



## Board Charter

This Charter outlines the roles, responsibilities and processes of the HFA Holdings Limited Board of Directors and identifies those functions that have been delegated to management.

# 1 Overview

The Board is accountable to shareholders for HFA Holdings Limited’s strategic direction, business operations and performance.

In carrying out its responsibilities and exercising its powers, the Board has appropriate regard to the interest of shareholders, as well as its employees, investors and the broader community in which HFA operates.

This Charter may be reviewed and amended by the Board from time to time.

# 2 Board’s Role and Responsibilities

The role of the Board is to provide strategic guidance for HFA, and effective oversight of management.

The Corporations Act 2001, the ASX Listing Rules and HFA’s constitution assign a number of important responsibilities and accountabilities which are required to be addressed directly by the Board.

## 2.1 Board Responsibility

The Board is responsible for:

Culture	<ul style="list-style-type: none"> <li>▪ enhancing and protecting HFA’s reputation and corporate integrity</li> <li>▪ approving HFA’s Code of Conduct</li> <li>▪ setting and assessing various cultural objectives, including diversity, within HFA and progress towards achieving those objectives</li> </ul>
Strategy and major transactions	<ul style="list-style-type: none"> <li>▪ approving HFA’s strategic objectives and significant corporate initiatives</li> <li>▪ approving HFA’s annual budget</li> <li>▪ monitoring performance against the strategy and objectives set by the Board and reviewing implementation of Board-approved strategies</li> <li>▪ approving capital expenditure, business acquisitions and other transactions outside the authorities delegated to the Chief Executive Officer</li> <li>▪ monitoring the progress of major expenditure projects and business acquisitions and other transactions</li> </ul>
Financial matters & reporting	<ul style="list-style-type: none"> <li>▪ approving HFA’s half year and full year reports to shareholders and the ASX</li> <li>▪ monitoring financial performance</li> <li>▪ selecting, appointing and terminating the external auditor</li> <li>▪ oversight of the Audit &amp; Risk Committee’s evaluation of the external auditor’s performance and ongoing independence</li> <li>▪ approving HFA’s dividend policy, and determining the amount, nature and timing of dividends to be paid</li> <li>▪ approving changes to HFA’s capital structure and significant funding arrangements</li> </ul>

Corporate governance, legal & regulatory compliance	<ul style="list-style-type: none"> <li>▪ establishing appropriate standards of corporate governance, legal and regulatory compliance</li> <li>▪ approving policies dealing with continuous disclosure, securities trading and communicating with shareholders</li> <li>▪ approving the charters of the Board’s standing committees (Audit &amp; Risk Committee and Remuneration &amp; Nominations Committee)</li> <li>▪ approving the corporate governance statement and any related governance disclosures</li> <li>▪ reviewing and monitoring the propriety of related-party transactions</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>▪ monitoring the effectiveness of risk management and compliance arrangements, including satisfying itself through reporting and oversight that appropriate internal control mechanisms are in place and are operating effectively</li> <li>▪ approval of transactions that are outside the delegations to management</li> </ul>
Human resource matters	<ul style="list-style-type: none"> <li>▪ appointing and removing the Chairman, Chief Executive Officer and the Company Secretary</li> <li>▪ approving the executive employment agreement and remuneration arrangements of the Chief Executive Officer</li> <li>▪ oversight of the performance evaluation process for the Chief Executive Officer and on a total basis for other employees</li> <li>▪ determining the size of the bonus/incentive pools on a total basis for employees</li> <li>▪ approving changes to HFA’s remuneration system</li> <li>▪ reviewing management succession planning</li> </ul>
Board arrangements	<ul style="list-style-type: none"> <li>▪ determining the remuneration of Non-Executive Directors, subject to the law and HFA’s constitution</li> <li>▪ determining and regularly reviewing the composition of the Board</li> <li>▪ appointing Directors to fill casual Board vacancies</li> <li>▪ making recommendations to shareholders on the appointment and removal of Directors</li> </ul>

Subject to the Constitution and the law, the Board may delegate any powers to individual Directors or a Board Committee.

## 2.2 Delegation to Management

Whilst the Board retains responsibility for the overall strategic direction and operational control of the Company, the Board has delegated the responsibility for the day to day operation and administration of the Company to the Chief Executive Officer and other officers and executives of the Group (“Management”).

Management must consult with the Board on matters that are sensitive, extraordinary, of a strategic nature or are otherwise outside their delegated authority limits.

## 2.3 Independent advice and access to senior management

Directors may obtain independent professional advice at HFA's expense. Where a Director seeks professional advice, the Director should obtain prior approval from the Chairman. If the Chairman wishes to seek independent advice, the Chairman is required to obtain prior approval from the Audit and Risk Committee Chairman.

Directors have access to Management and any information of HFA, as required.

# 3 Board Framework

## 3.1 Board Composition

The size of the Board will be determined in accordance with HFA's constitution.

A majority of the Board should consist of independent Non-Executive Directors. Independence is outlined further in section 3.1.1 of this Charter.

Collectively, composition will be based on the following principles:

- Directors have an appropriate range of skills, experience and expertise;
- Directors have an understanding of, and competence to deal with, the current and emerging issues for HFA's business and operations;
- Directors can effectively review and challenge the performance of management;
- Directors can exercise independent judgement in decision making; and
- the Chairperson should be an Independent Director.

Board membership may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified.

The Board should have sufficient Directors to serve on Board Committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities.

### 3.1.1 Independence

All Directors, whether satisfying the below definition of independence or not, should bring an independent judgement to bear on Board decisions. The Board have adopted the following definition of independence:

An independent Director is a Non-Executive Director (i.e. not a member of management), who is 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 unfettered and independent judgement, and satisfies the following criteria:

- a) is not a substantial shareholder of HFA as defined by the *Corporations Act 2001*;
- b) is not an officer of, or otherwise directly associated with, a substantial shareholder of HFA;
- c) has not served as an executive of HFA or the Group in the last three years;
- d) has not been a partner, director or senior employee of a provider of material professional services to HFA or the Group in the last three years;
- e) has not been in a material business relationship (ie a client or supplier) with HFA or the Group, or an officer of or otherwise associated with someone with such a relationship, within the last three years;
- f) has no material contractual relationship with HFA or the Group other than as a Director;
- g) has close family ties with any person who falls within any of the categories listed in a) to f) above;

- h) has not been a Director of HFA for such a period that his or her independence may have been compromised; and
- i) is free from any interest and any business or other relationship that could or could be reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of HFA.

In each case, the materiality of the interest, position, association or relationship will be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the Director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of HFA and its shareholders generally.

Directors identified as independent are required to advise the Board and the Company Secretary where circumstances arise where they no longer satisfy the requirements to be identified as independent.

The Remuneration and Nomination Committee regularly reviews the independence of each Non-Executive Director.

### 3.1.2 Annual review of composition

The Board will review its composition on an annual basis, to ensure that the Board has the appropriate mix of expertise and experience.

### 3.1.3 Board performance

The Board should review its own performance, the performance of its standing committees, and the performance of individual directors every two to three years. The Board may engage an external consultant to facilitate this review.

## 3.2 Board Committees

The Board may establish Committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail.

The Board will determine the membership and composition of Board Committees, having regard to workload, skills and experience.

### 3.2.1 Standing Committees

The standing Board Committees are:

- Audit and Risk Committee; and
- Remuneration and Nominations Committee.

The charter of each Board Committee sets out matters relevant to their composition, responsibilities and administration and must be approved by the Board. The Committees will review their Charter from time to time as appropriate.

### 3.2.2 Special purpose Committees

The Board may, from time to time, establish special purpose Committees as advisory bodies or with delegated authority on specific matters.

## 3.3 The Chairman

- The Chairman is elected by the Board on the basis of relevant experience, skills and leadership abilities. The Chairman must be an independent, Non-Executive Director.

The Chairman should:

- provide leadership and facilitate the work of the Board
- promote a culture which encourages Directors to contribute in an open and constructive manner
- manage Board activities so that they are carried out effectively and efficiently
- oversee the provision of appropriate information to the Board
- approve the agenda for each Board meeting in consultation with the Chief Executive Officer and the Company Secretary
- chair general meetings of shareholders.

## 4 Directors

Directors are expected to comply with their legal duties when discharging their responsibilities as Directors. Broadly, these duties are:

- to act in good faith and in the best interests of HFA
- to act with care and diligence
- to act for proper purposes
- to avoid a conflicts of interest or duty
- to not make improper use of information gained through the position of Director, or take improper advantage of the position of Director.

In performing their duties, Directors are expected to:

- attend and participate in Board meetings
- spend the time needed, and meet as often as necessary, to properly discharge their responsibilities
- exercise independent judgment when making decisions
- keep confidential Board information, discussions and decisions that are not publicly known
- publicly, support the letter and the spirit of Board decisions

Directors are encouraged to ask questions of, request information from, and raise any issue of concern with Management.

The Directors and other employees are expected to act lawfully, in a professional manner and with the utmost integrity and objectivity in their dealings with clients, competitors, business partners, the community and each other.

The Board has adopted, and Directors comply with, a Code of Conduct.

### 4.1 Conflicts

Directors are expected to be sensitive to conflicts of interest or duty that may arise and be mindful of their fiduciary obligations.

Directors must:

- disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises
- take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty

- comply with the Corporations Act 2001 and the HFA constitution in relation to disclosing material personal interests and restrictions on voting.

Directors are expected to inform the Chairman of any proposed appointment to the Board, Committee or executive of another company as soon as practicable.

## 5 Administrative Matters

### 5.1 Meetings

The Board should formally meet at regularly scheduled intervals throughout the course of each year. Additional Board meetings may be convened as special meetings as and when required.

Management may be invited to attend Board meetings (or parts of meetings) from time to time where the Board considers their involvement of assistance to the consideration of items of business before the Board.

All minutes of the Board are signed by the Chairman as a true and correct record and are then entered into the minute book and will be open for inspection by any Director.

All Directors and other attendees at Board meetings are, as officers and/or fiduciaries, required to keep all Board information and discussions confidential.

### 5.2 Company Secretary

The Board will appoint at least one Company Secretary. The Company Secretary or their delegate attends meetings and acts as secretary to the Board.

The Company Secretary shall:

- Advise the Board and its Committees on governance matters;
- organise for an agenda to be drawn up for each meeting;
- coordinate the agenda and distribution of Board papers prior to each meeting;
- draft the minutes of the meetings and distribute to the Board for approval; and
- maintain the Board's secretariat files.