



Trac Group Holdings Ltd

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Board Charter

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1 Role and Responsibilities

The Board of Directors of Trac Group Holdings Ltd (the **Company**) has adopted this charter to outline the manner in which its powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws.

This Board Charter and the charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market. To accomplish this, the Board:

- (a) considers and approves the strategy of the Company;
- (b) adopts an annual budget and monitors financial performance including approving the annual and half year financial statements and reports;
- (c) approves major investments and monitors the return on those investments;
- (d) monitors the adequacy, appropriateness and operation of internal controls including reviewing and approving the Company's compliance systems and corporate governance principles;
- (e) provides continuous disclosure of information to the investment community, and makes available information shareholders can reasonably require to make informed assessments of the Company's prospects;
- (f) reviews and monitors significant business risks and oversees how they are managed;
- (g) monitors the conduct of the relationship with key regulators to meet the Company's obligations;
- (h) determines delegations to Committees, subsidiary boards and management and approves transactions in excess of delegated levels;
- (i) appoints and reviews the performance of the CEO including overseeing the remuneration, development and succession planning for the CEO and management, while overseeing the operation of appropriate human resource management systems including remuneration;
- (j) assesses its own performance and that of its committees and individual Directors;
- (k) selects and appoints new Directors;
- (l) considers, approves and endorses major policies of the organisation including a code for ethical behaviour and social responsibility;
- (m) oversees the implementation of appropriate work health and safety systems;
- (n) protects and oversees the enhancement of the reputation of the Company; and
- (o) promotes a culture of strong corporate governance, sound business practices and ethical conduct.

The Company's Constitution ultimately governs matters relating to the Board and its functions. This Board Charter explains and interprets the Constitution. The Constitution prevails to the extent of any inconsistency between this Board Charter and the Constitution.



2 Board Composition and Size and Independence of Directors

The Board is appointed by the shareholders. Non-executive Directors are engaged through a letter of appointment.

The Board, on the recommendation of the Remuneration and Nomination Committee, will review the size and composition of the Board with a view to having an appropriate mix of skills.

The size and composition of the Board is determined by the Board, subject to the limits contained in the Company's Constitution, and shareholders. It is the Board's policy that it should be composed of non-executive Directors (including independent Directors) who, with the executive Directors, comprise an appropriate mix of skills to provide the necessary breadth and depth of knowledge and experience to meet the Board's responsibilities and objectives. It is intended that the Board will be made up of Directors with a broad range of skills, expertise and experience, and from a diverse range of backgrounds, including gender.

The Chairman of the Board will also be an independent non-executive Director. For the avoidance of doubt, the position of Chairman of the Board will not be held by someone who is performing the role of CEO of the Company.

The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment (which may include the matters listed in the Schedule). The independence of the Directors will be regularly reviewed (at least annually) and the status of independent Directors will be disclosed, together with the length of service of each Director, in the Company's Annual Report or on the Company's website.

Each non-executive Director will inform the Board or the Remuneration and Nomination Committee of any change to their interests, positions, associations or relationships that could affect their independence.

Any change to a Director's status as an independent Director will be disclosed and explained to the market in a timely manner. Any decision by the Board not to change a Director's status as an independent Director despite the Director having an interest, position, association or relationship of the type described in the Schedule will be disclosed and explained in the Company's Annual Report or on the Company's website.

A Director will not hold office for a period of more than 10 years unless approval of any additional term is given by the Board.

3 Meetings

The Board will meet a minimum of 6 times a year, with additional meetings as required. Any Director is able to convene a meeting of the Board by contacting the Chairman or the Company Secretary.

The Company Secretary is appointed by and responsible to the Board of Directors through the Chairman. All Directors will have direct access to the Company Secretary and vice versa.

The Chairman of the Board and the Company Secretary will co-ordinate the Board agenda. The Company Secretary is also responsible for advising the Board on governance matters, monitoring the Board's compliance with its policies and procedures and co-ordinating all Board business, including board papers, minutes, communication with regulatory bodies and Australian Securities Exchange (**ASX**), and all statutory and other filings.

Board papers should normally be distributed by the Company Secretary at least a week prior to each Board meeting.



Where deemed appropriate by Directors, meetings and subsequent approvals and recommendations may occur by written resolution or conference call or other electronic means of audio or audio-visual communication.

4 Committees

The Directors may delegate any of their powers to a Committee or Committees.

The Directors must, at a minimum, establish the following Committees for which a formal charter will be adopted:

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

The Board may also delegate specific functions to ad hoc committees. The Board will, at least once each year, review the membership and charter of each committee.

5 Relationship with Management

The Board has delegated specific authorities to the Chairman and to its various Committees. Subject to these delegated matters, the CEO is authorised to exercise all the powers of the Directors, except with respect to the following:

- (a) approval of major elements of strategy including any significant change in the direction of that strategy;
- (b) approvals above delegated levels of credit limits, country risk exposures, equity risk limits, market risk limits, loans and equity investments, underwriting risk and new managed funds;
- (c) capital expenditure in excess of delegated levels or expenditure outside the ordinary course of business;
- (d) certain remuneration matters including material changes to remuneration policies and specific remuneration recommendations relating to the Board members and other executive officers of the Company;
- (e) adoption of the Company's annual budget;
- (f) approval of the interim and final accounts and related reports to the ASX;
- (g) specific matters in relation to Continuous Disclosure as defined in the Continuous Disclosure Policy;
- (h) any proposal to issue securities of the Company (except under a program previously approved by the Board); and
- (i) other matters as the Board may determine from time to time.

6 Education, Development and Performance Evaluation

Each new Director will, upon appointment, participate in an induction program. This will include meeting with members of the existing Board, Company Secretary, management and other relevant executives to familiarise themselves with the Company, its procedures and prudential requirements, and Board practices and procedures.

On an ongoing basis, and subject to approval of the Chairman, Directors may request and undertake training and professional development, as appropriate, at the Company's expense.

The performance of the Board as a group, its committees and its individual Directors is to be assessed annually. In particular, all Directors seeking re-election at an annual general meeting



will be subject to a formal performance appraisal to determine whether the Board (in the absence of those Directors seeking re-election) should recommend their re-election to shareholders.

The performance of the Chairman of the Board is to be assessed annually by a suitable non-executive Director.

The Board will disclose each year in the Company's Annual Report or on the Company's website whether a performance evaluation of the Board, its committees and its Directors was undertaken in accordance with the above process.

7 Conflict of Interests

The Board will agree, and Board members will abide by the following:

- (a) declaring their interests as required under the Corporations Act, ASX Listing Rules and general law requirements;
- (b) unless the Directors (without a relevant personal interest) agree otherwise, where any Director has a material personal interest in a matter, the Director will not be permitted to:
 - (i) receive any papers;
 - (ii) take part in any discussion concerning the matter; or
 - (iii) vote on the matter,at a Director's meeting where that matter is being considered; and
- (c) Directors must not:
 - (i) allow personal interests to conflict with the interests of the Company; or
 - (ii) disclose confidential information, unless the disclosure has been authorised by the Company or is required by law.

All Directors will abide by the terms of the Securities Trading Policy.

8 Access

The Company's external auditors will allow all issues to be raised directly with the Board.

Board members are not to be constrained or impeded from disclosing information to the external auditors in accordance with statutory and regulatory requirements and must be available to meet with the external auditors on request after notification to the Chairman.

Each Director will have the ability to consult independent experts where that Director considers it necessary to carry out their duties and responsibilities. Any costs incurred as a result of the Director consulting an independent expert will be borne by the Company, subject to the estimated costs being approved by the Chairman in advance as being reasonable.

9 Review of Charter

The Board can at any time review this Board Charter to determine its ongoing appropriateness.



Schedule

Guidelines of the Board of Directors – Independence of Directors

Section 2 of the Board Charter refers to the 'independence' of Directors.

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 are not members of management (a non-executive Director) and they:

- are not material shareholders of the Company, or officers of, or otherwise associated directly or indirectly with, material shareholders of the Company;
- have not within the last three years been employed in an executive capacity by the Company or another group member;
- were not appointed as a Director of the Company within three years of ceasing to be employed in an executive capacity by the Company;
- have not within the last three years been a principal or employee of a material professional adviser or a material consultant to the Company or another group member;
- are not a material supplier to or customer of the Company or other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- have no material contractual relationship with the Company or another group member, other than as a Director of the Company;
- are free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- have not been a Director of the Company for such a period that their independence may have been compromised.

Materiality Thresholds

The Board will consider thresholds of materiality for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (eg revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the Company's shares to be material.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board.
- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's



interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company.