

# Asset Resolution Limited

## 1.1 Board Charter



### Introduction

The Charter provides a summary of the role of the Board in the business structure and operations of Asset Resolution Limited (“Company”, “ARL”, NSX Code: ASS).

It should be read in conjunction with the ARL’s Corporate Governance Statement which provides a detailed framework for the governance of the company.

The Board is constituted and empowered pursuant to the Constitution of the company and the Corporations Act.

### Culture and values

The Board carries out the legal duties of its role in accordance with high ethical standards and having appropriate regard to the interests of the company’s security holders and the broader community in which we operate.

Company values underpin the Board’s desired culture to maximise shareholder value while nurturing the needs of the environment and community. The values at the core of the Company’s ethos are:

- ✓ Transparency
- ✓ Honesty
- ✓ Integrity
- ✓ Resilience
- ✓ Quality
- ✓ Trust
- ✓ Accountability

### Role and Responsibilities of the Board

The Board is responsible for the overall corporate governance of the Company, its performance, and is accountable to its various stakeholders.

In carrying out its governance role, a key task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and other legal obligations, including the requirements of all applicable regulatory bodies.

The Board has the overall responsibility for the successful operations of the Company.

Key accountabilities and matters reserved for the Board include:

- Demonstrating leadership;
- Approving strategic objectives designed to meet stakeholders’ needs and manage business risk;
- Defining the Company’s purpose and setting the strategic objectives and approving initiatives and strategies designed to ensure the continued growth and success of the entity;
- Approving the Company’s statement of values and code of conduct to underpin the desired culture within the Company;
- Overseeing management develop strategic and business plans to achieve those strategic objectives, instilling the Company’s values and performance generally;
- Implementing budgets by management and monitoring progress against budget – via the establishment and reporting of both financial and non-financial key performance indicators;
- Appointing the Chair of the Board;
- Appointing and reviewing the performance, remuneration of, and succession plans of the Executive/Managing Director (if appointed) and Company Secretary;
- Setting the criteria for Board membership, continuity, succession plans and reviewing the composition of the Board;
- Conducting an annual review of the Board Charter;

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- Establishing the long-term goals of the Company, and working with management to implement strategic and business plans to achieve those goals;
- Monitoring implementation of the Company's strategic and business plans and its financial performance;
- Appointing, and reviewing the performance and remuneration of, the senior management team, ensuring a clear relationship between performance and remuneration policies;
- Ensuring remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- Satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;
- Whenever required, challenging management and holding it to account;
- Approving major corporate initiatives;
- Enhancing and protecting the reputation of the organisation;
- Approving the annual and interim financial reports;
- Approving the operational budget, including major capital expenditure, acquisitions and divestitures;
- Monitoring the progress of capital management, acquisitions and divestitures;
- Setting the risk appetite within which the Board expects management to operate;
- Ensuring that any significant business financial and non-financial risks that arise are identified, assessed, appropriately managed and monitored;
- Overseeing the Company's process for making timely and balanced disclosures of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- Overseeing the Company's relationship and communications with security holders;
- Establishing and monitoring the Company's capital management strategy, including any dividend payments;
- Overseeing the integrity of the Company's accounting and corporate reporting systems, including appointing or removing the Company's external auditor;
- Approving and monitoring the effectiveness of the Company's system of corporate governance;
- Assessing the Company's funding requirements; and
- Monitoring borrowings from financial institutions.

### Board succession planning

It is the Board's policy to consider the appointment and retirement of non-executive directors on a case by case basis. In doing so, the Board has compiled a skills matrix to assist in the identification of any gaps in the skills and experience of the Board.

Board succession planning is an important part of the governance process. The Board regularly reviews and evaluates its succession planning process with the last review occurring in September 2020.

### Senior Management Team's Responsibilities

The senior management team are responsible for providing the board with accurate, timely and clear information on the Company's operations to enable the board to perform its responsibilities. This is not limited to information on the financial performance of the Company, but also includes compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the Company.

Due to the Company's size and nature there is currently no Executive Director. The Board will review the need for an Executive Director annually. The Chief Financial Officer "CFO" and key executives (if appointed) ("senior management team") are responsible for running the affairs of the Company under delegated authority from the Board and for implementing the policies and strategy set by the Board. In carrying out their responsibilities the senior management team must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operational results. Clear lines of communication between the Chair and the senior management team are established and both consult with the Chair, in the first place, on matters which are sensitive, extraordinary or of a strategic nature.

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The role of the senior management team is to implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. The senior management team is responsible for the implementation of the Company's strategic and business plans, and instilling and reinforcing its values, all the while operating within the values, code of conduct, budget and risk appetite set by the board. The senior management team are not involved in the setting of the Company's strategic and business plans.

### Board Meetings

The Board holds 10 to 12 formal meetings a year. Additional meetings are held as required. A meeting is held each year to review and approve the strategy and financial plan for the next financial year.

### Structure for Board and decision making

Each Board meeting is to have a structured agenda to ensure that there is an appropriate amount of time spent on corporate governance, Committee reports, industry and general environmental issues, strategic and policy issues, and monitoring of business performance.

All Board decisions are to be informed by a Board paper to ensure the appropriate information is provided to enable the best decision to be made. A draft resolution is to be proposed in relation to each paper.

Board and Committee papers are to be provided to Directors to allow them to have a reasonable amount of time to review the papers before the relevant meeting.

Time is to be allowed at each meeting for Management to provide any updates to the information provided in the Board and Committee papers and Directors are to be encouraged to ask the relevant Executive(s) any questions they may have in relation to the issue being discussed.

The Chair of the Board is to encourage all Directors to contribute to the discussion of each issue. All discussions are to be conducted in a professional, frank and transparent manner with each Director contributing their independent thoughts and judgements in discharging their responsibilities. At the conclusion of discussions the proposed resolution is either passed as is, amended and passed, or rejected.

Minutes of each Board and Committee meeting are prepared which record the documents provided and decisions made.

### Composition of the Board

The Board comprises a minimum of three Directors and maximum of six Directors, comprising currently all Non-Executive Directors. The Board will review the need for an executive Managing Director, Executive Directors or further Non-Executive Directors annually as part of the skill matrix review. Collectively, the Non-Executive Directors provide broad-based knowledge and experience to the Board's deliberations. This assists the Board in ensuring there is appropriate corporate accountability and that the Board has the right balance of for the ongoing direction of the Company.

Each Director will ensure the Board continues to have the range of skills, knowledge and experience to:

- understand collectively the risks to the Company;
- understand the fund's legal and prudential obligations;
- oversee effectively the management of the fund, and
- use their independent thinking and judgement to contribute effectively to the Company's deliberations and process.

All Directors are to be assessed annually to ensure that they are 'fit and proper' persons to hold that office.

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### Chair

The Chair leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable the Directors to analyse and constructively critique the performance of management and the Company as a whole. The Chair is responsible for representing the Board to the Shareholder.

### Directors

The appointment and removal of Directors to fill casual vacancies (subject to Shareholder approval) is made by the Board in the absence of a Nomination Committee. On behalf of the Board, the Company Chair, after consideration of the recommendation by the Nomination Committee (if established, otherwise the whole Board), makes a recommendation for the appointment and removal of Directors.

The principles followed through this process are detailed below:

- Identify skill set required.
- Identify potential candidates.
- Undertake appropriate checks on each candidate.
- Interview potential candidates.
- Invited to attend a board meeting.
- Board chooses candidate.
- Sign a Consent to become a director.
- Signed appointment letter.
- Provide a signed 'Declaration of Officer's conflict of interests and material interests'.
- Informal induction program by rest of board and company secretary.
- Approval by Shareholders at the next shareholders meeting.

The Company undertakes appropriate checks before appointing a person or putting forward to Shareholders a candidate for election as a director of the Company. The Company endeavours to provide the following information on a potential director to shareholders to enable the shareholders to make an informed decision as to the candidate's character, experience, education, criminal record and bankruptcy history:

- biographical details, including their relevant qualifications and experience and the skills they bring to the Board;
- details of any other material directorships currently held by the candidate;
- in the case of a candidate standing for election as a director for the first time:
- any material adverse information revealed by the checks the Company has undertaken on the candidate;
- details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to act in the best interests of the Company and its Shareholders; and
- if the Board considers that the candidate will, if elected, qualify as an independent Director, a statement to that effect;
- in the case of a candidate standing for re-election as a director:
- the term of office currently served by the director; and
- if the Board considers the director to be an independent director, a statement to that effect; and
- a statement by the Board as to whether it supports the election or re-election of the candidate.

The Company has written agreements with directors. The terms and conditions of appointment and retirement of non-executive directors are set out in a letter of appointment.

### Board interaction with the Company

The Board approves a framework policies and procedures for the Company.

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The Company policies and procedures are permitted to have specific transitional arrangements, exemptions and variations as required. The Board provides access, and authority, for the Company, to use the resources of the Company to assist in operating and providing governance to its businesses.

Such resources include the Audit & Risk Management Committee and independent professional advice.

### Board Committees

At all times the Board retains full responsibility for guiding and monitoring the Company. The Board from time to time establishes committees to assist in carrying out its responsibilities, and adopts charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.

Due to the size of the Board and Company, apart from an Audit & Risk Committee there are no other separate committees of the Board, the Board maintaining full responsibility on matters of finance and treasury with assistance from the Chair and CFO.

### Company Secretary

The Company Secretary is appointed by the Board and reports directly to the Chair. The Company Secretary is responsible for developing and maintaining information systems that are appropriate for the Board to fulfil its role. The Company Secretary is also responsible for ensuring compliance with Board procedures, and provides advice to the Board, via the Chair, on governance matters.

The responsibilities of the Company Secretary include:

- advising the Board and its committees on governance matters;
- ensuring Board and committee policy and procedures are followed;
- coordinating the timely completion and dispatch of Board and committee papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes;
- helping organise and facilitate the induction and professional development of Directors; and
- attending to ASX and statutory filings.

Any decision to appoint or remove a Company Secretary will be made or approved by the Board.

Each Director of the Company is able to communicate directly with the Company Secretary and vice versa

There has been a written agreement with the CFO and Company Secretary since her appointment on 1 October 2015.

### Director induction and education

The Company has an informal induction program for new Directors, which is reviewed periodically by the Board.

Directors are provided with detailed briefings by management on corporate strategy and current issues affecting the Company, industry and relevant sector(s) generally. All Directors are encouraged to visit the operational and support divisions, and to meet with employees across the business.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

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### Conflicts of interest

Directors and Officers must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. All Directors are required to disclose to the Board details of transactions which may create a conflict of interest for them in the decisions placed before the Board, in accordance with the Corporations Act 2001 (Cth). Each Director and Officer tables a “Declaration of Officer’s conflict of interests and material interests” as part of their appointment. In addition, each board meeting has a standing agenda items “Directors’ and Officers’ conflict of interest and material items” to ensure all such matters are disclosed.

Directors do not participate in discussions, and abstain from voting on any decisions, in which they have, or may be perceived to have, a material personal interest.

### Independent professional advice and access to Company information

The Board and its Committees may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chair, individual Directors may seek independent professional advice at the expense of ARL on any matter connected with the discharge of their responsibilities.

Each Director has the right of access to all relevant ARL information and to the Company’s management.

### Director dealings in Company shares

See the ARL’s Trading Policy on trading in company shares.

### Indemnity by Company

To the extent permitted by law, the Company indemnifies every officer of the Company against any liability incurred by that person:

- in his or her capacity as an officer of the Company, and
- to a person other than the Company or a related body corporate of the Company.

To the extent permitted by law, the Company indemnifies every officer of the Company and the Auditor against any liability for costs and expenses incurred by that person in his or her capacity as an officer of the Company or Auditor:

- in defending any proceedings, whether civil or criminal, in which judgement is given in favour of the person or in which the person is acquitted, or
- in connection with an application, in relation to those proceedings, in which the Court grants relief to the person under the Corporations Act.