

## SCOTT TECHNOLOGY LIMITED BOARD CHARTER

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### Board Governance Process

#### Role of the Board

The role of the Board is to effectively represent and promote the interests of shareholders with a view to adding long-term value to the Company's shares.

Having regard to its role the Board will direct and supervise the management of the business and affairs of the Company including, in particular:

- Ensuring that the Company goals are clearly established and that strategies are in place for achieving them;
- Establishing policies for strengthening the performance of the Company, including ensuring that management is proactively seeking to build the business;
- Monitoring the performance of management;
- Appointing the CEO and setting the terms of the CEO's employment contract;
- Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debt and other obligations when they fall due, and ensuring that such steps are taken;
- Ensuring that the Company's financial statements are true and fair and otherwise conform with law;
- Ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
- Ensuring that the Company has appropriate risk management / regulatory compliance policies in place.

In the normal course of events, day-to-day management of the Company will be in the hands of management.

#### The Board's Relationship with Shareholders

The Board will use its best endeavours to familiarise itself with issues of concern to Shareholders.

#### Board Procedures

The conduct of members will be consistent with their duties and responsibilities to the Company and, indirectly, to shareholders. The Board will carry out its role with the emphasis on strategic issues and policy.

Members will use their best endeavours to attend Board meetings and to prepare thoroughly. Members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table.

Board discussions will be open and constructive, recognising that genuinely held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board.

Executive members attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.

The Board has sole authority over its agenda and exercises this through the Chairman. Any member may, through the Chairman, request the addition of an item to the agenda. The agenda will be set by the Chairman in consultation with the CEO and the Secretary.

At each normal meeting the Company's interest register will be updated as necessary and the Board will consider, amongst other matters:

- An operational report from the CEO;
- A report from the Chief Financial Officer;
- Reports on their activities from the Company's areas of activity;
- Specific proposals for capital expenditure and acquisitions; and
- Major issues and opportunities for the Company

Members are entitled to have access, at all reasonable times, to all relevant Company information and with approval from Chair, to management.

Members are expected to strictly observe the provisions of the Companies Act applicable to the use and confidentiality of Company information.

## Chairman

Each year, at the meeting following the Annual Meeting of Shareholders, the Board will appoint from among the members a Chairman.

The Chairman will be a non-executive member and will be independent.

The Chairman is responsible for representing the Board to shareholders.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board.

The Chairman is responsible for maintaining regular dialogue with the CEO over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern.

The Chairman will act as facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes.

## Deputy Chair

Each year, at the meeting following the Annual Meeting of Shareholders, the Board will appoint from among the members a Deputy Chair.

The Deputy Chair is to assume all the duties and responsibilities of the Chair, in the event that the Chair is not available either at a Board meeting or on any other occasion.

## Board Committees

Board Committees will be formed only when it is efficient or necessary to facilitate efficient decision-making.

Board Committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.

Board Committees will only speak or act for the Board when so authorised. The authority conferred on a Board committee will not derogate from the authority delegated to the CEO.

The Board has four standing Committees, namely the Audit and Financial Risk Committee, the Governance, Remuneration and Nominations Committee, the Treasury Committee and the Health and Safety Committee.

**The Audit and Financial Risk Committee** operates under its own terms of reference and assists the Board with the discharge of its responsibilities relative to financial reporting and financial / secretarial compliance.

**The Remuneration and Nominations Committee** operates under its own terms of reference and assists the Board in the establishment of remuneration policies and practices for the Company, and to also assist in discharging the Board's responsibilities relative to remuneration setting and review of the CEO and Directors' remuneration.

**The Treasury Committee** operates under its own terms of reference and assists the Board with the discharge of its responsibilities relative to treasury practices, including foreign exchange cover, short term cash investment and borrowings.

**The Health and Safety Committee** operates under its own terms of reference and assists the Board with the discharging of its responsibilities by oversight and review of health and safety matters arising out of activities of the Company and the impact of these activities on employees, contractors, suppliers and visitors.

In addition, the Board has approved terms of reference for an **Independent Directors Committee**. The objective of this Committee is to assist the Board in addressing significant conflicts of interest and addressing any other matters referred to the Committee by the Board.

Specifically, an **Independent Directors Committee** shall be constituted in the event that a Notice of Takeover (in accordance with the Takeovers Code) is received by Scott, or in the event that a Scheme of Arrangement is considered with a potential merger party.

The operation of this committee, in the case of a takeover notice being received under the Takeovers Code, is set out in the separate takeover response protocol.

### Independent Professional Advice

Any member is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a member.

If a member considers such advice is necessary the member shall first discuss it with the Chairman and, having done so, shall be free to proceed.

Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Company, but the member will ensure, as far as is practicable, that the cost is reasonable.

### Board and Member Evaluations

The Board will, each year, critically evaluate its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.

### Indemnities and Insurance

The Company will provide members with an indemnity, and will pay the premiums for insurance cover whilst acting in their capacities as members to the level agreed by the Board.

### Position of CEO

The Board will link the Company's governance and management functions through the CEO.

All Board authority conferred on management is delegated through the CEO so that the authority and accountability of management is considered to be the authority and accountability of the CEO so far as the Board is concerned.

Between Board meetings the Chairman maintains an informal link between the Board and the CEO, expects to be kept informed by the CEO on all important matters and is available to the CEO to provide counsel and advice where appropriate.

Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual members, officers or committees are not binding, except in those instances where specific authorisation is given by the Board.

### **Management Limitations**

The CEO is expected to act within all specific authorities delegated to him or her by the Board.

The CEO is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.

The CEO is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.

In managing the Company the CEO is expected to not cause or permit any action that is likely to result in the Company becoming financially embarrassed.

The CEO is expected to not cause or permit payments to be made or rewards given unless they are in return for contributions towards the purpose of the Business and are proportional to the extent that the contribution in question has furthered such purposes.

### **Ownership and Review**

Approver:	Scott Technology Board
Reviewer:	Scott Technology Board
Ownership:	Chairman
Review:	Annual, or as necessary
Last Review:	July 2018