is sufficient to discharge appropriately its responsibilities.

The Board may not delegate its overall responsibility for the matters listed above however, it may delegate related day-to-day activities to staff and management as considered appropriate by the Board.

### **3. COMPOSITION OF THE BOARD**

#### **Independent Directors**

- 3.1 The Board considers that a director is independent if that director is not involved in the day to day management of the Group and has no relationship that could compromise or materially affect that director's independent judgment. All the circumstances must be considered to assess whether the director can reasonably be considered to be free of any relationship that could materially interfere with his independent exercise of judgement and ability to act without self interest in all things.
- 3.2 The following questions need to be addressed when assessing a director's independence, namely:
- (a) does the director have or propose to have any material business dealings with the Group or otherwise associated with such a relationship;
  - (b) is, or has the director been in an executive capacity in the Group in the last 3 years;
  - (c) is, or has the director been a partner, director or senior employee of a provider of material professional services to the Group;
  - (d) has the director been involved with the Group in an advisory capacity within the last 3 years;
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- (e) has the director been a significant customer or supplier for the Group;
- (f) has the director been appointed through a special relationship with a Board member;
- (g) does the director owe allegiance to a particular group of shareholders which gives rise to a potential conflict of interest;
- (h) does the director hold conflicting cross directorships; and
- (i) does the director have a substantial shareholding or is he a nominee or otherwise associated with a substantial shareholder (as defined under section 9 of the Corporations Act).
- (j) has close family ties with a person who falls within any of the categories listed above.

It is a priority of the Board to achieve an appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the required skills and experience required, in the context of the Group's operations and activities from time to time. In determining whether or not the directors are independent, the Board applies the criteria as set out in the ASX's Recommendations.

Where the chair is not an independent director, the Company will appoint a lead independent director if it is practicable to do so. The lead independent director will take over the role of the chair when the chair is unable to act in that capacity as a result of his or her lack of independence.

The independent directors, along with all directors, are responsible for reviewing and challenging executive performance. They are also responsible for contributing to the development of strategy.

### **Executive Directors**

3.3 The Board considers that a director is an executive if that director is involved in the day to day management of the Group.

3.4 Vetting of proposed Board candidates

The Group will undertake appropriate background checks before appointing a candidate to the Board or puts forward a candidate to shareholders for election. The checks to be performed will include character references, police clearance and a search of public records for matters such as bankruptcy notices. Where relevant the Group will also confirm experience and educational qualifications.

Details of any material adverse information arising from the background checks together with details of any matters that may potentially impact on director independence and any other material directorships currently held.

3.5 Director Agreements

The Group will obtain a written agreement on appointing a new director setting out the terms of their appointment.

The agreement with the new director will cover the following matters:

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- (a) term of appointment;
- (b) time commitment envisaged as part of the role, including expectations regarding involvement on any sub-committees
- (c) remuneration, including superannuation;
- (d) requirement to disclose directors' interests and any matter that may impact on independence;
- (e) requirement to comply with key corporate governance policies, including the Code of Conduct and Trading Policy;
- (f) the policy regarding the ability to seek independent professional advice at the expense of the Group;
- (g) circumstances in which the director's office will become vacant;
- (h) indemnity and insurance arrangements;
- (i) ongoing rights of access to corporate information; and
- (j) ongoing confidentiality obligations.

In relation to executive directors the agreement will also set out the duties and responsibilities, the person or body to whom they report, circumstances in which their services may be terminated and any entitlements on termination.

### 3.6 Induction of new directors and ongoing professional development

On initial appointment, directors will have the benefit of an induction program aimed at deepening their understanding of the Group, its business and its products, and the environment and markets in which the Group operates. As part of the program Directors will receive essential Board and Group information and be given briefings by Management.

As part of the induction process new directors will be asked to complete a self-assessment of their capabilities and competencies to determine areas where further development will be beneficial in contributing to the Board's performance. Development in these areas will then be considered and discussed with the new Director by the Chairman.

The Company encourages directors to undertake ongoing education and development, via courses such as the Australian Institute of Company Directors Course (or equivalent), so as to develop and maintain the overall competencies required of any director. Where a director does not possess specific accounting skills this should include training which provides an understanding of accounting matters. Development programs should also seek to provide directors with specific knowledge relevant to the Group's business. The Company will look to provide specific education and development training for all directors in areas where significant change is occurring or for individual directors where it has been identified, in consultation with the Chairman, that specific education or development is required.

Directors are also expected to keep themselves abreast of changes and trends in the business and in the Group's environment and markets and to keep

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abreast of changes and trends in the economic, political, social and legal climate generally.

### 3.7 Skills Matrix

The Board will develop and maintain a 'skills matrix' to assist in identifying any gaps in the collective skills of the Board that should be addressed as part of the Group's professional development initiatives and its board succession planning.

## 4. RESPONSIBILITY OF INDIVIDUAL DIRECTORS

### The Chair

- 4.1 The chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The chair is also responsible for monitoring shareholder communication, continuous disclosure compliance and Board performance.

### The Executive Chairman or Managing Director

- 4.2 The Executive Chairman or Managing Director is responsible for running the affairs of the Group under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out those responsibilities, the Executive Chairman or Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Group's financial condition and operational results.
- 4.3 The Executive Chairman or Managing Director is responsible for ensuring that the Board is provided with at least the following information, namely, all material information on operations, budgets, cash flows, funding requirements, shareholder movements, broker activity in the Company's securities, assets and liabilities, disposals, financial accounts, external audits, internal controls, risk assessment, new venture proposals, and health, safety and environmental reports.

## 5. OTHER DIRECTORSHIPS

### Executive Directors

- 5.1 Executive directors are required to notify the Company of all directorships held on appointment and any changes thereto thereafter. In respect of listed companies they are permitted to hold only one non-executive director role. They shall not hold any other executive director roles.

Without limitation to the foregoing, if executive directors intend to accept any directorships after their appointment as a director of the Company, they must first obtain the consent of the Board.

### Non-executive Directors

- 5.2 Non-executive directors are required to notify the Company of all directorships held on appointment and any changes thereto thereafter.
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## **6. PROCESS FOR EVALUATING BOARD PERFORMANCE**

- 6.1 The Board, including the Board Committees will undergo regular assessment in accordance with the Board Performance Evaluation Policy.

## **7. ACCESS TO INDEPENDENT ADVICE**

- 7.1 Each director has the right, so long as he is acting reasonably in the interests of the Group and in the discharge of his duties as a director, to seek independent professional advice and recover the reasonable costs thereof from the Group.
- 7.2 The advice shall only be sought after consultation about the matter with the chairman (where it is reasonable that the chairman be consulted) or, if it is the chairman that wishes to seek the advice or it is unreasonable that he be consulted, another director (if that be reasonable).
- 7.3 The advice is to be made immediately available to all Board members other than to a director against whom privilege is claimed.

## **8. ROLE AND RESPONSIBILITY OF MANAGEMENT**

- 8.1 The role of management is to support the managing director and implement the running of the general operations and financial business of the Group, in accordance with the delegated authority of the Board.
- 8.2 Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the managing director or, if the matter concerns the managing director, then directly to the chair or the lead independent director, as appropriate.

## **9. ROLE OF THE COMPANY SECRETARY**

- 9.1 The Company Secretary is accountable directly to the Board, through the Chair, on matters to do with proper functioning of the Board.
- 9.2 The Board will approve the appointment or removal of the Company Secretary.
- 9.3 The role of the Company Secretary includes:
- (a) advising the Board on governance matters;
  - (b) monitoring that Board policy and procedural matters are followed;
  - (c) coordinating the timely completion and circulation of Board papers;
  - (d) ensuring that the business considered and discussed at the Board level is accurately captured in minutes; and
  - (e) helping organise and facilitate induction and professional development of directors.

29 June 2015