

Board Charter and Governance Manual

Folkestone Limited

Adopted by the Board of Folkestone Limited on 31 May 2018



Folkestone

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BOARD CHARTER & GOVERNANCE MANUAL

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BOARD CHARTER AND GOVERNANCE MANUAL

1. COMPANY PROFILE

1.1 Folkestone Limited and its wholly owned subsidiaries (“FLK” or “the Company”) is a real estate investment, development and funds management company. The Company through its wholly owned subsidiaries Folkestone Funds Management Limited (“FFML”) AFSL 340990, Folkestone Investment Management Limited (“FIML”) AFSL 281544, Folkestone Seniors Living Management Limited (“FSLML”) AFSL 238506, and Folkestone Maxim Asset Management Limited (“Maxim”) AFSL 233849, is the holder of four AFSL’s enabling it to provide general financial product advice for interests in management investment schemes.

2. THE ROLE OF THE BOARD

2.1 The Board of the Company has the ultimate responsibility for all matters concerning the Company. The Board's role is to govern the Company rather than manage it.

2.2 The Board is responsible for and has the authority to determine all matters relating to the policies, practices, management and operations of the Company.

2.3 The following are the principal functions and responsibilities of the Board's role:

- a) approving and monitoring financial and other reporting;
- b) reviewing and approving corporate strategies, business plans and budgets;
- c) ensuring that risk management and compliance systems are effective;
- d) setting the Company’s overall remuneration framework and assessing the performance of and compensation for senior management;
- e) enhancing and protecting the reputation of the Company;
- f) reporting to shareholders; and
- g) approving and maintaining the progress of major capital expenditure, capital management, investments and acquisitions.

2.4 Day to day management of the Company’s affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Executive Committee. These delegations are reviewed on a regular basis.

3. BOARD STRUCTURE

- 3.1 The Constitution provides for a minimum of three and a maximum of ten directors.
- 3.2 At the Annual General Meeting, one third (by number) of the Directors, other than the Managing Director, must retire by rotation. Retiring directors may offer themselves for re-election to the Board at the Annual General Meeting.

4. ROLE OF THE CHAIRMAN

- 4.1 The Chairman's role is a key one within the Company.

Broadly this includes duties to:

- a) chair Board meetings and general meetings of the Company;
- b) establish the agenda for Board meetings; and
- c) in conjunction with the Managing Director, be the spokesperson for the Company in the reporting of the Company's performance.

5. DIRECTORS' CONDUCT

- 5.1 It is expected that a Director must behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Board. This will include, but not be limited to:

- a) acting in accordance with the Company's Constitution including Corporations Act, ASX and other regulatory requirements and the Director's fiduciary duties and duties at law;
- b) acting in a business-like and courteous manner;
- c) using judgment, common sense and tact in dealing with issues; and
- d) being facilitative of other Board Members having a reasonable opportunity to put forward their views.

- 5.2 Directors will keep Board discussions and decisions confidential.

6. REMUNERATION OF DIRECTORS

- 6.1 Fees for Non-Executive Directors are determined by the Board within the maximum limits approved by shareholders which is disclosed in full in the Company's Annual Report each year.
- 6.2 The company will also reimburse Director's for reasonable expenses incurred in attending Board meetings.

7. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

7.1 Directors must disclose to the Board on an ongoing basis actual or potential conflicts of interest that may exist, or might reasonably be thought to exist, between the interests of the Director and the interests of the Company;

7.2 Each Director must:

- a) disclose to the Board any interest it has in the subject of a resolution or transaction to be considered by the Board (including any Related Party Transactions) as defined in the Conflicts of Interest and Related Party Transaction Policy; and
- b) at all times act in respect of such a resolution or transaction (including a Related Party Transactions), in accordance with the Conflicts of Interest and Related Party Transaction Policy.

7.3 The Company Secretary will maintain a Register of Related Party Transactions and a Register of Ongoing Conflicts of Interest.

8. BOARD MEETINGS

8.1 The Directors of the Company recognise that Board meetings are a fundamental governance process as it is the main opportunity for Directors to obtain and exchange information with each other and the Company's management and make decisions. All Board Meetings are to be convened and conducted in accordance with the provisions of the Constitution. A minimum of eight (8) Board Meetings are to be held each year.

9. DIRECTOR PROTECTION

9.1 Pursuant to the Constitution and the Corporations Act, access to company records, indemnification and insurance may be provided to relevant officers of the Company on standard commercial terms and may be specified in a Deed or Agreement between the relevant Officer and the Company.

9.2 The Company has entered into a Deed of Access, Indemnity and Insurance with each director entitling them to obtain independent advice at the Company's expense with the prior approval of the Chairman.

9.3 In seeking information about the affairs of the Company, Directors should first approach the Chairman with their request.

10. AMENDMENTS

10.1 Any amendments to this Board Charter or any Committee Charter must be approved by the Board.

11. POLICY BREACHES

11.1 Breaches of this policy are considered to be serious and may lead to disciplinary action being taken against the Director/Employee including dismissal.

12. REVIEW

12.1 A review of this Policy will be undertaken annually by the Compliance Officer.

12.2 FLK may change this policy from time to time.



ANNEXURE A – CODE OF CONDUCT

1.1 A Director must:

- a) act honestly, in good faith and in the best interests of the Company as a whole;
- b) use care and diligence in fulfilling the functions of the Director's office and exercising the powers attached to that office;
- c) recognise that the Director's primary responsibility is to the Company as a whole, but may, where appropriate, have regard for the interest of all stakeholders of the Company;
- d) not make improper use of information acquired as a Director to gain a personal advantage for himself or herself or for another person, or to cause detriment to the Company;
- e) not take improper advantage of the position of Director to gain a personal advantage for himself or herself or for another person, or to cause detriment to the Company; and
- f) not engage in conduct likely to bring discredit upon the Company.

1.2 A Director should properly manage any conflict of interest that the Director has with their position as a Director of the Company.

1.3 Confidential information (including Board or Committee Papers) received by a Director in the course of the exercise of his or her duties as a Director remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.

1.4 A Director must not disclose the content of discussions of Board meetings or Committee meetings outside appropriate and responsible circles within the Company with a legitimate interest in the subject of the disclosure, unless that disclosure has been authorised by the Company or is required by law.

1.5 A Director must be aware of, and comply with their responsibilities and obligations under the Corporations Act and other applicable legislation.

1.6 A Director has an obligation at all times, to comply with the spirit, as well as the letter, of the law, their fiduciary duties and the principles of this Code of Conduct.