



## Board Charter

May 30 2013

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### 1. Introduction

Techniche Limited (“the Company”) is a listed public company. The powers, duties and responsibilities are prescribed by the Corporations Act and the Constitution of the Company.

The Company is committed to maintaining high standards of corporate governance appropriate to its size and operations to effectively manage risk, improve performance and enhance corporate responsibility. The Board of Directors (“the Board”) is responsible for the corporate governance of the Company and its controlled entities (“the Group”). The Board carries out its responsibilities within a framework of corporate governance structures to create value, through entrepreneurialism, innovation and development, and provide accountability and control systems commensurate with the risks involved.

The Board will at all times act honestly, fairly, diligently and in accordance with the law in serving the interests of Techniche’s shareholders and other stakeholders (employees, customers, suppliers, and the community). The Board will work to promote and maintain an environment within the Group that establishes these principles as basic guidelines for all of its employees and representatives at all times.

### 2. Objectives

The Board has adopted this Board Charter to detail the functions and responsibilities of the Board and those matters which are delegated to management.

This Charter sets out to:

- promote and ensure compliance with best practice corporate governance;
- clarify the role and responsibility of the Board;
- define the composition and operation of the Board;
- determine which of its responsibilities are delegated to Committees of the Board or to Management; and
- enable the Board to provide strategic guidance for the Group and effective management oversight.

In carrying out all of its functions the Board will have due regard to the provisions of the Australian Securities Exchange Corporate Governance Council Corporate Governance Principles and Recommendations and to the ASX Listing Rules with a view to ensuring that the Group seeks to adhere to the highest standards of corporate governance.

The Board is responsible for reviewing this Charter and the division of functions and responsibilities in the Group to determine its appropriateness to the Group from time to time. The Charter may be amended by resolution of the Board.

### 3. Roles and Responsibilities

#### Role of the Board

The Board acts on behalf of members and is accountable to members for the overall direction, management and corporate governance of the Company. Day to day management of the Company is delegated to Techniche’s senior management.

In performing its responsibilities the Board will act in accordance with the Directors’ Code of Conduct:

- in the best interests of Techniche;

- honestly, fairly and diligently;
- in a manner which enhances sustainable value for shareholders; and
- in accordance with the duties and obligations imposed upon directors by Techniche's constitution and the law.

### **Power of the Board**

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

- appointing the business unit CEO's or and determining his or her terms and condition of service;
- approving the appointment of executives who report directly to the CEOs;
- any matters in excess of the discretion that it delegates to the CEOs and senior management in relation to business transactions, credit transactions, risk limits and expenditure;
- issuing shares, options, equity instruments or other securities in Techniche;
- appointing persons to fill a casual vacancy on the Board;
- approving the following:
  - strategic plan and annual financial budgets;
  - the balance of responsibilities between the Chairman, CEOs and other directors;
  - remuneration and conditions of service including financial incentives for the executives who report directly to the Board as recommended by the Remuneration Committee;
  - significant changes to organisational structure and appointment of senior officers as the Board may determine;
  - the acquisition, establishment, disposal or cessation of any significant business of Techniche;
  - any public statements which reflect significant issues in relation to the Company's policy or strategy;

### **Responsibilities of the Board**

In addition to matters expressly required by law the Board has specific responsibility for:

#### **Strategy and Planning**

- establishing the Company's vision, mission, values and ethical standards;
- approving and overseeing corporate strategies, business plans and performance objectives;
- monitoring and assessing management's performance in achieving any strategies plans, budgets and performance objectives approved by the Board; and
- approving strategic investment or business acquisitions and divestments;

#### **Executive management**

- appointing the CEOs
- setting criteria for, and evaluating at least annually, the performance of the CEOs;
- approving the appointment of direct reports to the CEOs;
- approving remuneration policies and practices for the direct reports to the CEOs;
- reviewing on a regular and continuing basis:
  - succession planning for directors and the CEOs; and
  - professional development activities for directors and the CEOs;
- delegating an appropriate level of authority to management and in particular the CEOs;

#### **Financial and capital management**

With the guidance of the Audit Committee as appropriate:

- determining that the Company accounts are true and fair in accordance with the Corporations Act 2001;
- reviewing and approving annual and half yearly financial reports;
- monitoring the Group's financial position and results on an ongoing basis against approved budgets;
- overseeing the Group's accounting and financial management systems;
- recommending any changes to auditors as required at General Meetings;

- reviewing, approving and monitoring the progress of major capital expenditure, capital management levels, major acquisitions and divestitures and material commitments;
- approving decisions affecting the capital structure of the Group, including capital raisings or restructures, capital returns, share buy-backs and major financing arrangements; and
- declaring the amount of profits available for payment of dividends;

#### **Stakeholders**

- overseeing effective communication with stakeholders, including convening meetings of members (including the Annual General Meeting);
- reporting to shareholders in accordance with regulatory requirements;
- maintaining effective communication on the Group's financial position, trading performance and prospects to all stakeholders; and
- establishing and maintaining appropriate environmental, employment and occupational health and safety policies;

#### **Compliance and risk management**

- monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies;
- monitoring and ensuring compliance with best practice corporate governance requirements;
- establishing, overseeing and reviewing policies, codes and procedures governing compliance, risk oversight and management; and
- overseeing the Group's internal control and accountability systems;

#### **Role and Responsibility of the Chairman**

As a small market capitalisation company, the Board believes that the Chairman may not necessarily be an independent and non-executive director appointed by the Board.

The Chairman is responsible for:

- leadership of the Board;
- promoting the interests of the Group as a whole in relation to external stakeholders;
- the efficient organisation and conduct of the Board function;
- briefing all directors on key issues;
- facilitating the effective contribution of all directors;
- guiding Board deliberations, free of undue bias;
- promoting constructive and respectful relations between Directors and between the Board and senior management;
- chairing Board meetings and shareholder meetings;
- overseeing membership of the Board to ensure it is skilled and appropriate for the Group's needs;
- Board, Board Committee and Director evaluation, including establishing and overseeing implementation of related policies and systems; and
- mentoring the managing director, acting as a sounding board and providing counsel without dominance

## **4. Board Membership**

### **Composition**

Subject to Techniche's constitution which provides for a Board with no less than two directors, the Directors determine the size of the Board.

As a small market capitalisation company, it is important that Techniche has a board of an appropriate size. The number of Directors and composition of the Board is determined having regard to what is appropriate for the Group to achieve efficient and prudent decision making.

Where practical, The Board will comprise of a majority of independent non-executive directors.

The Board must comprise:

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

### **Independence of Directors**

An independent non-executive director is one who is independent of management and 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.

## **5. Board Process**

### **Remuneration**

Consistent with the Company's constitution shareholders in General Meeting will determine the remuneration to be paid to the Company's non-executive Directors. The Directors will determine how this aggregate is divided among individual directors.

The remuneration received by individual directors encompasses payment for responsibilities on any Board committees or boards of subsidiary companies.

### **Meetings**

Board meetings will be conducted in accordance with the Company's constitution and the Corporations Act.

The Board will meet regularly, in accordance with a schedule agreed prior to the commencement of each calendar year.

A quorum will comprise of any two Directors.

Each director will have one vote. The Chairman of the Board will not have a second or casting vote.

In addition to the members of the Board, senior executives and/or external parties – as the Chairman and members of the Board think fit – may be invited to attend meetings.

No executive director will be present at a Board meeting during deliberations concerning his or her position.

Minutes of Board meetings will be prepared by the Company Secretary, approved by the Chairman in draft and circulated to all directors. Minutes of Board meetings will be confirmed at the next Board meeting and then signed by the Chairman.

### **Access to Information**

Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.

Directors have access to:

- management to seek explanations and information; and
- auditors to seek explanations and information without management being present.

Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgement when making decisions in accordance with the procedure agreed by the Board. Before this expense can be incurred on behalf of the Company, the approval of the Chairman is necessary, or in the absence of that approval, Board approval. A copy of that advice will be made available to the Board.

## **Director and Officer Indemnity**

The Company's constitution requires the Company to indemnify a director, to the extent permitted by law, from liability which arises from the position of a director. The Company maintains Directors and Officers Insurance, which provides cover to the Company to enable it to meet its obligations to indemnify directors under the Constitution. The policy also provides cover for directors individually. The Company has also entered into a Deed of Indemnity and Access with each director and officer.

## **Conflicts**

Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.

Directors must:

- 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;
- take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
- comply with the Corporations Act 2001 and the Company's constitution in relation to disclosing material personal interest and restrictions on voting.

If a conflict exists, it is expected that any director to whom the conflict relates will be absent when the Board is discussing any matter to which the conflict relates.

Directors will not accept office as a director, committee member or executive of any other company or entity unless the Director informs the Company, before the acceptance of any such office, of the Director's intention to accept that office and pays due regard to any objections which may be raised by the Board in relation to that appointment.

## **6. Delegations**

### **Committees**

The Board may from time to time establish committees to assist it carry out its responsibilities. For each of those committees the Board will adopt charters setting out authority, composition, responsibilities, administration and operation of the committee.

The Board has established the following committees:

- Audit Committee; and
- Remuneration Committee.

With the exception of certain limited delegations contained in their Charters, recommendations of the committees are to be referred to the Board for approval.

### **Management**

The Board has delegated to the business unit CEOs the authority to manage the day-to-day affairs of their businesses and the authority to control the affairs of their businesses in relation to all matters other than those responsibilities reserved to the Board in this Board Charter.

The CEOs have authority to sub-delegate such authority and power to such members of the senior management as he or she shall determine from time to time.

The CEOs manage their business in accordance with the strategy and business plan approved by the Board and within pre-defined delegated authority limits.

In exercising his or her authority the CEO is obliged to periodically consult with and report to the Board significant matters. Specifically this includes:

- reporting to, and consulting with, the Board or the relevant Board committee prior to approving any project or other material decision which in the opinion of the CEO:
  - amounts to a major initiative;
  - is a significant policy change or a significant departure from the Group's strategic plan approved by the Board; or
  - is likely to be of significant public interest;
- periodically reporting to the Board or to the relevant Board committee on all material matters affecting the Group and significant business decisions made in exercise of the CEOs authority, including but not limited to:
  - all material compliance issues;
  - material litigation or potential litigation involving the Group;
  - appointment and resignations of direct reports of the CEO;
  - any material or relevant correspondence from regulators; and
  - any material potential financial or regulatory impact which is considered more likely than not to arise.

## **7. Performance Assessment**

The Board will undertake regular performance appraisals of itself that:

- compares the Board's performance with the requirements of this Charter;
- sets the goals and objective of the Board for the upcoming year; and
- provides any improvements to the Board Charter that are deemed necessary or desirable.

The performance evaluation will be conducted in a manner as the Board deems appropriate.

**This Charter was adopted by the Techniche Limited Board on 30 May 2013.**

A summary of the Charter and the key features is published in the Techniche Limited Annual Report. The Charter is also publicly available on the Company's website in a clearly marked Corporate Governance section.

Any questions relating the interpretation of this Charter should be forwarded to the Company Secretary.