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# OFX Group Limited

## Board Charter

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**Author:** Company Secretary  
**Reviewed by:** OFX Group Limited Board

# OFX GROUP LIMITED (the COMPANY)

## BOARD CHARTER

### Purpose of Charter

1. The Board Charter (**Charter**) sets out the authority, roles and responsibilities, membership, delegations of authority and operation of the board of the Company (**Board**).
2. The Board is responsible for the effective management and operation of the Company and has developed principles relating to:
  - the role and responsibilities of the Board;
  - those authorities which may be delegated to committees of the Board;
  - delegations of authority to the Chief Executive Officer, Managing Director and management;
  - powers reserved specifically for the Board; and
  - Board composition and processes.
3. This Charter will be reviewed at least annually and be made available on the Company's website.

### Roles and Responsibilities of the Board

4. The Board is responsible for the overall operation and stewardship of the Company and, in particular, for the long-term growth and profitability of the Company, the purpose, values strategies, policies and financial objectives of the Company, and for monitoring the implementation of the purpose and those values, policies, strategies and financial objectives, including the responsibilities set out below.
5. In performing the responsibilities set out below, the Board should act at all times in a manner that demonstrates leadership and is 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 Constitution and by law.
6. The Board's key responsibilities are:
7. **Purpose and values**
  - Defining the Company's purpose;
  - Providing input into, reviewing and approving the Company's statement of values and code of conduct to underpin the desired culture within the Company;
  - Reviewing and overseeing management's instilling of the Company's values;
8. **Strategy:**
  - Providing input into, reviewing and approving the Company's strategic direction, budgets and financial plans;
  - Directing, monitoring and assessing the Company's performance against strategic and business plans, to determine if appropriate resources are available;
  - Approving and monitoring capital management and major capital expenditure, acquisitions and divestments;
  - Approving capital distributions to shareholders, issue of equity and equity-like instruments;

9. **Risk management/reporting:**

- Overseeing the process for identifying significant risks of the Company's business (including both financial and non-financial risks) and satisfying itself that adequate controls, monitoring and reporting mechanisms are established;
- Setting the risk appetite within which management is to operate;
- Reviewing and overseeing the Company's systems of internal compliance and control, risk management and legal compliance, to determine the integrity and effectiveness of those systems;
- Overseeing the integrity of the Company's accounting and corporate reporting systems, including external audit;
- Approving and monitoring internal and external financial and other reporting, including timely and balanced reporting to shareholders, the ASX and other stakeholders;

10. **Budgets**

- Reviewing and approving operating budgets and major capital expenditure;

11. **Board and Management**

- Appointment and removal of the Chair, Chief Executive Officer and/or Managing Director, Chief Financial Officer and the Company Secretary;
- Appointment of Directors to fill a casual vacancy or as additional Directors;
- Ratifying the appointment and removal of senior executives (which includes all executives who report directly to the Managing Director);
- With the assistance of the Remuneration and Nomination Committee, ensuring that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- With the assistance of the Remuneration and Nomination Committee, determining the appropriateness of the remuneration and conditions of service of Directors and senior executives,;
- With the assistance of the Remuneration and Nomination Committee, establishing and monitoring Board and executive succession planning;
- Monitoring the Chief Executive Officer and/or Managing Director and senior executive performance and implementation of the Board approved Company strategy;
- Setting specific limits of authority for management;
- Ensuring that an appropriate framework exists for relevant information to be reported by management to the Board;
- Whenever required, challenging management and holding it to account;
- With the assistance of the Remuneration and Nomination Committee, approving criteria for assessing the performance of senior executives and monitoring and evaluating their performance;

12. **Corporate Governance**

- Ensuring ethical behaviour and compliance with the Company's own governing documents, including but not limited to the Company's Code of Conduct, Diversity Policy, Continuous Disclosure Policy, Communications Policy and Securities Trading Policy;

- Reviewing corporate governance principles and policies, monitoring the effectiveness of the Company's governance practices and evaluating the Company's compliance with corporate governance standards; and

13. **Other**

- Performing such other functions as prescribed by law or assigned to the Board.

**Delegations**

14. The Board retains all the rights and powers conferred upon it by the Constitution and by law, which cannot be abrogated.
15. The Board may delegate their powers in accordance with the Company's Constitution and by law as it considers appropriate. However, ultimate responsibility rests with the Board.
16. The Board may delegate powers to committees, management and/or individuals as it considers appropriate, by resolution.

**Chief Executive Officer and Managing Director**

17. As permitted in accordance with the Company's Constitution, the Board has delegated to the Managing Director the power and authority required to manage and carry out the day to day operations of the Company.
18. The Board has delegated to the Managing Director and the senior leadership team the responsibility for instilling and reinforcing the values and implementing the strategic objectives, code of conduct, plans, budgets, risk appetite, frameworks, policies and controls as approved by the Board.
19. The Board shall ensure that the appropriate framework exists for the Managing Director and senior leadership team to provide the Directors with accurate, timely and clear information on the Company's operations to enable the Directors to perform their responsibilities, including information in relation to the Company's financial performance, compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the Company's values or code of conduct.

**Board Committees**

20. The Board may from time to time establish committees to assist it in carrying out its responsibilities. The Board has established the following Board committees (Board Committees):
- Audit, Risk and Compliance Committee;
  - Remuneration and Nomination Committee; and
  - Continuous Disclosure Committee.
21. The Board has approved charters for each of its Board Committees setting out the membership, responsibilities, reporting obligations and performance evaluation of the Board Committees. The Board is responsible for approving any amendments to its Board Committee charters, copies of which will be made available on the Company's website.
22. The Board will undertake 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, sets 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.
23. The Board may delegate specific functions to committees as it considers appropriate, by resolution.

## **Board Composition**

24. In accordance with the Company's Constitution, the number of Directors must at any time be no more than 10 and no less than 3.
25. The majority of Directors on the Board are to be independent.
26. With the assistance of the Remuneration and Nomination Committee, the composition of the Board will be structured having regard to the existing Board skills matrix, the skills and experience of Directors and the strategic objectives of the Company.

## **Director Independence**

27. A Director will be considered independent from the Company if they have no business, interests, positions, associations or other relationships 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:
  - is, or has been, employed in an executive capacity by the Company or its subsidiaries and there has not been a period of at least three years between ceasing such employment and serving on the board;
  - is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the Company or any of its subsidiaries;
  - is, or has been within the last three years, in a material business relationship (eg as a supplier or customer) with the Company or any of its subsidiaries, or an officer of, or otherwise associated with, someone with such a relationship;
  - is a substantial security holder of the entity or an officer of, or otherwise associated with a substantial security holder of the Company;
  - has a material contractual relationship with the entity or its subsidiaries other than as a director;
  - has close family ties with any person who falls within any of the categories described above; or
  - has been a director of the Company for such a period that his or her independence may have been compromised.
28. Directors are required to disclose any family ties and cross-directorships that may be relevant in considering interests and relationships which may compromise independence.
29. The Board shall 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.

## **Protocols where a director has a conflict of interest**

30. 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 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 and Annexure B.

## **Independent Professional Advice for Directors**

31. With the prior approval of the Chair, Directors may obtain independent professional advice, at the Company's cost, where appropriate, to assist them in carrying out their responsibilities.
32. It will be appropriate to obtain independent professional advice where:

- the issue or recommendation in question is one which the Director reasonably considers, after consulting with the Board or the Chairman of the Board, is necessary for them to discharge their responsibility as a director or is otherwise of a character that makes obtaining independent advice appropriate; and
  - the Board or Chairman, following such consultation consents to the obtaining of such advice.
33. Independent professional advice can be obtained without the involvement of the Company's management where the Board or the Chairman considers it appropriate to do so.
34. A suitable qualified expert in the appropriate field should be instructed. Prior to instructing the expert, the Director should advise the Board or Chairman of the fee payable which must be reasonable having regard to the nature of the advice sought and the fees charged by comparable experts.
35. 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.
36. 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.

### **Meetings**

37. In accordance with the Company's Constitution, the Board will meet as regularly as it determines is appropriate and proceedings of meetings will be governed by the Company's Constitution.
38. Periodically, non-executive Directors may meet without executive Directors or management present.
39. Directors are required to use all reasonable endeavours to ensure that they are available to attend Board meetings.

### **Chairman**

40. In accordance with the Company's Constitution, the Chair of the Board is determined by the Board.
41. The Chair of the Board will be an independent, non-executive Director and will not be the same person as the Chief Executive Officer.

### **Company Secretary**

42. In accordance with the Company's Constitution, the Board is responsible for the appointment and removal of the Company Secretary(ies).
43. The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
44. All Directors will have unfettered access to the Company Secretary.

### **Tenure of Directors**

45. 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.
46. In accordance with the Company's Constitution, no Director except a Managing 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 at an Annual General Meeting of the Company.
47. At least one Director is required to retire at every Annual General Meeting of the Company.

48. To the extent that there is any inconsistency between this Charter and the Company's Constitution, the Company's Constitution will prevail.

Approved by the Board on **17 February 2020**.

## Annexure A (Board Protocols - Conflicted Directors)

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### 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 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

Annexure B 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.

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### 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 Constitution 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.

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

Before any information is circulated by the Company's management to the Board or any Board committee, it must first be provided to the Company Secretary (**Probity Officer**) who will determine whether the disclosure of that information to any of the Directors may give rise to a conflict of interest or potential conflict of interest (a **conflict**) in relation to one or more of the Directors. Information which must first be provided to the Probity Officer includes any agendas or papers for Board meetings or Board committee meetings and any documents generated internally or by the Company's advisors. The Chairman may, as appropriate, make certain senior executives and management of the Company aware of this requirement.

In making that determination in respect of a particular Director, the Probity Officer may consult with the Chairman of the Board or, in the event that disclosure of the information to the Chairman may give rise to a conflict, the Deputy Chairman of the Board. If the Chairman or the Deputy Chairman (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 Chairman or Deputy Chairman (as applicable), or any committee of Independent Directors established by the Chairman or Deputy Chairman, 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.



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### **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 Company Secretary 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 Probity Officer 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 Probity Officer will report to the Board on the methodology employed to achieve this result); and
- (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 Chairman 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 Chairman so that remedial action may be taken; and
- (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)

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### 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 191 of the *Corporations Act 2001* (Cth) (**Corporations Act**)).

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### 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 (refer to section 195 of the *Corporations Act*).

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### 3. Standing notice

A director who has an interest in a matter may give the other directors standing notice of the nature and extent of the interest in the matter (refer to section 192 of the *Corporations Act*). The standing notice may be given at any time and whether or not the matter relates to the affairs of the company at the time the notice is given. The standing notice may be given before the interest becomes a material personal interest. Each director is responsible for promptly updating the information contained in a standing notice it provides to the company.

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### 4. General law – Conflicts of interest

- (a) 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**).
  - (b) Amongst many of the general principles that have been developed by the Courts in respect of the Conflict Rule, in certain circumstances, mere disclosure of a conflict between interest and duty and abstaining from voting on the matter is insufficient to satisfy a director's fiduciary obligations. Disclosure is generally the minimum requirement, however, in certain circumstances, a positive duty to protect the interests of the company by, for instance, taking steps to prevent a transaction from going ahead, may lie with the directors.
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### 5. 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 5(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

## **6. 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 5 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.