



ACN 602 638 531

Board Charter

Introduction

This is the charter of the board of directors of BauMart Holdings Limited ACN 602 638 531 (**Company** and, together with its controlled entities, the **Group**).

The board of the Company (**Board**) is responsible for the corporate governance of the Group.

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 oversight of the management of the Group.

This charter is supported by the Group's code of conduct, the charters for the Board's audit and risk committee, and the Group's policies in respect of securities trading, continuous disclosure and diversity, among other things.

To the extent that there is any inconsistency between this charter and the Company's constitution, the constitution will prevail to the extent of that inconsistency.

Board Size, Composition and Independence

There must be a minimum of three directors and the current maximum number of directors is nine.

The Board should ideally comprise:

- (a) a majority of independent non-executive directors (or alternatively where the Board is comprised of an equal number of independent and non-independent directors, the Chairperson (being an independent non-executive director) should have a casting vote at meetings of the Board);
- (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.

A review of a director's independence will have regard to the criteria for "independence" as set out in the *Corporate Governance Principles and Recommendations (3rd edition)* published by the ASX Corporate Governance Council.

Each non-executive director is appointed by way of a formal letter of appointment.

Membership of the Board is disclosed in the Company's annual report, including whether a director is considered to be independent.

The Board's Role and Responsibility

The Board must act in the best interests of the Company as a whole and is accountable to the shareholders for the overall direction, management and corporate governance of the Group.

The responsibilities of the Board include:

- (i) reviewing and approving corporate strategies, the annual budget and financial plans;
- (ii) overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives;
- (iii) monitoring financial performance and liaising with the Company's external auditor;
- (iv) appointing and assessing the performance of the Managing Director (or equivalent), and approving or ratifying the appointment of the Company Secretary and other senior executives;



ACN 602 638 531

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- (v) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
 - (vi) determining and financing of dividend payments;
 - (vii) reviewing and monitoring any related party transaction and recommending its approval;
 - (viii) reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;
 - (ix) overseeing the Group's process for making timely and balanced disclosure of all material information concerning the Group that a reasonable person would expect to have a material effect on the price or value of the Company's shares;
 - (x) enhancing and protecting the reputation of the Company, including overseeing the implementation of the code of conduct for directors and all other employees;
 - (xi) approving the charters of the various Board committees; and
 - (xii) reporting to and communicating with shareholders.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a director or other person, subject to ultimate responsibility residing with the directors.

The matters specifically reserved for the Board or its committees (as relevant) include:

- (a) appointment of a Chairperson;
- (b) appointment and removal of the CEO;
- (c) appointment of a director to fill a casual vacancy or as an additional director;
- (d) establishment of Board committees, their membership and delegated authorities;
- (e) approval of dividends;
- (f) review of corporate codes of conduct;
- (g) approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to Management;
- (h) calling of meetings of directors or shareholders; and
- (i) any other specific matters nominated by the Board from time to time.

Board Committees

The Board has not established any committees at the date of adoption of this Charter.

In the event any committees are established by the Board in the future, the charter of each committee is to set out matters relevant to the composition, responsibilities and administration of the committee and must be approved by the Board. Each committee will review its charter from time to time as appropriate.

Chairperson

The Board may appoint one of its members to be Chairperson.

The Chairperson should be an independent non-executive director.

The Chairperson's responsibilities may include:

- (i) providing leadership to the Board;
- (ii) ensuring the efficient organisation of the Board and conduct of its functions;
- (iii) chairing Board and shareholder meetings;
- (iv) ensuring all directors are briefed on material matters arising at or between Board meetings;
- (v) facilitating effective contributions by all directors; and



ACN 602 638 531

- (vi) promoting constructive and respectful relations among board members and between board and Management.

Role of Managing Director

The Board may appoint a Managing Director (or equivalent) whose responsibilities may include the overall operational and business management and financial performance of the Group, whilst also managing the Group in accordance with the strategy, plans and policies approved by the Board to achieve agreed goals.

Company Secretary

The company secretary of the Company is directly accountable to the Board through the Chairperson on all matters to do with the proper functioning of the Board.

Conflicts

Directors must:

- (a) disclose to the Board any actual or potential conflict of interest or duty, or matter that may bear on their independence, that might reasonably be thought to exist as soon as the situation arises;
- (b) take all necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
- (c) comply with all applicable law and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.

If a conflict exists, it is expected that any director to whom the conflict relates will recuse himself or herself when the Board is discussing any matter to which the conflict relates.

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.

Independent Advice

At the expense of the Company, directors and Board committees may seek independent professional advice that they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.

The process for obtaining any such advice requires the director or committee to obtain the consent of the Chairperson (or equivalent) in advance. Such consent may not be unreasonably withheld or delayed. The Chairperson (or equivalent) will be provided with a copy of the final advice which may, if appropriate, be circulated to the other directors.

Approved and adopted

This policy was approved and adopted by the Board on 12 May 2015.