

BPS TECHNOLOGY LIMITED (Company)

BOARD CHARTER

1. Purpose

- 1.1. The Board is responsible for the overall operation and stewardship of the Company and, in particular, is responsible for:
- (a) approving the strategic objectives of the Company and establishing goals designed to promote the achievement of those strategic objectives;
 - (b) approving and monitoring systems of risk management and internal compliance and control, codes of conduct, legal compliance and ethical standards;
 - (c) approving investments and ongoing evaluation of those investments;
 - (d) approving and monitoring financial and other reporting;
 - (e) monitoring senior management's performance (against the goals and objectives established by the Board); and
 - (f) approving any public statements which reflect significant issues of the Company's policy or strategy.

2. Duties and Responsibilities

2.1. Strategy

- Providing input to, and approval of, the Company's strategic direction and budgets as developed by management.
- Directing, monitoring and assessing the Company's performance against strategic and business plans, to determine if appropriate resources are available.
- Approving and monitoring capital management and major capital expenditure, acquisitions and divestments.

2.2. Risk management and Internal Controls

- Establishing an overall profile of the risks and risk appetite of the Company.
- Reviewing the Company's risk management process and having oversight of the establishment and maintenance of appropriate risk management strategies;
- Reviewing the Company's internal controls and compliance systems to determine the integrity and effectiveness of those systems.
- Approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the ASX and other stakeholders.

2.3. Management

- Appointment and removal of the Managing Director (or equivalent), Chief Executive Officer, Executive Directors, Chief Financial Officer, the Company Secretary
- Ratifying the appointment of other Senior Executives with total remuneration packages in excess of \$300,000.
- Establishing and monitoring executive succession planning.
- Delegating authority to the Managing Director as outlined in the Statement of Delegated Authority.

2.4. Finance

- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures.
- Approving the annual budget of the Company.
- Monitoring the financial performance of the Company.
- Ensuring the integrity of the Company's financial (with the assistance of the Audit and Risk Committee) and other reporting through approval and monitoring;
- Appointing the external auditor (where applicable, based on recommendations of the Audit and Risk Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be approved by shareholders;

2.5. Remuneration and Nominations

- Approving the remuneration framework for Non-Executive Directors and senior executives
- Approving employment terms and conditions for Non-Executive Directors and senior executives

2.6. Performance

- Approving criteria for assessing performance of senior executives and monitoring and evaluating the performance of senior executives.
- Undertaking an evaluation of its performance at intervals considered appropriate by the Chairman of the Board.

2.7. Corporate Governance

- Adopting, oversight and administration of the Company's corporate governance materials.

3. Board Committees

To assist it in fulfilling its duties and responsibilities, the Board may delegate its powers to a committee or committees as it deems fit, from time to time.

The Board has established the following Board Committees:

- (a) Audit and Risk Committee; and
- (b) Remuneration and Nomination Committee.

Each Committee has a Charter which sets out the membership, responsibilities and reporting obligations.

4. Board Composition

- The Board of Directors shall comprise of no less than three and no more than nine Directors at any one point in time. The Company and the Board will endeavour to have a majority of Independent Directors and an Independent Chairman.
- The Board size, diversity and composition is periodically determined and reviewed by the Board as a whole.
- Directors will be appointed and removed in accordance with the *Corporations Act 2001 (Cth)* and the Company's Constitution.

5. Responsibilities of the Chair

The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chair should facilitate the effective contribution of all directors and promote

constructive and respectful relations between directors and between board and senior management.

Any other position which the Chair may hold either inside or outside the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of the Company.

6. Responsibilities of the Managing Director

The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out their responsibilities the Managing Director must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other matter that is likely to fall within the Materiality Threshold but does not include a matter that falls within a specific delegated authority in relation to debt purchase from the Board.

All reports to the Board must present a true and fair view of the Company's financial condition and operational results.

7. Directors Duties and Rights

In discharging his/her duties, each Director must:

- (a) exercise care and diligence;
- (b) act honestly and in good faith in the best interests of the Company as a whole;
- (c) not improperly use his/her position or misuse information of the Company;
- (d) disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the Director becomes aware and which the Director reasonably believes may compromise the reputation or performance of the Company; and
- (e) commit the time necessary to discharge effectively his/her role as a Director.

All Directors are entitled to be heard at all meetings and to the extent practicable, should bring an objective and independent judgement to bear in decision-making.

All Directors have access to the Company Secretary, who is accountable to the Board, through the Chairman, on all governance matters.

8. Meetings

The Board shall meet as often as required but no less than five times per year, at a time and location that the Chairman reasonably deems appropriate for all members to attend. Additional meetings may be held as required and the Board members will receive appropriate notice of the meeting and be given the opportunity to attend in person or by electronic means.

In accordance with the Constitution, a quorum for a Board meeting is 2 directors entitled to vote on a resolution that may be proposed at the meeting.

The Company Secretary is to attend Board meetings, or to otherwise receive an update from the Chair to ensure that accurate minutes are taken of each meeting.

9. Director Independence

An independent director is a non-executive director who is not a member of management and who 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 judgement.

It is the Board's policy that in determining a director's independence, the Board considers the relationships which may affect independence as set out in Box 2.3 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd edition) as follows:

When determining the independent status of a director the Board should consider whether the director:

- 1 is employed, or has previously been employed in an executive capacity by the Company or another group member and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- 2 is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the Company or another group member;
- 3 is, or has been within the last three years, in a material business relationship (e.g. as a supplier or customer) with the Company or other group member, or an officer of, or otherwise associated with, someone in such a relationship;
- 4 is a substantial security holder of the Company or an officer of, or otherwise associated directly with, a substantial security holder of the Company;
- 5 has a material contractual relationship with the Company or another group member other than as a director;
- 6 has close family ties with any person who falls within any of the categories described above; or
- 7 has been a director of the company for such a period that his or her independence may have been compromised.

10. Access to Information

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any director has the authority to seek any information he/she requires from any employee and all employees must comply with such requests.

Unless a conflict exists or to do so would be inconsistent with the director's duties, the director is to request such information via the Managing Director.

All directors are entitled to the benefit of the Company's standard Deed of Access, Indemnity and Insurance which provides ongoing access to Board Papers and at the Company's expense, Directors' and Officers' Insurance for seven years after the Director leaves the Board.

11. Independent Advice

In fulfilling their duties, and to ensure independent decision-making, each Director may take independent professional advice where necessary at the expense of BPS Technology Limited. Prior to obtaining independent professional advice, a Director must inform the Chairman that they wish to obtain the advice as well as the anticipated cost of the advice, the budget for the advice must then be approved by the Chairman (which approval will not be unreasonably withheld) before the cost is incurred.

Where it is the Chair who is seeking the independent professional advice, the role of the Chair to consider and provide approval as set out above should be carried out by the Chair of the Audit and Risk Committee.

12. Nomination and Appointment of Directors

Nomination, appointment and rotation of Directors will be governed by the *Corporations Act*, the Listing Rules and the Constitution.

The procedure for the selection of candidates is to be carried out by the Remuneration and Nomination Committee which will recommend potential candidates to the Board for consideration. The procedure is as follows:

- (a) assess the competencies and skills required by the Board, having regard to the current and future business of BPS and the Board skills matrix;
- (b) identify individuals with the competencies required by the Board, including engaging recruitment consultants to assist in the identification process, as required;
- (c) develop a short list of candidates based upon competencies and ability to fit within the existing Board;
- (d) conduct reference appropriate checks; and
- (e) by unanimous resolution, approve the most appropriate person from the short list to be invited by the Board to become a Director of BPS.

Upon appointment, a new director will be given a formal letter of appointment from the Chair setting out the key terms, conditions and responsibilities of their position.

The Company Secretary is responsible for arranging for the new Director to undertake an induction programme to enable them to gain an understanding of:

- (a) the Company's operations;
- (b) the culture and values of the Company;
- (c) the Company's financial, strategic, operational and risk management position;
- (d) their rights, duties and responsibilities; and
- (e) any other relevant information.

As part of this induction programme, a new director will meet with all incumbent directors and senior management to gain an understanding of the duties and responsibilities of the director within the Company.

13. Review of Charter

The Board will review this Board Charter at least annually and the Charter will be subject to Board approval if any updates are made.