



**Prophecy**

# PROPHECY INTERNATIONAL HOLDINGS LIMITED

## BOARD CHARTER

**Prophecy International Holdings Ltd**

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## INTRODUCTION

This Charter sets out the roles and responsibilities of the Board of Directors of Prophecy International Holdings Limited (**Prophecy** or **Company**).

## ROLE OF THE BOARD

The role of the Board is to maintain and build the Company's capacity to deliver sustainable total shareholder return, in a manner consistent with the Company's values.

The Board's key responsibilities are to:

- determine Prophecy's strategic objectives. The Board may do this by reviewing, testing, challenging and providing oversight and input into the management recommended strategic plans for the Company;
- optimise Company performance and shareholder value within a framework of appropriate risk assessment and management; and
- appoint and, when necessary, replace, the Chief Executive Officer, and regularly evaluate their performance.

The Board must perform its role in accordance with the duties and obligations imposed on it by the Company's Constitution and by law.

## 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 governs the regulation of meetings and proceedings of the Board.

## CORPORATE VALUES

The Company's stated values shall inform decisions taken by the Board, which has a responsibility to ensure that activities undertaken by the Company meet the highest standards of excellence.

The Company, Board members, management and staff seek to be

- **Trusted** We have years of experience and deep domain knowledge. We operate honestly and ethically, doing the right thing for our customers, each other and the Company.
- **Curious** We seek to understand everything we are faced with, and are always looking for a better way.
- **Innovative** We want to lead, now and into the future. Our goal is to deliver what others cannot.
- **Passionate** We love what we do, and we want to make a difference for our customers.
- **Bold** Our role as leaders gives us the courage to try. We solve the hard problems because they are hard, and we want to be first to the solution.

## BOARD COMPOSITION

The Board shall have at least 3, but no more than 9 members in accordance with the Company's constitution. Appointments to the Board are based on merit and are made with a view to maintain an appropriate balance of skills and experience on the Board. The Company does not currently have a nomination Committee and consequently the Board as a whole makes recommendations on new appointments.

All directors (except for an exempt Managing Director under item 6.7 of the Constitution) shall submit themselves for election or re-election (as the case may be) in accordance with the Constitution.

New directors are 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.

## **CHAIRMAN**

The Directors from time to time elect one of their number to the office of Chairman and may determine the period for which that Director is to be Chairman. The Chairman, where possible, will be independent (and not the current or former Chief Executive Officer or Managing Director).

The Chairman is responsible for leadership of the Board and ensuring the Board functions effectively. In performing this role the Chairman's responsibilities include:

- approving the agenda of matters to be considered by the Board and convening Board meetings as necessary or appropriate;
- managing the conduct, frequency and length of Board meetings so as to ensure that the Board maintains an in-depth understanding of Prophecy's performance and the opportunities and strategic issues it faces;
- facilitating constructive and respectful communications between Directors and between the Board and management; and
- annually implementing a review of the performance of the Board as a whole where considered necessary.

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

## **BOARD COMMITTEES**

The Board may from time to time establish committees to assist it with carrying out its responsibilities. The Board approves charters setting out the composition and responsibilities of such committees and such other matters as the Board may consider appropriate. The Board has currently established an Audit & Risk Committee and Remuneration Committee.

The committees are composed of Directors with the necessary skills and experience to perform their roles on the committees. Other Directors may be invited to attend committee meetings and senior executives and other employees may also attend by invitation. Following each committee meeting the Board is provided with a verbal report on meeting proceedings as well as the minutes of that meeting. Copies of committee papers are made available to the Board. The Board may also delegate specific responsibilities to ad-hoc committees from time to time.

## **SECRETARY**

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

The Company Secretary must:

- be accountable to (and report directly to) the Board (through the Chairperson if appropriate) on all governance matters;
- advise and support the Chairman, the Board and its committees in managing the day-to-day governance framework of Prophecy;
- assist with Board effectiveness by monitoring whether applicable Board and committee policies procedures and charters are followed and coordinate timely completion and despatch of Board agendas and papers; and
- assist with all matters to do with the proper functioning of the Board including advising on governance matters and assisting with induction and professional development of Directors.

## MEETINGS AND MINUTES

The Board shall meet regularly, in accordance with a schedule agreed at the commencement of each calendar year and the circumstances of the Company require. Any director can convene a Board meeting. 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 all the members of the Board, provided that such written consent shall be filed with the minutes of the proceedings of the Board. Minutes of meetings of the Board shall be prepared by the Secretary and circulated to all directors as soon as practicable after each meeting.

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 External Auditors, provided that:

- all enquiries are made known to the Chairperson; and
- comments on the performance of management should be made through the Chairperson.

Subject to the approval of the Board, any director may obtain any external, professional advice they require to fulfil their duties, at the Company's expense.

## RESPONSIBILITIES AND DUTIES

In addition to the above matters and those for which the Board is responsible by law, the Board has the following responsibilities:

- appointing and removing executive management and determining their terms and conditions of engagements including the remuneration framework;
- monitoring and assessing management's development and implementation of strategies, business plans, budgets and objectives, and ensuring sufficient resources are available to management for those purposes;
- ensuring that systems are in place to facilitate the effective management of the principal risks to the Company;
- ensuring that the Company has adequate reporting systems and internal controls (both financial and operational), codes of conduct and legal compliance systems and monitoring them;
- approving the Company's statement of values;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- protecting the Company's financial position and its ability to meet its debts and other obligations as they fall due;
- ensuring that the Company's accounts comply with relevant accounting standards and present a true and fair view;
- approving business plans and budgets and monitoring performance against them;
- approving and monitoring the progress of capital expenditure, capital management and material acquisitions and divestments;
- overseeing the continuous disclosure process to ensure timely and balanced disclosures and ensuring that the Company has an effective process for communicating with shareholders, other stakeholders and the public;
- approving and monitoring financial and other reporting;
- annually assessing the independence of Directors (having regard to the ASX Corporate Governance Principles and Recommendations with respect to independence);
- approving the issue of shares or other securities in Prophecy; and
- monitoring the effectiveness of governance practices generally.

## **MATTERS DELEGATED TO MANAGEMENT**

The Board has delegated to the Managing Director and the senior executive group authority over the day-to-day management of Prophecy and its operations. This delegation of authority includes responsibility, and accountability to the Board, for:

- instilling and reinforcing the Company's values throughout the organisation;
- developing business plans, budgets and strategies for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- operating the business within the parameters set by the Board from time to time, and keeping the Board informed of material developments in the business;
- where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- identifying and managing operational and other risks and, where those risks could have a material impact on the business, formulating strategies for managing these risks for consideration by the Board;
- managing financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively;
- ensuring that the Board is provided with sufficient information on a timely basis, in particular with respect to performance, financial condition, operating results and prospects, to enable the Board to fulfil its governance responsibilities; and
- implementing the policies, processes, procedures and codes of conduct approved by the Board.
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## **BOARD PERFORMANCE REVIEW**

The Board shall conduct a formal review of its effectiveness, against this charter, on a periodic basis as seen necessary by the Chairman, which shall involve:

- evaluating the performance of each Director against appropriate measures (including if warranted by considering the use of external advisers to conduct this performance review);
- for the non-executive Directors, evaluating the performance of the Chairman;
- comparing its performance with the requirements of its Charter;
- setting out its future goals and objectives; and
- reviewing and recommending any changes to its Charter deemed necessary or desirable.

The performance evaluation shall be conducted in such manner as the Board deems appropriate.

## **CHARTER REVIEW**

The Board will review this Charter annually to ensure it is consistent with the Board's roles and responsibilities. Any proposed amendments to this Charter arising from a review will be put to the Board for consideration.