



**SALTER  
BROTHERS**

EMERGING COMPANIES LIMITED

# Board Charter

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Salter Brothers Emerging Companies Limited  
ACN 646 715 111 (**Company**)

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# Board Charter

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## 1. Introduction

- 1.1 This is the charter of the board of directors of Salter Brothers Emerging Companies Limited ACN 646 715 111 (**Company**). The Company is, or will be, an Australian public company listed on the ASX.
- 1.2 The board of directors of the Company (**Board**) is responsible for the corporate governance of the Company and its related bodies corporate (**Group**).
- 1.3 The purpose of this charter is to:
  - (a) promote high standards of corporate governance;
  - (b) clarify the role and responsibilities of the Board; and
  - (c) enable the Board to provide strategic guidance for the Group and effective oversight of the management of the Group (**Management**) and the investment manager engaged by the Company to manage its investment portfolio (**Investment Manager**).
- 1.4 This charter is supported by the Company's Code of Conduct, the charter for Audit, Risk and Compliance Committee, the Securities Trading Policy, Shareholder Communications Policy, Diversity Policy, Whistleblower Policy, the Anti-Bribery, Fraud and Corruption Policy and the Market Disclosure Policy.
- 1.5 To the extent that there is any inconsistency between this charter and the Company's constitution, the Company's constitution will prevail to the extent of that inconsistency.

## 2. Board size, composition and independence

- 2.1 Subject to the *Corporations Act 2001* (Cth) and the Company's constitution, there must be a minimum of three directors with the current maximum number of directors, set by the Company's constitution as nine.
- 2.2 The Board should ideally comprise of:
  - (a) a majority of independent non-executive directors;
  - (b) directors with an appropriate range of skills, experience and expertise;
  - (c) directors who can understand and competently deal with current and emerging business issues; and
  - (d) directors who can effectively review and challenge the performance of Management and exercise independent judgment.
- 2.3 An independent non-executive director is one who:
  - (a) is independent of Management;
  - (b) is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their unfettered and independent judgment; and
  - (c) otherwise meets the criteria for independence set out in the *Corporate Governance Principles and Recommendations* (4th Edition) published by the ASX Corporate Governance Council.

- 2.4 The Board has formulated various criteria to determine the independence of directors.
- 2.5 The Board should regularly assess whether each non-executive director is independent and each non-executive director should provide to the Board all information relevant to his or her assessment.
- 2.6 If a director's independent status changes, this should be immediately disclosed and explained to the market.
- 2.7 The directors have absolute discretion to determine the appropriate composition of the Board from time to time. The Company's intention is to have a majority of independent non-executive directors, but this may not always be possible given the size of the Board and circumstances of the Group.
- 2.8 The Board is responsible for recommending candidates for appointment to the Board.
- 2.9 Each director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director clearly understands the Company's expectations of him or her.

### 3. The Board's role and responsibilities

- 3.1 The Board must act in the best interests of the Company as a whole and is accountable to the shareholders for the overall direction, management and corporate governance of the Company and the Group.
- 3.2 The Board's responsibilities include:
- (a) overseeing the Group, including providing leadership, defining the Group's purpose and setting its strategic objectives, and overseeing Management's implementation of such strategic objectives and its performance generally;
  - (b) approving the Company's statement of values (**Values Statement**) and code of conduct which underpin the desired culture within the Group;
  - (c) overseeing and monitoring the performance of the Investment Manager and its compliance with the management agreement between the Company and the Investment Manager (**Investment Management Agreement**);
  - (d) appointing the chairperson;
  - (e) appointing and removing the chief executive officer (if any);
  - (f) monitoring the performance of the chief executive officer (if any);
  - (g) approving the appointment and replacement of the company secretary;
  - (h) where appropriate, ratifying organisational changes and approving Management remuneration policies and practices in order to ensure that they are aligned with the Group's purpose, values, strategic objectives and risk appetite;
  - (i) approving the proposed annual budget;
  - (j) approving succession plans for Management;
  - (k) reporting to shareholders;
  - (l) determining and financing of dividend payments;
  - (m) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
  - (n) approving and monitoring corporate, financial and other reporting systems, including external audit, and overseeing their integrity;

- (o) reviewing and monitoring any related party transaction and recommending its approval;
- (p) approving and monitoring, reviewing and ratifying systems of risk management, accountability, internal compliance and control, and legal compliance to ensure that appropriate compliance frameworks and controls are in place;
- (q) reviewing performance, operations and compliance reports from the chairperson, including reports and updates on strategic issues and risk management matters;
- (r) reviewing and overseeing the Company's disclosure policy together with the other policies which are put in place by the Company with respect to the management of the Company's operations;
- (s) evaluating the performance of the Board, the Investment Manager and Management collectively and individually;
- (t) reviewing and overseeing the implementation of the code of conduct for directors and any relevant persons;
- (u) approving the charters of the various Board committees;
- (v) monitoring and ensuring compliance with best practice corporate governance requirements;
- (w) monitoring and ensuring compliance with all legal and regulatory requirements and ethical standards and policies and otherwise monitoring the effectiveness of the Group's governance practices;
- (x) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (y) satisfying itself that an appropriate framework exists for relevant information to be reported by the Investment Manager and Management to the Board; and
- (z) any other responsibilities as prescribed by law or are determined by the Board from time to time.

3.3 In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a director or other person, subject to ultimate responsibility residing with the directors.

3.4 The matters specifically reserved for the Board or its committees (as relevant) include:

- (a) appointment and removal of a chairperson of the Board;
- (b) appointment and removal of the chief executive officer (should one be appointed);
- (c) appointment of a director to fill a casual vacancy or as an additional director;
- (d) establishment of Board committees, their membership and delegated authorities;
- (e) approval of dividends;
- (f) issuance of securities;
- (g) review of corporate codes of conduct and other policies put in place by the Group;
- (h) approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to the Investment Manager or Management (as applicable);
- (i) calling of meetings of directors or shareholders; and
- (j) any other specific matters nominated by the Board from time to time.

## 4. Performance of the Investment Manager

- 4.1 The Investment Manager has been appointed to manage all of the assets of the Company on behalf of the Company and to undertake on behalf of the Company the management and administrative tasks set out in the Investment Management Agreement.
- 4.2 The Board is responsible for regularly reviewing the performance of the Investment Manager against measurable and qualitative indicators as reflected in the Investment Management Agreement and the terms of the Investment Manager's delegated authority.
- 4.3 The Board must monitor the compliance by the Investment Manager with its obligations under the Investment Management Agreement and take appropriate steps to enforce the performance of those obligations, if and when required.

## 5. Board Committees

- 5.1 The Board recognises the importance of establishing audit, risk management, remuneration and nomination committees as good corporate governance in circumstances where appropriate for the size, nature and complexity of the Company. However, considering the size of the Company and the fact that the Company does not have any employees (which are remunerated by the Company), the Company considers that the functions that would typically be performed by a nomination and remuneration committee are best undertaken by the Board.
- 5.2 The Board has established an Audit, Risk and Compliance Committee to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail. The operations of that committee are governed by the Audit, Risk and Compliance Committee Charter.
- 5.3 The Board may establish other committees in the future to assist in carrying out its functions.
- 5.4 The charter or terms of reference of each Board committee setting out matters relevant to the composition, responsibilities and administration of the committee must be approved by the Board. Each committee will review its charter from time to time as appropriate.
- 5.5 The Board may also delegate, at its absolute discretion, specific functions to ad-hoc committees on an 'as needs' basis.

## 6. Audit, Risk and Compliance Committee

- 6.1 The objective of the Audit, Risk and Compliance Committee is to:
  - (a) help the Board fulfil its responsibilities in relation to:
    - (i) financial reporting;
    - (ii) the application of accounting policies;
    - (iii) business policies and practices;
    - (iv) legal and regulatory compliance; and
    - (v) internal risk control and management systems;
  - (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
  - (c) promote a culture of compliance;
  - (d) encourage and promote communications between the Board and the senior compliance manager;

- (e) provide a forum for communication between the Board and senior financial and compliance management;
  - (f) maintain and improve the effectiveness of the internal and external group audit functions and communication between the Board and the external and internal auditors; and
  - (g) maintain and improve the effectiveness of compliance strategies and compliance function.
- 6.2 Subject to section 6.3, the Audit, Risk and Compliance Committee should comprise:
- (a) at least three directors;
  - (b) all non-executive directors who are financially literate (and at least one of whom is a financially qualified and competent); and
  - (c) a majority of independent directors.
- 6.3 While the Company will aim to have an Audit, Risk and Compliance Committee of at least the size and composition outlined in section 6.2 above, this may not always be practicable given the size of the Board and the circumstances of the Group, including the nature of the Group's business. Accordingly, the Board has absolute discretion to determine the appropriate size and composition of the Audit, Risk and Compliance Committee from time to time.
- 6.4 The Audit, Risk and Compliance Committee will appoint its chairperson. The chairperson must be an independent chairperson and may not be the chairperson of the Board.

## 7. Chairperson of the Board

- 7.1 The chairperson of the Board:
- (a) is appointed by the directors; and
  - (b) should be an independent non-executive director;
- 7.2 The division of the responsibilities of the chairperson of the Board and the chief executive officer (if any) has been agreed by the Board and is set out in this charter.
- 7.3 The responsibilities of the chairperson of the Board include:
- (a) providing leadership to the Board and the Group;
  - (b) promoting the efficient organisation and conduct of the Board's functions;
  - (c) ensuring the Board considers and adopts strategies designed to meet present and future needs of the Group;
  - (d) ensuring the Board has an effective composition, size and commitment to adequately discharge its responsibilities and duties;
  - (e) monitoring the performance of the Board;
  - (f) facilitating Board discussions to ensure core issues facing the Group are addressed;
  - (g) briefing all directors in relation to issues arising at Board meetings;
  - (h) facilitating the effective contribution and ongoing development of all directors;
  - (i) promoting constructive and respectful relations between Board members and between the Board and Management;
  - (j) ensuring the Board regularly meets to consider the Group's performance and key issues facing it;

- (k) setting the agenda for the Board meetings after consulting with Management; and
- (l) chairing general meetings.

## 8. Chief executive officer and executive team (if any)

- 8.1 Responsibility for day to day management and administration of the Group is delegated by the Board to the chief executive officer and the executive team (if appointed).
- 8.2 The chief executive officer (if appointed) manages the Group in accordance with the strategy, plans and policies approved by the Board.
- 8.3 The chief executive officer is appointed by the Board.
- 8.4 The chief executive officer may not be the same person as the chairperson of the Board.
- 8.5 The responsibilities of the chief executive officer (if appointed) include:
  - (a) developing and recommending to the Board strategies, business plans and annual budgets for the Group;
  - (b) implementing the strategies, business plans and budgets adopted by the Board;
  - (c) providing effective leadership, direction and supervision of the executive team to achieve the strategies, business plans and budgets adopted by the Board;
  - (d) developing and managing resources, policies and systems to ensure the effective operation of the Group (including developing and implementing policies on risk management, internal controls and human resources);
  - (e) managing resources within budgets approved by the Board;
  - (f) ensuring compliance with applicable laws and regulations;
  - (g) ensuring the Board is given sufficient information to enable it to perform its functions, set strategies and monitor performance; and
  - (h) acting within authority delegated by the Board.
- 8.6 The Board has in place procedures to assess the performance of the chief executive officer and executive team (if appointed).

## 9. Directors

- 9.1 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.
- 9.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.
- 9.3 Directors are expected to review meeting materials before Board meetings and committee meetings.
- 9.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, the Investment Manager and Management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that the Investment Manager and Management is prepared to address them, whether invited to the meeting or otherwise.
- 9.5 Directors must exercise independent judgment when making decisions.

- 9.6 Publicly, directors are expected to support the letter and spirit of Board decisions.
- 9.7 Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- 9.8 Directors must comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:
- (a) to act in good faith and in the best interests of the Company;
  - (b) to act with care and diligence;
  - (c) to act for proper purposes;
  - (d) to avoid a conflict of interest or duty; and
  - (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

## 10. Non-executive directors

- 10.1 Non-executive directors should consider the benefits of conferring regularly without Management present, including at scheduled sessions or as otherwise required by the circumstances.
- 10.2 These discussions of non-executive directors can be facilitated by the chair or lead independent director (if any).
- 10.3 A non-executive director should inform the chairperson of the Board before accepting any new appointment as a director of another listed entity, another material directorship or other position with a significant time commitment attached.

## 11. Company secretary

- 11.1 The company secretary of the Company is directly accountable to the Board through the chairperson on all matters to do with the proper functioning of the Board.
- 11.2 The responsibilities of the company secretary of the Company include, among other things:
- (a) advising the Board and the Board committees on governance matters;
  - (b) monitoring that Board and Board committee policies and procedures are followed;
  - (c) coordinating the timely completion and despatch of Board and Board committee papers;
  - (d) ensuring that business at Board and Board committee meetings is accurately captured in the minutes of such meetings; and
  - (e) assisting with the organisation and facilitation of induction and professional development of the Company's directors.

## 12. Conflicts

- 12.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 12.2 Directors must:
- (a) disclose to the Board any actual or potential conflict of interest or duty, or matter that may bear on their independence, that might reasonably be thought to exist as soon as the situation arises;

- (b) take all necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
  - (c) comply with all applicable laws and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.
- 12.3 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates.
- 12.4 Directors are expected to inform the chairperson of the Board of any proposed appointment to the Board or executive of another company as soon as practicable.

## 13. Access to information and independent advice by directors

- 13.1 Directors have access to any information that they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 13.2 Directors have access to:
- (a) representatives of the Investment Manager and Management to seek explanations and information from the Investment Manager and Management; and
  - (b) auditors, both internal and external, to seek explanations and information from them without the Investment Manager and Management being present.
- 13.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.
- 13.4 If the chairperson of the Board consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

## 14. Retirement of directors

- 14.1 At the end of every annual general meeting, at least one of the directors must retire.
- 14.2 A director must retire at the end of the third annual general meeting after the director's appointment even if it means that more than one-third of directors retire at an annual general meeting.
- 14.3 Those directors who have been longest in office since their last appointment must retire by rotation. Directors appointed on the same day may agree among themselves or determine by lot who must retire.
- 14.4 The chief executive officer or a director appointed to fill a casual vacancy or as an addition to the Board is not subject to retirement by rotation and is not taken into account when determining how many directors must retire by rotation. A director appointed to fill a casual vacancy or as an addition to the Board must retire at the next annual general meeting after their appointment, but is eligible for election.

## 15. Codes of conduct

- 15.1 The Group has adopted a corporate code of conduct setting out its legal and other obligations to all legitimate stakeholders including employees (if any), customers and the community.
- 15.2 The Group has adopted a Code of conduct for directors, senior executives and all other employees (if any) setting out required standards of behaviour, for the benefit of all shareholders.

15.3 Each director and any relevant persons will be given a copy of the code of conduct applicable to their position when joining the Group.

## 16. Size of the Board and Board vacancies

16.1 All directors are expected to continue as directors only for so long as they have the confidence of their fellow Board members and the confidence of the Company's shareholders.

16.2 In accordance with the ASX Listing Rules, no director except a managing director is permitted to hold office for a continuous period in excess of three years or past the third annual general meeting following that director's appointment or election, whichever is the longer, without submitting himself or herself for re-election.

## 17. Communication of information

17.1 The Board will:

- (a) communicate effectively with shareholders;
- (b) give shareholders ready access to balanced and understandable information about the Group and its corporate goals; and
- (c) make it easy for shareholders to participate in general meetings.

17.2 The Board has adopted a communications strategy to facilitate and promote effective communication with shareholders and encourage shareholder participation at general meetings.

## 18. Review of Board performance

The Board will annually review:

- (a) the Board's role;
- (b) the processes of the Board and Board committees;
- (c) the Board's performance; and
- (d) each director's performance before the director stands for re-election.

## 19. Review and changes to this policy

19.1 The Board will review this charter periodically to ensure that it is operating effectively and whether any changes are required.

19.2 The Board may change this charter from time to time by resolution.

## 20. Approved and adopted

This charter was approved and adopted by the Board on 21 May 2021.