

Board charter

Mortgage Choice Australia Limited

ABN 57 009 161 979

Board charter

1. Introduction

- 1.1 Mortgage Choice Australia Limited ABN 57 009 161 979 (**Company**) is a listed public company.
- 1.2 The board is responsible for the corporate governance of the Company.
- 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 management oversight.
- 1.4 This charter is supported by the Company's corporate code of conduct, code of conduct for directors and senior executives, and the charters for the Nomination Committee, Remuneration Committee and Audit Committee.

2. Board size, composition and independence

- 2.1 There must be a minimum of five directors and a maximum of seven directors.
- 2.2 The board must comprise:
 - (a) a majority of independent non-executive directors with this to be achieved within twenty four months of the Company's listing on the Australia Stock Exchange Limited (ASX);
 - (b) directors with an appropriate range of skills, experience and expertise;
 - (c) directors who can understand and competently deal with current and emerging business issues; and
 - (d) directors who can effectively review and challenge the performance of management and exercise independent judgment.
- 2.3 An independent non-executive director is one who is independent of management and:

- (a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder ¹of the Company;
- (b) within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- (c) within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- (d) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (e) has no material contractual relationship with the Company or another group member other than as a director of the Company;
- (f) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- (g) is free from any interest in any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

2.4 The Nomination Committee is responsible for recommending candidates for appointment to the board.

2.5 Each director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director clearly understands the Company's expectations of him or her.

3. The board's role and responsibilities

3.1 The board acts on behalf of shareholders and is accountable to shareholders for the overall direction, management and corporate governance of the Company.

3.2 The board is responsible for:

- (a) overseeing the Company, including its control and accountability systems;

¹ A substantial shareholder is a person or entity which, alone or together with its associates, has relevant interests in 5% or more of the Company's voting shares. **Relevant interest** has the meaning given to it in the *Corporations Act 2001 (Cth)* - broadly, it means someone who controls or has substantial influence how shares can be voted or disposed of.

- (b) appointing and removing the chief executive officer;
- (c) monitoring the performance of the chief executive officer;
- (d) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- (e) reporting to shareholders;
- (f) providing strategic advice to management;
- (g) approving management's corporate strategy and performance objectives;
- (h) determining and financing dividend payments;
- (i) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- (j) approving and monitoring financial and other reporting;
- (k) reviewing and ratifying systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- (l) reviewing and overseeing the implementation of the Company's corporate code of conduct and code of conduct for directors and senior executives;
- (m) approving charters of board committees;
- (n) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies; and
- (o) monitoring and ensuring compliance with best practice corporate governance requirements.

4. The board and management

- 4.1 Responsibility for day to day management and administration of the Company is delegated by the board to the chief executive officer and the executive team.
- 4.2 The chief executive officer manages the Company in accordance with the strategy, plans and policies approved by the board.
- 4.3 The board has in place procedures to assess the performance of the chief executive officer.

5. Board Committees

5.1 The board has established the following committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:

- (a) Audit Committee;
- (b) Nomination Committee; and
- (c) Remuneration Committee.

5.2 The charter or terms of reference of each 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 from time to time as appropriate.

6. Audit Committee

6.1 The objective of the Audit Committee is to:

- (a) help the board fulfil its responsibilities in relation to:
 - (i) financial reporting;
 - (ii) the application of accounting policies;
 - (iii) business policies and practices;
 - (iv) legal and regulatory compliance; and
 - (v) internal risk control and management systems;
- (b) maintain and improve the quality, credibility and objectivity of the financial accountability process;
- (c) provide a forum for communication between the board and senior financial and compliance management;

6.2 The Audit Committee must comprise:

- (a) at least three directors;
- (b) all non-executive directors who are financially literate (and at least one of whom is a financial expert); and
- (c) a majority of independent directors, with this to be achieved within twenty four months of the Company's listing date on the ASX.

6.3 The Audit Committee will appoint its chairperson. The chairperson must be an independent chairperson and may not be the chairperson of the board.

7. Nomination Committee

- 7.1 The objective of the Nomination Committee is to help the board achieve its objective of ensuring the Company has a board of directors of an effective composition, size and commitment to adequately discharge its responsibilities and duties.
- 7.2 The Nomination Committee is responsible for evaluating the board's performance.
- 7.3 The Nomination Committee must comprise:
- (a) at least three members; and
 - (b) a majority of independent directors with this to be achieved within twenty four months of the Company listing date on the ASX.
- 7.4 The Nomination Committee will appoint its chairperson. The chairperson of the Nomination Committee must be the chairperson of the board or an independent director.

8. Remuneration Committee

- 8.1 The objective of the Remuneration Committee is to help the board achieve its objective of ensuring the Company:
- (a) has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
 - (b) observes those remuneration policies and practices; and
 - (c) fairly and responsibly rewards executives and other employees having regard to the performance of the Company, the performance of the executive or employee and the general and specific remuneration environment.
- 8.2 The Remuneration Committee must comprise:
- (a) at least three directors;
 - (b) all non-executive directors; and
 - (c) a majority of independent directors with this to be achieved within twenty four months of the Company's listing date on the ASX..
- 8.3 The Remuneration Committee will appoint its chairperson. The chairperson of the Remuneration Committee must be an independent director.
- 8.4 Non-executive directors are not entitled to retirement benefits except statutory superannuation.

9. Chairperson of the board

9.1 The chairperson of the board:

- (a) is appointed by the directors;
- (b) must be an independent non-executive director; and
- (c) may not be the same person as the chief executive officer.

9.2 The responsibilities of the chairperson of the board include:

- (a) providing leadership to the board and the Company;
- (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 management; and
- (h) chairing general meetings.

10. Directors

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

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

10.3 Directors are expected to review meeting materials before board meetings and committee meetings.

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

10.5 Directors must exercise independent judgment when making decisions.

10.6 Publicly, directors are expected to support the letter and spirit of board decisions.

- 10.7 Directors must keep board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- 10.8 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; and
 - (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.

11. Conflicts

- 11.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 11.2 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.
- 11.3 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.
- 11.4 Directors are expected to inform the chairperson of the board of any proposed appointment to the board or executive of another company as soon as practicable.

12. Access to information and independent advice by directors

- 12.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 12.2 Directors have access to:

- (a) management to seek explanations and information from management; and
 - (b) auditors, both internal and external, to seek explanations and information from them without management being present.
- 12.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 12.4 If the chairperson of the board consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

13. Retirement of directors

- 13.1 At the end of every annual general meeting, one-third of the directors (to the nearest whole number) must retire.
- 13.2 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.
- 13.3 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.
- 13.4 The chief executive officer or a director appointed to fill a casual vacancy or as an addition to the board are not subject to retirement by rotation and are 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.

14. Codes of conduct

- 14.1 The Company has adopted a corporate code of conduct setting out its legal and other obligations to all legitimate stakeholders including shareholders, franchisees, employees, customers and the community.
- 14.2 The Company has adopted a code of conduct for directors and senior executives setting out required standards of behaviour, for the benefit of all Shareholders.
- 14.3 Each director, officer and employee will be given a copy of the code of conduct applicable to their position when joining the Company.

15. Communication of information

- 15.1 The board will:
- (a) communicate effectively with shareholders;

- (b) give shareholders ready access to balanced and understandable information about the Company and its corporate goals; and
 - (c) make it easy for shareholders to participate in general meetings.
- 15.2 The board has adopted a communications strategy to facilitate and promote effective communication with shareholders and encourage participation at general meetings.
- 16. Review of board performance**
- 16.1 The performance of the board, the directors and key executives will be reviewed annually.
- 16.2 The Nomination Committee is responsible for reviewing:
 - (a) the board's role;
 - (b) the processes of the board and board committees;
 - (c) the board's performance; and
 - (d) each director's performance before the director stands for re-election.