



# SILEX SYSTEMS LIMITED BOARD CHARTER

Updated: 10 December 2013

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## 1. APPLICABILITY

This Charter applies to all Directors of Silex Systems Limited (Silex).

## 2. ROLE OF THE BOARD

The central roles of the Board are to set the strategic direction for Silex, to select and appoint the Managing Director/CEO and to oversee Silex's management and its business activities.

The Board should be mindful that:

- (i) while the primary objective of Silex is to create, and to continue to build, sustainable value for shareholders, the legitimate interests of other parties who may have an interest in or be affected by the activities of Silex should be taken into account; and
- (ii) shareholders and other parties who may have an interest in or be affected by the activities of Silex expect that the Directors will undertake their responsibilities with



honesty, integrity, care and diligence, in accordance with law and in a manner which reflects the highest standards of corporate governance.

### 3. POWERS OF THE BOARD

**3.1** In addition to matters required by law to be approved by the Board, the following powers are reserved for the Board:

- (i) appointing and, where appropriate, removing the Managing Director/CEO;
- (ii) authorising the issue of any shares, options, equity instruments or other securities;
- (iii) authorising expenditure in excess of discretionary limits delegated at any time to the Managing Director/CEO;
- (iv) to:
  - (a) consider and approve strategy and business plans;
  - (b) monitor corporate performance with agreed objectives;
  - (c) approve the annual budget;
  - (d) approve and monitor the progress of major capital expenditure, capital management, acquisitions and divestitures;
  - (e) ratify the appointment, and, where appropriate, the removal of the Chief Financial Officer/Company Secretary;
  - (f) approve the annual and half yearly accounts;
  - (g) approve policies of Company-wide or general application; and
  - (h) determine delegations to Board committees and the Managing Director/CEO and approve transactions in excess of delegated levels.
- (v) monitoring and ensuring the maintenance of adequate risk management controls and reporting mechanisms; and
- (vi) ensuring Silex is properly managed, for example by:
  - (a) appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next Annual General Meeting of Silex; and
  - (b) liaising with Silex's external auditors and Audit Committee.

**3.2** Other than as detailed in Section 3.1, the Board has delegated responsibility for the management of Silex's business and affairs to the Managing Director/CEO.

### 4. RESPONSIBILITY OF THE BOARD

#### 4.1 The Chairperson

The responsibilities of the Chairperson include:

- (i) ensuring the effective performance of, and providing leadership to, the Board;



- (ii) ensuring the efficient organisation and conduct of the Board's function;
- (iii) setting the agenda for Board meetings with the Company Secretary and Managing Director/CEO;
- (iv) providing counsel to the Managing Director/CEO; and
- (v) arranging regular evaluation of the performance of the Board and its Committees and of individual Directors.

#### **4.2 Board Responsibilities**

The Board's responsibilities include:

- (i) providing strategic direction, contributing to the development and approval of corporate strategy and corporate objectives and monitoring performance;
- (ii) evaluating the performance of, and succession planning for, the Managing Director/CEO;
- (iii) encouraging a culture of ethical and responsible decision making;
- (iv) reviewing and reporting on diversity within the Company to include the relative proportion of women and men in the workforce at all levels of the Silex Group;
- (v) reviewing and ratifying systems of risk management, compliance and control;
- (vi) ensuring adherence to the ASX Listing Rules, in particular, adopting a Continuous Disclosure Policy and monitoring its operation;
- (vii) reviewing policies, procedures and practices employed in relation to occupational health and safety, workplace equality and diversity, native title, cultural heritage and the environment ;
- (viii) monitoring the financial performance and reporting of Silex;
- (ix) satisfying itself that appropriate mechanisms are in place for the governance of subsidiary companies; and
- (x) convening and attending general meetings of Silex's shareholders.

#### **4.3 Delegation to Committees**

The Board may delegate responsibility for discharge of its responsibilities to Committees of the Board.

#### **4.4 Company Secretary**

- (i) The Company Secretary supports the effectiveness of the Board by monitoring that the Board's policies and procedures are followed and to monitor that Board decisions are implemented;
- (ii) All Directors have access to the Company Secretary; and
- (iii) The Company Secretary is accountable to the Board on all governance matters.

### **5. BOARD COMPOSITION**

- (i) The Board shall comprise Directors with a range of backgrounds and experience with the majority being Non-executive Directors determined by the Board to be capable of bringing independent judgement to bear on decision making;
- (ii) In accordance with the Silex Constitution, the Board is to be composed of not less than three Directors and the maximum number of Directors is to be fixed by the Directors,



but must not be more than ten unless the Company in general meeting determines otherwise; and

- (iii) The Chairperson of the Board shall be an independent Director and shall act as a conduit for issues that the independent Directors have as a group.

## 6. INDEPENDENCE OF DIRECTORS

In considering whether a Director is independent, the Board will have regard to:

- (i) the definition of an independent Director published by the Australian Stock Exchange;
- (ii) the corporate governance guidelines developed by the Australian Stock Exchange;
- (iii) such materiality thresholds, standards or guidelines as the Board may adopt from time to time; and
- (iv) any information, facts or circumstance that the Board considers relevant.

If a Director is, or becomes aware of, any information, facts or circumstance which will, or may, affect that Director's independence, the Director must immediately disclose all relevant details in writing to the Company Secretary and Chairperson.

## 7. BOARD MEETINGS

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

Board and Committee papers should be provided to Directors at least five business days prior to each meeting. The Board acknowledges that some special Board meetings may be called at short notice and the five business day requirement may be unable to be met.

The number of Directors necessary to constitute a quorum is three unless otherwise determined by the Directors.

Generally, Board decisions will be resolved by a majority vote. In the case of an equality of votes upon any proposed resolution, the Chairperson of the meeting has a casting vote in addition to any vote the Chairperson has in his or her capacity as a Director.

The Company Secretary should aim to circulate Board or Committee minutes for the Chairperson for review within five working days from the date of the relevant meeting. The Chairperson should provide comments to the Company Secretary within three working days of the receipt of minutes.

Board agendas should be settled by the Chairperson with the Managing Director/CEO and Company Secretary.

## 8. BOARD COMMITTEES

The Board may establish standing and ad hoc committees to assist it in carrying out its responsibilities. For each Committee, the Board should adopt a charter setting out its role, composition, powers, responsibilities, structure, resourcing and administration.



In particular, the Board will establish and maintain as standing Committees:

- (i) Audit Committee; and
- (ii) People and Remuneration Committee.

Directors may attend any meetings of any Board committee or request a copy of any Board Committee paper.

## **9. BOARD PERFORMANCE**

The Board will undertake an annual performance evaluation that:

- (i) reviews the performance of the Board against the requirements of this Charter;
- (ii) reviews the performance of the Board Committees against the requirements of their respective Charters; and
- (iii) reviews the individual performances of the Chairperson, Managing Director/CEO and the Directors.

The Board, through the People and Remuneration Committee, will determine the scope of the performance evaluation and how it is carried out, in order to achieve its objectives.

## **10. OUTSIDE DIRECTORSHIPS**

Non-executive Directors should continually evaluate the number of Boards on which they serve to ensure that each company can be given the time and attention to detail required to properly exercise their powers and discharge their duties.

A Non-executive Director must notify the Chairperson prior to accepting an invitation to become a Director of any company.

## **11. INDEPENDENT ADVICE**

The Board and its committees may seek advice from independent experts whenever it is considered appropriate. With the written consent of the Chairperson, individual Directors may seek independent professional advice, at the expense of Silex, on any matter connected with the discharge of their responsibilities.

## **12. REVIEW**

The Charter will be reviewed regularly to ensure it meets best practice standards, complies with all governance principles of those stock exchanges on which it is listed and meets the requirements of Silex and the Board.