



## BOARD CHARTER

### 1. PURPOSE OF CHARTER

- 1.1 The Board Charter sets out the role, composition and responsibilities of the Board of PPK Group Limited and its wholly owned subsidiaries (“PPK”).
- 1.2 The Conduct of the Board is also governed by the PPK Constitution, a copy of which is located in the designated corporate governance area of the company website at [www.ppkgroup.com.au](http://www.ppkgroup.com.au).

### 2. MEMBERSHIP, COMPOSITION AND TERM

- 2.1 The PPK Constitution provides for a minimum of three (3) directors and a maximum of ten (10) directors excluding the Managing Director. The Company may review this requirement from time to time.
- 2.2 The Board has adopted a policy that the position of Chairman will be held by a non-executive, independent director.
- 2.3 The PPK Board is to be structured in a way that seeks to add value in the context of the size of its business and the industry in which it operates. To this end, the current Board consists of two directors with extensive property, investment and manufacturing experience, a practising Chartered Accountant, a practising Solicitor and a director who has wide experience as a member of other listed company boards. The Board will review its composition from time to time to determine its effectiveness.
- 2.4 The Board shall consist of a majority of independent non-executive directors.
- 2.5 PPK has defined the concept of ‘*independence*’ for the purposes of making its assessment of the independence of individual directors. A copy of this definition is available in the designated corporate governance area of its website at [www.ppkgroup.com.au](http://www.ppkgroup.com.au).
- 2.6 In summary, an *independent* director is a non-executive director and:
  - 2.6.1 is not a substantial shareholder<sup>1</sup> of PPK, or an officer of, or otherwise associated directly with, a substantial shareholder of PPK;
  - 2.6.2 has not within the last three (3) years, been employed in an executive capacity by PPK or another PPK group member, or been a director of PPK after ceasing employment with PPK;

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<sup>1</sup> A “substantial shareholder” is a person with a “substantial holding” (as defined in section 9 of the *Corporations Act*.)

- 2.6.3 has not within the last three (3) years, been a principal of a material professional adviser or a material consultant to PPK or another PPK group member, or an employee materially associated with the service provided;
  - 2.6.4 has not within the last three (3) years, had a present or former affiliation with or employment by a present or former external auditor of PPK or another PPK group member who has worked on the PPK (or PPK group member) audit;
  - 2.6.5 has not been a material supplier or customer of PPK or another PPK group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer of PPK or any other PPK group member;
  - 2.6.6 has no material contractual relationship with PPK or another PPK group member other than as a director or committee member of PPK or another PPK group member;
  - 2.6.7 has not served on the Board of PPK or of another PPK group member 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;
  - 2.6.8 if free from any interest or a 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 PPK.
- 2.7 The threshold for materiality for the purpose of assessing the materiality of relationships between a non-executive director and PPK (other than as a director) will be judged according to the significance of the relationship to the director in the context of their activities as a whole.
  - 2.8 Membership of the Board shall be disclosed in the annual report including whether a director is independent or non independent. Loss or gain of independence will be disclosed to the market immediately.
  - 2.9 The Board has not adopted a tenure policy.
  - 2.10 There is no requirement in the PPK Constitution for a director to be a shareholder of the company though the Board considers there are good governance reasons for doing so and, in fact, all existing directors of PPK are shareholders of the company.

### **3. RESPONSIBILITES**

- 3.1 The PPK Constitution vests the Board with general power of overall management of the business and the affairs of the company except those which are required by law, or the Constitution, to be authorised by the company in general meeting.
- 3.2 The Board is responsible for the overall direction of the company.
- 3.3 The primary goal set by the Board is the enhancement of long term shareholder value.
- 3.4 In the pursuit of its stated goal, the PPK Board is responsible for:
  - 3.4.1 oversight of the company, including its control and accountability systems;
  - 3.4.2 setting the company's major goals including the strategies and financial objectives to be implemented by management;

- 3.4.3 appointing, removing and controlling the CEO or Managing Director;
  - 3.4.4 ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and/or Company Secretary;
  - 3.4.5 input into and final approval of management's development of corporate strategy and performance objectives;
  - 3.4.6 reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
  - 3.4.7 monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
  - 3.4.8 approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
  - 3.4.9 approving and monitoring financial and other reporting; and
  - 3.4.10 corporate governance.
- 3.5 The Board has delegated responsibility to the Managing Director for:
- 3.5.1 developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
  - 3.5.2 maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
  - 3.5.3 developing PPK's annual budget, recommending it to the Board for approval and managing day-to-day operations within the budget;
  - 3.5.4 managing day-to-day operations in accordance with standards for social and ethical practices which have been set by the Board;
  - 3.5.5 making recommendations for the appointment of senior management, determining terms of appointment, evaluating performance, and developing and maintaining succession plans for senior management roles; and
  - 3.5.6 approval of capital expenditure and business transactions within predetermined limits set by the Board.

#### **4. CHAIRMAN**

- 4.1 The Chairman is an independent non-Executive Director.
- 4.2 In the event the Chairman is absent from a meeting, the Board will select a Chairman for that particular meeting from one of the remaining independent non-executive Directors. If no independent non-executive Directors are present, the members of the Board present at the meeting have authority to choose one of their members to chair that particular meeting.

#### **5. SEPARATION OF FUNCTIONS BETWEEN THE CHAIRMAN AND MANAGING DIRECTOR**

- 5.1 The roles of the Chairman and Managing Director are strictly separated.

### *Chairman*

5.2 The Chairman is responsible for:

- 5.2.1 leading the Board in its duties to the PPK Group;
- 5.2.2 ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors;
- 5.2.3 facilitating effective discussions at Board meetings; and,
- 5.2.4 ensuring effective communication with shareholders.

### *Managing Director*

5.3 In contrast, the Managing Director is responsible for:

- 5.3.1 policy direction of the operations of PPK;
- 5.3.2 the efficient and effective operation of PPK;
- 5.3.3 ensuring directors are provided with accurate and clear information in a timely manner to promote effective decision-making by the Board; and
- 5.3.4 ensuring all material matters affecting PPK are brought to the Board's attention.

## **6. SECRETARY**

6.1 The Company Secretary will be the Secretary of the Board.

## **7. REPORTING**

7.1 Proceedings of all meetings are minuted and signed by the Chairman or the Chairman of the meeting.

## **8. REVIEW OF CHARTER**

8.1 The Board will review this charter annually to ensure it remains consistent with the Board's objectives and responsibilities.

## **9. PUBLICATION OF THE CHARTER**

9.1 Key features of the charter are to be outlined in the annual report to shareholders.

9.2 A copy of the charter is available at [www.ppkgroup.com.au](http://www.ppkgroup.com.au).

9.3 The Charter is to be made available to shareholders of PPK upon request.

## **10. OTHER MATTERS**

10.1 There are a number of operational matters which relate to the Board that are not reproduced in this Charter.

These matters include:

- 10.1.1 appointment and removal of directors;
- 10.1.2 meetings of the directors;
- 10.1.3 remuneration of directors;
- 10.1.4 powers and duties of directors;
- 10.1.5 notification of interests;
- 10.1.6 alternate and associate directors;
- 10.1.7 delegation and appointment of committees; and
- 10.1.8 election of directors,

and are governed by the PPK Constitution.