

# Board Charter

**KNEOMEDIA LIMITED**

**ACN 009 221 783**

**(Company)**

# Board Charter

## 1. INTRODUCTION

- 1.1 KNeoMedia Limited (**Company**) is a public company listed on the Australian Securities Exchange.
- 1.2 The Company's Board of Directors is responsible for the corporate governance of the Company and its controlled entities (**Group**).
- 1.3 The purpose of this charter is to:
  - (a) promote high standards of corporate governance;
  - (b) clarify the role and responsibilities of the Board; and
  - (c) enable the Board to provide strategic guidance for the Group and effective management oversight.
- 1.4 This charter is supported by the Code of Conduct for directors, senior executives and all other employees, the Charters for the Nomination & Remuneration Committee and Audit Committee, Share Trading Policy and the Market Disclosure Policy.
- 1.5 For the purpose of this charter, senior executives include all officers and employees who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance.

## 2. BOARD SIZE, COMPOSITION AND INDEPENDENCE

- 2.1 There must be a minimum of 3 directors and may only be a maximum of 10 directors.
- 2.2 The Board should ideally 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.
- 2.3 An independent non-executive director is one who:
  - (a) is independent of management;

- (b) 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 unfettered and independent judgment; and
  - (c) otherwise meets the criteria for independence set out in the *Principles of Good Corporate Governance and Best Practice Recommendations* published by the ASX Corporate Governance Council. (**Recommendations**)
- 2.4 The Board should regularly assess whether each non-executive Director is independent and each non-executive Director should provide to the Board all information relevant to his or her assessment.
- 2.5 If a director's independent status changes, this should be immediately disclosed and explained to the market.
- 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 absolute discretion to determine the appropriate composition of the Board from time to time.
- 2.7 At the time of this review, the Board considers that 2 of the 3 Directors of the Board (being Messrs James Kellett and Frank Lieberman) are not independent Directors and that Mr Jeffrey Bennett is the only independent, non-Executive Director on the Board.
- 2.8 The Board has considered Recommendation 2.1 and recognises the importance of having a majority of independent directors on the Board, however, the Board also seeks to have the best possible balance of skills and experience for the Company's activities and so has decided that presently majority independence is not of primary importance. The Board is of the view that, as currently composed, it has the required size, commitment, skills, independence of thought and judgement to adequately discharge its duties and responsibilities and to ensure decisions by the Board are in the best interests of the Company and its shareholders.
- 2.9 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) demonstrating leadership
- (b) defining the company's purpose and setting its strategic objectives;
- (c) monitoring senior executives' performance and implementation of the Company's strategic objectives, instilling of the Company's values and performance, and ensuring appropriate resources are available;
- (d) overseeing the Group, including its control and accountability systems;
- (e) appointing and replacing the chief executive officer;
- (f) monitoring the performance of the chief executive officer;
- (g) appointing and replacing the Company Secretary
- (h) where appropriate, ratifying the appointment and removal of senior executives;
- (i) ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices;
- (j) approving succession plans for management;
- (k) providing strategic advice to management;
- (l) approving management's corporate strategy and performance objectives;
- (m) determining and financing dividend payments;
- (n) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- (o) overseeing the integrity of the company's accounting and corporate reporting systems, including the external audit;
- (p) overseeing the company's process for making timely and balanced disclosure of all material information concerning the company that a reasonable person would expect to have a material effect on value of the company's securities;
- (q) satisfying itself that the company has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the board expects management to operate;
- (r) satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- (s) reviewing and ratifying systems of risk management, internal compliance and control, and legal compliance;
- (t) approving the company's statement of values and code of conduct to underpin the desired culture within the company;

- (u) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies; and
- (v) monitoring and ensuring compliance with best practice corporate governance requirements.

#### **4. PERFORMANCE OF SENIOR EXECUTIVES**

The Board is responsible for:

- (a) regularly reviewing the performance of senior executives against measurable and qualitative indicators as decided by the Board;
- (b) whenever required, challenging management and holding it to account; and
- (c) ensuring that induction procedures are in place to allow new senior executives to participate fully and actively in management decision-making at the earliest opportunity.

#### **5. BOARD COMMITTEES**

- 5.1 Having regard to the size of the Company, the Board has not established formal committees. The Board as a whole serves as the Audit and Risk Committee and the Nomination and Remuneration Committee.
- 5.2 The Board acknowledges that when the size and nature of the Company warrants the necessity of formal committees, they will operate under the committee charters which have been approved by the Board.
- 5.3 At the appropriate time the Board will establish 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 & Risk Committee; and
  - (b) Nomination and Remuneration Committee.
- 5.4 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.
- 5.5 The Audit & Risk Committee will appoint its Chair. The Chair must be an independent Chairman and may not be the Chair of the Board.

## **6. CHAIR OF THE BOARD**

- 6.1 With regard to the size of the Company and the stage of its operations, the Board considers that the appointment of a separate Chair at this time is not appropriate and not conducive to the Company's need to conserve cash resources.
- 6.2 At this time therefore the Executive Chair of the Company also holds the role of Managing Director and is not Independent. At the appropriate time the Board will appoint
- (a) an Independent non-executive Chair who
  - (b) will not be the same person as the chief executive officer or managing director (as the case may be).
- 6.3 The division of the responsibilities of the Chair of the Board and the Managing Director have been agreed by the Board and are set out in this charter.
- 6.4 The responsibilities of the Chair 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 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) facilitating the effective contribution and ongoing development of all directors;
  - (h) promoting constructive and respectful relations between Board members and between the Board and management;
  - (i) ensuring the Board regularly meets to consider the Group's performance and key issues facing it;
  - (j) setting the agenda for the Board meetings after consulting with the managing director; and
  - (k) chairing general meetings.

## **7. MANAGING DIRECTOR AND EXECUTIVE TEAM**

- 7.1 Responsibility for day-to-day management and administration of the Group is delegated by the Board to the Managing Director and the executive team (if appointed).
- 7.2 The Managing Director manages the Group in accordance with the strategy, plans and policies approved by the Board.

- 7.3 The Managing Director is appointed by the Board.
- 7.4 The responsibilities of the Managing Director 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 developing and implementing 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) providing the board with accurate, timely and clear information on the Company's operations to enable it to perform its responsibilities; and
  - (h) acting within authority delegated by the Board.
- 7.5 The Board has in place procedures to assess the performance of the Managing Director and executive team.

## **8. Directors**

- 8.1 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.
- 8.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.
- 8.3 Directors are expected to review meeting materials before Board meetings and committee meetings.
- 8.4 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.
- 8.5 Directors must exercise independent judgment when making decisions.
- 8.6 Publicly, directors are expected to support the letter and spirit of Board decisions.
- 8.7 Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.

8.8 Directors must comply with their legal duties when discharging their responsibilities as directors.

Broadly, these duties are:

- (a) to act in good faith and in the best interests of the Company; and
- (b) to act with care and diligence;
- (c) to act for proper purposes;
- (d) to avoid a conflict of interest or duty; and
- (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

## **9. NON-EXECUTIVE DIRECTORS**

9.1 When the Company has more than one non-executive Director, those non-executive Directors should consider the benefits of conferring regularly without management present, including at scheduled sessions.

9.2 These discussions of non-executive Directors can be facilitated by the Chair.

## **10. COMPANY SECRETARY**

10.1 The Company Secretary is accountable to the Board, through the Chair, for all matters to do with the proper functioning of the Board.

- (a) The role of the Company Secretary includes coordinating all Board business including preparing agendas coordinating the completion and despatch of Board papers ensuring the business at Board and Committee meetings is accurately captured in the minutes; lodging communications and filings with ASX;
- (b) advising the Board on governance matters;
- (c) oversight over compliance Board and Committee policy and procedures;
- (d) helping to organise and facilitate the induction and development of Directors.

10.2 Each Director may communicate directly with the Company Secretary and vice versa.

## **11. CONFLICTS**

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

11.2 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.
- 11.3 If a conflict exists, it is expected that any Director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates.
- 11.4 Non-executive directors are expected to inform the Chair of the Board of any proposed appointment to be a director or executive of another company as soon as practicable.

## **12. ACCESS TO INFORMATION AND INDEPENDENT ADVICE BY DIRECTORS**

- 12.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 12.2 Directors have access to:
- (a) management to seek explanations and information from management; and
  - (b) auditors, both internal and external, to seek explanations and information from them without management being present.
- 12.3 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.
- 12.4 If the Chair 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.

## **13. RETIREMENT OF DIRECTORS**

- 13.1 At the end of every annual general meeting, one-third of the directors (to the nearest whole number) must retire.
- 13.2 A Director must retire at the end of the third annual general meeting after the director's appointment even if it means that more than one-third of directors retire at an annual general meeting.
- 13.3 Those Directors who have been longest in office since their last appointment must retire by rotation. Directors appointed on the same day may agree among themselves or determine by lot who must retire.
- 13.4 The Managing Director 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.

#### **14. CODE OF CONDUCT**

- 14.1 The Group has adopted a code of conduct for directors, senior executives and all other employees setting out required standards of behaviour, for the benefit of all shareholders.
- 14.2 Each director, officer and employee will be given a copy of the code of conduct applicable to their position when joining the Group.

#### **15. COMMUNICATION OF INFORMATION**

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) facilitate participation of shareholders to participate in general meetings.

#### **16. REVIEW OF BOARD PERFORMANCE**

The Chair of the Board will annually review:

- (a) the Board's role;
- (b) the processes of the Board (and Board committees when active);
- (c) the Board's performance; and
- (d) each Director's performance before the Director stands for re-election.

#### **17. APPROVED AND ADOPTED**

- 17.1 This Charter was first approved and adopted by the Board on 29 September 2011 and is reviewed annually.
- 17.2 This Charter may be amended from time to time by resolution of the Board.
- 17.3 This Charter was updated and the amended Charter adopted by the Board in May 2021.