



Beacon Lighting Group Limited

ACN 164 122 785

Board Charter

1. Introduction

1.1 The board of directors (**Board**) of Beacon Lighting Group Limited (**Company**) is responsible for the corporate governance of the Company and its controlled entities (**Group**).

The purpose of this charter is to:

- a. promote high standards of corporate governance;
- b. clarify the role, composition and responsibilities of the Board; and
- c. enable the Board to provide strategic guidance for the Group and effective management oversight.

1.2 This charter is supported by the code of conduct for directors and senior executives and Team Members, the charters for the Remuneration and Nominations Committee and Audit Committee and the Group's various corporate governance policies.

1.3 The conduct of the Board is also governed by the Constitution of the Company.

2. Board size, composition and independence

2.1 There must be a minimum of three directors and may only be a maximum of 12 directors.

2.2 The number of directors and the composition of the Board must at all times be appropriate to the Group to achieve efficient decision making and adequately discharge its responsibilities and duties.

2.3 It is noted that, ideally the Board should comprise:

- a. a majority of independent non-executive directors;
- b. directors with an appropriate range of skills, experience and expertise;
- c. directors who can understand and competently deal with current and emerging business issues; and
- d. directors who can effectively review and challenge the performance of management and exercise independent judgment.

2.4 An independent non-executive director is one who:

- a. is independent of management;
- b. is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment; and
- c. otherwise meets the criteria for independence set out in the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

2.5 The Board should regularly assess whether a non-executive director is independent in accordance with the above criteria, which assessment must occur at least annually.

2.6 While the Company will aim to have a majority of independent non-executive directors, this may not always be practicable given the size of the Board and the circumstances of the Group, including the nature of the Group's business. Accordingly, the directors have absolutely discretion to determine the appropriate composition of the Board from time to time, subject to the Company's constitution, the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

- 2.7 The Remuneration and Nominations Committee is responsible for recommending candidates for appointment to the Board.
- 2.8 Each director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director clearly understands the Company's expectations of him or her.

3. The Board's role and responsibilities

- 3.1 The Board acts in the best interests of the Company as a whole and is accountable to shareholders for the overall direction, management and corporate governance of the Company and the Group.
- 3.2 The Board is responsible for:
- (a) providing leadership and setting the strategic objectives of the Group;
 - (b) overseeing the integrity of the Group's control, accounting and corporate reporting systems, including the external audit;
 - (c) appointing and removing the Chief Executive Officer;
 - (d) monitoring the performance of the Chief Executive Officer;
 - (e) appointing the chairperson of the Board (and any deputy chairperson);
 - (f) ratifying the appointment, and where appropriate, the removal of the chief financial officer and company secretary;
 - (g) through the chairperson of the Board, overseeing the role of the company secretary;
 - (h) ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices, and otherwise reviewing and approving the Company's remuneration framework;
 - (i) reviewing and approving nominees for membership of the Board;
 - (j) identifying and assessing the necessary and desirable competencies and characteristics for Board membership and regularly assessing the extent to which those competencies and characteristics are represented on the Board;
 - (k) developing and implementing processes to identify and assess necessary and desirable competencies and characteristics for Board members;
 - (l) ensuring succession plans are in place to maintain an appropriate balance of skills on the Board and reviewing those plans;
 - (m) recommending the removal of directors;
 - (n) approving succession plans for management;
 - (o) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
 - (p) reviewing and approving for adoption:
 - (i) the executive remuneration and incentive policies and practices;

- (ii) each executive director's total remuneration (including base pay, incentive awards, equity awards, retirement rights and terms of engagement) having regard to executive remuneration and incentive policies; the design of any executive incentive plan;
- (iii) the total proposed payments from any executive incentive plan;
- (iv) the design of any equity based plan;
- (v) the total proposal awards under any equity based plan;
- (vi) the proposed award to each executive under the rules of any plan; and
- (vii) the performance hurdles for any equity based plan;
- (q) reviewing and approving, on the recommendation of the Chief Executive Officer:
 - (i) the total remuneration (including incentive awards, equity awards and retirement and termination payments);
 - (ii) the terms of engagement; and
 - (iii) any changes to the total remuneration and terms of employment, of direct reports of the Chief Executive Officer and other senior executives;
- (r) approving changes to the remuneration or terms of engagement of executive directors before implementation;
- (s) approving any report on executive remuneration that may be:
 - (i) required by the ASX Listing Rules or the *Corporations Act 2001* (Cth) (**Act**); or
 - (ii) proposed for inclusion in the annual report;
- (t) reviewing any plan for legislative, regulatory and market developments;
- (u) determining if shareholder approval is needed for any change to remuneration of directors or executives;
- (v) reviewing the remuneration of non-executive directors for serving on the Board and any committee (both individually and in total);
- (w) reviewing and approving the remuneration and retirement policies for non-executive directors having regard to market trends and shareholder interests;
- (x) reviewing any insurance premiums or indemnities for the benefit of directors and officers;
- (y) reporting to shareholders;
- (z) providing strategic advice to management;
- (aa) approving management's corporate strategy and performance objectives;
- (bb) determining the Group's dividend policy, and the amount and timing of all dividends;
- (cc) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- (dd) approving and monitoring financial and other reporting;

- (ee) reviewing and ratifying systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place. The Board will review at least annually as part of its work plan the material risks of the business, as well as the effectiveness of internal systems and processes for identifying, managing and monitoring these risks;
- (ff) reviewing and overseeing the implementation of the code of conduct for directors and senior executives;
- (gg) overseeing the Group's process for making timely and balanced disclosure of all material information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (hh) approving charters of Board committees;
- (ii) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies; and
- (jj) reviewing the performance and effectiveness of the Company's corporate governance charters, policies and procedures and, if appropriate, amend those charters, policies and procedures as necessary; and
- (kk) monitoring and ensuring compliance with best practice corporate governance requirements .

4. Performance and education of directors - responsibilities

4.1 The Board of Directors is responsible for:

- (a) annually reviewing the performance of the Chief Executive Officer;
- (b) establishing processes for evaluating the performance of the Board, both collectively and individually;
- (c) annually evaluating the performance of the Board, both collectively and individually;
- (d) regularly reviewing the time required from non-executive directors to perform their functions and assessing whether they are satisfying time requirements;
- (e) establishing induction programs for new directors; and
- (f) developing continuing education programs for directors.

5. Board Committees

5.1 Under the Company's Constitution, the Board may delegate responsibility to committees to consider certain issues in further detail and then report back to and advise the Board.

5.2 The Board has established the following committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:

- (a) Audit Committee
- (b) Remuneration & Nominations Committee

- 5.3 The charter or terms of reference of each Board committee setting out matters relevant to the composition, responsibilities and administration of the committee must be approved by the Board. Each committee will review its charter from time to time as appropriate.
- 5.4 The Company may establish other committees from time to time to consider other matters of special importance.
- 5.5 Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their proper functions. The chairperson of each committee will report back on committee meetings to the Board at the next full Board meeting.

6. Chairperson of the Board

- 6.1 The chairperson of the Board:
- (a) is appointed by the directors; and
 - (b) may not be the same person as the Chief Executive Officer.
- 6.2 The division of the responsibilities of the chairperson of the Board and the Chief Executive Officer have been agreed by the Board and are set out in this charter.
- 6.3 The responsibilities of the chairperson of the Board include:
- (a) providing leadership to the Board and the Group;
 - (b) promoting the efficient organisation and conduct of the Board's functions;
 - (c) ensuring the Board considers and adopts strategies designed to meet the present and future needs of the Group;
 - (d) ensuring the Board has an effective composition, size and commitment to adequately discharge its responsibilities and duties;
 - (e) monitoring the performance of the Board;
 - (f) facilitating Board discussions to ensure core issues facing the Group are addressed;
 - (g) briefing all directors in relation to issues arising at Board meetings;
 - (h) facilitating the effective contribution and ongoing development of all directors;
 - (i) promoting constructive and respectful relations between Board members and between the Board and management;
 - (j) ensuring the Board regularly meets to consider the Group's performance and key issues facing it;
 - (k) setting the agenda for the Board meetings after consulting with the Chief Executive Officer;
 - (l) overseeing the role of the Company Secretary, including, reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board; and

- (m) chairing Board and general meetings.

7. Company Secretary

- 7.1 The Company Secretary acts as secretary of the Board, attending all meetings of the Board as required.
- 7.2 The Company Secretary is accountable directly to the Board, through the Chair on all matters to do with the proper functioning of the Board.

8. Chief Executive Officer and executive team

- 8.1 Responsibility for day to day management and administration of the Group is delegated by the Board to the Chief Executive Officer and the executive team (if appointed).
- 8.2 The Chief Executive Officer (if appointed) manages the Group in accordance with the strategy, plans and policies approved by the Board.
- 8.3 The Chief Executive Officer is appointed by the Board.
- 8.4 The Chief Executive Officer may not be the same person as the chairperson.
- 8.5 The responsibilities of the Chief Executive Officer (if appointed) include:
 - (a) developing and recommending to the Board strategies, business plans and annual budgets for the Group;
 - (b) implementing the strategies, business plans and budgets adopted by the Board;
 - (c) providing effective leadership, direction and supervision of the executive team to achieve the strategies, business plans and budgets adopted by the Board;
 - (d) developing and managing resources, policies and systems to ensure the effective operation of the Group (including policies on risk management, internal controls and human resources);
 - (e) managing resources within budgets approved by the Board;
 - (f) ensuring compliance with applicable laws and regulations;
 - (g) ensuring the Board is given sufficient information to enable it to perform its functions, set strategies and monitor performance; and
 - (h) acting within authority delegated by the Board.
- 8.6 The Board has in place procedures to assess the performance of the Chief Executive Officer and executive team (if appointed).

9. Directors

- 9.1 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.
- 9.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.

- 9.3 Directors are expected to review meeting materials before Board meetings and committee meetings.
- 9.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.
- 9.5 All directors, whether independent or not, must exercise independent judgment when making decisions.
- 9.6 Publicly, directors are expected to support the letter and spirit of Board decisions.
- 9.7 Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- 9.8 Directors must at all times comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are to:
- (a) act in good faith and in the best interests of the Company;
 - (b) act with care and diligence;
 - (c) act for proper purposes;
 - (d) avoid conflicts of interest except in those circumstances permitted by the Corporations Act;
 - (e) refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director;
 - (f) notify other directors of a material personal interest when a conflict arises;
 - (g) in the case of non-executive directors, to disclose to the Board all information that may be relevant for the Board to assess the director's independence;
 - (h) make reasonable enquiries if relying on information or advice provided by others;
 - (i) undertake any necessary enquiries in respect of delegates;
 - (j) give the Company or ASX Limited all the information required by the Corporations Act; and
 - (k) not permit the Company to engage in insolvent trading.

10. Conflicts

- 10.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 10.2 Directors must:
- (a) disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
 - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
 - (c) comply with the *Corporations Act 2001* (Cth) and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.
- 10.3 If a conflict exists, it is expected that any director to whom the conflict relates will absent themselves from all Board deliberations relating to any matter to which the conflict relates.

- 10.4 If a director believes that they may have a conflict of interest or duty in relation to a particular matter, the director should immediately consult with the Chairperson of the Board .
- 10.5 Directors are expected to inform the chairperson of the Board of any proposed appointment to the Board or executive of another company as soon as practicable.

11. Access to information and independent advice by directors

- 11.1 Directors have access any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 11.2 Directors have access to:
- (a) management to seek explanations and information from management; and
 - (b) auditors, to seek explanations and information from them without management being present.
- 11.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.
- 11.4 If the chairperson of the Board consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed. Unless the chairperson of the Board otherwise determines, any advice received by an individual director will be circulated to the remainder of the Board.

12. Retirement of directors

- 12.1 At the close of each annual general meeting a number of directors must retire from office, being the number:
- (a) required for compliance with the ASX Listing Rules; or
 - (b) one,
- whichever is the greatest.
- 12.2 A director must retire from office at the conclusion of the third annual general meeting after the Director was last elected.
- 12.3 The directors to retire by rotation at an annual general meeting are those Directors who have been longest in office since their last election. Directors elected on the same day may agree among themselves or determine by lot which of them must retire.
- 12.4 Executive directors or a director appointed to fill a casual vacancy or as an addition to the Board is not subject to retirement by rotation and is not taken into account when determining how many directors must retire by rotation. A director appointed to fill a casual vacancy or as an addition to the Board must retire at the next annual general meeting after their appointment.
- 12.5 A retiring director, if eligible, may stand for election or re-election (as the case may be).
- 12.6 The Board must ensure that appropriate checks are undertaken before appointing a person, or putting forward to shareholders a candidate for election, as a director. In addition, the Board must ensure that shareholders are provided with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a director.

13. Codes of conduct

- 13.1 The Group has adopted a corporate code of conduct setting out its legal and other obligations to all legitimate stakeholders including Team Members, customers and the community.
- 13.2 The Group has adopted a Code of Conduct for directors and senior executives and Team Members setting out required standards of behaviour, for the benefit of all shareholders.
- 13.3 Each director, officer and Team Member will be given a copy of the Code of Conduct applicable to their position when joining the Group.

14. Continuous Disclosure

- 14.1 The Board has adopted a policy relating to the continuous disclosure obligations of the Company under the ASX Listing Rules and Corporations Act. The Company Secretary will oversee the implementation of that policy and will report to the Board on compliance with that policy.

15. Communication of information

- 15.1 The Board will:
 - (a) communicate effectively with shareholders;
 - (b) give shareholders ready access to balanced and understandable information about the Group and its corporate goals; and
 - (c) make it easy for shareholders to participate in general meetings.
- 15.2 The Board has adopted a Communications Policy to facilitate and promote effective communication with shareholders and encourage participation at general meetings.

16. Review of Board performance

The Board's performance will be reviewed annually in accordance with the Board & Committee Evaluation Policy.