

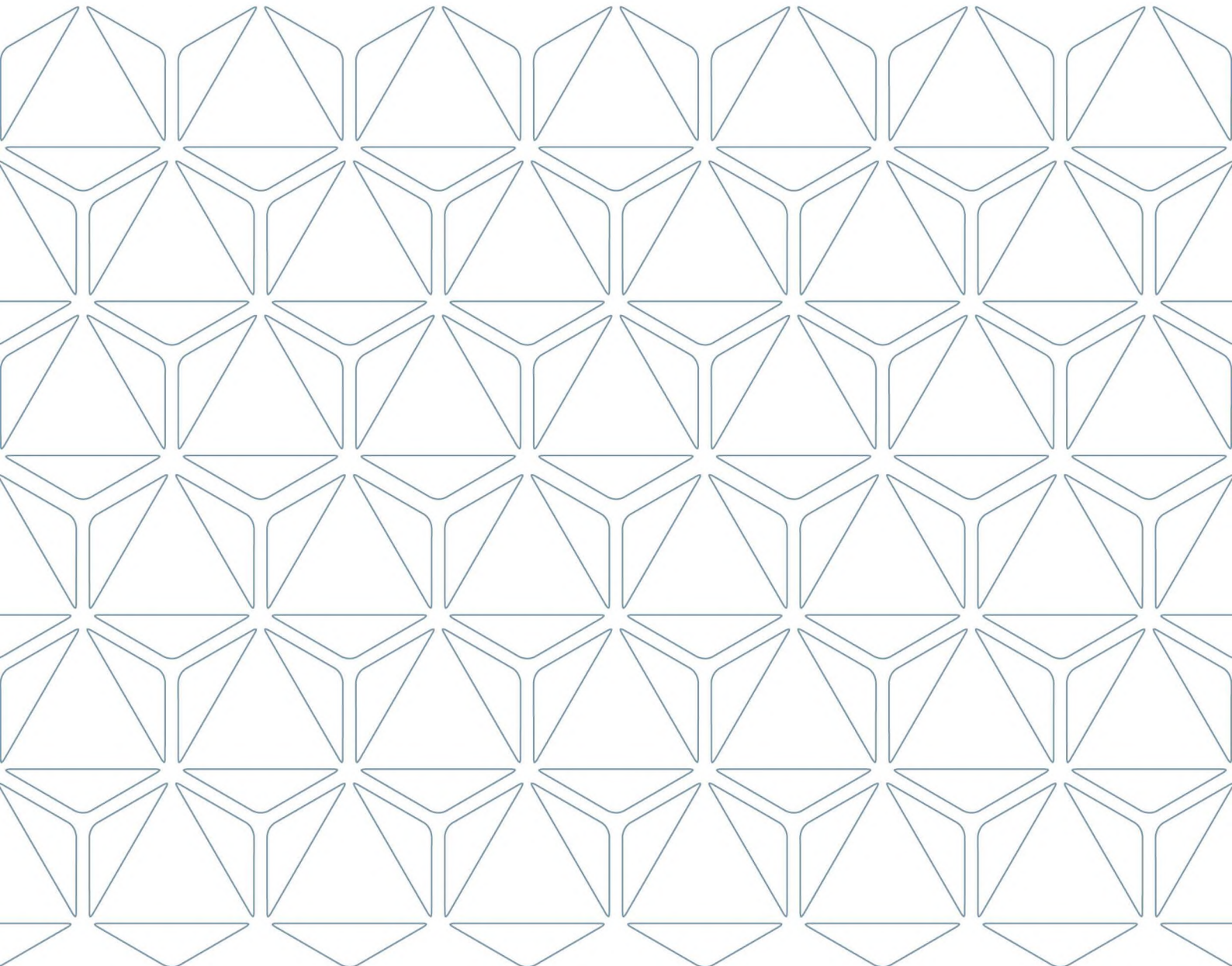
# Praemium Limited Board Charter



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## 1. Background

- 1.1. Praemium Limited (Praemium, the Company) values good governance and recognises the benefits for all stakeholders of ensuring that its Board comprises members with diverse and appropriate skills and experiences and that it conducts itself in accordance with best practices in the context of the particular requirements of the group.

## 2. The Role and Responsibility of the Board and Management

- 2.1. The Corporations Act states that the Board of directors ("Board") of the Company has the ultimate responsibility for all matters relating to the running of the Company.
- 2.2. The Board's role is to govern the Company. It is senior management's role to manage the Company in accordance with the strategic goals set by the Board and under the direction of the Chief Executive Officer ("CEO"). The senior executive team reports to the CEO. The CEO reports to the Board.
- 2.3. The Board is responsible for and should determine all matters relating to policy and practice.
- 2.4. The Board is responsible for ensuring the Company is well-managed and that its operations are successful. It must do all things necessary to ensure that the Company meets its objectives as set out in the Company's Constitution.
- 2.5. Without limiting the generality of the Board's role, the key responsibilities of the Board include:
  - » Providing leadership and approving strategic goals;
  - » Providing strategic direction;
  - » Approving the Company's statement of values and code of conduct;
  - » Appointing and removing the CEO;
  - » Reviewing the performance of the CEO;
  - » Appointing the Chair;
  - » Appointing and removing the Company Secretary;
  - » Appointing and determining the powers and functions of any Board sub-committees;
  - » Overseeing management's implementation and performance of the strategic goals;
  - » Overseeing the integrity of the Company's accounting and corporate reporting systems (including external audit);
  - » Overseeing the Company's process for making timely and balanced disclosure;
  - » Acting as an interface between the Company and its members;
  - » Approving the annual budget and any long-term budget;
  - » Approving all items of expenditure materially in excess of agreed budgets;
  - » Ensuring that the Group has a sound system of risk oversight and management and effective internal control;
  - » Determining policies governing the operations;
  - » Approving the Company's remuneration framework;
  - » Approving major operational plans;
  - » Conducting an annual review of the Board's own performance;
  - » Conducting an annual review of the Company in meeting its objectives;
  - » Whenever required, challenging Senior Management and holding them to account; and,
  - » Monitoring the effectiveness of the Company's governance practices.
- 2.6. Senior Management's key responsibilities include:
  - » Recommending corporate strategies, the annual budget and financial plans for Board approval;
  - » Implementing the strategic goals set by the Board;
  - » The day to day running of the Company; and,

- » Providing accurate, timely and clear information to the Board, including with regard to the financial performance of the Company, the Company's compliance with material legal regulatory requirements and any conduct materially inconsistent with the Company's code of conduct or values.

### 3. Board Structure

#### Size

- 3.1. The Company's Constitution requires that there be not less than 3 or more than 7 directors. The Board will normally consist of 5 members, including the Managing Director, with the majority of whom shall be independent non-executive directors.

#### Independence

- 3.2. An independent director is one who is not a previous executive, is not involved in material contracts with the Company and is not an adviser to the Company for fees or some benefit.
- 3.3. In determining whether a director has a relationship that affects their independent status the Board will consider whether the director:
- » Is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
  - » Is employed, or has previously 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;
  - » Has within the last three years been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided;
  - » Is a material supplier or customer of the company or another group member, or an officer or otherwise associated directly or indirectly with a material supplier or customer;
  - » Has a material contractual relationship with the Company or another group member other than as a director; and,
  - » Any such other matter as may be recommended by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations from time to time.

#### Skills

- 3.4. The skills and experience required by the Board are in the areas of:
- » Financial markets and related services, including financial planning, stock broking, investment banking, funds management and administration services;
  - » Financial & investment products;
  - » Accounting and finance;
  - » Legal;
  - » Technology development and implementation;
  - » Business;
  - » Risk Analysis;
  - » Business management and growth; and,
  - » Human resources and people management.
- 3.5. Directors will also be well respected members of the networks and communities in which the Group seeks to operate, and have solid relationships with current and potential customers, suppliers, investors, staff and other key stakeholders.

#### Appointing Directors

- 3.6. The Board will arrange for appropriate checks to be undertaken before appointing a new director. These checks will include a person's character, education, experience, criminal record and bankruptcy history.

The Board will provide information to the shareholders to determine whether to elect or re-elect a candidate. The information will include:

- » Biographical details such as their relevant qualification and experience and the skills they bring to the Board; and,
- » Details of any other directorship held by the candidate.

If the candidate is standing for election for the first time, the Board will provide the following information to shareholders:

- » Any adverse information revealed by the checks;
- » Any interest, position or association that may influence the candidate to bring an independent judgement to issues before the Board; and,
- » If the Board considers that the candidate will qualify as an independent director.

If the candidate is standing for re-election, then the Board will provide the following information to shareholders:

- » The term served by the director;
- » Whether the Board considers that the director will be an independent director; and,
- » Whether the Board supports the re-election.

### **Terms of Office**

- 3.7. The term of appointment for each director who is not an executive of the Company shall be the period commencing on appointment and expiring when the director is next required to stand for election by the shareholders or a period of 3 years whichever is the lesser. At each AGM of the Company, subject to ASX Listing Rule 14.4, at least one director must retire from office, excluding 1) a director who is a managing director; and 2) a director appointed by the directors under rule 9.1 (b) of the Company's Constitution and is standing for election.

### **Casual Vacancies**

- 3.8. If a casual vacancy occurs during the year, the Board, if it considers that the vacancy requires filling, should endeavour to ensure that the skills referred to above is addressed in filling that casual vacancy, and, once the vacancy is filled, that the new appointee has the similar skills and experience as the departed director or, if the Board considers that the requirements of the group have changed, such other blend of skills and experience as the Board considers appropriate.

### **Each Director will receive a "Director's Kit"**

- 3.9. Each director will receive a 'Director's Kit' and a letter of appointment at the time they are asked to join the Board.
- 3.10. The Director's Kit will contain a copy of the following documents:
- » Induction Checklist outlining documents for execution and ASX disclosures upon appointment;
  - » The Company's Constitution and Board Charter;
  - » ASX Corporate Governance Principles and key governance policies;
  - » Schedule of insurance; and,
  - » Other relevant company administration (i.e. contact listing, org chart).
- 3.11. The formal letter of appointment will contain details of:
- » Terms of appointment;
  - » Directors Powers and expectations of the Board;
  - » Consent to Act;
  - » Requirement to comply with key Praemium policies;
  - » Notifiable Interests Agreement; and,
  - » Deed of Access Indemnity and Insurance.
- 3.12. At the discretion of the Chairman, and subject to acceptable confidentiality undertakings, prospective appointees may be invited to observe the conduct of Board meetings.

## 4. The Board must recognise and manage Risk

- 4.1. The Board must ensure that the Group has established a sound system of risk oversight and management and internal control. In doing so, the Board acknowledges that risk management policies must reflect the Company's risk profile and must clearly describe all elements of the risk management and internal control systems and an audit function.
- 4.2. The Board must ensure that a summary of the Group's policies for the management of material business risks are incorporated into its annual reporting to members.
- 4.3. The Board has established a Risk Assessment Committee for the purpose of assisting it in discharging the duty to recognise and manage Risk. That Committee has a formal charter.

## 5. The Board must safeguard integrity in Financial Reporting

- 5.1. The Board must ensure that the Group has a structure to verify and safeguard the integrity of its financial reporting. The Board has established an Audit & Compliance Committee to assist it in the performance of its obligation. That Audit & Compliance Committee has a formal charter.

## 6. Director's Code of Conduct

- 6.1. The Corporations Act requires that directors must act in the "best interests of the corporation". Directors must ensure that they act in the best interests of all members.
- 6.2. Directors are expected to comply with the spirit, as well as the letter, of the law and this Charter. Directors should also be aware of, and act consistently with, the recommendations made by the ASX Corporate Governance Council from time to time in respect to roles of Directors.
- 6.3. Directors will ensure that in fulfilling their duties they:
  - » Remain committed to the Praemium Group Code of Conduct;
  - » Fulfil their fiduciary duties to the Company and the Group;
  - » Act at all times for the benefit of the Company and the Group;
  - » Act with skill, care and diligence; » Demonstrate commercial judgment and reasonableness in their decisions;
  - » Discharge their duties in good faith and honestly;
  - » Do not allow personal interests to conflict with those of the Company or the Group;
  - » Do not allow the interests of their associates to conflict with those of the Company or the Group;
  - » Do not engage in conduct likely to discredit the Company or any of its subsidiaries or other ventures;
  - » Do not make improper use of information gained as a director;
  - » Give of their expertise generously to the Company and the Group;
  - » Make appropriate enquiries to ensure the Company is operating efficiently and legally to achieve its goals;
  - » Undertake diligent analysis of all proposals placed before the Board;
  - » Use the powers of their office for a proper purpose;
  - » Undertake their responsibilities as a Board to deliver shareholders value;
  - » Be cognizant of the needs and aspirations of the larger stakeholder group impacted by the Company and its activities, including, but not limited to its staff, investors, clients, suppliers and the financial services community generally; and,
  - » Act diligently to ensure that the Company's financial reporting and compliance with the continuous disclosure requirements of the ASX Listing rules is undertaken with transparency and integrity.

## 7. The role of the Chairman

- 7.1. The Chairman plays a key role in the Company. The Chairman is responsible for leading the Board and should use skills and leadership abilities to ensure that the Board is effective and observes sound governance principles.
- 7.2. The Chairman must be an independent non-executive director.
- 7.3. The role of the Chairman and the chief executive officer should not be exercised by the same individual.
- 7.4. In particular the Chairman will:
  - » Chair all Board meetings (with the exception of any item in respect of which there is potential for a material personal conflict);
  - » Establish the agenda for Board meetings in consultation with the CEO and Company Secretary;
  - » Facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between the Board and management;
  - » Chair all members' meetings (with the exception of any item in respect of which there is potential for a material personal conflict);
  - » Be the spokesperson at the AGM, in a way that supports role of the CEO in reporting on operational and public relation matters;
  - » Be a significant point of contact between the Board and the CEO;
  - » Provide mentoring for the CEO;
  - » Chair the CEO performance review process;
  - » Commence the annual process of Board and director evaluation; and
  - » Otherwise conduct themselves in accordance with the recommendations made by the ASX Corporate Governance Council from time to time in respect to the role of the Chair.

## 8. The CEO

- 8.1. The CEO is responsible for the ongoing management of the Group in accordance with the strategy, policies and programs approved by the Board. They shall manage the Group to achieve the goals agreed and endorsed by the Board.
- 8.2. The CEO should:
  - » Develop with the Board and the boards of each of the subsidiary groups a consensus for the Group's direction;
  - » Construct senior management programs to implement this direction;
  - » Appoint and manage the senior executive team;
  - » Conduct annual staff performance reviews and appraisals;
  - » Ensure a safe work place;
  - » Develop a culture of compliance;
  - » Keep the Board informed, at an appropriate level, of all activities of the Group;
  - » Act at all times with the utmost integrity and with the highest degree of ethics and ensure that all staff do likewise;
  - » Provide strong leadership;
  - » Encourage cooperation and teamwork;
  - » Build and maintain staff morale at a high level;
  - » Build and maintain loyalty to the Company; and
  - » Demonstrate the Company's loyalty to staff.

## 9. The Company Secretary

- 9.1. The Company Secretary will be appointed by the Board. The Company Secretary will be accountable directly to the Board on all matters concerning the proper functioning of the Board.

9.2. The role of the Company Secretary includes:

- » Preparing and circulating the Board papers and minutes;
- » Advising the Board on governance matters;
- » Monitoring that Board and committee policy and procedures are followed;
- » Organising the induction and facilitating the professional development of directors;
- » Ensuring that board meetings and committee meetings are accurately captured in the minutes; and,
- » Timely completion and despatch of Board papers.

## 10. Board Meetings

### Meetings, Agendas and Board papers

10.1. The Board meetings and agenda are fundamental to good governance. If the CEO is not a director, they must attend all Board meetings. The Board meetings are critical as they are the main opportunity for directors to:

- » obtain and exchange information with the CEO and other management who may be present;
- » obtain and exchange information with each other; and,
- » make decisions.

### Agenda

10.2. The agenda is important as it shapes the information flow and subsequent discussion.

### Regular items for consideration

10.3. In addition to the business of the meeting, management shall be required to report on the following matters:

- » the material business risks facing the Group and its operations and whether such risks are being managed effectively;
- » the extent to which Group members are actively complying with the requirements of legislation applicable to the operations of that member in the jurisdictions in which it operates or intends to operate; and,
- » the financial performance of the Group and performance against budget.

### Board Papers

10.4. Board papers should be presented to the directors in good time and contain all relevant information in an easy to read and understandable form to enable the Board to make informed decisions.

### Conduct of meetings

10.5. Directors will act in a manner to enable the conduct of meetings to be informed, productive and result-orientated. To this end they will:

- » accord other directors and their views respect;
- » act in a business-like manner;
- » act in accordance with the Constitution;
- » address issues in a confident and firm, yet friendly manner;
- » minimise chatter and irrelevant remarks;
- » refrain from interruption or interjection; and,
- » use good judgment, common sense and tact when discussing issues.

### Meeting frequency and time

10.6. The Board will meet at least ten times each calendar year. The Chairman and Company Secretary should present a calendar of Board meeting dates for each year in January of such year. In so far as possible all meetings should be physical meetings. It may, however, be necessary to meet by teleconference, electronically or pass resolutions by circular resolution.

## **Reports**

10.7. If a Board Committee has met since the last Board meeting, the draft minutes of that Committee meeting should be included with the Board papers for noting by the Board. A Committee may put forward any matters or recommendations it wishes for consideration by the Board.

## **Minutes**

10.8. Draft minutes should be circulated shortly after the Board meeting for consideration by the Chairman and available for review if requested by the other Directors within a week of each meeting. Approval of the minutes of the previous meeting shall be an agenda item at each Board meeting, which may only be held over with the consent of the Chairman.

## **11. Access to Board papers**

11.1. A complete set of Board papers of the Company is held by the Secretary on behalf of each director (individually) for a period of at least seven years. Directors are entitled to access the papers and any other relevant records of the Company for the period when they were directors even if they have ceased to be a director.

11.2. All Directors shall also have access to information held on the Share Registrar via secure online portal maintained by the Share Registry.

11.3. The Company executes a Deed of Access, Indemnity and Insurance in favour of each director individually. Pursuant to that Deed, Directors have an ongoing right of access to papers following the cessation of their appointment.

## **12. Respect the rights of shareholders**

12.1. The Board recognises and respects the rights of shareholders and must facilitate the effective exercise of those rights.

12.2. The Board must ensure that the Company's shareholders are empowered by:

- » ensuring that the Company communicates effectively with shareholders;
- » ensuring that the Company gives them ready access to balanced and understandable information about the Company, its activities and its proposals;
- » ensuring that general meetings are conducted in a manner that is convenient for its general body of shareholders, allowing reasonable opportunity for informed shareholder participation; and,
- » encouraging the use of electronic communications between the Company and its shareholders.

## **13. Director Protection**

13.1. As a general rule, a director is entitled to information concerning the Company and to be protected against the specific risks of being a director. The following measures of director protection will apply.

### **Protocol for seeking information**

13.2. When seeking information, a director should follow this protocol:

- » In the first instance, request the Company Secretary or the CEO to provide the information;
- » If the information is not forthcoming, approach the Chairman;
- » If it is still not forthcoming communicate by email or letter to all Board members and the CEO, detailing the information required and the purpose for seeking the information; and,
- » If the matter remains unresolved, consult a solicitor to employ the provisions of the Corporations Act.

### **Indemnity**

13.3. The Company indemnifies the director to the full extent permitted by law and in particular subject to the Corporations Act.

13.4. The Company executes a Deed of Access, Indemnity and Insurance in favour of each director individually.

#### **Insurance**

13.5. The Company will maintain Directors' and Officers' Liability Insurance and provide each director with a copy of the policy. It will maintain each director's insurance for a period of seven years from the date on which each director ceases to be a director.

13.6. The Company executes a Deed of Access, Indemnity and Insurance in favour of each director individually.

#### **Specialist advice**

13.7. The Company will reimburse a director for independent specialist advice which the director obtains relating to their duties and obligations as a director of the Company on the following basis:

- » The Company has not already received specialist advice on the point on which the director wishes to seek advice or, if it has, the Company has not made such advice available to the director; and,
- » The director first obtains the Chairman's approval to seek such advice and failing receipt of the Chairman's approval, the approval of the Board.

## **14. Board Evaluation**

14.1. It is the Company's policy to develop each director and the Board as a whole. Each year the Board will conduct an evaluation of its performance with a view to providing best practice governance and delivering the performance of an effective Board. The Board will disclose, in relation to each reporting period, whether a performance evaluation was undertaken. The findings of the Board review must be tabled at the first Board meeting after the review.

14.2. The review can be:

- » formal or informal;
- » of the Board as a whole or the Board and its Committees;
- » may be of individual directors;
- » administered by the Chairman, self-administered or by an independent external expert; and,
- » qualitative or quantitative or a mixture of both.

## **15. Senior Management Evaluation**

15.1. The Company will also conduct yearly evaluations of senior management's performances. The Board will disclose, in relation to each reporting period, whether a performance evaluation was undertaken.

## **16. Remuneration**

16.1. The Company must ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. The Board has established a Remuneration Committee for this purpose. That Committee has a formal charter.

## **17. Changes or New Policies and Processes**

17.1. Any changes to or new policies or processes of the Board shall be incorporated into this Board Charter.

## **18. Sources**

18.1. In preparing this Charter, the Board has made reference to:

- » The Corporations Act and Australian Law;
- » The laws of the jurisdictions in which its business operates;
- » The ASX Listing Rules and ASX Corporate Governance Council's Corporate Governance & Principles; and,

- » Various publications made by groups and associations including the Australian Institute of Company Directors and Chartered Secretaries Australia together with academic writings in respect to matters relevant to corporate governance.