
Board Charter

Etherstack plc (UK Registered Company No 7951056)

Adopted by the board on 4 November 2019

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1 The Company board and overview of its role

- (a) The board of directors (**Board**) of Etherstack plc (UK Registered Company No 7951056) (**Company**) is responsible for, and oversees the governance of the Company and its wholly owned subsidiaries
- (b) Corporate governance describes the way the Company is directed and controlled. The Company's shareholders appoint directors and hold them accountable for the performance of the Company. A key part of directors' responsibility is to ensure that an effective corporate governance structure operates in the Company.
- (c) The governance structure should ensure that reasonable profit and growth targets are set and achieved and risk is properly managed, while taking into account the interests of our stakeholders. As well, the Company's corporate governance culture and its way of doing business, including leadership by the Board and senior management, is critical to the Company's continuing success.
- (d) This board charter sets out the functions of the Company's board by describing the structure of the Board and its committees, the need for independence and other obligations of directors.

2 Functions of the Board

- (a) The Board strives to build sustainable value for all shareholders whilst protecting the assets and reputation of the Company. Its functions include:
 - (i) approving Company strategies, budgets, plans and policies;
 - (ii) assessing performance against strategies to monitor both the performance of management as well as the continuing suitability of strategies;
 - (iii) reviewing operating information to understand at all times the state of health of the company;
 - (iv) considering management recommendations on proposed acquisitions, divestments and significant capital expenditure;
 - (v) considering management recommendations on capital management, the issue or allotment of equity, borrowings and other financing proposals, guarantees of non-group liabilities, and restructures;
 - (vi) ensuring that the Company operates an appropriate corporate governance structure, in particular ensuring that the Company acts legally and responsibly on all matters and that the highest ethical standards are maintained;
 - (vii) approving the Group's risk management strategy and frameworks (including a strategy and framework for information security to ensure information and information systems are protected and maintaining the confidentiality and integrity of information systems), and monitoring their effectiveness;
 - (viii) considering the social, ethical and environmental impact of the Company's activities and monitoring compliance with the Company's sustainability policies and practices;

- (ix) maintaining a constructive and ongoing relationship with the exchanges and regulators, and approving policies regarding disclosure and communications with the market and the Company's shareholders;
 - (x) monitoring internal governance including delegated authorities, and monitoring resources available to senior executives; and
 - (xi) responsibility for the Annual Report, Annual General Meeting and Remuneration Report.
- (b) Instil a culture of acting lawfully, ethically and responsibly: The Board should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly
- (c) With the guidance of the Board's remuneration and nominations committee:
- (i) appointing, evaluating, rewarding or removing the chief executive officer and approving appointments, the remuneration or removal of all other members of senior management, including the chief financial officer and company secretary;
 - (ii) approving superannuation arrangements, guidelines for employee share plans, remuneration incentive policies, and recruitment, retention and termination policies;
 - (iii) reviewing succession planning for directors and senior management; and
 - (iv) monitoring the mix of skills, experience, expertise and diversity on the Board and, when necessary, appointing new directors, for approval by shareholders.
- (d) With the guidance of the audit and risk management committee:
- (i) approving policies on and overseeing the management of business and financial and non-financial risks (including foreign exchange and interest rate risks, enterprise risk and risk in relation to occupational health and safety);
 - (ii) reviewing and monitoring processes and controls to maintain the integrity of accounting and financial records and reporting;
 - (iii) approving financial results and reports for release and dividends to be paid to shareholders; and
 - (iv) monitoring the financial performance of the Company and its viability on an ongoing basis.
- (e) The functions listed are matters which the Board specifically reserves for itself and does not limit the Board's overall duties and responsibilities. The Board may delegate consideration to a committee of the Board specifically constituted for the relevant purpose.

3 Powers delegated to management

- (a) The Board shall delegate to the chief executive officer the authority and power to manage the Company and its businesses within levels of authority specified by the Board from time to time. The chief executive officer may delegate aspects of his or her authority and power but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units.
- (b) The chief executive officer's role includes:
 - (i) effective leadership of the management team;

- (ii) the development of strategic objectives for the business;
 - (iii) the day-to-day management of the Company's operations; and
- (c) developing the risk management frameworks and procedures for minimising risk.
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4 Board structure

The composition, structure and proceedings of the Board are primarily governed by the Company's constitution and the laws governing corporations in jurisdictions where the company operates. The Board, with the assistance of the remuneration and nominations committee, shall regularly review the composition and structure and performance of the Board.

5 Board composition

The Board aims to have at all times a Board of directors with at least 2 independent non-executive directors and having the appropriate mix of skills, experience, expertise and diversity relevant to the Company's businesses and the Board's responsibilities.

6 Appointment and re-election of directors

- (a) With guidance from the nominations committee and, where necessary, external consultants, the Board shall identify candidates with appropriate skills, experience, expertise and diversity in order to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board.
- (b) The nominations committee assesses nominations of new directors against a range of criteria including the candidate's background, experience, gender, professional skills, personal qualities and whether their skills and experience will complement the existing Board.
- (c) The criteria to assess nominations of new directors is reviewed annually and the nominations committee regularly compares the skill base of existing directors with that required for the future strategy of the Company to enable identification of attributes required in new directors.
- (d) Before appointment to the Board, candidates shall confirm that they will have sufficient time to meet their obligations to the Company, in light of other commitments.
- (e) For shareholder meetings where directors are standing for election or re-election, the notice of meeting must include:
 - (i) each candidate's biographical details, including skills, experience and qualifications;
 - (ii) information sufficient to enable an assessment of the independence of the candidate (including details of relationships with the Company and other directors);
 - (iii) directorships held;
 - (iv) particulars of other positions which involve significant time commitments;
 - (v) the term of office already served;
 - (vi) a statement by the Board as to whether it supports the nomination of the proposed candidate; and
 - (vii) any other relevant information, as well as particulars required by law.

- (f) Directors standing for election or re-election at a general meeting shall be asked to introduce themselves to shareholders at the meeting.
 - (g) New directors shall be provided with a formal letter of appointment setting out the terms and conditions of appointment, together with a timetable of Board and committee meetings as well as other commitments, information on the Company, and a copy of the board charter and relevant company policies. New directors shall execute a deed of indemnity, insurance and access.
 - (h) All directors (other than a managing director, if any) are subject to re-election by rotation at least every three years. Newly appointed directors must seek re-election at the first general meeting of shareholders following their appointment.
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7 Chair

The chair shall be elected by the Board but must be an non-executive director. The chair's role includes:

- (a) providing effective leadership to the Board in relation to all Board matters;
 - (b) representing the views of the Board to the public;
 - (c) facilitating the effective contribution of all directors;
 - (d) convening regular Board meetings throughout the year and ensuring that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual directors;
 - (e) guiding the agenda and conduct of all Board meetings;
 - (f) reviewing the performance of non-executive directors;
 - (g) overseeing non-executive director and senior management succession; and
 - (h) promoting constructive and respectful relations between the Board and management.
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8 Company secretary

- (a) The Board appoints and removes the company secretary. All directors shall have direct access to the company secretary.
- (b) The company secretary shall be accountable to the chief executive officer, and to the Board through the chair, on all corporate governance matters.
- (c) The company secretary shall be responsible for communication with the Australian Securities Exchange (**ASX**) about listing rule matters. The company secretary is responsible for the day-to-day operations of the company secretary's office, including:
 - (i) lodgements with the ASX and other regulators;
 - (ii) the administration of Board and committee meetings (including drafting minutes of Board and committee meetings (for consideration and approval at the next relevant meeting) and promptly circulating the minutes after each meeting);
 - (iii) the management of dividend payments and associated share plans;
 - (iv) the administration of the Company;

- (v) oversight of the relationship with the Company's Share Registrar; and
 - (vi) monitoring that all Board policy and procedures are followed.
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9 Keeping directors informed

- (a) The chair shall brief new directors on their roles and responsibilities and make available the minutes and papers of Board and committee meetings.
 - (b) New directors shall also be briefed by the chief executive officer and other members of senior management about the Company, its structure, people, policies and culture, the industries in which it operates and business strategies and performance. Their induction will include a series of site visits to review operations.
 - (c) Board papers are distributed at least five business days before each meeting. Directors will have unrestricted access to the Company's records and information.
 - (d) Time is to be allocated at Board and committee meetings for continuing education on significant issues facing the company and changes to the regulatory environment. This is to include briefings by management and external consultants from time to time. These briefings and inspections of operations shall be arranged so as to give directors access to a wide range of employees.
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10 Access to independent advice

Directors may obtain independent professional advice at the Company's expense on matters arising in the course of their board and committee duties, after obtaining the chair's approval. A copy of any such advice shall be provided to all other directors and they must be advised if the chair's approval is withheld.

11 Non-executive directors' meetings

The non-executive directors are expected to hold at least one meeting during the year with no management present, to review management performance.

12 Independence of non-executive directors

- (a) Given the nature of the Company's business, it is not expected that a majority of the Board will be independent directors.
- (b) To be judged independent, a director must, in the opinion of the Board, be independent of management and have no business or other relationship that could materially interfere with – or could reasonably be perceived materially to interfere with – the independent exercise of that director's judgement.
- (c) Individuals would, in the absence of evidence or convincing argument to the contrary, be judged to be not independent if they were:
 - (i) employed, or had previously been employed in an executive capacity by the Company or any of its subsidiaries in the three years prior to becoming a director, or
 - (ii) directly involved in the audit of the Company or any of its subsidiaries, or

- (iii) a principal of a professional adviser or consultant to the Company where the amount paid during the year for that advice or services exceeded 5% of the total fees earned by that firm or 1% of the Company's consolidated group revenue in the three years prior to becoming a director, or an employee materially associated with the service provided, or
 - (iv) a supplier, or an officer of or otherwise associated directly or indirectly with a supplier to the Company where the amount paid during the year by the Company to that supplier exceeded 5% of the consolidated group revenue of that company or 5% of the Company's consolidated group revenue, or
 - (v) a customer, or an officer of or otherwise associated directly or indirectly with a customer of the Company where the amount paid during the year by that customer to the Company exceeded 5% of the consolidated group revenue of that company or 5% of the Company's consolidated group revenue, or
 - (vi) a substantial shareholder of the Company, or an officer of, or otherwise associated directly with, a substantial shareholder of the Company, or
 - (vii) in a material contractual relationship with the Company or another group member other than as a director of the Company.
- (d) Any change in the nature of the independence status of a non-executive director must be promptly notified to the chair and company secretary.
 - (e) The board shall regularly review the independence of each director in light of interests disclosed and will disclose any changes to the ASX, as required by the ASX Listing Rules.
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13 Conflict of interest

- (a) Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Company and shall advise the company secretary of all directorships held in other companies.
 - (b) If a potential material conflict of interest arises, the director concerned shall advise the chair prior to any Board meeting at which the issue is to be discussed. The director shall not receive the relevant Board papers and shall leave the board meeting while the relevant matter is considered. Any potential conflict of interest must be recorded in the Board minutes.
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14 Board committees

- (a) The Board shall operate three committees, each comprising at least one independent, non-executive director:
 - (i) Audit and risk management committee;
 - (ii) Remuneration committee; and
 - (iii) Nominations committee
- (b) When appointing members of each committee, the Board shall take account of the skills and experience appropriate for that committee as well as any statutory or regulatory requirements.
- (c) The chair of the audit and risk management committee shall not be the chair of the Board and shall be independent of management and the Company.

- (d) The three committees operated by the Board shall consider and determine the matters for which they are responsible in accordance with their charter. Copies of the charter of each committee shall be published on the Company's website.
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15 Review of Board, committee and individual directors' performance

- (a) The remuneration committee shall regularly carry out a formal review of the performance of the Board, its committees, and each non-executive director. The remuneration committee may access advice from external consultants as part of the review. The review shall involve interviews with directors and those senior Company people interacting with the Board and its committees. The review shall assess:
- (i) the effectiveness of the Board and each committee in meeting the requirements of its charter;
 - (ii) whether the Board and each committee has members with the appropriate mix of skills and experience to properly perform their functions;
 - (iii) the contribution made by each director at meetings and in carrying out their responsibilities as directors generally, including preparing for meetings;
 - (iv) whether adequate time is being allocated to the Company matters, taking into account each director's other commitments;
 - (v) the independence of each non-executive director, taking into account the director's other interests, relationships and directorships;
 - (vi) whether the content and timeliness of agendas, papers and presentations provided to the Board and each committee are adequate for them properly to perform their functions; and
 - (vii) any other comments or suggestions made during the interviews.
- (b) Each year, the remuneration committee shall review the performance of the chief executive officer and any other executive directors as may be appointed. The Board approves guidelines/charters against which the Board, committees established by the Board and individual directors are appraised. The outcomes of performance assessments, along with plans and objectives for the new financial year, are submitted to the Board for consideration.
- (c) Each year, a statement detailing the mix of skills and diversity which the Board is looking to achieve in membership to the Board should be included in the Company's annual report.
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16 Restrictions on share dealings by directors

- (a) In accordance with the Company's securities trading policy, directors and senior management may only buy or sell the Company's shares during certain periods set out in that policy. The policy contains other relevant restrictions.
- (b) All the Company share dealings by directors must be promptly notified to the ASX.
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17 Confidentiality

All proceedings of the Board, including Board papers, presentations and other information provided to the Board, shall be kept confidential except as required by law or as agreed by the Board.

18 Code of conduct

The Company shall have a code of business conduct and ethics which sets out the way the Company conducts business and guides the behaviour of everyone in the Company (including employees, contractors and directors) by clearly stating the Company's firm commitment to behaving honestly and fairly. It shall be made available on the Company's website.

19 Review

The Board will, at least once in each year, review this board charter to determine its adequacy for current circumstances and may amend it as necessary.