

# Board Charter

Clean TeQ Holdings Limited ACN 127 457 916  
(**Company**)

# Board Charter

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## 1. Introduction

- 1.1. This Board Charter sets out the principles for the operation of the board of directors (**Board**) of Clean TeQ Holdings Limited (**Company**) and describes the functions of the Board. The Company and its controlled entities are collectively referred to as the **Group**.
- 1.2. The Board is responsible for the corporate governance of the Group. This Charter sets out the role and responsibilities of the Board, which responsibilities are delegated to committees of the Board or to management, as well as the membership and operation of the Board.

## 2. Board size, composition and independence

- 2.1. The directors will determine the size of the Board, subject to the Company's Constitution, which provides there must be a minimum of three directors and no more than twelve directors. The number of directors and the composition of the Board must at all times be appropriate to the Company to achieve efficient decision making and adequately discharge its responsibilities and duties.
- 2.2. It is noted that, ideally the Board should comprise:
  - (a) a majority of independent non-executive directors;
  - (b) directors with an appropriate range of skills, experience and expertise from a diverse range of backgrounds; and
  - (c) directors who can effectively review and challenge the performance of management and exercise independent judgment.
- 2.3. While the Company aims at having a majority of independent non-executive directors on its Board, this may not always be practicable given the size of the Board and the Company's circumstances. Accordingly, the Directors have absolute discretion to determine the appropriate composition of the Board from time to time, subject to the Constitution, the Corporations Act and the ASX Listing Rules.
- 2.4. An independent non-executive director is one who:
  - (a) is independent of management;
  - (b) free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their judgment; and
  - (c) otherwise meets the criteria for independence set out in the *Corporate Governance Principles and Recommendations* published by the ASX Corporate Governance Council.
- 2.5. The Board should regularly assess whether a non-executive director is 'independent' in accordance with the above criteria.
- 2.6. The People, Governance and Sustainability Committee is responsible for recommending candidates for appointment to the Board and determining the size and composition of the Board subject to the terms of the Constitution of the Company.
- 2.7. Each director is appointed by a formal letter of appointment setting out the terms and conditions of their appointment to ensure that each director clearly understands the Company's expectations of him or her. Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.
- 2.8. The continued tenure of each individual director is subject to re-election from time to time, in accordance with the Constitution.

### 3. The Board's role

- 3.1. The Board acts in the best interests of the Company as a whole and is accountable to shareholders for the overall strategic direction, financial management and corporate governance of the Group.
- 3.2. In addition to matters expressly required by law to approve, the Board is responsible for:
  - (a) providing leadership and setting the strategic objectives of the Company;
  - (b) appointing the chairperson;
  - (c) appointing, monitoring the performance of, and removing the chief executive officer;
  - (d) appointing, monitoring the performance of, and removing the company secretary;
  - (e) appointing Directors to fill a vacancy or as an additional Director;
  - (f) establishing of Board committees, their membership and their delegated authorities;
  - (g) overseeing management's implementation of the Company's strategic objectives and its performance generally;
  - (h) commencing material litigation;
  - (i) reporting to shareholders;
  - (j) calling meetings of shareholders;
  - (k) determining the Company's dividend policy, the amount and timing of any dividend payment and the operation of the Company's dividend reinvestment plan (if any);
  - (l) evaluating, approving and monitoring operating budgets, the progress of major capital expenditure, capital management, acquisitions, divestitures and other corporate transactions, including the issue of securities of the Company;
  - (m) approving and monitoring financial and other reporting;
  - (n) reviewing and approving systems of risk management, internal compliance and control, and ensure appropriate compliance frameworks and controls are in place;
  - (o) approving the Company's remuneration framework, including determining the form and operation of employee performance and incentive plans;
  - (p) ensuring that the Company maintains a commitment to promoting diversity in the workplace; and
  - (q) reviewing the performance and effectiveness of the Company's governance practices, policies and procedures.

### 4. Board Committees

- 4.1. Under the Company's Constitution, the Board may delegate responsibility to committees to consider certain issues in further detail and then report back to and advise the Board.
- 4.2. The Board has established the following committees:
  - (a) Audit, Finance and Risk Committee; and
  - (b) People, Governance and Sustainability Committee.
- 4.3. The Company may establish other committees from time to time.
- 4.4. The Board retains ultimate accountability for discharging its duties.
- 4.5. Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order

to effectively carry out their proper functions. The chair of each committee will report back on committee meetings to the Board at the next full Board meeting.

- 4.6. 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. Continuous disclosure and external communication

- 5.1. 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.
- 5.2. The Board has adopted a shareholder communications policy to facilitate and promote effective communication with shareholders and encourage participation at general meetings.
- 5.3. The Board has adopted a policy relating to the continuous disclosure obligations of the Company under the ASX Listing Rules and Corporations Act. The Company Secretary will report to the Board on compliance with that policy at each regular meeting of the Board.
- 5.4. Generally, the chairperson of the Board and chief executive officer will speak for the Group, unless the Board has agreed other spokespersons in accordance with the Company's Continuous Disclosure Policy.
- 5.5. All disclosures of materially price-sensitive information to any person must be approved and made in accordance with the Company's Continuous Disclosure Policy, the ASX Listing Rules and Corporations Act.

## 6. Chairperson of the Board

- 6.1. The chairperson of the Board:
- (a) is appointed by the directors;
  - (b) may be an independent non-executive director; and
  - (c) may not be the same person as the chief executive officer.
- 6.2. While the Company will aim to engage an independent Chairperson, it may not always be practicable given the circumstances of the Group, including the nature of the Group's business. As such the Company may appoint a Lead Independent Director to ensure that the views of the Independent Directors are effectively raised and considered by the Board.
- 6.3. 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 operations;
  - (c) communicating regularly with the chief executive officer on Group matters;
  - (d) ensuring the Board debates and fully considers strategies designed to meet present and future needs of the Group;
  - (e) monitoring the performance of the Board;
  - (f) monitoring and providing feedback on the performance of the chief executive officer
  - (g) facilitating Board discussions to ensure core issues facing the Group are addressed;

- (h) briefing all directors in relation to issues arising at Board meetings;
  - (i) facilitating the effective contribution and ongoing development of all directors;
  - (j) promoting constructive and respectful relations between Board members and between the Board and management;
  - (k) ensuring the Board regularly meets to consider the Group's performance and key issues facing it; and
  - (l) chairing general meetings.
- 6.4. To support the efficient functioning of the Board, the Board may appoint one or more of the following persons to support the Chair in their role and responsibilities:
- (a) Co-Chair;
  - (b) Lead Independent Director;
  - (c) Committee Chairs.
- 6.5. The delegation of responsibilities to the persons referred to under section 6.4 is internally documented through a roles and responsibilities matrix which is reviewed and approved by the Board from time to time.

## 7. Company Secretary

- 7.1. The Company Secretary acts as the secretary of the Board, attending all meetings of the Board and its committees as required. The Company Secretary is accountable directly to the Board, through the Chair on all matters to do with the proper functioning of the Board.
- 7.2. The Company Secretary is responsible for:
- (a) advising the Board and its committees on governance matters;
  - (b) monitoring that Board and committee policies and procedures are followed;
  - (c) coordinating the timely completion and despatch of Board and committee papers;
  - (d) ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
  - (e) organising and facilitating the induction and professional development of directors and him or herself.

## 8. Relationship between Board and executive team

- 8.1. Responsibility for day to day management and administration of the Group is delegated by the Board to the chief executive officer. The chief executive officer has authority to sub-delegate to the executive team.
- 8.2. Specific limits on the authority delegated to the chief executive officer and the executive team must be set out in the delegated authorities approved by the Board.
- 8.3. The role of management is to support the chief executive officer and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.
- 8.4. The responsibilities of the chief executive officer (if appointed) include:
- (a) implementing the strategic plan and budget approved by the Board;
  - (b) appointing and managing the performance of the executive team members

- (c) providing effective leadership, direction and supervision of the executive management team to achieve the strategic plan and budget adopted by the Board;
  - (d) developing and managing resources, policies and systems to ensure the effective operation of the Group (including policies on risk management, internal controls and human resources);
  - (e) managing resources within the budget approved by the Board;
  - (f) ensuring compliance with applicable laws and regulations; and
  - (g) ensuring the Board is given sufficient information to enable it to perform its functions, set strategies and monitor performance,
- 8.5. The chief executive officer and executive team are ultimately accountable to the Board.
- 8.6. The Board has in place procedures to assess the performance of the chief executive officer and the executive team.

## 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, management.
- 9.5. Directors must exercise independent judgment when making decisions. The Directors may seek external independent professional advice, at the Company's cost, to the extent that this advice is sought in relation to a decision made by Directors in their capacity as directors of the Company.
- 9.6. Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- 9.7. Directors must comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are to:
- (a) act in good faith and in the best interests of the Company; and
  - (b) act with care and diligence;
  - (c) act for proper purposes;
  - (d) avoid a conflict of interest or duty; and
  - (e) refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

## 10. Conflicts

- 10.1. Directors are required to act in a manner which is consistent with the best interests of the Company as a whole, free of any actual or possible conflicts of interest.
- 10.2. If a director considers that they might be in a position where there is a reasonable possibility of conflict between their personal or business interests, the interests of any associated person, or their

duties to any other company and the interests of the Company or their duties to the Company or the Group, the Board requires that the director must:

- (a) disclose to the chairperson of the Board (or in their absence, any one of the persons referred to under section 6.4) any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
  - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
  - (c) comply with the Corporations Act and the Company's Constitution in relation to disclosing material personal interests and restrictions on voting.
- 10.3. If a conflict exists, unless the Board otherwise determines, abstains from voting on any motion relating to the matter and absents themselves from all Board deliberations relating to the matter.
- 10.4. Directors are expected to inform the Chair (or in their absence, any one of the persons referred to under section 6.4) of the Board of any proposed appointment to the board or executive of another company as soon as practicable.

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

- 11.1. Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 11.2. Directors have access to:
- (a) management to seek explanations and information from management; and
  - (b) auditors, both internal and external, to seek explanations and information from them without management being present.
- 11.3. 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.
- 11.4. If the Chair of the Audit, Finance and Risk Committee (or in the case of the Audit, Finance and Risk Committee Chair, the Chair of the People, Governance and Sustainability Committee) consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

## 12. Retirement of directors

- 12.1. At the close of each annual general meeting a number of Directors must retire from office, in accordance with the Constitution. Retiring directors may be eligible for re-election.
- 12.2. A director must retire at the end of the third annual general meeting after the director's appointment even if it means that more directors retire at an annual general meeting than otherwise determined under the Constitution.
- 12.3. 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.

## 13. Review of Board performance

- 13.1. The People, Governance and Sustainability Committee will annually review:
- (a) the Board's role; and

- (b) the Board, Committees, and individual directors performance evaluation process.
- 13.2. Following each review and evaluation, the Board will consider how to improve its performance.

## **15. Review and changes to this charter**

- 15.1. The People, Governance and Sustainability will review this charter annually or as often as it considers necessary.
- 15.2. The Board may change this charter from time to time by resolution.

## **16. Approved and adopted**

- 16.1. This charter was approved and adopted by the Board on 9 April 2020