

Board Charter

Charter: Board Charter

1. Purpose

The purpose of this Board Charter is to define the role and responsibilities of the Board, promote high standards of corporate governance and enable the Board to provide strategic guidance and effective management oversight of Pental Limited (“Pental”).

2. Corporate Governance Guidelines

The responsibilities identified here are to be carried out consistently with the principles stated in the company’s Guide to Corporate Governance and the company’s Code of Business Conduct and Ethics.

3. Composition of Board

3.1 Non-Executive Majority

The Board will be comprised of a majority of non-executive directors. In the event that vacancies or appointments occur whereby the number of non-executive directors becomes fewer than executive directors, the continuing Directors may act, but must expeditiously appoint a sufficient number of non-executive directors to comply with this clause.

3.2 Assessment of Independence of Directors

The Board will undertake an annual review to determine the independence of directors in accordance with the ASX Corporate Governance Council criteria on Assessing and Disclosing Independence of Directors. The results of the assessment will be disclosed in the Company’s annual report in accordance with the policy.

3.3 Selection of Directors

The Board as a whole acts to oversee the continuing assessment of the Board’s needs and skills requirements and the corresponding nomination and selection processes.

3.4 Appointment of Directors

Appointment of Directors is reserved for the Board, subject to the rights of shareholders to appoint and approve directors

3.5 Director's Agreement

Each Director to be appointed to the Board shall first receive a written statement which sets out the terms and conditions of their appointment.

The Director's appointment shall not become effective until such time as the Company is in receipt of the executed Director's Agreement, a Consent To Act and other regulatory forms, which may be required.

3.6 Continuing Education

The Board may develop and monitor programs to provide directors with opportunities for continuing development. The objectives of such programs shall be to ensure that directors are kept up to date with:

- (a) industry developments relevant to operations both locally and globally;
- (b) changes in regulatory and compliance issues; and
- (c) Best Practice methodologies in Corporate Governance.

4. Company Secretary

4.1 Appointment

The Directors may appoint any person to be the Secretary of the Company for a term and at remuneration and on conditions determined by them. Subject to the terms of the Secretary's employment contract, the directors may, suspend, remove or dismiss the secretary.

4.2 Attendance at Meetings

The secretary is entitled to attend and be heard on any matter at all directors' and general meetings.

4.3 Duties

The duties of the secretary are to ensure compliance with the statutory and internal obligations of the company, including under the Constitution, the Corporations Act and ASX Listing Rules. They include:

- awareness of regulations and best practice concerning arranging, attending and minuting meetings of boards and shareholders, including the Annual General Meeting;
- notification to ASX and ASIC within deadlines for statutory filings and returns;

- awareness of obligations of the company in relation to maintenance of books and records, e.g. minutes, financial records and statutory registers;
- regular requests to the directors to review their standing interests;
- providing any changes to the directors in papers submitted to the Board meetings;
- maintaining a register of interests declared by directors; and
- assisting directors with administrative matters.

4.4 Access to Company Secretary

All directors shall have access to the Company Secretary.

5. Meetings

5.1 Convening Meetings

The constitution provides that a Director may at any time, and a Secretary must on the request of a Director, convene a meeting of the Directors on giving reasonable notice individually to every other Director.

5.2 Notice of Meetings

Notice of every meeting of Directors must be given to each Director, whether in Australia or not. Such notice shall be in written form and may be by electronic means or otherwise and shall:

- (a) set out the place, the date and the time of meeting (and, if the meeting is to be held in two or more places, the technology that will be used to facilitate this);
- (b) state the general nature of the business to be transacted at the meeting; and
- (c) if a resolution is to be proposed at the meeting, set out an intention to propose the resolution and state the resolution.

5.3 Frequency

The board shall meet as often as deemed necessary by the directors in order to fulfill their duties and responsibilities as directors and as dictated by the needs of the business. It is expected that under normal circumstances the board will meet at least once each month and that an annual schedule of meetings will be provided to directors in advance.

5.4 Quorum

A quorum shall consist of two directors, provided that all directors have been given reasonable notice of and opportunity to attend the meeting.

6. Duties and Responsibilities of the Board

6.1 Directors to Manage and Exercise Powers of Company

The Constitution of Pental provides that, subject to the Corporations Act and the Listing Rules, the business of the Company is to be managed by the Directors who may exercise all powers of the Company, as are not required to be exercised by the Company in general meeting.

6.2 Principles for Directors

In the course of exercising their powers and carrying out their duties and responsibilities, directors must conduct themselves in accordance with the law and in particular so as to ensure that they comply with each of the following principles.

- Directors act in the best interests of Pental as a whole and with honesty and in good faith.
- Directors use care and diligence when carrying out their duties as directors and act in a way that recognise that their primary duty is to the shareholders of Pental whilst appropriately taking into account the interests of other stakeholders.
- Directors do not make improper use of their position as directors or of information obtained from their position.
- Directors do not allow any personal interests or the interests of any associate or related party to interfere with their duties to Pental.
- Directors do not engage in conduct that is likely to attract undue negative publicity to Pental or is likely to damage the company's reputation.
- Each individual director takes on an ongoing responsibility to exercise sound rational judgment and independence of mind and to take all reasonable steps to make proper enquiries when making decisions on behalf of Pental.
- Directors recognise and respect the confidential nature of information to which they are privy to in the course of exercising their duties and agree to honour the confidentiality of that information.
- Consistent with these principles, directors seek to ensure that Pental operates ethically, safely and profitably in the interests of all stakeholders.

6.3 Responsibilities of the Board

The key responsibilities of the Board are set out below:

- Oversight of the business and affairs of Pental.
- Establishment of control and accountability systems.

- Establishment with management of a strategic direction, supporting strategies and operating performance objectives.
- Monitoring the performance of management in accordance with agreed strategies and objectives.
- Appointing the Chief Executive Officer.
- Ratifying the appointment of the Chief Finance Officer.
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance.
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestments.
- Ensuring the company acts legally and responsibly on all matters.
- Ensuring that appropriate ethical standards are maintained.
- Approving and monitoring proper and timely financial and governance reporting.

7. Board Committees

7.1 Delegation of Powers to Committee

The Board may delegate any of its powers, duties and responsibilities to one or more committees of the board. A delegation of a power, or a specified class of powers, may be made either generally or as otherwise provided by the terms of delegation.

7.2 Committee Charter

All board committees will have a Charter approved by the board setting out the composition, duties and responsibilities of that committee.

7.3 Committee Meetings

Minutes of the proceedings of all meetings of board committees shall be maintained and copies of those minutes will be distributed to all directors at the next meeting of the board following the board committee meeting.

7.4 Composition of Audit Committee

The Audit Committee shall be structured so that it consists of:

- (a) only non-executive directors;
- (b) a majority of independent directors;

- (c) an independent chairperson, who is not chairperson of the board; and
- (d) at least two members.

8. Independent Advice, Outside Consultants and Advisors

The Board may retain, at the Company's expense, outside consultants or advisors to advise the Board independently on any matter. The Board shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to review a consultant's or advisor's fees and other retention terms.

Any director individually may seek, at the company's expense, such independent professional advice as is considered necessary to fulfill their relevant duties and responsibilities.

Individual board members seeking such advice must obtain the prior approval of the chairman, which may not be unreasonably withheld, and the advice will be made available to all board members as appropriate.

9. Delegations

9.1 Matters Delegated to Management

The Board shall develop and document a comprehensive set of Management Delegations to allow management to carry on the business of the Company.

9.2 Annual Review of Management Delegations

The Audit Committee shall review the Management Delegations no less than annually to determine their adequacy and appropriateness and recommend changes to the Board.

9.3 Matters Explicitly Reserved for the Board

Not with standing the above, certain matters are explicitly reserved for the Board including, but not limited to, the following:

- (a) Issuance of securities in the Company
- (b) Appointment or removal of auditors, subject to shareholder confirmation at the next Annual General Meeting
- (c) Authorising the auditor's scope of work beyond normal statutory requirements
- (d) Authorising significant accounting policy changes
- (e) Authorising the format of reports to be prepared for the Board

- (f) Approving the Chief Executive Officers terms and conditions of employment
- (g) Approving annual Budgets
- (h) Approving Business and Strategic Plans
- (i) Creating or liquidating subsidiaries
- (j) Appointment or removal of directors of subsidiaries
- (k) Approval of banking lines and borrowings
- (l) Annual Capital expenditure and Capital expenditure in line with delegated authority limits
- (m) Approval of Salary adjustments for the Chief Executive Officer.

10. Access to Information

10.1 Board papers

Directors shall be provided Management and Financial Reports relevant to the Agenda in the Notice Of Meeting in sufficient time to allow Directors to review and assess the content of the reports and to formulate any queries. Management shall provide responses to queries in a reasonable and timely fashion to the satisfaction of the Directors.

10.2 Access to Additional Information

Directors shall have access to any and all information in the possession of the company deemed necessary to fulfil the Director's duties and obligations.

10.3 Direct Access to First Hand Knowledge

Directors have the prerogative to seek information directly from relevant members of management who have firsthand knowledge of a particular topic. Directors shall have regard for the day-to-day duties of management and shall take care to avoid causing any unnecessary conflict or disruption to the performance of their duties.

11. Review of Board Charter

The Board shall assess the adequacy of this Charter annually and shall make any changes deemed necessary or appropriate.

12. Corporate Governance Disclosures

In accordance with its Guide to Corporate Governance, the Company will disclose in its annual report, its achievements against each of the respective Best Practice Recommendations, as set out in Schedule 10.

13. Non-Exhaustive List

The foregoing list is not exhaustive, and the Board may, in addition, perform such other functions as may be necessary or appropriate in the circumstances for the performance of its responsibilities.

14. Approved and adopted

Revised version approved by the Board on 28 March 2013.