



# Board Charter

Approved by the board on 5 November 2018

# Board Charter

## Zeta Resources Limited and its subsidiaries (the company)

---

### 1. Introduction

#### 1.1 Purpose of Charter

This is the Charter of the Board of the company (the **Charter**). The Charter governs the operations of the Board. It sets out the Board's role and responsibilities, composition, structure and membership requirements.

#### 1.2 Role of Board

The Board is responsible for stewardship of the company and, in particular, for the long-term growth of the company and the investment objectives of the company, and for monitoring the financial objectives, including the responsibilities set out below.

In performing the responsibilities set out in this Charter, the Board should act at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed on them by the company's Bye-Laws and by law.

#### 1.3 Review of Charter

The Board must review and reassess this Charter at least annually and, if required, make any amendments to the Charter.

This Charter (including its annexures) takes effect from the date it was adopted by the Board and replaces any previous charter in this regard.

---

### 2. Roles and responsibilities of the Board

#### 2.1 Strategy

The role of the Board in respect of strategy includes:

- (a) providing input to, and approval of, the company's strategic direction and budgets as developed by the Investment Manager (as defined in section 5.1);
- (b) directing, monitoring and assessing the company's performance; and
- (c) approving and monitoring capital management and the investment portfolio.

#### 2.2 Statement of Matters

The Board has adopted the following Statement of Matters for which the Board will be responsible:

- (a) review and determine the company's strategic direction;
- (b) review and approve investment policies;
- (c) determining the size, composition and structure of the Board, and the process for evaluating its performance;
- (d) appointing the Investment Manager and approving appropriate remuneration;
- (e) review performance of the Investment Manager and ensuring that its actions are consistent with corporate strategy;
- (f) approving the annual report and financial statements (including the directors' report and remuneration report) and any other published reporting, in accordance with the Bye Laws, the Australian Corporations Act 2001 (Cth) (the **Corporations Act**), ASX Listing Rules and any other applicable regulations;
- (g) overseeing the company's accounting and corporate reporting systems and appointing, re-appointing or removing the company's external auditors and approving the auditor's remuneration;

- (h) approving and monitoring the effectiveness of the company's system of corporate governance, including formation of Board committees and the terms of applicable governing charters;
- (i) approving the company's Code of Conduct, Continuous Disclosure Policy and any other policies, and monitoring their effectiveness;
- (j) reviewing annually the company's diversity initiatives and progress towards their achievement;
- (k) review risk management and compliance;
- (l) oversee the company's control and accountability systems; and
- (m) communicating with, and protecting the rights and interests of, all Shareholders.

### **2.3 Risk management and reporting**

The role of the Board in respect of risk management and reporting includes:

- (a) identifying the principal risks of the company's business and liaising with the Investment Manager to ensure the company has in place an appropriate risk management framework and establishing the acceptable levels of risk within which the Board expects the Investment Manager to operate;
- (b) reviewing and ratifying the company's systems of internal compliance and control, risk management and legal compliance systems, to determine the integrity and effectiveness of those systems; and
- (c) approving and monitoring material internal and external financial and other reporting, including:
  - (i) periodic reporting to shareholders, the ASX and other stakeholders; and
  - (ii) overseeing the company's processes for making timely and appropriate disclosure of all material information concerning the company that a reasonable person would expect to have a material effect on the price or value of the company's securities.

### **2.4 Relationship with Investment Manager**

The role of the Board in relation to the Investment Manager includes:

- (a) appointment and removal of the Investment Manager and the Company Secretary;
- (b) setting of remuneration for the Investment Manager;
- (c) establishing and monitoring succession planning;
- (d) delegating the day-to-day decision making and implementation of Board approved strategy to the Investment Manager; and
- (e) setting specific limits of authority for the Investment Manager.

### **2.5 Monitoring of performance**

The role of the Board in respect of performance monitoring includes:

- (a) approving criteria for assessing performance of the Investment Manager and monitoring and evaluating its performance;
- (b) undertaking an annual evaluation of the performance of the Board, each Board Committee (if any) and individual Directors, comparing their performance with the requirements of this Charter, relevant Board Committee Charters (if any) and the reasonable expectations of individual Directors;
- (c) undertake an annual evaluation and review of the mix of skills and experience of the Board; and
- (d) where appropriate, engaging external facilitators to conduct its performance evaluations.

### **2.6 Corporate governance**

The role of the Board in respect of corporate governance includes:

- (a) selecting and appointing the Board Chair, and if the company has one, the deputy chair or senior independent director;
- (b) ensuring compliance with the company's Bye Laws and with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act;

- (c) ensuring ethical behaviour and compliance with the company's own governing documents, including the company's Code of Conduct; and
- (d) monitoring and evaluating the company's compliance with its corporate governance standards.

## **2.7 Board Committees**

The role of the Board includes:

- (a) establishing such committees of the Board as may be appropriate from time to time such as:
  - (i) Audit & Risk Management Committee; and
  - (ii) Remuneration & Nomination Committee;
- (b) where appropriate adopting Charters setting out the membership, responsibilities and reporting obligations of each Board Committee and evaluating the performance of the Board Committees; and
- (c) if applicable undertaking an annual performance evaluation of each Board Committee that compares the performance of the Board Committee with the requirements of the relevant Board Committee Charter, setting forth the goals and objectives of the Board Committee for the upcoming year and effecting any amendments to the relevant Board Committee Charter considered necessary or desirable.

## **2.8 Other**

The role of the Board also includes performing such other functions as prescribed by law.

---

# **3. Board composition and related matters**

## **3.1 Board size**

The Bye-Laws of the company provide that the number of Directors must at any time be no less than three Directors or such number in excess thereof, but not exceeding ten, as the members may determine.

## **3.2 Board composition**

The Board should comprise:

- (a) a majority of people who are independent<sup>1</sup> Directors;
- (b) people with a mix of skills and diversity of backgrounds to enable the Board to discharge its duties effectively.

## **3.3 Chair**

Unless the Board determines otherwise, the Chair of the Board should be independent.

The Chair's role includes:

- (a) providing effective leadership on formulating the Board's strategy;
- (b) representing the views of the Board to the public;
- (c) ensuring that the Board meets at regular intervals throughout the year and that minutes of meeting accurately record decisions taken and where appropriate the views of individual Directors;
- (d) guiding the agenda, information flow and conduct of all Board meetings;
- (e) reviewing the performance of the Board of Directors; and
- (f) monitoring the performance of the Investment Manager's management of the company.

---

<sup>1</sup> Independent, as defined by the ASX Corporate Governance Council.

### 3.4 Independence

A Director will be considered independent from the company if they have no business or other relationship which could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Examples of such relationships include:

- (a) is, or has been, employed in an executive capacity by the company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- (b) is, or has within the last three years been, a principal, partner, director, or senior employee of a material professional adviser or a material consultant to the company or another group member;
- (c) is, or has been within the last three years, in a material business relationship (such as a material supplier or customer) with the company or other group member, or an officer of, or otherwise associated directly or indirectly with, someone with such a relationship;
- (d) is a substantial shareholder of the company, or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- (e) has a material contractual relationship with the company or another group member other than as a director of the company;
- (f) has close family ties with a person who falls within any of the above categories;
- (g) has been a director of the company for such a period that his or her independence may have been compromised.

Family ties and cross-directorships may be relevant in considering interests and relationships which may compromise independence, and should be disclosed by Directors to the Board.

The Board will:

- (a) regularly review the independence of each Director in light of interests disclosed and will disclose any change to ASX, as required by the ASX Listing Rules; and
- (b) review the independence of any director who has served in that position for more than 10 years to confirm that their independent status can be maintained.

### 3.5 Appointing new directors

When considering the appointment of a person as a Director, the Board will undertake appropriate checks before appointing the person, or putting the person forward to shareholders as a candidate for election as a Director. These checks will include the candidate's character, experience, education, criminal record and bankruptcy history.

A candidate standing for election as a non-executive director will be asked to provide the Board, or the Nomination Committee (if any), with sufficient information so as to enable shareholders to make an informed decision as to whether to elect or re-elect the candidate. The candidate will also be asked to provide details of any commitments that will be in addition to those they will undertake if elected or re-elected as a non-executive director of the company, including a statement that they will have sufficient time to fulfil their responsibilities as a director of the company.

### 3.6 Terms of appointment

- (a) All Directors are expected to continue as Directors only for so long as they have the confidence of their fellow Board members and the confidence of the company's shareholders.
- (b) The company will have a written agreement with each person appointed as a Director setting out the terms of their appointment, including:
  - (i) the term of appointment;
  - (ii) the time commitment envisaged;
  - (iii) remuneration;

- (iv) the requirement to disclose interests and any matter that may affect their independence;
  - (v) the criteria by which directors may seek independent professional advice;
  - (vi) the circumstances in which the director's office becomes vacant;
  - (vii) indemnity and insurance arrangements;
  - (viii) ongoing rights of access to corporate information; and
  - (ix) ongoing confidentiality obligations.
- (c) The Board will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

### **3.7 Re-election and Tenure**

- (a) In accordance with the Bye Laws of the company, no Director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's appointment, whichever is the longer, without submitting for re-election.
- (b) The Directors are expected to review their membership of the Board from time to time taking into account their length of service on the Board, age, qualification and experience, the company's Bye-Laws, the needs of the company and direction of the company together with such other criteria considered desirable for composition of a balanced Board and the overall interests of the company.
- (c) A Director is expected to resign if the remaining Directors recommend that a Director should not continue in office, but is not obliged to do so.

---

## **4. Company Secretary**

### **4.1 Company Secretary**

Zeta Resources Limited has appointed ICM Limited as Company Secretary (**Company Secretary**). The Company Secretary reports to and is accountable to the Board, through the Chair of the Board, on all matters to do with the proper functioning of the Board and Board Committees (if any).

### **4.2 Company Secretary's Role**

The role of the Company Secretary should include:

- (a) advising the Board and its Committees on governance matters;
- (b) monitoring that Board and Committee policy and procedures are followed;
- (c) coordinating the timely completion and dispatch of Board and Committee papers; and
- (d) ensuring that the business at Board and Committee meetings is accurately captured in the minutes and signed by the Chair.

---

## **5. Management and delegation**

### **5.1 Investment Manager**

Zeta Resources Limited has entered into an Investment Management Agreement with ICM Limited, pursuant to which ICM Limited acts as investment manager (**Investment Manager**). The Investment Manager recommends policies, strategic direction and business plans for the Board's approval and is responsible for managing the company's day-to-day business.

### **5.2 Investment Manager's responsibilities**

The Investment Manager is responsible for running the day-to-day affairs of the company under terms of the Investment Management Agreement and to implement the policies and strategy set by the Board. In carrying out these responsibilities, the Investment Manager must report to the Board in a timely and clear manner and ensure all reports to the Board present a true and fair view of the company's financial condition and results.

### 5.3 Voting and other rights

The Investment Manager has authority to exercise voting and other rights in relation to the company's investments, subject to the Investment Manager's internal investment process.

### 5.4 Written agreement and review

The company will have a written agreement with the Investment Manager of the company setting out the terms of their appointment; and review the performance of the Investment Manager annually.

---

## 6. Independent professional advice

6.1 Directors may obtain independent professional advice, at the company's cost, in carrying out their responsibilities.

6.2 It will be appropriate to obtain independent professional advice where:

- (a) the issue or recommendation in question is one which the Director reasonably considers, after consulting with the Board or the Chair of the Board, is of a character that makes obtaining independent advice appropriate; and
- (b) the Board or Chair, following such consultation consents to the obtaining of such advice.

6.3 Independent professional advice can be obtained without the involvement of the Investment Manager where the Board or the Chair considers it appropriate to do so.

6.4 A suitable qualified expert in the appropriate field should be instructed. Prior to instructing the expert, the Director should advise the Board or Chair of the fee payable which must be reasonable having regard to the nature of the advice sought and the fees charged by comparable experts.

6.5 All instructions to the expert must be in writing specifying the party instructing and the capacity in which that party is acting and the party to whom the advice is to be addressed.

6.6 Except in circumstances of competing interests between the Directors or the Director and the company, a copy of the advice, the letter of instruction, and all materials which accompanied the letter must be provided to the Board.

---

## 7. Conflict of Interest Protocols

From time to time a director may have a conflict of interest. To help Directors manage any such conflicts the Board has developed protocols setting out the structures and procedures to be followed with the aim of ensuring that the consideration of matters by the Board and any Board committees (if any) is undertaken free from any actual influence or appearance of influence from persons with conflicts of interest, and that the disclosure of the company's confidential information is to be subject to appropriate corporate governance controls. Those protocols are set out in Annexure A.

---

## 8. Ethical Standards and Share Trading

The Directors must perform their duties in line with the company's objectives and with the utmost integrity. In this regard, Directors must comply with all the company's policies, including the Code of Conduct and Share Trading policies.

---

## 9. Inconsistency with the company's Bye-Laws

To the extent that there is any inconsistency between this Charter and the company's Bye-Laws, the Bye-Laws will prevail.

---

## 10. Publication of the Charter

The following matters in relation to the Charter should be undertaken:

- (a) a copy of this Charter is to be made available on the company's website – **www.zetaresources.limited**; and
- (b) the Charter to be made available to the company's shareholders upon request.

## Annexure A – Board Protocols – Conflicted Directors

---

### 1. Background

#### 1.1 Purpose

The purpose of these protocols is to set out the structures and procedures which have been put in place by the Board of the company to ensure that the consideration of matters by the Board and any Board committees is undertaken free from any actual influence or appearance of influence from persons with conflicts of interest, and that the disclosure of the company's confidential information is to be subject to appropriate corporate governance controls.

#### 1.2 Directors duties

Annexed to these protocols is:

- (a) an outline of duties of directors in relation to the disclosure of interests and avoiding conflicts; and
- (b) a discussion of certain conflicts which may arise with nominee directors.

Nothing in these protocols is intended to limit in any way the duties owed to the company by the directors of the company (**Directors**).

---

### 2. Disclosure of information to Directors

#### 2.1 Directors disclosure of interests

Directors must at all times comply with their duties and obligations as directors of the company under statute, common law and the company's Bye-Laws to disclose certain interests to the Board and avoid conflicts of interest. The duties of the Directors also include a duty of confidentiality owed to the company. An outline of certain duties and obligations of Directors is set out in Annexure B to these protocols.

#### 2.2 Review of information before disclosure to directors

It is the responsibility of the Investment Manager to determine whether any information circulated to the Board or any Board Committee may give rise to a conflict of interest or potential conflict of interest (a **conflict**) in relation to one or more of the Directors.

In making that determination in respect of a particular Director, the Investment Manager may consult with the Chair of the Board or, in the event that disclosure of the information to the Chair may give rise to a conflict, the Deputy Chair of the Board. If the Chair or the Deputy Chair (as applicable) considers it appropriate, he or she may establish a committee comprising of those Directors who do not have a conflict for the purposes of making the determination (**Independent Directors**).

The Chair or Deputy Chair (as applicable), or any committee of Independent Directors established by the Chair or Deputy Chair, may also for the purposes of making the determination:

- (a) request further information from the relevant Director; and/or
- (b) seek advice from the company's legal or other advisors.

---

### 3. Procedures

#### 3.1 Procedures to be followed before board meeting

Before notice of any matter to be considered by the Board or a Board committee (**Relevant Matter**) is circulated to Directors, the procedure set out in paragraph 2.2 of these protocols must be adopted for the purpose of determining whether the involvement of any of the Directors in the Board's or Board committee's consideration of that Relevant Matter would give rise to a conflict.

#### 3.2 Exclusion of conflicted director

If the Board or a Board committee is required to consider a Relevant Matter and it has been determined in accordance with paragraph 2.2 of these protocols that the involvement of a Director (**Conflicted Director**) in the Board's consideration of the Relevant Matter, or a Board committee's consideration of the Relevant Matter, would give rise to a conflict, then the Conflicted Director:

- (a) must not receive any information about the Relevant Matter; and

- (b) is not entitled to participate in any discussions regarding, nor take part in any decision-making process in relation to, the Relevant Matter,

unless the Independent Directors make a determination under paragraph 3.3 of these protocols.

### **3.3 Inclusion of conflicted director on limited basis**

After following the procedures set out in paragraph 2.2 of these protocols, depending on the nature of the conflict or potential conflict and the application of the particular facts, the Independent Directors may decide that the Conflicted Director can:

- (a) receive part of the information in respect of the Relevant Matter;
- (b) receive redacted versions of information distributed to the Board in respect of the Relevant Matter; or
- (c) participate in the discussions regarding the Relevant Matter but not to vote on resolutions covering the Relevant Matter.

### **3.4 Procedures where conflicted director excluded**

If the Relevant Matter is to be considered at a Board meeting or Board committee meeting and a determination is made under paragraph 3.2 of these protocols (and not under paragraph 3.3 of these protocols):

- (a) the Conflicted Director may only receive modified versions of the agenda and other papers circulated to Directors in respect of that meeting which exclude all information relating to the Relevant Matter;
- (b) the Conflicted Director may attend the meeting provided that the Conflicted Director excuses himself or herself from the meeting during any discussion of the Relevant Matter and takes no part in any decision-making process in relation to the Relevant Matter;
- (c) the Independent Directors must not disclose to the Conflicted Director any information relating to the Relevant Matter including the content of any relevant discussions at Board meetings and any other relevant discussions, negotiations or agreements;
- (d) the Investment Manager will prepare minutes of all meetings of the Board and circulate those minutes to the members of the Board. However, if the Relevant Matter was considered at a meeting, the Conflicted Director will only be provided with a modified version of the minutes of that meeting which excludes those minutes relating to the Board's consideration of the Relevant Matter;
- (e) the Investment Manager will be responsible for establishing and implementing appropriate measures to ensure that the Conflicted Director does not have access to email or any other folders where any documents or other information relating to the Relevant Matter are stored or to any relevant hard copy documents (and if requested by an Independent Director, the Investment Manager will report to the Board on the methodology employed to achieve this result);
- (f) if the Conflicted Director acquires any information about the Relevant Matter in his or her capacity as a Director which is not publicly available, the Conflicted Director must keep that information confidential in accordance with the duties owed by the Conflicted Director to the company.

### **3.5 Compliance with protocols**

Each Director:

- (a) must use all reasonable efforts to ensure that each person to whom these protocols apply complies with the protocols;
- (b) must notify the Chair promptly if the Director becomes aware of any circumstances which, or which are likely to, result in a breach of these protocols, giving sufficient details of those circumstances to the Chair so that remedial action may be taken;
- (c) acknowledges that if these protocols are breached, the company reserves the right to at any time terminate the involvement of the relevant Director, or any associate or involved person, in the Relevant Matter.

These protocols do not limit any other rights that the company may have against a Director in respect of any breach of any legal or contractual obligations of a Director.

## Annexure B – Disclosures of Interests and Conflicts of Interest

---

### 1. Statutory duty to disclose material personal interest

Subject to certain exceptions, a director of a company who has a material personal interest in a matter that relates to the affairs of the company must give the other directors notice of the interest (refer to section 97 of the Bermudan Corporations Act 1981) and section 58 of the company Bye-Laws).

---

### 2. Restrictions on attendance and voting

Unless the other directors approve, a director of a public company who has a material personal interest in a matter that is being considered at a directors' meeting must not be present while the matter is being considered at the meeting or vote on the matter.

---

### 3. General law – Conflicts of interest

At general law, directors have a fiduciary duty to avoid conflicts of interest. It is an established principle that directors of a company must not, in any matter falling within the scope of their service, have a personal interest or inconsistent engagement with a third party, except with the company's fully informed consent (often referred to as the **Conflict Rule**).

---

### 4. Common form of conflict – use of information by nominee directors

- (a) A common situation in which a conflict may arise is where a nominee director acquires information as a result of the nominee's position as a director that the nominee knows will be of interest to the nominating company. The conflict in this situation includes:
    - (i) a duty of confidentiality owed to the company of which it is a director; and
    - (ii) a commercial desire to communicate knowledge acquired to the nominating company as a result of his or her position as a nominee.
  - (b) As a basic principle, the duty of confidentiality owed to the company in paragraph 4(a)(i) of this annexure is greater than any duty owed to the nominating company.
  - (c) Consequently, as a general rule, if a director acquires any information in his or her capacity as director of a company (which is not otherwise publicly available), the director cannot communicate that information to the nominating company. To do so would potentially breach a number of directors' duties, including the common law duties to act honestly and to avoid conflicts of interest, and the statutory duties to act in good faith, not to misuse position, and not to misuse information.
- 

### 5. Nominee Directors

- (a) From time to time there may be Directors on the Board who are nominated representatives of shareholders of the company. If the Board is required to consider a matter which involves, or affects the interests of, a shareholder, any involvement in the Board's consideration of that matter by a Director who is the nominated representative of that shareholder may give rise to a conflict for that Director (for instance, as contemplated in paragraph 4 of this annexure).
- (b) In those circumstances, the procedure set out in paragraph 2.2 of the protocols must be adopted for the purposes of making a determination as to whether the Director's involvement in the Board's consideration of the matter would give rise to a conflict.
- (c) If it is determined that the Director's involvement in the Board's consideration of the matter would give rise to a conflict, that Director must not:
  - (i) be provided with any information relating to that matter;
  - (ii) participate in any discussions regarding that matter; and
  - (iii) take part in any decision-making process in relation to that matter.
- (d) In addition, if that Director acquires any information about the matter, he or she must not, without the consent of the Board, disclose any of that information to the shareholder he or she represents nor attend any discussions or negotiations in relation to the matter between the company on the one hand and that shareholder.