



Board Charter

Introduction

The role of the Board is to oversee the management and provide strategic guidance of the business of AJ Lucas Group Limited (**AJL**) for the benefit of shareholders. The Board is accountable to the shareholders of AJL. This AJ Lucas Group Limited Board Charter (**Board Charter**) outlines the functions and responsibilities of the Board.

Board framework

The Board has established a framework within AJL which:

- enables it to provide strategic guidance and effective oversight of management;
- clarifies the respective roles and responsibilities of Board members and senior executives;
- ensures a balance of authority so that no single individual has unfettered powers; and
- identifies areas of significant business risk and ensures arrangements are in place to adequately manage those risks.

To assist the Board in managing these responsibilities, it establishes Committees from time to time, including the Audit and Risk Committee and the Human Resources and Nominations Committee.

Board composition

The composition of the Board has been determined using the following principles:

- between three and ten directors, with a broad range of expertise both industry specific and Australia-wide;
- ideally comprising a majority of non-executive directors all of whom are considered independent;
- the directors will appoint one of the directors to be the Chair of the Board. Ideally the chair will be an independent director. The roles of Chair and CEO should be exercised by different individuals; and
- directors will be engaged through a formal letter of appointment outlining their role.

Independence

Ideally the majority of the directors should be independent as assessed by the Board in accordance with ASX guidelines. Individual directors do not participate in assessing their own independence. The process for assessment occurs annually, or where there is a change in a director's circumstances which may impact their status as independent directors.

The Board is required to consider all of the circumstances relevant to a director in determining whether the director is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of AJL.

Board responsibilities

The responsibilities of the Board include the following matters:

- contributing to and approving the corporate strategy for AJL;
- Establish sub-committees as appropriate and appoint sub-committee chair to report back to the board;
- monitoring the organisation's performance and achievement of its corporate strategy;
- approving and monitoring the progress of significant corporate projects, including acquisitions or divestments;
- reviewing and approving the annual business plan and financial budget;
- monitoring financial performance, including preparation of financial reports and liaison with the auditors;
- appointment and performance assessment of the executive Directors;
- ensuring that significant risks have been identified and appropriate controls put in place;
- overseeing legal compliance and reporting requirements of the law; and
- monitoring capital requirements and initiating capital raisings.

Chairman's roles and responsibilities

The role of the Chairman is to provide leadership of the Board and ensure the board's responsibilities are achieved. The Chairman acts as a direct liaison between the Board and management, through the team of executive responsible for leadership of the business ("the ELT"). The Chairman also communicates on behalf of the Company to shareholders and employees. The responsibilities of the Chairman include:

- chairing Board meetings and Shareholders' general meetings;
- Chairing meetings of the ELT and provide guidance and mentoring to members of the team;
- encouraging a culture of openness and debate to foster high performance;
- providing appropriate leadership of the Board and the Company;
- leading Board discussions to address the key issues facing the Company;
- facilitating a regular dialogue between the Board and Management;

- reviewing individual director's performance;
- Reviewing individual Executive Team Members performance; and
- guiding and promoting the ongoing efficacy and development of the Board and its individual directors.

Independent professional advice

Directors have the right to seek independent professional advice, at AJL's expense, on matters relevant to carrying out their duties. A copy of the advice should be made available to all Directors.

Delegated responsibility

The Board has delegated responsibility for AJL's day to day activities to the CEO and the executive directors. The Board ensures that management is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and key executives. The CEO is accountable to the Board for all authority delegated to that position.

The Board also delegates responsibility to the CFO for maintaining financial control across AJL. The CFO is accountable to the Board for all authority delegated to that position.

Although there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board.

Conflicts of interest

Where any director has a material personal interest in a matter, other than as a shareholder, the director will not be permitted:

- to take part in any discussion concerning the matter; or
- vote on the matter;

at a meeting (or that part of a meeting) of directors which is considering the matter, unless the other directors in their sole discretion and after considering compliance with the requirements of the Corporations Act resolve otherwise.

Internal control framework

The Board is responsible for the overall risk management and internal control of AJL and is responsible for implementing the following framework to help achieve this:

- financial reporting – the board approves annual budgets and monitors progress through monthly actual results. Revised forecasts are updated every three months;
- quality personnel – written confirmation of compliance with policies and relevant legislation is obtained from all senior executives and annual performance appraisals conducted for all staff;

- business unit controls – all business units conduct quarterly reviews confirming compliance with policies and procedures and investment guidelines; and
- external sign-offs – third parties are used to provide sign-off on matters of significance by virtue of value or strategic importance including AJL financial and compliance audits, valuation of assets and related parties transactions.

Code of conduct

It is integral to AJL's philosophy that all Directors and personnel act with the highest standards of behaviour and professionalism. This involves acting with integrity, objectivity and in compliance with the relevant law and AJL policies. The Board has approved both the AJ Lucas Group Limited Employee Code of Conduct and the AJ Lucas Group Limited Board Code of Conduct.

Meeting and record keeping

Meetings are to be held at least six times a year with further meetings to be called as required.

Meetings are to be held in person, by phone, video conference or such other technology as agreed to by all members.

Any dissenting members will be entitled to have the opinion of that member recorded in the minutes.

The Secretary will take minutes of all meetings held and keep records of all reports and recommendations made by the Board.

A resolution determined on without any meeting of the Board but evidenced by writing under the hands of all the Directors will be as valid and effectual as a resolution duly passed at a meeting of the Board. Any resolution evidenced in writing may consist of several documents in like form signed by one or more Directors.

Review

The Board will review its performance and compliance with its terms of reference annually taking into consideration any assessment or commentary provided by the Chairman of the Board.