

# FOSTER'S GROUP LIMITED

## BOARD CHARTER

### Objectives

The Board is responsible for the overall corporate governance of the Company.

Its objectives are to:

- provide strategic guidance for the Company and effective oversight of management;
- optimise Company performance and shareholder value within a framework of appropriate risk assessment and management;
- recognise the Company's legal and other obligations to all legitimate stakeholders.

### Constitution

The Board is constituted by the Constitution, under which it is vested with the power to manage the Company.

The Board may delegate certain of its powers to the Chief Executive Officer, Board Committees and other persons.

The Board retains ultimate responsibility for the management of the Company.

The Constitution shall govern the regulation of meetings and proceedings of the Board.

### Composition

The Board shall have at least 4 members, and no more than the maximum number of directors from time to time resolved by the directors, which shall not exceed 15.

The Board will comprise a majority of non-executive Directors who are determined by the Board to be independent.

A non-executive Director of the Company is independent if he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

When determining the independent status of a non-executive Director, the Board will take into account whether he or she:

- (i) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company;
- (ii) is employed, or has previously been employed in an executive capacity by the Group, and there has not been a period of at least 3 years between ceasing such employment and serving on the Board;

- (iii) has within the last 3 years been :
- (A) principal of a material professional adviser to the Group;
  - (B) a material consultant to the Group; or
  - (C) an employee materially associated with the service provided by such adviser or consultant to the Group;
- (iv) is a material supplier or customer of the Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- (v) has a material contractual relationship with the Group other than as a Director of the Company.

The Board will determine relevant materiality thresholds for the purposes of independence from time to time and will have regard to the specific circumstances of an individual non-executive Director.

Each non-executive Director must:

- (i) declare to the Board if he or she is independent, at the time of finalisation of each year's financial statements and reports; and
- (ii) notify the Board of any circumstances which may reasonably be perceived as potentially affecting their independence, upon such circumstances becoming imminent or, in any event, immediately upon such circumstances occurring.

Whilst shareholders ultimately appoint directors, the Board shall select and recommend candidates to shareholders, with the benefit of recommendations made by the Succession Committee.

The Board shall be comprised of directors:

- who are all financially literate;
- at least one of whom has financial expertise; and
- who, together, have a variety of relevant perspectives and skills, both national and international, and a good understanding of the current and emerging issues of the business.

New directors shall be given a thorough briefing by the Chairperson and/or Secretary on key Board issues and provided with appropriate background documentation. These issues shall include:

- the Company's financial, strategic, operational and risk management position;
- their rights, duties and responsibilities; and
- the role of the Board and the Board Committees.

A quorum shall be 4 directors.

## **Term**

All directors (except the Chief Executive Officer) shall submit themselves for re-election in accordance with the Constitution, and at least at every third AGM.

The Board will make recommendations on the re-election of Directors only after receiving advice on the matter from the Succession Committee.

Subject to the Constitution of the Company and the Corporations Act, a Director (other than any Director who is also the Chief Executive Officer) should not hold office as a Director of the Company for more than 12 continuous years.

## **Performance Assessment**

Annually the Board shall conduct a formal review of its effectiveness and the effectiveness of the Board Committees and individual Directors. In conducting this review the views of individual Directors and the views of the Foster's Leadership Team must be canvassed.

Every two years the Board shall engage external consultants to conduct a comprehensive review of the effectiveness of the Board, its Committees and individual Directors. This review must be conducted against the terms of the Board Charter or relevant Committee Charter (as the case may be) and shall include surveys of each Director, the Foster's Leadership Team and relevant external persons (such as auditors).

These reviews will be coordinated by the Succession Committee.

## **Chairperson**

The Board shall appoint the Chairperson of the Board.

The Chairperson shall be an independent director.

The Chairperson shall be responsible for:

- leadership of the Board;
- efficient conduct of the Board's function;
- briefing of all directors on key issues;
- facilitating the effective contribution of all directors;
- guiding Board deliberations, free of undue bias; and
- promoting constructive and respectful relations between Directors and between Board and management.

The Chairperson shall work closely with the Chief Executive Officer, acting as a sounding board and providing counsel without dominance.

Should the Chairperson be absent from a meeting, the members of the Board present shall appoint a Chairperson for that particular meeting.

## **Meetings**

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

Any director can convene a Board meeting.

The non-executive Directors shall also meet on their own, from time to time, to review the performance of management generally and discuss corporate governance issues.

The Chairman will take reasonable measures to ensure that where possible, a quorum is formed for each meeting and for each agenda item.

Directors will receive relevant Board papers a reasonable time before each meeting.

## **Written Consent**

Any action permitted to be taken at any meeting of the Board may be taken without a meeting, if a written consent thereto is signed by at least 75% of the members of the Board, provided that such written consent shall be filed with the minutes of the proceedings of the Board.

## **Agenda**

The Chairperson shall review the agenda for each meeting prior to its issue.

Any director may require business to be included on the agenda provided the Chairperson and Secretary have been given prior notice of that business.

## **Attendance**

Senior executives will be invited to attend meetings, as required. Other Company executives, External Auditors, Internal Auditors and advisers, as the Chairperson thinks fit, may be invited to attend meetings.

No executive director shall be present at a Board meeting during deliberations concerning their position.

## **Secretary**

The Company Secretary shall act as Secretary of the Board and shall attend all meetings of the Board.

All Directors are to have access to the Company Secretary.

The Company Secretary shall:

- monitor that Board policy and procedures are followed;
- co-ordinate the completion and dispatch of the Board agenda and briefing materials; and
- be accountable to the Board, through the Chairperson, on all governance matters.

## **Minutes**

Minutes of meetings of the Board shall be prepared by the Secretary, approved by the Chairperson in draft and circulated to all directors.

Minutes of meetings of the Board shall be confirmed at the next meeting of the Board and then signed by the Chairperson.

## **Access to Information**

Any director shall have direct access to and may seek information directly from any employee or external party, including the Internal Auditors and External Auditors, provided that:

- all enquiries are made known to the Chairperson and Chief Executive Officer;
- any enquiries of the Internal Auditors or the External Auditors are also made known to the Chairperson of each of the Board Audit Committee and/or the Board Risk and Compliance Committee (as the case may be); and
- comments on the performance of management should be made through the Chief Executive Officer or the Chairperson.

The Board, an individual Director or a Committee may engage an independent external adviser in relation to any Board matter, at the expense of the Company. Before the external advice is sought, consent needs to be obtained. In the case of:

- (i) the Board – from the Chairperson;
- (ii) an individual Director – from the Chairperson or the relevant Committee Chairperson, as the case may be;
- (iii) a Committee – from the Committee Chairperson;
- (iv) the Chairperson – from the next most senior Director.

The Chairperson or a Committee Chairperson, as applicable, may determine that any external advice received by an individual Director be circulated to the remainder of the Board.

## **Relationship with Management**

The Board may appoint and remove the Chief Executive Officer and define his/her powers.

Formal letters of appointment of each director and the Foster's Leadership Team shall set out their respective responsibilities and key terms of engagement.

## **Review of Management**

The non-executive Directors shall conduct a formal review of the performance of the Chief Executive Officer on an annual basis. They may seek the advice of the Succession Committee.

The Succession Committee may also advise the Board in relation to succession planning for the Chief Executive Officer.

## **Responsibilities and Duties**

The primary responsibilities of the Board are:

- oversight of the Company, including its controls and accountability systems;
- appointing and removing the Chief Executive Officer and approving his/her terms of engagement and termination benefits;

- ratifying the appointment and removal of members of the Foster's Leadership Team, approving their terms of engagement and termination benefits, and monitoring their performance;
- providing input into and final approval of management's development of corporate strategy and performance objectives, and monitoring performance against the plan;
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;
- protecting the Company's financial position and its ability to meet its debts and other obligations as they fall due; and
- ensuring that the Company's accounts comply with relevant accounting standards and present a true and fair view.

In addition to its other duties and responsibilities set out in this charter, the duties of the Board include:

- ensuring senior management have sufficient resources;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- adopting an annual budget for the financial performance of the Company and monitoring performance against it; and
- ensuring that the Company has an effective process for communicating with shareholders, other stakeholders and the public.

## **Financial Reporting**

Before making a declaration as to whether there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable, the Board must require the Chief Executive Officer and the Chief Financial Officer to give a declaration to the Board that:

- the Company's financial records have been properly maintained;
- the financial statements (and notes) comply with the accounting standards;
- the financial statements (and notes) give a true and fair view; and
- any other matters as prescribed by the Corporations Act.

The declaration must be accompanied by a statement that:

- the declaration as to the accuracy of the financial statements is founded on a sound system of risk management and internal control; and
- the system of risk management and internal control is operating effectively in all material respects in relation to financial reporting risks.

## **Board Committees**

The Board has the following committees, which may be added to or changed from time to time:

- Audit Committee;
- Risk and Compliance Committee;
- Human Resources Committee; and
- Succession Committee.

Each of the above committees shall:

- be comprised of non-executive Directors, with a majority of independent directors, other than the Audit Committee and Succession Committee which shall be comprised only of independent non-executive Directors; and
- have a formal charter approved by the Board.

The Board will appoint members to the Committees and make changes to membership.

All Directors will receive copies of Committee papers, including minutes, in respect of each Committee and may attend meetings of Committees of which they are not members.

The Board shall review the effectiveness of each of the above committees, against its charter, on an annual basis, in conjunction with the Chairperson of the relevant committee.

The Board may establish other ad hoc special purpose committees from time to time, with terms of reference approved by the Board.

The Board will deal with matters referred to it by any Board Committee.

## **Audit**

The Board shall receive reports from the Audit Committee and, on the basis of its recommendations:

- make recommendations to shareholders for the appointment or removal of the External Auditors;
- approve accounts and financial reports;
- approve accounting policy changes;
- appoint or remove the Internal Auditors; and
- make changes to the Company's Treasury Policy.

## **Risk Management and Compliance**

The Board shall review reports of the Risk and Compliance Committee and, on the basis of its recommendations:

- approve or make changes to required ethical and behavioural standards;
- approve or make changes to systems of risk oversight and management and internal control;
- make changes to this Board charter;
- make changes to any of the Company's standards and policies referred to in the section entitled "Board Standards and Policies" below;
- adopt the Corporate Governance Statement to be included in the Company's Annual Report;
- determine acceptable levels of risk; and
- adopt recommendations of the Internal Auditors.

## **Director and Senior Executive Remuneration**

The Board shall receive reports from the Human Resources Committee and, on the basis of its recommendations:

- determine, subject to shareholder approval (if required), a remuneration framework for directors and, annually, changes to Board and Board committee remuneration;
- determine the Chief Executive Officer's remuneration;
- set guidelines for the remuneration of the Foster's Leadership Team;
- determine remuneration policies for other senior management, including regarding incentive schemes, retirement allowances and superannuation; and
- approve initiatives for the succession and education and training of senior managers.

Non-executive Directors shall not receive options, bonuses or retirement benefits (other than statutory superannuation) and shall not participate in schemes designed for the remuneration of executives.

## **Succession / Board Performance Evaluation**

The Board shall receive reports from the Succession Committee on the composition, size and commitment of the Board, and on the outcome of the performance assessments undertaken by that Committee of the Board, Board Committees, individual Directors and the Chief Executive Officer.

## **Board Standards and Policies**

The Board currently has in place a number of standards and policies, including the following:

- Code of Conduct;
- Continuous Disclosure Policy;
- Share Trading Policy;
- Treasury Policy;
- Limits of Authority;
- Health Safety and Environment Policy; and
- Related Party Transactions and Conflicts of Interest Policies.

The Board may make changes to these policies with the benefit of recommendations from the relevant Board committees.

## **Reporting and Communication**

The Board shall report to shareholders and other legitimate stakeholders by:

- preparing the Company's annual report and, if the Board so determines, a half year review;
- periodic reporting in accordance with the ASX Listing Rules and Corporations Act;
- continuous disclosure in accordance with the Company's Continuous Disclosure Policy;
- posting announcements and other information on its website;
- holding its annual general meeting and, on occasions, other general meetings;
- web-casting its general meetings; and
- continually considering how to use new technologies to enable more effective communications with stakeholders and improved access for shareholders unable to be physically present at general meetings.

## **Distribution**

After its review each year, this charter shall be distributed by the Company Secretary to all Directors, the Chief Executive Officer, the External Auditors and the Internal Auditors.

This Board Charter will be available for viewing by any person on the Company's website or a copy will be sent upon request.