



Board Charter

MFF Capital Investments Limited

ACN 121 977 884

16 May 2018

Board Charter

1. Introduction

1.1 MFF Capital Investments Limited ("**Company**") is an ASX-listed investment company.

1.2 The board of directors of the Company ("**Board**") is responsible for the overall operation and stewardship of the Company and, in particular, is responsible for its success and long-term growth, and corporate governance.

1.3 The purpose of this Charter is to:

- (a) promote high standards of corporate governance;
- (b) clarify the role and responsibilities of the Board; and
- (c) enable the Board to provide strategic guidance for the Company and effective operational oversight.

1.4 This Charter is supported by the charter for the Audit and Risk Committee of the Board.

1.5 This Charter will apply subject to applicable legal and regulatory requirements, including, without limitation, duties and obligations imposed on the directors by statute and general law.

1.6 The Board may review and amend this Charter at any time.

2. Board size, composition and independence

2.1 There must be a minimum of three directors and a maximum of 10 directors.

2.2 The Board aims to have a majority of independent non-executive directors, subject to compliance with the requirements of clause 2.3 of this Charter.

2.3 The Board must comprise:

- (a) directors with an appropriate range of skills, experience and expertise;
- (b) directors who can understand and competently deal with current and emerging business issues; and
- (c) directors who can effectively review and challenge the performance of the Company's Managing Director and exercise independent judgment.

2.4 An independent non-executive director is one who is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

3. The Board's role and responsibilities

3.1 The Board acts on behalf of shareholders and is accountable to them for the overall direction, management and corporate governance of the Company. The Board has authorised the Managing Director to make decisions concerning the Company (see clause 4), but has expressly reserved certain matters requiring a decision of the Board.

3.2 The Board is responsible for:

- (a) approving the appointment and removal of:
 - (i) Chairman;
 - (ii) Deputy Chairman;
 - (iii) the Managing Director; and
 - (iv) Company Secretary of the Company.
- (b) assessing the Company's overall performance;
- (c) establishing committees of the Board and, in relation to each committee:
 - (i) appointing the members and chairman;
 - (ii) setting the committee's charter; and
 - (iii) delegating authority to that committee;
- (d) subject to the law and the Company's constitution, determining the remuneration of the non-executive directors (including the members of all committees of the Board);
- (e) nominating candidates for election to the Board by shareholders;
- (f) ratifying other Company senior executive appointments, organisational changes and senior management remuneration policies and practices;
- (g) approving succession plans for Company senior management;
- (h) monitoring the implementation of strategy and ensuring appropriate resources are available;

Strategic Issues

- (i) reporting to shareholders;
- (j) providing strategic advice to Company senior management;
- (k) approving material strategic investments or business acquisitions or divestments, including the formation of funds management ventures;

Service Providers

- (l) reviewing, approving and executing agreements with service providers;
- (m) reviewing at regular intervals relevant aspects of agreements with service providers;
- (n) monitoring and assessing performance of the service providers;
- (o) notwithstanding anything contained in the agreements, a Service Provider is obliged to inform the Board of significant matters affecting the Company, including:

- (i) any material project or other material decision which in the opinion of the Service Provider:
 - A. amounts to a major initiative;
 - B. is a significant policy change or a significant departure from the service provider's obligations under the agreement;
 - C. is likely to be of significant public interest;
- (ii) all material matters affecting the Company and significant decisions made in discharge of the Service Provider's obligations under the agreement including:
 - A. all material compliance issues;
 - B. material litigation or potential litigation involving the Company;
 - C. appointments and resignations of members of the service provider's senior investment or executive teams;
- (iii) any material or relevant correspondence from ASX or other regulators or ratings agencies which may affect the Company; and
- (iv) any material potential financial or regulatory impact which is considered more likely than not to arise which may affect the Company;

Financial Matters

- (p) recommending to shareholders any increase or decrease in the share capital of the Company;
- (q) issuing, allotting, granting options over, offering or otherwise dealing with or disposing of unissued shares in the capital of the Company or rights to subscribe for or convert any security into shares in the capital of the Company in accordance with the Company's constitution.
- (r) making calls in respect of any money unpaid on shares and forfeiting or accepting surrender of shares in accordance with the Company's constitution;
- (s) approving an appropriate debt/equity ratio of the Company;
- (t) approving material Company funding facilities;
- (u) approving by the end of June of each year an operating budget (including any major capital expenditure) for the Company, for the financial year ahead, consistent with the annual strategy document;
- (v) approving the transfer or transmission of shares in accordance with the Company's constitution, provided that such power may be delegated to a share registry;
- (w) approving the financial markets on which the Company's securities will be listed;
- (x) approving any notifications to the relevant exchanges for listings, suspensions, delistings or relistings;

- (y) declaring the amount of profits available for payment of dividends, to fix the amount of a dividend to be recommended to shareholders, and to declare and make arrangements for the payment of interim dividends in accordance with the Company's constitution;
- (z) approving the establishment and/or operation of a dividend re-investment plan;
- (aa) approving the giving of guarantees and letters of comfort by the Company;
- (bb) approving any security, mortgage or other pledge given over any of the Company's assets or revenues;
- (cc) approving the Company's annual financial statements and reports to shareholders;
- (dd) approving the Company's half year financial statements and reports to shareholders;
- (ee) authorising charitable contributions by the Company;
- (ff) continuing the Board policy that the Company does not make donations to any political parties;
- (gg) reporting as appropriate, that the business is a going concern, with supporting assumptions or qualifications as necessary;
- (hh) on advice from the Audit and Risk Committee of the Board, approving the Company's accounting policies;

Capital Expenditure/Divestment Items, excluding Investment Portfolio

- (ii) approving all capital expenditure exceeding \$50,000 per item;
- (jj) approving all divestment of capital assets of the Company exceeding \$50,000 per item;

Professional appointments/advice

- (kk) approving the appointment and removal of the external auditors of the Company;
- (ll) considering and, if appropriate, accepting external audit reports, including management letters;
- (mm) reviewing any recommendation from the Audit and Risk Committee of the Board arising from internal audit reports;

Risk management

- (nn) setting the Company's risk appetite;
- (oo) reviewing reports and appraisals from the Audit and Risk Committee of the Board on market and operational controls;
- (pp) reviewing and overseeing the implementation of the Company's Code of Conduct;
- (qq) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies;

- (rr) monitoring and ensuring compliance with best practice corporate governance requirements;
- (ss) ensuring the risk management systems, including internal controls, operating systems and compliance processes are operating efficiently and effectively;
- (tt) recognising and managing administrative and outsourced risks including monitoring of service providers and their performance with agreements;
- (uu) reviewing certificates of insurance currency and reviewing audited internal control reports from service providers;

Human Resources

- (vv) ratifying the Company's remuneration policies and all other material human resources policies;
- (ww) ratifying remuneration packages and incentive packages for Company senior executives;
- (xx) reviewing performance of the Company's senior executives;
- (yy) ratifying the annual bonus payments for Company senior executives;

Public affairs/stakeholder relations

- (zz) convening meetings of shareholders (including the annual general meeting) and to exercise all other powers relating to shareholders' meetings given to directors in the Company's constitution;
- (aaa) approving all resolutions being put and matters concerned with a notice of general meeting or annual general meeting;
- (bbb) approving the Company's Continuous Disclosure Policy and monitoring compliance with this Policy;

General

- (ccc) otherwise monitoring the effectiveness of the Company's governance practices;
- (ddd) approving the establishment of overseas branch registers of the Company;
- (eee) approving major transactions outside the ordinary course of business;
- (fff) approving any material related party transaction and any transaction that any director would directly benefit from;
- (ggg) approving any material conflict of interest that the Company or a director may have prior to relevant transactions being entered into.

Save where, and to the extent, restricted by law, regulation or the Company's constitution, the Board may delegate any of the above powers to individual directors, committees of the Board or Company senior executives. Any such delegation shall be in compliance with the law and the Company's constitution.

4. **Managing Director**

- 4.1 The Board has determined that the Managing Director is authorised to make decisions in relation to the Company, except for the matters set out in clause 3 above (which are expressly reserved to the Board for its collective decision), and those matters reserved for the Board through the Audit and Risk Committee Charter of the Board. This authorisation is subject to the law (see clause 1.5).
- 4.2 The Managing Director also acts as the Portfolio Manager and is responsible for the investment decisions of the Company, within the Company's risk appetite, compliance with the Company's policies and the Board approved portfolio risk controls. The investment and portfolio decisions made by the Managing Director are subject to periodic and ongoing oversight and review by the Board.
- 4.3 The Managing Director is responsible for instruction of investment decisions to the service providers and confirming the instructions have been performed consistent with the service provider agreements.
- 4.4 The Managing Director will provide the Board with representations necessary to support the financial statements;
- 4.5 Notwithstanding the above, the Managing Director is obliged to consult with, and report to, the Board on significant matters, including:
- (a) any material project or other material decision which in their opinion:
 - (i) amounts to a major initiative;
 - (ii) is a significant policy change or a significant departure from the Company's strategy;
 - (iii) is likely to be of significant public interest;
 - (b) all material matters affecting the Company and significant decisions made in exercise of the authority of the Managing Director, including:
 - (i) all material compliance issues;
 - (ii) material litigation or potential litigation involving the Company;
 - (iii) appointments to, and resignations from, the boards of Company controlled entities;
 - (iv) appointments and resignations of Company senior executives;
 - (c) any material or relevant correspondence from ASX or other regulators or ratings agencies; and
 - (d) any material potential financial or regulatory impact which is considered more likely than not to arise.

5. **Audit and Risk Committee**

- 5.1 The Board has established the Audit and Risk Committee to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail.

5.2 The charter of the Audit and Risk Committee setting out matters relevant to its composition, responsibilities and administration must be approved by the Board. The Audit and Risk Committee will review its charter from time to time as appropriate.

6. **Chairman of the Board**

6.1 The chairman of the Board is appointed by the directors.

6.2 The additional responsibilities of the chairman of the Board include:

- (a) providing leadership to the Board;
- (b) promoting the efficient organisation and conduct of the Board's functions;
- (c) monitoring the performance of the Board;
- (d) facilitating Board discussions to ensure core issues facing the Company are addressed;
- (e) briefing all directors in relation to issues arising at Board meetings;
- (f) facilitating the effective contribution and ongoing development of all directors;
- (g) promoting constructive and respectful relations between Board members and between the Board and Company senior executives; and
- (h) chairing general meetings.

7. **Directors**

7.1 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.

7.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.

7.3 Directors are expected to review meeting materials before Board meetings and committee meetings.

7.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, Company senior executives. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that Company senior executives are prepared to address them.

7.5 Directors must exercise independent judgment when making decisions.

7.6 Publicly, directors are expected to support the letter and spirit of Board decisions.

7.7 Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.

7.8 Directors are expected to comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:

- (a) to act in good faith and in the best interests of the Company;
- (b) to act with care and diligence;

- (c) to act for proper purposes;
- (d) to avoid a conflict of interest or duty; and
- (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

7.9 External advice may be sought by a Director in accordance with the following principles:

- (a) professional advice generally may be sought;
- (b) the Chairman must be notified before advice is sought;
- (c) that any advice obtained may be given to the Board if appropriate as determined by the Chairman;
- (d) that the advice must only be sought in relation to the discharge of the Director's responsibilities to the Company; and
- (e) that the Company will reimburse 'reasonable' expenses where the above principles have been followed.

8. **Company Secretary**

8.1 The Company Secretary is accountable directly to the Board, through the chairman, on all matters to do with the proper functioning of the board.

8.2 The role of the Company Secretary is to:

- (a) advise the Board and its committees on governance matters;
- (b) monitoring that Board and committee policy and procedures are followed;
- (c) coordinating the timely completion and despatch of board and committee papers;
- (d) ensuring that the business at board and committee meetings is accurately captured in the minutes; and
- (e) helping to organise and facilitate the induction and professional development of directors.

8.3 Directors are free to communicate directly with the company secretary and vice versa

9. **Conflicts**

9.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.

9.2 Directors must:

- (a) disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
- (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and

- (c) comply with the *Corporations Act 2001* (Cth) and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.
- 9.3 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates.
- 9.4 Directors are expected to inform the chairman of the Board of any proposed appointment to the board, committee or executive of another company as soon as practicable.
- 10. **Access to information and independent advice by directors**
- 10.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 10.2 Directors have access to:
 - (a) Company senior executives to seek explanations and information from them;
 - (b) Representatives of service providers to seek explanations and information from them; and
 - (c) auditors, both internal and external, to seek explanations and information from them without Company senior executives being present.
- 10.3 Directors may obtain independent professional advice at the Company's expense, subject to making a request to, and obtaining the prior authorisation of, the chairman of the Board. Where the chairman of the Board wishes to obtain independent professional advice, he or she is required to make a request to, and obtain the prior authorisation of, the chairman of the Audit and Risk Committee of the Board.
- 10.4 Notwithstanding clause 9.3, directors must make independent judgement when making decisions in accordance with the procedures agreed by directors.
- 11. **Retirement of directors**
- 11.1 This clause 10 shall be read consistently with the Company's Constitution.
- 11.2 At the end of every annual general meeting, one-third of the directors (to the nearest whole number) must retire and may stand for re-election.
- 11.3 A director must retire at the end of the third annual general meeting after the director's appointment even if it means that more than one-third of directors retire at an annual general meeting.
- 11.4 Those directors who have been longest in office since their last appointment must retire by rotation. Directors appointed on the same day may agree among themselves or determine by lot who must retire.
- 11.5 A director appointed to fill a casual vacancy or as an addition to the Board is not subject to retirement by rotation and is not taken into account when determining how many directors must retire by rotation. A director appointed to fill a casual vacancy or as an addition to the Board must retire at the next annual general meeting after their appointment.

12. **Ethical Standards**

12.1 The directors and other employees are expected to act lawfully, in a professional manner and with the utmost integrity and objectivity in their dealings with clients, contractors and competitors, the community and each other, striving at all times to enhance the reputation and performance of the Company.

13. **Communication of information**

13.1 The Board will:

- (a) communicate effectively with shareholders;
- (b) give shareholders ready access to balanced and understandable information about the Company and its goals; and
- (c) make it easy for shareholders to participate in general meetings.

14. **Review of Board performance**

14.1 The performance of the Board and the directors will be reviewed every two years.

14.2 This review will consider:

- (a) the Board's role;
- (b) the processes of the Board and committees of the Board;
- (c) the Board's performance; and
- (d) each director's performance before the director stands for re-election.