



**Pro-Pac Packaging Limited**

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## Board Charter

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Pro-Pac Packaging Limited

ABN 36112971874

**Adopted by the board on 26 November 2018**

## Board Charter

### 1 Purpose

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This Charter provides an overview of:

- (a) the Board's structure, composition, and responsibilities; and
- (b) the relationship and interaction between the Board, Board Committees and management.

### 2 Board Composition

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#### 2.1 Board Composition and Size

- ❖ The Board is appointed by the shareholders
- ❖ The size and composition of the Board will be determined by the Board, subject to the terms of the Company's Constitution.
- ❖ The Board should comprise a majority of independent Non-executive Directors.

#### 2.2 The Chair

- ❖ The Board will appoint one of its members to be Chair.
- ❖ The Chair should be an independent Non-executive Director.
- ❖ The Chair represents the Board to the shareholders and communicates the Board's position.

#### 2.3 Director Independence

- ❖ The Board will determine whether a director is independent in accordance with the guidelines set out in *Attachment 1*.
- ❖ The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment as disclosed by each Director.
- ❖ Non-executive Directors are required to confirm their independence periodically and notify the Board immediately of any conflicts of interest as they arise.

#### 2.4 Performance Evaluation

- ❖ At least annually, the Directors will undertake performance evaluations of the Board, its Committees and individual Directors.

## 3 Board Responsibilities

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### 3.1 Board Role

The Board's role is to:

- (a) represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance;
- (b) protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution;
- (c) set and monitor compliance with the Company's governance framework;
- (d) oversee the Company's values, including the establishment by management of a sound risk management culture; and
- (e) ensure shareholders and other stakeholders are kept informed of the Company's performance and major developments.

In performing its role, the Board should act at all times:

- (a) in a manner consistent with the Company's stated purpose and values, including its Code of Conduct;
- (b) in accordance with the duties and obligations imposed by the Company's Constitution and by law;
- (c) having due regard to the Company's relationships with stakeholders and the communities and environments in which the Company operates.

### 3.2 Board Responsibilities

The Board's responsibilities include:

- (a) Appointment of a Chairperson;
- (b) selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the CEO, and removal of the CEO;
- (c) approving the appointment of the Executive Leadership Team members who report directly to the Group CEO and their succession planning;
- (d) Appointment of directors to fill a vacancy or as additional directors, and determining the remuneration of the same;
- (e) With the guidance of the People and Innovation Committee, reviewing the skills, experience, expertise and diversity represented by Directors on the Board and determine whether the composition and mix remain appropriate for the Company's strategy;

- (f) approving the delegation of authority framework;
- (g) Establishment of Board committees, their membership and delegated authorities.
- (h) Determining the Company's dividend policy, and approval of the payment of dividends.
- (i) Calling of meetings of shareholders.
- (j) Appointment or removal of the Group's external auditor (on the recommendation of the Audit Committee), and subject to any shareholder and regulatory approval.
- (k) Reviewing and approving (with the guidance of the Audit Committee) the Group's audited annual and half-yearly financial statements and any reports that accompany financial statements.
- (l) Approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management, and other major business initiatives.
- (m) contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- (n) reviewing, ratifying and monitoring systems of risk management, internal control and legal compliance. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- (o) monitoring corporate performance and implementation of strategy and policy;
- (p) approving the Company's remuneration policies, with the guidance of the People and Innovation Committee;
- (q) developing and reviewing the Company's values and corporate governance policies and monitoring corporate culture, setting the tone from the top;
- (r) reviewing and evaluating the effectiveness of policies and processes established by management relating to workplace health and safety, compliance with laws and the maintenance of high ethical standards;
- (s) overseeing and guiding the culture, reputation and standards of conduct of the Company;
- (t) approve any gender diversity targets on an annual basis;
- (u) approving major capital expenditure, acquisitions and divestitures, and overseeing capital management, including approving dividend payments;
- (v) monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting (including in relation to the scope of the external audit and the provision of non-audit services);
- (w) approving financial reports, profit forecasts and other reports required at law or under the ASX Listing Rules to be adopted by the Board;
- (x) ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- (y) reviewing, at least annually, the Company's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk; and
- (z) performing such other functions as are prescribed by law or nominated by the Board from time to time.

### 3.3 Director's Responsibilities

The Director's responsibilities include:

- (a) Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour.
- (b) Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.
- (c) Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them.
- (d) The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chair.

## 4 Delegation of Duties and Powers

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### 4.1 Delegation to Committees

- ❖ The Board from time to time establishes Committees to streamline the discharge of its responsibilities.
- ❖ The Board adopts a formal charter for each standing Committee setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- ❖ The permanent standing Committees of the Board are the Audit and Business Risk Committee and the People and Innovation Committee. The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.

### 4.2 Delegation to Management

- ❖ While the Board retains ultimate responsibility for the strategy and performance of the Company, the day-to-day operation of the Company is conducted by, or under the supervision of, the CEO as directed by the Board, subject to the Board approved formal delegations of authority.
- ❖ The Board approves corporate objectives for the CEO to work towards and, jointly with the CEO, develops the duties and responsibilities of the CEO.
- ❖ The management team (being the CEO and other officers to whom the management function is properly delegated by the CEO):
  - is responsible for implementing strategic objectives, plans and budgets approved by the Board; and
  - is accountable to the Board for matters within its delegated authority.
- ❖ Management must supply the Board with information to enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.

## 5 Board Process

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### 5.1 Meetings

- ❖ The Board will meet regularly and Directors will use all reasonable endeavours to attend Board meetings in person. Meetings may be held electronically.
- ❖ Periodically, Non-executive Directors will meet without Executive Directors or management present.
- ❖ The auditor will have direct access to the Board.
- ❖ The Company's Constitution governs the regulation of Board meetings and proceedings.

### 5.2 The Company Secretary

- ❖ The Board will appoint at least one Company Secretary who is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, and all statutory and other filings.
- ❖ The Company Secretary is accountable to the Board on all matters to do with the proper functioning of the Board.
- ❖ All Directors will have direct access to the Company Secretary and vice versa.

## 6 Review

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This Charter is to be reviewed by the Board, as required. This Charter supersedes any terms of reference previously in force.

## Attachment 1

### Guidelines of the Board of Directors – Independence of Directors

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Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors. In general, Directors will be considered to be 'independent' if they:

- (a) are not employed in an executive capacity by the Company or another group member, or, if they have been previously employed in an executive capacity by the Company or another group member, there has been a period of at least 3 years between ceasing such employment and serving on the Board;
- (b) have not within the last 3 years been a partner, director or senior employee of a provider of material professional services to the Company or another group member;
- (c) have not within the last 3 years been in a material business relationship (eg as a supplier or customer) with the Company or other group member or an officer of or otherwise associated directly or indirectly someone with such a relationship;
- (d) are not a substantial shareholder of the Company, or officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
- (e) have no material contractual relationship with the Company or another group member, other than as a director of the Company;
- (f) do not have close family ties with any person who falls within any of the categories described above;
- (g) have not been a director of the entity for such a period that his or her independence may have been compromised; and
- (h) are free from any other interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.