

Final 2017

BOARD CHARTER

SUNLAND GROUP LTD ACN 063 429 532

I. OVERVIEW

- I.1 The Sunland Group Ltd (Sunland or Company) Board is primarily responsible for ensuring that Sunland has an appropriate corporate governance structure to ensure the creation and protection of shareholder value.
- I.2 The Board is also responsible for ensuring the Sunland Group recognises its legal and other obligations to all legitimate stakeholders from time to time where and to the extent appropriate. “Stakeholders” are groups that are likely to feel a social, environmental or economic impact from Sunland’s actions. They include shareholders, employees, contractors, regulatory bodies and members of the communities where Sunland operates and are affected by Sunland’s activities.
- I.3 This Board Charter explains Sunland’s commitment to corporate governance and sets out the role, responsibilities and conduct of the Board. It is not an “all inclusive” document and should be read as an expression of principle.
- I.4 To the extent practicable, the Company endorses and seeks to follow the Australian Securities Exchange (ASX) Corporate Governance Council’s *Corporate Governance Principles and Recommendations* (the Principles).

2. COMPLIANCE AND GOVERNING MATERIALS

2.1 Constitution

Sunland’s Constitution is the Company’s key governance document. The Board must ensure that it and Sunland complies at all times with the provisions of the Constitution.

2.2 Compliance with Laws

As a public company listed on the ASX, Sunland must comply with the *Corporations Act*, the ASX Listing Rules (Listing Rules) as well as all other applicable laws and regulations, in Australia, and other jurisdictions in which the Company operates

2.3 Governance Materials

The operations and conduct of Sunland are administered in accordance with all governance materials approved by the Sunland Board from time to time, including but not limited to this Charter, various Committee charters and policies.

3. COMPOSITION OF THE BOARD

3.1 Number of Directors

- a. In accordance with the Constitution and the *Corporations Act*, the Board shall at all times have at least three and no more than ten Directors.
- b. The Board should consist of a majority of Non-Executive Directors.
- c. The Board size, diversity and composition is periodically determined and reviewed by the Board as a whole.

3.3 Appointment and Removal of Directors

Directors will be appointed and removed in accordance with the *Corporations Act* and the Constitution.

In selecting new Directors, the Board must ensure that the candidate has the appropriate range of skills, experience, diversity and expertise that will best complement Board effectiveness.

In addition, any candidate must confirm that they have the necessary time to devote to their position on the Board.

3.4 Nomination and Rotation of Directors

Nomination and rotation of Directors will be governed by the *Corporations Act*, the Listing Rules and the Constitution.

The procedure for the selection of candidates is to be carried out by the Board as a whole. The procedure is as follows:

- a. assess the competencies and skills required, having regard to the current and future business of Sunland;
- b. identify individuals with the competencies required by the Board, including engaging recruitment consultants to assist in the identification process, as required;
- c. develop a short list of candidates based upon competencies and ability to fit within the existing Board;
- d. conduct reference and other appropriate checks; and
- e. approve the most appropriate person from the short list to be invited by the Board to become a Director of Sunland.

3.5 Board Committees

Pursuant to the Sunland Constitution and to assist the Board in fulfilling its duties and responsibilities, the Board may delegate its powers to a committee or committees as it thinks fit, from time to time.

Any such committees established will have formal charters. With the exception of certain limited delegations contained in the committees' charters, recommendations of committees are to be referred to the Board for approval.

3.6 Independence

Independent Directors are those who have the ability to exercise their duties unfettered by any business or other relationships and are willing to express an objective opinion.

It is the approach and attitude of each Non-Executive Director which is critical to determining independence and this must be considered in relation to each Director. The factors relevant to assessing the independence of a director, as set out in the Principles (Box 2.3) are also taken into account.

Independence will be reviewed on a regular basis.

4. INFORMATION AND INDEPENDENT ADVICE

4.1 Due Diligence “Pack”

Prior to any formal offer, any potential director must be given sufficient information about Sunland as part of his/her personal due diligence. The information will extend to non-public information after the potential director has signed a confidentiality agreement and confirmed acceptance of their appointment.

4.2 Appointment Letter

Upon appointment, a new Director will be given a formal letter of appointment from the Chairman setting out the key terms, conditions and responsibilities of their position.

4.3 Induction Program

Upon appointment, the Managing Director/Company Secretary (as the case may be) is responsible for arranging for the new Director to undertake an induction program to enable them to gain an understanding of:

- a. Sunland's operations;
- b. the culture and values of Sunland;
- c. Sunland's financial, strategic, operational and risk management position;

- d. their rights, duties and responsibilities; and
- e. any other relevant information.

As part of this induction program, a new Director will meet with (including via technology) all incumbent Directors and senior executives (if this has not already taken place) to gain an understanding of the duties and responsibilities of the Director or manager within Sunland.

4.4 Ongoing Information

The Chairman, Managing Director, Chief Financial Officer and Company Secretary and any other executive officers must ensure that updated information is provided to the Board in a timely fashion to enable them to effectively discharge their duties as Directors. This may be part of, or in addition to, the periodic Board reporting process.

Directors are encouraged to engage in appropriate professional development opportunities in order to develop and maintain their skills and knowledge.

4.5 Requested Information

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he/she requires from any Sunland employee and all employees must comply with such requests.

Unless a conflict exists or to do so would be inconsistent with the Director's duties, the Director is to request such information via the Managing Director, or if unavailable, the Company Secretary.

4.6 Independent Advice

Any Director may take such independent legal, financial or other advice as they consider necessary at the reasonable expense of Sunland on any matter connected with the discharge of his or her responsibilities. Unless a conflict exists, any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice (and if a conflict exists, the Director should discuss the request with the Company Secretary). Any advice received by a Director should be circulated to the Board.

All Directors are entitled to free access to Board Papers, operational and financial information upon request. Access is also available to all levels of management as required or requested by directors. Directors are entitled to benefit from Directors and Officers Insurance at the Company's expense.

5. DUTIES AND RESPONSIBILITIES

- 5.1** The Board is responsible for setting Sunland's values and standards of conduct and ensuring that these are adhered to, in the interests of Sunland's stakeholders and, generally in safeguarding Sunland's reputation.
- 5.2** The Board is responsible for setting the strategic direction of Sunland and for the senior executives of Sunland, including:
- a. appointing the Chairman of the Company;
 - b. appointing, appraising and removal of the:
 - i. Managing Director;
 - ii. Chief Financial Officer; and
 - iii. Company Secretary;
 - c. develop succession plans for Board and key executives;
 - d. setting financial strategic objectives;
 - e. overseeing control and accountability systems;
 - f. reviewing and monitoring the Company's audit function;
 - g. approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders;
 - h. reviewing the declaration signed by the Managing Director and Chief Financial Officer (or equivalent) required by section 295A of the Corporations Act and the statement requirement by Recommendation 4.2 of the ASX Principles & Recommendations for the Periodic Reports of Sunland;
 - i. inputting into and final approval of corporate strategy;
 - j. evaluating and approving the operating budgets and business plans and holding management accountable for delivery of same;
 - k. evaluating, approving and monitoring the progress of major capital and operating expenditure, capital management and all major corporate transactions;
 - l. monitoring compliance with all legal and regulatory and ethical obligations;
 - m. considering diversity related matters for both the Board and management, including formulating a Diversity Policy and, if thought applicable, setting and reviewing progress against measurable objectives for achieving gender diversity;

- n. approving the remuneration framework for Non-Executive Directors and Executive Directors; and
- o. approving employment terms and conditions for Non-Executive Directors and where appropriate senior executives.

5.3 The Chairman, who is also an Executive, utilises his vast industry experience and knowledge of the Company in contributing to the strategic direction of the business. There is a clear distinction of duties between the Managing Director and the Chairman. The Managing Director and the Senior Management Team manage the Company in accordance with the direction and delegations of the Board. It is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. The Board shall approve all delegations of authority.

Role of the Chairman

The Chairman of the Board is responsible for:

- a. leadership of the Board;
- b. developing and maintaining key strategic relationships;
- c. working with the Managing Director to ensure a productive relationship between the Board and management;
- d. overseeing the Board in the effective discharge of its supervisory role;
- e. the efficient organisation and conduct of the Board's function and meetings;
- f. facilitating the effective contribution of all Directors;
- g. briefing all Directors in relation to issues arising at meetings;
- h. the promotion of constructive and respectful relations between Directors; and
- i. committing the time necessary to discharge effectively his role as Chairman.

Should the Chairman of the Board be absent from a meeting, the Directors present must resolve which Director should act as chairman of that meeting.

Role of the Managing Director

The Managing Director is responsible to the Board for the overall management and performance of Sunland. The Managing Director should manage the Company in accordance with the strategy, plans, practices and policies approved by the Board to achieve the agreed objectives. In particular, the Managing Director's responsibilities include:

- a. managing the day-to-day operations of the Company;

- b. being the conduit through which the Board is provided sufficient and relevant information to act effectively;
- c. providing leadership to Sunland and acting as the Company's interface with its operating environment and the general business and investment community;
- d. taking action to implement the corporate strategy of Sunland, including being active in identifying new initiatives for consideration;
- e. ensuring policies are complied with; referring all matters outside of the Managing Director's delegation to the Board for approval;
- f. establishing criteria for and monitoring performance of management and staff;
- g. the employment, supervision and the setting terms and conditions of human resources; and
- h. other responsibilities as delegated by the Board from time to time.

All Directors will have access to the Managing Director.

5.4 In discharging his/her duties, each Director must:

- a. exercise care and diligence;
- b. act honestly and in good faith in the best interests of the Company as a whole;
- c. not improperly use his/her position or misuse information of the Company;
- d. disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the Director becomes aware and which the Director reasonably believes may compromise the reputation or performance of the Company; and
- e. commit the time necessary to discharge effectively his/her role as a Director.

5.5 All Directors are entitled to be heard at all meetings and to the extent practicable, should bring an objective and independent judgement to bear in decision-making.

6.0 COMPANY SECRETARY

6.1 All Directors have access to the Company Secretary, who is accountable to the Board, through the Chairman, on all governance matters.

7. MEETINGS

7.1 The Board will meet as frequently as required to manage the business and deal with urgent matters which might arise between the scheduled meetings.

- 7.2** A meeting of the Board will usually be convened by the Chairman, although under Sunland's Constitution, a meeting may be called by any Director.
- 7.3** All Directors are expected to diligently prepare for, attend, and participate in all Board meetings. A quorum of Directors under Sunland's Constitution is two.
- 7.4** Meetings of the Board may be held or participated in by teleconference/videoconference or similar means. Resolutions of the Board may be passed by circular resolution or in writing in accordance with Sunland's Constitution.
- 7.5** The Chairman in conjunction with the Managing Director should ensure the availability and, if necessary, the attendance at the relevant meeting, of any member of the senior executives responsible for a matter included as an agenda item at the relevant meeting.
- 7.6** The external auditor should meet with the Board (or the appropriate delegate of the Board) at the time the Board considers approving Sunland's half-yearly and annual accounts.

8. DIRECTOR SHARE TRADING

The Company's Securities Trading Policy imposes restrictions on the trading of shares by Directors and others with undisclosed material price sensitive information. All Directors must comply with that Policy.

9. CORPORATE GOVERNANCE

- 9.1** The Board is responsible for the adoption, oversight and administration of the Company's corporate governance materials.
- 9.2** The Corporate Governance Statement will be published in the Annual Report and on the website and will contain the content required by the Principles.
- 9.3** As part of an effective communications strategy, the Company will maintain and keep current its Corporate Governance website.

10. PERFORMANCE

To determine whether it is functioning effectively, the Board shall:

- a. review this Charter annually/ as required; and
- b. undertake an evaluation of its performance at intervals considered appropriate by the Chairman of the Board.