

## **BOARD CHARTER**

### **1. OVERVIEW**

- 1.1 The Board is primarily responsible for ensuring that Capral Limited (**Capral**) has an appropriate corporate governance structure to ensure the creation and protection of shareholder value.
- 1.2 The Board is also responsible for ensuring Capral recognises its legal and other obligations to legitimate stakeholders from time to time where and to the extent appropriate. “Stakeholders” are groups that are likely to feel a social, environmental or economic impact from Capral’s actions, including shareholders, employees, contractors, regulatory bodies and members of the communities where Capral operates and are affected by Capral’s activities.
- 1.3 This Charter explains Capral’s commitment to corporate governance and sets out the role, responsibilities and conduct of the Board. It does not contain an exhaustive list of such matters.
- 1.4 To the extent practicable, Capral endorses the ASX Corporate Governance Council’s Principles and Recommendations (**ASX Principles**).

### **2. COMPLIANCE AND GOVERNING MATERIALS**

#### **2.1 Constitution**

Capral’s Constitution is its key governance document. The Board must ensure that it and Capral comply with the Constitution.

#### **2.2 Compliance with Laws**

As a public company listed on the ASX, Capral must comply with the Corporations Act, the ASX Listing Rules (**Listing Rules**) and other applicable laws and statutes. Examples of applicable areas of regulation include:

- i. environmental legislation;
- ii. occupational health & safety legislation;
- iii. competition and consumer legislation;
- iv. employment related laws; and
- v. anti-discrimination legislation.

As a company that may operate from time to time in jurisdictions outside Australia, Capral must ensure that it is aware of, and complies with, applicable laws and statutes in those jurisdictions.

#### **2.3 Governance Materials**

The operations and conduct of Capral are administered in accordance with governance materials adopted by the Board.

### **3. COMPOSITION OF THE BOARD**

#### **3.1 Number of Directors**

In accordance with the Constitution and the Corporations Act, the Board shall have at least 3 Directors.

#### **3.2 Alternate Directors**

Directors may appoint Alternate Directors in accordance with the Constitution.

### **3.3 Appointment and Removal of Directors**

Directors will be appointed and removed in accordance with the Corporations Act and the Constitution. In selecting new Directors, the Board must ensure that the candidate has the appropriate range of skills, experience, expertise and diversity that will best complement Board effectiveness. Candidates must confirm that they have the necessary time to devote to their Capral Board position.

### **3.4 Nomination and Rotation of Directors**

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

Capral undertakes appropriate checks prior to appointing a new Director.

Appropriate information under the ASX Principles for any Director being recommended to shareholders for re-election or election will be outlined in the Notice of Meeting.

### **3.5 Board Committees**

To assist the Board in fulfilling its duties and responsibilities, it has established an Audit and Risk Committee and a Remuneration and Nomination Committee. Each Committee has a separate formal Charter. Recommendations of the Committees are generally to be referred to the Board for approval.

### **3.6 Independence**

The independence of the Directors will be regularly reviewed. The factors used to determine whether a Director is independent under the ASX Principles as set out in the Corporate Governance Statement.

## **4. INFORMATION AND INDEPENDENT ADVICE**

### **4.1 Due Diligence Pack**

Prior to any formal offer, a potential director must be given sufficient information about Capral as part of his/her personal due diligence. The information may extend to non-public information and care must be taken to ensure confidentiality.

### **4.2 Appointment Letter**

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

### **4.3 Induction Program and education**

Upon appointment, the new Director will undertake an induction program to enable them to gain an understanding of:

- a. Capral's operations and the industry in which it operates;
- b. Capral's financial, strategic, operational and risk management position;
- c. their rights, duties and responsibilities, and those of senior management;
- d. the culture and values of Capral;
- e. the roles of Board committees;
- f. meeting arrangements;
- g. interaction with other Board members, the Company Secretary, senior management and other stakeholders; and
- h. any other relevant information.

As part of this induction program, a new Director will meet with all incumbent Directors (if this has not already taken place).

Directors will have access to appropriate continuing education, at their request and at Capral's expense, to update and enhance their skills and knowledge (including key developments in Capral and the industry in which it operates).

#### **4.4 Ongoing Information**

The Managing Director, Chief Financial Officer, Company Secretary and other members of the Executive Management Team must ensure that updated information is provided to the Board promptly to enable them to effectively discharge their duties as Directors. This may be part of, or in addition to, the periodic Board reporting process. If the Chief Financial Officer is not a Director, he/she will attend Board meetings by standing invitation.

#### **4.5 Requested Information**

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. A Director has the authority to seek any information he/she requires from any employee or contractor (**Employee**) of Capral and 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 Chairman or Managing Director.

#### **4.6 Independent Advice**

A Director may take such independent legal, financial or other advice as they consider necessary at Capral's cost. A Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice.

### **5. DUTIES AND RESPONSIBILITIES**

5.1 The Board is responsible for setting the strategic direction of Capral and for the management of Capral, including:

- i. oversight of control and accountability systems;
- ii. appointing, removing and monitoring the performance of the Managing Director;
- iii. approving the annual operating budget;
- iv. approving the strategic and business plans and monitoring performance against them;
- v. approving and monitoring the progress of major capital and operating expenditure;
- vi. monitoring compliance with legal and regulatory obligations;
- vii. reviewing the risk management system; and
- viii. approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders.

5.2 In discharging his/her duties, each Director must:

- i. exercise care and diligence;
- ii. act in good faith in the best interests of Capral;
- iii. not improperly use his/her position or misuse information of Capral; and
- iv. commit the time necessary to discharge effectively his/her role as a Director.

5.3 Directors are entitled to be heard at Meetings and, to the extent practicable, should bring an objective judgement to bear in decision-making.

### **6. THE CHAIRMAN**

The Chairman is responsible for:

- i. leadership of the Board;
- ii. overseeing the Board in the effective discharge of its supervisory role;
- iii. the efficient organisation and conduct of the Board's function and Meetings;
- iv. facilitating the effective contribution of Directors;
- v. briefing Directors in relation to issues arising at Meetings;
- vi. the promotion of constructive and respectful relations between Directors; and
- vii. committing the time necessary to discharge effectively his/her role as Chairman.

## **7. COMPANY SECRETARY**

The Company Secretary is appointed and removed by the Board and is responsible to the Board, through the Chairman, on matters to do with the proper functioning of the Board and its Committees.

## **8. DIRECTOR SHARE TRADING**

Directors are prohibited by law from taking advantage of their position or information acquired, in the course of their duties, or mis-using information for personal gain or to cause detriment to Capral. There are statutory restrictions on the trading of Capral securities by Directors (and any person) when in possession of undisclosed price sensitive information. Directors must comply with the "Insider Trading" prohibitions contained in the Corporations Act and Capral's Securities Trading Policy.

## **9. CORPORATE GOVERNANCE**

- 9.1 The Board is responsible for the adoption, oversight and administration of relevant corporate governance materials of Capral. A Corporate Governance Statement will contain the content required by the ASX Principles and an explanation of departures from them.
- 9.2 As part of an effective communications strategy, Capral will:
  - i. maintain and keep current its Corporate Governance website;
  - ii. make available, via its website, materials presented at significant investor briefings, if they materially differ from those already published.

## **10. PERFORMANCE**

To determine whether it is functioning effectively, the Board will review this Charter regularly and perform an evaluation of its performance at intervals considered appropriate by the Chairman.