

Pact Group Holdings Ltd
ACN: 145 989 644

Board Charter



Board Charter

1. Purpose

Pact Group Holdings Ltd (the **Company**) and its wholly owned subsidiaries (together, the **Group**) are committed to maintaining a high standard of integrity, stakeholder confidence and good corporate governance.

The Board of Directors of the Company (**Board**) has adopted this Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance, international best practice and applicable laws.

2. Introduction

This Board Charter includes an overview of:

- Board composition and process;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees.

The Board Charter and the charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.

This Board Charter is to be reviewed by the Board as required and at least every second year.

3. Board composition

3.1. Composition and size

- (a) The Board is appointed by the Company's shareholders.
- (b) Non-executive Directors are engaged through a letter of appointment.
- (c) The Board, together with the Nomination and Remuneration Committee, determines the size and composition of the Board, subject to the terms of the constitution of the Company (**Constitution**) and the requirements of the *Corporations Act 2001* (Cth).
- (d) It is intended that the Board should comprise a majority of independent Non-executive Directors and comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.
- (e) The Board, together with the Nomination and Remuneration Committee, will review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Company's strategy, subject to limits imposed by the Constitution and the terms served by existing Non-executive Directors.

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3.2 Director independence and tenure

- (a) The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment as disclosed by each Non-executive Director to the Board.
- (b) The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence that is based on that set out in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (4th Edition) (see Attachment 1).
- (c) The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they risk devaluing the contribution of Directors who have developed, over a period of time, long-term insight in the Company and its operation and, therefore, offer a unique capacity to contribute to the Board as a whole. Accordingly, tenure is just one of many factors the Board considers when assessing the independence and ongoing contribution of a Director in the context of overall Board process and performance.

4. Board role and responsibilities

4.1. Role

The Board's role is to:

- (a) represent and serve the interests of shareholders by overseeing and appraising the Group's strategies, policies and performance. This role includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- (b) protect and optimise Group performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Constitution and within a framework of prudent and effective controls that enable risk to be effectively assessed and managed;
- (c) set, review and ensure compliance with the Group's values and governance framework (including establishing and observing high ethical standards); and
- (d) ensure shareholders are kept informed of the Group's performance and major developments affecting its state of affairs.

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4.2. Key responsibilities

The key responsibilities and functions of the Board include:

- (a) defining the Group's purpose and setting its strategic objectives;
- (b) contributing to and approving the corporate strategy developed by management, including setting performance objectives and approving operating budgets;
- (c) monitoring corporate performance and implementation of strategy and policy;
- (d) approving the Group's statement of values and code of conduct to underpin the desired culture within the organisation;
- (e) overseeing management in its instilling of the Group's values;
- (f) ensuring that the risk management framework (covering financial and non-financial risks) is in place and operating effectively and reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This responsibility includes reviewing methods adopted to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage those risks;
- (g) ensuring an appropriate framework exists for relevant, accurate and timely information to be reported by management to the Board;
- (h) challenging management and holding it accountable, as and when required;
- (i) selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Chief Executive Officer (**CEO**) and the CEO's direct reports;
- (j) approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- (k) monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting, including the external audit;
- (l) overseeing the Company's process for making timely and balanced disclosures of all material information concerning the Company;
- (m) ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- (n) ensuring the Group's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- (o) developing and reviewing corporate governance principles and policies; and
- (p) performing such other functions as are prescribed by law or are assigned to the Board.

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4.3. Reserved authorities

Matters which are specifically reserved for the Board or its Committees include:

- (a) appointment of Board and Committee chairs;
- (b) appointment and removal of the CEO, Chief Financial Officer (**CFO**), Company Secretary, and other senior executives of the Company;
- (c) appointment of a deputy chair and/or 'senior independent Director' (if deemed necessary);
- (d) appointment of Directors to fill a vacancy or as an additional Director;
- (e) establishment of Board Committees, their membership, delegated authorities and governing charters;
- (f) defining the Company's purpose and setting its strategic objectives;
- (g) approving the Company's statement of values and code of conduct to underpin the Group's value and culture;
- (h) approval of dividends;
- (i) approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- (j) calling of meetings of shareholders; and
- (k) any other specific matters nominated by the Board from time to time.

4.4 Directors

- (a) Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour.
- (b) Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.
- (c) Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them.
- (d) The Board, and each Director individually, has the right to seek independent professional advice, in accordance with the policy adopted by the Board.

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5. Delegation of duties and powers

5.1 Relationship with management

- (a) Directors may delegate their powers as they consider appropriate. However, ultimate responsibility for strategy and control rests with the Board.
- (b) Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- (c) Directors are entitled to request additional information at any time.

5.2 Role of the CEO

- (a) The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and by other officers and executive or senior leaders to whom the management function is properly delegated by the CEO).
- (b) The Board approves corporate objectives for the CEO to satisfy and, jointly with the CEO, develops the duties and responsibilities of the CEO.
- (c) The CEO is responsible for implementing strategic objectives, plans and budgets approved by the Board.

5.3 Delegation to Committees

- (a) The Board from time to time establishes Committees to streamline the discharge of its responsibilities and support the Board in matters that require more intense review.
- (b) There are two standing Committees:
 - Audit, Business Risk and Compliance Committee; and
 - Nomination and Remuneration Committee.
- (c) Each standing Committee adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- (d) The Board may also delegate specific functions to ad hoc committees on an 'as needs' basis.

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6. Board process

6.1 Meetings

- (a) The Company's Constitution governs the regulation of Board meetings and proceedings.
- (b) The Board will meet regularly, with Non-executive Directors meeting periodically without Executive Directors or management present.
- (c) Directors will use all reasonable endeavours to attend Board meetings in person or through accessible videoconference technology.

6.2 Chair

- (a) The Board will appoint one of its members to be Chair, being mindful that, where possible, the role of the Chair and CEO will not be exercised by the same individual.
- (b) The Chair represents the Board to the Company's shareholders and communicates the Board's position.
- (c) The Chair will be responsible for leading the Board, facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and management.

6.3 Company Secretary

- (a) The Board must appoint at least one Company Secretary and may appoint additional Company Secretaries.
- (b) The Board may appoint one or more Assistant Secretaries.
- (c) The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
- (d) The Company Secretary is responsible for the coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and the Australian Securities Exchange (ASX) and all statutory and other corporate filings.
- (e) All Directors will have direct access to the Company Secretary.

6.4 Board and Committee performance evaluation

- (a) The process established to evaluate the performance of the Board, Board Committees and individual Directors is set out in Attachment 2.

Attachment 1

Guidelines of the Board of Directors – independence of Directors

Part 3 of the Company's Board Charter refers to Director independence.

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors.

In general, Directors are considered 'independent' if they are not members of management (a Non-executive Director) and are free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Examples of interests, positions and relationships that might raise issues about the independence of a Director, include if the Director:

- is, or has been, employed in an executive capacity by the Group and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- is, or has been within the last three years, in a material business relationship (e.g., as a supplier, professional adviser, consultant or customer) with the Group, or is an officer of, or otherwise associated with, someone with such a relationship;
- is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder of the Company;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a director of the Company for such a period that their independence from management and substantial holders may have been compromised.

Materiality thresholds

The Board acknowledges materiality thresholds and independence as determined by the *Corporations Act 2001* (Cth) and the ASX Listing Rules. Furthermore:

- the Board acknowledges a shareholding of the Company of 5% or more to be material; and
- the Board will consider whether there are any factors or considerations which may mean that a Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Attachment 2

Performance evaluation process in relation to the Board, Board Committees and Directors

- An annual review of the performance of the Board, standing Board Committees and individual Directors will be conducted through the collection of formal and informal feedback from Directors, including through questionnaires, skills matrix assessments and other techniques adopted from time to time to effectively assess performance.
- The Board, each Committee and individual Directors will also be required to provide feedback on performance review outcomes and recommendations.
- Feedback will be collected by the Chair of the Board or the Company Secretary, or an external facilitator, and discussed by the Board and/or the relevant Committee, with consideration being given as to whether any steps should be taken to improve the performance of the Board, Board Committees or individual Directors.
- If thought appropriate, the Chief Executive Officer will also provide feedback from executive and senior leaders in connection with any issues that may be relevant in the context of the Board, Committee and Director performance review.
- To facilitate the review process, assistance may be obtained from third party advisers.

Version Control

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