
BOARD CHARTER

1. Introduction

- 1.1 This is the Charter of the Board of Directors (**Board**) of Ecofibre Limited ACN 140 245 263 ('**Ecofibre**', '**Company**'), and, together with its controlled entities, the **Group**.
- 1.2 The Board is responsible for the corporate governance of the Group.
- 1.3 The purpose of this Charter is to:
- a) promote high standards of corporate governance;
 - b) clarify the role, responsibilities, structure and processes of the Board; and
 - c) enable the Board to provide strategic guidance for the Group and effective oversight of the management of the Group.
- 1.4 This Charter is supported by the Company's Constitution, the Group's Code of Conduct, the Charters for the Board's standing Committees, the Group's Corporate Governance Statement and the Group's policies in respect of securities trading, continuous disclosure, risk management and diversity, among other things.
- 1.5 To the extent that there is any inconsistency between this Charter and the Company's Constitution, the Constitution will prevail.

2. Role and Responsibilities

- 2.1 The role of the Board is to provide leadership and strategic direction for the Company and the Group in addition to overseeing executive management's (**Group Executives**) implementation of the Company's strategic initiatives.
- 2.2 The Board must act in the best interests of the Company as a whole and is accountable to the shareholders for the overall direction, performance and corporate governance of the Group. This requires the Board to work together and meet on a regular basis.
- 2.3 The Board must monitor the operational and financial position and performance of the Company and oversee its business strategy. In conducting business with these objectives in mind, the Board seeks to ensure that the Company is properly managed to protect and enhance shareholder interests, and that the Company, its Directors, officers and personnel operate in an appropriate environment of corporate governance.
- 2.4 The Board must adopt relevant corporate governance and risk management policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.
- 2.5 The key responsibilities of the Board include:
- a) appointing the Chairperson;
 - b) appointing the Managing Director (**MD**) and Chief Executive Officer (**CEO**);
 - c) overseeing the Group, including providing leadership and approving its strategic objectives, business plans, financial objectives, budgets and significant corporate strategic objectives;

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- d) approving the Company's statement of values and code of conduct to underpin the desired culture within the Company;
 - e) overseeing and assessing management's performance in achieving the strategic objectives and budgets approved by the Board, instilling and reinforcing the Company's values and in monitoring and managing risk;
 - f) set criteria for, and evaluate at least annually, the performance of the MD and CEO; reviewing operating, financial, governance, and risk and compliance reports from the MD and CFO
 - g) setting the Group's governance practices, including approving the Charters of the Board's Committees, and monitoring the effectiveness of same;
 - h) oversee the establishment by management of a sound risk management culture with an operational structure and the necessary resources to facilitate effective risk management, which in turn supports the ability of the Company to operate consistently within the risk appetite within which the Board expects the Company to operate, including approving the Group's Risk Management Policy and Framework;
 - i) monitoring systems of legal compliance, risk management, accountability, internal compliance and control, and legal compliance to ensure that appropriate compliance frameworks and controls are in place;
 - j) appointment of the Group's external auditor;
 - k) reviewing and approving Non-Executive Directors' Board and Board Committee fees, subject to the Board fee pool approved by shareholders, and where appropriate, ratifying organisational changes and approving the Group's remuneration policies and practices;
 - l) determining dividend policy, the amount to be declared and the nature and timing of dividends to be paid;
 - m) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures; and
 - n) any other responsibilities determined by the Board from time to time.
- 2.6 In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board Committee, a Director, the MD or other person, subject to ultimate responsibility residing with the Directors. The Board may at any time remove or modify any powers so delegated.
- 2.7 The matters specifically reserved for the Board or its Committees (as relevant) include:
- a) appointment of a Chairperson;
 - b) appointment and removal of the MD, CEO and Company Secretary;
 - c) review on a regular and continuing basis executive succession planning
 - d) reviewing the performance of the MD and CEO
 - e) oversee the effectiveness of workplace health and safety in the Group
 - f) appointment of a Director to fill a casual vacancy or as an additional Director;
 - g) making recommendations to shareholders for the appointment or removal of Directors;
 - h) establishment of Board Committees, their membership and delegated authorities;
 - i) approval of dividends;

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- j) review of the Group's Code of Conduct;
 - k) approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to Management;
 - l) calling of meetings of Directors or shareholders;
 - m) the issue of any shares, options, equity instruments or other equity securities ; and
 - n) any other specific matters nominated by the Board from time to time

3. Board Size and Composition

- 3.1 The size of the Board will be determined in accordance with the Company's Constitution. In accordance with Clause / Rule 15.1, the Board shall comprise at least three Directors and a maximum of ten Directors. 3.2 The Board will regularly review the composition of the Board, considering the number and skill mix of the Directors.
- 3.3 Non-Executive Directors are appointed by way of a formal agreement setting out key terms, conditions and responsibilities of their position.
- 3.4 Directors may appoint an Alternate Director in accordance with the Company's Constitution.
- 3.5 Directors will be appointed and removed in accordance with the Corporations Act and the Company's Constitution.
- 3.6 Upon appointment, the Company Secretary is responsible for arranging for the new Director to undertake an induction program to enable them to gain an understanding of:
 - a) the Company's operations and the industry sectors in which it operates;
 - b) the culture and values of the Company;
 - c) the Company and Group's financial, strategic, operational and risk management position;
 - d) their rights, duties and responsibilities; and
 - e) any other relevant information.

4. Director independence

- 4.1 An independent Non-Executive Director is one who:
 - a) is independent of Management;
 - b) is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their unfettered and independent judgment; and
 - c) otherwise meets the criteria for 'independence' as set out in the ASX Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council.
- 4.2 The Board will regularly assess whether each Non-Executive Director is independent and each Non-Executive Director must provide to the Board all information relevant to his or her assessment in this regard.

5. Chairperson

- 5.1 The Board will appoint one of its members to be Chairperson.

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- 5.2 The Chairperson must be a Non-Executive Director.
- 5.3 The Chairperson represents the Board and is responsible for leading the Board, facilitating the effective contribution of all Directors, promoting constructive and respectful relations between Directors and between the Board and Management, and communicating the Board's position to shareholders and the public.
- 6. Board Committees**
- 6.1 In accordance with the Company's Constitution, the Board has established the following standing Committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:
- (a) Audit, Risk & Compliance Committee
- 6.2 The Charter of any Board Committee, setting out matters relevant to the composition, responsibilities and administration of the Committee, must be approved by the Board. Each Committee will review its Charter periodically as required.
- 6.3 The Board may appoint ad hoc Board Committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.
- 6.4 The Board will determine the membership and composition of Board Committees, having regard to its workload, skills, experience and any regulatory requirements.
- 7. MD and Group Executives**
- 7.1 Responsibility for day-to-day management and administration of the Group is delegated by the Board to the MD and the Group Executives.
- 7.2 The MD manages the Group in accordance with the strategy, plans and policies approved by the Board.
- 7.3 The responsibilities of the MD include, among other things:
- a) developing and recommending to the Board strategies, business plans and budgets for the Group;
 - b) implementing the strategies, business plans and budgets approved by the Board;
 - c) providing effective leadership, direction and supervision of the Group Executives to achieve the strategies, business plans and budgets adopted by the Board;
 - d) ensuring compliance with all applicable laws and regulations;
 - e) ensuring that the Board is given sufficient information in a form, timeframe and quality that will allow it to be effective in performing its functions, setting strategies, monitoring performance and discharging its duties; and
 - f) acting within authority delegated by the Board.
- 7.4 The Board will regularly assess the performance of the MD and Group Executives.
- 8. Company Secretary**
- 8.1 The Board will appoint at least one Company Secretary who is directly accountable to the Board through the Chairperson, on all matters to do with the proper functioning of the Board.

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- 8.2 The responsibilities of the Company Secretary include, among other things:
- a) advising the Board and the Board committees on governance matters;
 - b) monitoring that Board and Board Committee policies and procedures are followed;
 - c) coordinating the timely completion and dispatch of Board and Board Committee papers;
 - d) ensuring that business at Board and Board Committee meetings is accurately captured in the minutes of such meetings;
 - e) assisting with the organisation and facilitation of induction and professional development of the Company's Directors; and
 - f) communication with regulatory bodies, stock exchanges and all statutory and other filings.

9. Board Meetings

- 9.1 The Chairman is responsible, in consultation with the MD and the Company Secretary, for the conduct of all Board meetings, including the setting of agendas and ensuring that they are comprehensive and that all agenda items are appropriate. 9.2 All Directors are entitled to be heard at all meetings and to the extent practicable, should bring an objective judgement to bear in decision-making.

10. Board Performance

- 10.1 The Board will conduct performance evaluations of the Board as a whole, its committees, individual Directors, and the governance processes which support Board work. They will be conducted as the Board considers appropriate.

11. Conflicts

- 11.1 Directors must:
- a) disclose to the Board any actual, perceived or potential conflicts of interest or duty, or matter that may bear on their independence and might reasonably be thought to exist as soon as the situation arises;
 - b) take all necessary and reasonable action to resolve or avoid any actual, perceived or potential conflicts of interest or duty; and
 - c) comply with all applicable laws and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.

12. Other appointments

- 12.1 A Non-Executive Director should inform the Chairperson of the Board before accepting any new appointment as a Director of another listed entity, another other material directorship or other position with a significant time commitment attached.

13. Access to information and independent advice for Directors

- 13.1 Directors have access to any information that they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 13.2 Directors have access to:
- a) Management to seek explanations and information from Management; and

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- b) auditors to seek explanations and information from them without Management being present.
- 13.3 The Board has determined that individual Director have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairperson and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.
- 14. Size of the Board and Board vacancies**
- 14.1 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.
- 14.2 All Directors, with the exception of the Managing Director, will retire by rotation at least every three years (two years if the Company only has two Directors in addition to the Managing Director). If eligible these Directors may then offer themselves for re-election.
- 14.3 The MD may be appointed for any period and on any terms the Director's think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.
- 15. Communication of information**
- 15.1 The Board has adopted a communications strategy to facilitate and promote effective communication with all stakeholders and to encourage shareholder participation at general meetings.
- 16. Approved and adopted**
- 16.1 This Charter was approved and adopted by the Board effective 1 June 2019.