

## **BOARD CHARTER**

### **1. PURPOSE**

This document sets out the key roles and responsibilities of the Board of National Tyre & Wheel Limited ACN 095 843 020 (**Company**).

### **2. KEY ROLES AND RESPONSIBILITIES**

#### **2.1 Key roles of the Board**

The Board is committed to:

- (a) protecting the interests of the Company, its shareholders and other stakeholders in the Company (such as employees and business partners, those who may benefit from products distributed by the Company, and the community as a whole);
- (b) promoting and maintaining a culture of good corporate governance and structures to facilitate the growth of the Company while managing risks and being accountable to stakeholders;
- (c) attracting and supporting a team with an appropriate and diverse blend of qualifications, skills, background and knowledge;
- (d) acting efficiently, honestly and fairly; and
- (e) acting in accordance with all applicable laws and regulations.

#### **2.2 Key responsibilities of the Board**

The key responsibilities of the Board are:

- (a) overseeing the business and strategic direction of the Company in order to maximise sustainable performance and generate appropriate levels of shareholder return;
- (b) appointing and evaluating the CEO, and, where appropriate, ratifying the appointment of senior executives;
- (c) appointing and evaluating the Chairman;
- (d) establishing reviewing, ratifying and monitoring systems of internal controls, risk management and legal compliance;
- (e) reviewing the performance and implementation of corporate strategies and risk management by senior management and ensuring that senior management have the necessary resources to carry out their functions;
- (f) approving and supervising significant capital expenditure, capital management, acquisitions and divestments;
- (g) approving and monitoring the performance of annual budgets and strategic plans;
- (h) succession planning;
- (i) approving and monitoring financial and other reporting made to shareholders and the ASX under the continuous disclosure regime; and
- (j) overseeing shareholder engagement and providing opportunities for effective shareholder dialogue with the Board.

## 2.3 Reserved matters

In addition to matters expressly required by law to be approved by the Board, the powers reserved for the Board are as follows:

- (a) appointing the Chairman;
- (b) appointing the CEO and determining his or her terms and conditions of service;
- (c) approving the appointment of the Chief Financial Officer and Company Secretary;
- (d) any changes to the delegations by the Board;
- (e) any matters in excess of the discretion that it delegates to the CEO and senior management in relation to business transactions, credit transactions, risk limits and expenditure;
- (f) the issue of any shares, options, equity instruments or other securities in the Company;
- (g) development and approval of any equity incentive plan for Company officers and senior management;
- (h) approving the financial statements for a financial period provided that prior to approving the financial statements for a financial period, the Board receives from the CEO and Chief Financial Officer a declaration that:
  - (i) in their opinion, the financial records of the entity have been properly maintained;
  - (ii) the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company; and
  - (iii) the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively; and
- (i) approving each of the following:
  - (i) the budget and strategic plan - at least annually;
  - (ii) the remuneration and conditions of service including financial incentives for the direct reports to the CEO as recommended by the Remuneration and Nominations Committee - at least annually;
  - (iii) significant changes to organisational structure and the appointment of senior officers as the Board may determine;
  - (iv) the acquisition, establishment, disposal or cessation of any significant business; and
  - (v) compliance policies;
- (j) reviewing and approving the remuneration of the non-executive directors; and
- (k) any other specific matter nominated by the Board from time to time.

## 3. BOARD MEMBERSHIP

### 3.1 Composition and Size

- (a) The Board is appointed in accordance with the Company's constitution.
- (b) It is intended that a majority of the directors be independent. The Board will regularly review the independence of each non-executive director. In assessing independence,

the Company will have regard to the factors listed in Box 2.3 of the Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition) published by the ASX Corporate Governance Council.

- (c) The Board, together with the Remuneration and Nominations Committee, will:
  - (i) determine the composition and size of the Board, subject to the Company's constitution; and
  - (ii) review the skills represented by directors and determine whether the composition and mix of those skills remain appropriate for the Company's strategy.
- (d) The Board will periodically review its own performance, as well as the performance of its committees and individual directors, against both measurable and qualitative indicators. The Board also has an informal process of continuous feedback and Board improvement.
- (e) The Board may adopt a policy on tenure – noting it has not yet done so.

### **3.2 Chairman**

- (a) The Chairman is responsible for leadership of the Board and “setting the tone” for an effective working relationship between Board members, and between the Board and management. This includes:
  - (i) chairing meetings of the Board and of shareholders;
  - (ii) settling the agenda for Board meetings after consulting with the CEO;
  - (iii) facilitating Board discussions to ensure that appropriate time is given to core issues and that individual directors have adequate opportunity to participate in discussions;
  - (iv) leading the process for reviewing periodically the performance of the Board overall as well as the effectiveness of individual contributions;
  - (v) leading the process for the annual performance evaluation of the CEO; and
  - (vi) maintaining effective communication with and providing mentoring and guidance to the CEO.

### **3.3 Company Secretary**

- (a) The Company Secretary is appointed and removed by the Board. All Directors have direct access to the Company Secretary.
- (b) The Company Secretary will be accountable to the Board, through the Chairman, on matters to do with the proper functioning of the Board. The Company Secretary is responsible for advising the Board and its committees on governance issues.
- (c) The Company Secretary is responsible for the co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, communication with the ASX about listing rule matters and all statutory and other filings.

### **3.4 Meetings**

- (a) The Company's constitution governs the regulation of Board meetings.
- (b) The Board will meet regularly and directors will use their reasonable endeavours to attend Board meetings in person.

- (c) Non-executive directors may, and will periodically, meet without executive directors or management present.

## **4. DELEGATION**

### **4.1 Committees**

The Board may from time to time establish committees to assist in the discharge of its responsibilities. The use of committees allows issues requiring detailed consideration to be dealt with separately by members of the Board with specialist knowledge and experience, thereby enhancing the efficiency and effectiveness of the Board.

For each committee, the Board shall adopt a formal charter that sets out the delegated functions and responsibilities for, and the composition and any administrative matters relating to, that committee.

The Board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

Board Committees do not have the power or authority to make a decision in the Board's name or on its behalf. Their role is to give clear guidance and make recommendations to the Board on relevant matters.

As at the date of this Charter, the Board has established:

- (a) an Audit and Risk Committee, which is responsible for overseeing the external and internal auditing of the Company's activities, monitoring the effectiveness of the Company's control environment and overseeing the design and maintenance of the Company's risk management systems; and
- (b) a Remuneration and Nominations Committee, which is responsible for making recommendations to the Board on remuneration packages for senior executives, senior Managers and executive Directors; and for making recommendations to the Board on the composition of the Board, processes for evaluating performance of the Board, Committees and individual directors and appointment of the CEO.

### **4.2 CEO**

- (a) The Board has appointed a CEO who has responsibility for the overall operational, business and profit performance of the Company.
- (b) The CEO manages the Company in accordance with the strategy, plans and policies approved by the Board from time to time.
- (c) The CEO will provide, and will procure that the CFO provides, the declarations required by clause 2.3(h) of this Charter.

## **5. INDEPENDENT PROFESSIONAL ADVICE TO DIRECTORS**

- (a) Each director may obtain legal or other professional advice relevant to the performance of his or her duties as a director of the Company at the Company's expense provided the director:
  - (i) informs the Chairman of the reason for seeking advice, of the name and qualifications of the advisor from whom the advice will be sought, and of the estimated cost of the advice; and
  - (ii) obtains the prior written consent of the Chairman (which will not be unreasonably withheld) to the director obtaining the advice at the Company's expense. The Chairman must inform the other directors or any such request for consent as soon as possible.

- (b) The details or copies of the advice so obtained must be provided to the Board as soon as possible after the advice is obtained unless the Chairman has agreed that the advice obtained is personal to the Director's specific lawful performance, duties and/or responsibilities as a director.

## **6. REVIEW**

The Board reviews its performance and Charter annually to ensure that it is operating effectively and in the best interests of the Company.

**Adopted by the Board of National Tyre & Wheel Limited**

27 June 2018