

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, stakeholder expectations 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.

This Board Charter is to be reviewed by the Board as required.

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 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 comprise Directors with a diverse range of backgrounds (including gender) and skills, appropriate expertise, experience and capacity, and include independent directors.
- (e) The Board will review the skills, expertise and experience represented by Directors on the Board and determine whether the composition and mix of those skills, expertise and experience remain appropriate for the Company's strategy, subject to limits imposed by the Constitution.

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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 set out in 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, human and physical 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 assurance, 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 to the Board;
- (h) challenging management and holding it accountable, including with respect to performance, as and when required;
- (i) selecting, appointing, 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 and external audit processes aimed at ensuring the integrity of financial, sustainability (including climate and emissions) and other reporting;
- (l) overseeing the preparation of and approving the annual report, including statutory financial statements and reports;
- (m) overseeing the Company's process for making timely and balanced disclosures of all material information concerning the Company;
- (n) ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- (o) ensuring the Group's remuneration, recruitment, and other applicable human resources and industrial relations policies and practices are aligned with the Company's purpose, values, strategic objectives and risk appetite, as well as ensure equal treatment with respect to gender;
- (p) overseeing the appointment, removal, engagement, performance, and independence of the Company's external auditor;
- (q) overseeing the development and review of principles, policies and targets associated with governance, diversity and inclusion, and sustainability (including climate change and emissions reduction targets), and progress against such targets; and
- (r) performing such other functions as are prescribed by law or 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 and removal 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) determination of the Company's purpose and setting its strategic objectives;
- (g) approval of 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 Board committees

- (a) The Board from time to time establishes committees on a standing and ad hoc basis to streamline the discharge of its responsibilities and support the Board in matters that require more intense review.
- (b) Established Board committees must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.

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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, as required, 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.
- (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, promoting constructive and respectful relations between Directors and between the Board and management, evaluating the performance of the Board, Board committees and individual directors, and such other matters as determined by the Board from time to time.

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 all statutory and other corporate filings.
- (e) All Directors will have direct access to the Company Secretary.

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). 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.

Version Control

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