



farmaforce

# BOARD CHARTER

FARMAFORCE LIMITED

ACN 167 748 843

Dated:

**20<sup>th</sup> July, 2015**

### 1. PURPOSE OF BOARD CHARTER

- 1.1 The purpose of this charter is to specify how FarmaForce Limited ACN 167 748 843 (the **Company**) is governed so as to promote the Company and advance the interests of its shareholders. This charter sets out the role and responsibility of the Board, which responsibilities have been delegated, as well as the composition and the operation of the Board.

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### 2. ROLE AND RESPONSIBILITIES OF THE BOARD

- 2.1 The Board of the Company is responsible for the overall operation and stewardship of the Company and, in particular, is responsible for the long-term growth and profitability of the Company. The Board will ensure the activities of the company comply with its constitution and with all legal and regulatory requirements. As part of its role, the Board will approve the strategic direction of the Company and oversee good governance practice..

- 2.2 In order to achieve this role, the Board has responsibility for:

#### **Strategy**

- 2.2.1 Approving the Company's strategic direction ,business plans and policies as developed by the company's management.
- 2.2.2 Oversight and monitoring management's performance in delivering the company's strategic plans.
- 2.2.3 Approving, reviewing and monitoring the progress of capital management, & capital raising initiatives, major capital expenditure, acquisitions and divestments.
- 2.2.4 Oversight of the Company, including its control and accountability systems;. Approving the Company's system of corporate governance, (including the formation of Board committees in accordance with the provisions of the relevant governing charters) and monitoring the system's effectiveness.
- 2.2.5 Approval of the dividend policy of the Company and authorisation of payment of dividends.

#### **Risk management and Reporting**

- 2.2.6 Identifying the principal risks of the Company's business and ensuring that the Company has in place an appropriate risk management framework.
- 2.2.7 Establishing, monitoring, ratifying and regularly reviewing the Company's systems of internal compliance and control, risk management and legal compliance that govern the operations of the Company, to determine the integrity and effectiveness of those systems.
- 2.2.8 Approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the ASX and other stakeholders.
- 2.2.9 Overseeing the integrity of the Company's accounting and corporate reporting systems, including external audit.

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- 2.2.10 Approval of Annual Report & financial statements, and any other required reporting in accordance with the appropriate Stock Exchange's Listing Rules and the Corporation's Act (2001) Cth.
- 2.2.11 Appointing & removal of the Company's auditors, approval of auditor's remuneration from the recommendation of the Audit Committee.

### Management

- 2.2.12 Appointment and removal of the Chief Executive Officer (or equivalent).
- 2.2.13 Approve the Company's overall remuneration policy.
- 2.2.14 Establishing and monitoring executive succession planning.
- 2.2.15 Delegating authority to the Chief Executive Officer in accordance with this Board Charter (**Charter**), setting out the Chief Executive Officer's agreed delegated powers and authorities.

### Performance

- 2.2.16 Approving formal criteria for regularly assessing the performance of individual directors and monitoring and evaluating performance.
- 2.2.17 Establishing a process for undertaking an annual performance evaluation of itself that compares the performance of the Board with the requirements of this Charter, and effecting any amendments to this Charter considered necessary or desirable.

### Corporate governance

- 2.2.18 Ensuring ethical behaviour and compliance with the Company's own governing documents, including the Company's Code of Conduct.
- 2.2.19 Evaluating the Company's compliance with corporate governance standards established by the ASX and other stakeholders.

### Board Committees

- 2.3 Under the Company's constitution, the Board is permitted to delegate responsibility to Board Committees to consider various issues in detail and report to the Board. Having regard to the size of the Company, the Board has determined to establish and delegate responsibility to the following Board Committees:
  - (a) Audit and Risk Committee; and
  - (b) Remuneration and Nomination Committee.
- 2.4 In order to effect the efficient conduct of matters before the Committees, the Board has responsibility for:
  - 2.4.1 Adopting Charters setting out the authority, membership, responsibilities and reporting obligations of each Board Committee; and
  - 2.4.2 Approving formal criteria for regularly evaluating the performance of the Board Committees.
- 2.5 The Board may establish, where necessary, additional committees from time to time to consider other matters of special importance. Each committee established by the Board will



maintain accurate and complete minutes of their meetings and following consultation with the Chairperson, will be entitled to obtain professional or other advice in order to effectively and efficiently carry out their proper functions.

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### 3. ROLE AND RESPONSIBILITY OF KEY PERSONNEL

#### 3.1 The Chairperson

3.1.1 The chairperson is a director appointed by the Board.

3.1.2 The chairperson is responsible for:

- (a) leading the Board in reviewing and discussing Board matters;
- (b) chairing Board meetings and shareholder meetings;
- (c) ensuring the efficient organisation and conduct of the Board's function;
- (d) briefing all directors in relation to issues arising at Board meetings;
- (e) facilitating effective contribution by all directors and monitoring Board performance;
- (f) promoting constructive relations between Board members and between the Board and management;
- (g) reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board;
- (h) establishing and overseeing the implementation of policies and systems for Board performance review and renewal; and
- (i) ensuring that the Board is provided with information relevant to the Company's operations and strategies to assist the Board to discharge its duties.

#### 3.2 Chief Executive Officer

3.2.1 The Board has responsibility for appointing a Chief Executive Officer (**CEO**). The CEO is responsible for running the affairs of the Company under a delegated authority from the Board. The CEO is primarily and directly responsible to the Board for the general and overall management of the Company and is also responsible for implementing the policies and strategies set by the Board.

3.2.2 The CEO is responsible for:

- (a) managing the day to day affairs of the Company;
- (b) developing the corporate strategy and key strategic initiatives;
- (c) ensuring that the Board is appraised of the material matters affecting strategic operations of the Company;
- (d) approving policies for regularly assessing the performance of senior executives and monitoring and evaluating performance.

- (e) identifying strategic opportunities for the Company and developing these initiatives in consultation with the Chairperson;
  - (f) working with the Audit & Risk Committee(s) and relevant senior executives to identify the “material business risks” faced by the Company;
  - (g) leading the senior executive team in designing and implementing the risk management and internal control systems to manage the Company’s material business risks;
  - (h) ensuring that all internal reporting systems established by the Board are complied with including:
    - (i) reporting to the Board as to whether the “material business risks” are being managed effectively; and
    - (ii) obtaining and providing the declarations required in accordance with section 295A of the Corporations Act 2001.
- 3.2.3 In carrying out his/her duties, the CEO must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view in all material respects, of the Company’s financial position and operating profits.

### 3.3 Company Secretary

- 3.3.1 The role of the Company Secretary is integral in supporting the effectiveness of the Board and its committees. The Company Secretary acts as secretary of the Board, attending all meetings of the Board as required.
- 3.3.2 The Board must appoint at least one Company Secretary. Appointment removal of a Company Secretary is subject to Board approval.
- 3.3.3 The Company Secretary is responsible for:
- (a) organising Board meetings and director attendance;
  - (b) coordinating the preparation, completion and circulation of the Board agenda, briefing materials and committee papers;
  - (c) preparing minutes of meetings and resolutions of the Board and taking these to the Chairperson for approval and circulation;
  - (d) advising the Board and its committees of governance matters;
  - (e) ensuring that the business at committee meetings is accurately captured in the minutes and circulating those minutes from committee meetings to the Board; and
  - (f) ensuring the Company complies with its requirements under the Corporations Act 2001 regarding registered office, annual returns and notices to be lodged with the Australian Securities and Investments Commission and the listing rules of an approved stock exchange on which the Company may be listed.
- 3.3.4 Each Director has a right of access to the Company Secretary.



### 4. COMPOSITION AND MEMBERSHIP OF THE BOARD

#### 4.1 Composition and size

- 4.1.1 The directors will determine the size of the Board, subject to the Company's constitution, which provides that there can be no less than three directors and no more than ten. The number of directors and the composition of the Board must at all times be appropriate for the Company to achieve efficient decision making.
- 4.1.2 The composition and structure of the Board will be determined in accordance with the following:
- (a) to aim for, so far as is practicable given the size of the Company, a majority of the Board being independent directors;
  - (b) to aim for, so far as is practicable given the size of the Company, the appointment of a Chairperson who is an independent director;
  - (c) to aim for, so far as is practicable given the size of the Company, a Chairperson who is not the CEO, although the Chairperson of the Board may be an executive director;
  - (d) to aim, so far as is practicable given the size of the Company, to have a Nominations Committee; and
  - (e) to have at least three directors.

#### 4.2 Independence

- 4.2.1 All directors, whether independent or not, are required to apply an independent judgment in respect of all Board decisions.
- 4.2.2 Unless otherwise altered by legislation or other regulatory instrument, a director is considered "independent" if the director is a non-executive director who is not employed in an executive capacity and has no interest, position, relationships or associations that could materially interfere with the exercise of their unfettered and independent judgment. Materiality shall be determined as applied in accordance with Australian Accounting Standards.
- 4.2.3 A director will not be considered independent (unless the Board is satisfied otherwise) if the director:
- (a) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
  - (b) has within the last three years been employed in an executive capacity by the Company, or has been a director after ceasing to hold any such employment;
  - (c) has within the last three years, been a partner, director or senior employee of a material professional adviser to the Company or material consultant to the Company or an employee materially associated with the service provided;
  - (d) is a material supplier or customer of the Company, or an officer of or otherwise associated directly with a material supplier or customer; or
  - (e) has a material contractual relationship with the Company other than as a

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director or shareholder of the Company.

- 4.2.4 If a Director becomes aware of any information which may affect that Director's independence, this must be disclosed to the Company Secretary or Chairman
- 4.2.5 The Board will implement a process for regularly assessing the independence in light of disclosures made.

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## 5. DIRECTOR'S CONDUCT

- 5.1.1 Each member of the Board must at all times act in accordance with legal and statutory requirements, and discharge all their duties as directors. Directors must:
- (a) discharge their duties in good faith and in the best interests of the Company and for a proper purpose;
  - (b) act with due care and diligence, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a director of an ASX listed company;
  - (c) except where permitted by the Corporations Act 2001, avoid conflicts of interest;
  - (d) not make improper use of information gained through their position as a director;
  - (e) not take improper advantage of their position as a director;
  - (f) notify the Board of any material personal interest when a conflict arises;
  - (g) make reasonable enquiries if relying on information or advice provided by others;
  - (h) give the Company or ASX all the information required by the Corporations Act 2001; and
  - (i) not permit the Company to engage in insolvent trading.

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## 6. BOARD PROCESSES

### 6.1 Conduct of Board Meetings

- 6.1.1 All Board meetings will be conducted in accordance with the Company's constitution and the Corporations Act 2001. In particular:
- (a) Board meetings will be held as often as required at venues, dates and times agreed, where practical, in advance;
  - (b) Board and committee papers will be provided to directors with sufficient notice to consider each before the meeting, unless the meeting has been called urgently.
  - (c) the agenda for each Board meeting will be approved by the Chairperson and where relevant, developed in consultation with the CEO, through the Company Secretary.

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- (d) the minutes of Board meetings will be circulated prior to the next meeting and will be confirmed at the next meeting and signed by the Chairman
- 6.1.2 Each director must apply their particular skills, experience and knowledge when deliberating matters at Board meetings, and where appropriate, question and raise any issues of concern to them.
- 6.1.3 Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.
- 6.1.4 The Board may request or invite management or external consultants to attend Board meetings, where necessary or desirable.
- 6.1.5 The Board may conduct meetings by any method necessary, including by use of telephone or videoconferencing facilities where appropriate.

### **6.2 Independent professional advice**

- 6.2.1 Following consultation with the Chairperson, directors may seek independent professional advice at the Company's expense in circumstances where such advice is considered necessary for the discharge of the director's responsibilities as a director.
- 6.2.2 This advice will be available to all directors where appropriate.

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## **7. REVIEW OF MATTERS RESERVED TO THE BOARD**

- 7.1.1 The Board is responsible for reviewing this Charter, the division of functions and responsibilities in the Company in order to determine its appropriateness to the needs of the Company from time to time.
  - 7.1.2 This charter may be amended by resolution of the Board.
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**Dated and approved by the Board on 20<sup>th</sup> July, 2015**