



Clime Capital Limited

BOARD OF DIRECTORS CHARTER



Board of Directors Charter

The Board of Clime Capital Limited has adopted a formal Board Charter which details the functions and responsibilities of the Board and distinguishes such functions and responsibilities from those which have been delegated to management.

In carrying out its responsibilities, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the duties and obligations imposed upon it by the Company's constitution and the law.

Structure and Composition

The composition of the Board is determined in accordance with the following principles:

- the Board shall comprise of not less than three, and not more than ten, members;
- at least half of the Directors of the Board must be independent and Non-Executive Directors. The criteria for independence are as stated below;
- a Director need not be a member;
- the Board shall comprise of Directors with an appropriate range of qualifications and experience;
- the Chairman is elected by the full Board and is responsible for leading the Board and ensuring that its activities are efficiently organised and conducted; and
- the Chairman is currently an Executive Director of the Company and is not considered independent with reference to the criteria stated below.

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective; and
- the size of the Board is conducive to effective discussion and efficient decision-making.

Directors' Independence

The Board has adopted specific principles in relation to Directors' independence. These state that to be deemed independent, a Director must be a Non-Executive and must:

- not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years, not have been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment;
- within the last three years not have been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with the service provided;
- not be a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- have no material contractual relationship with the Company other than as a Director;
- not have been 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
- be free from any interest and 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.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or 5% of the individual Director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Director's performance.

Role of the Board

The role of the Board is to ensure that:

- Clime Asset Management Pty Ltd ("Investment Manager") and other external service providers are performing their duties in a skilful and diligent manner, and that they operate appropriate risk and compliance monitoring procedures;
- the Company operates in compliance with its regulatory environment which includes the Corporations Act 2001, the Listing Rules of the Australian Securities Exchange ("ASX") and taxation legislation; and
- effective corporate governance practices are adopted.

Responsibilities of the Board

The Board is responsible for the overall corporate governance of the Company which includes:

- to oversee and monitor the Investment Manager's compliance with the Management Agreement and to ensure that the Manager is monitoring the performance of other external service providers such as the custodian and share registry;
- ensuring adequate internal controls exist and are appropriately monitored for compliance with the Corporations Act 2001, ASX Listing Rules, taxation legislation and the Investment Manager's Australian Financial Services Licence;
- ensuring significant business risks are identified and appropriately managed;
- approving the interim and final financial statements and related reports and other communications to the ASX and shareholders;
- setting appropriate business standards and a code for ethical behaviour; and
- to oversee communications and reporting to shareholders.

Term of Office

Each year one third of all Directors (rounded down to the nearest whole number and selected based on who has been longest in office) are required to retire by rotation and may offer themselves for re-election by members at the Annual General Meeting ("AGM"). Furthermore, in accordance with ASX Listing Rule 14.4, each Director is required to stand for re-election every three years. The Managing Director, where applicable, is exempt from the requirement to retire and stand for re-election.

Any Director appointed by the Board during any given year is required to stand for re-election at the next AGM of the Company.

Meetings

Meetings of the Board will be conducted as follows:

- the Board will meet as and when necessary in order to efficiently discharge its duties. The Board has determined that based on the current nature of the business, it should hold four scheduled meetings each year plus any other strategic meetings as and when necessitated by the Company's operations;
- a Director may at any time convene a Board meeting, however reasonable notice must be provided to all members of the Board;
- a quorum necessary for the Directors to conduct the business of the Company is two Directors unless altered;
- where a Board meeting is held and the Chairman is not present, the Directors present shall elect one of them to be Chairman of the meeting; and
- matters arising at a Board meeting shall be decided by the majority of votes of Directors present and voting, and any such decision is taken to be a decision of all Directors. In the case of equality of votes, the Chairman of the meeting shall have a second or casting vote (except where the meeting consists of less than three Directors or less than three Directors that are entitled to vote).

Remuneration

The Directors shall be paid out of the funds of the Company by way of remuneration for their services, such sum as may from time to time be determined by the Company's shareholders and allocated between the Directors as the Board deems appropriate (having regard to the recommendations put forward by the Remuneration Committee).

No Director is entitled to receive equity-based remuneration from the Company.

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the entity's expense. A copy of advice received by the Director is made available to all other members of the Board.

Board Committees

The Board may establish committees to assist it in carrying out its responsibilities, consisting of such members as they may think fit. The Board shall adopt Charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.

The Board has established an Audit, Remuneration and Nomination Committee and has adopted Charters setting out matters relevant to the composition, responsibilities and administration of those committees.

Board and Management Performance Review

The Chairman shall undertake an annual review of the Board and consider the appropriate mix of skills required to ensure its continuing effectiveness. The review shall be conducted in such manner as the Chairman deems fit. The Board shall also undertake an annual review of the performance of the Chairman to ensure that the Board's activities continue to be efficiently organised and conducted.

At a minimum, the Board will seek to ensure that:

- its members have an appropriate balance between those with investment management experience and those with an alternative perspective; and
- the size of the Board is conducive to effective discussion and efficient decision making.

The Board shall also review on an annual basis the performance of the Investment Manager. This review shall be conducted in such a manner as the Board deems fit, but shall include a review of the following matters:

- appointment, duties and fees charged;
- performance of the portfolio;
- administration duties; and
- formal risk controls.

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process of identifying, evaluating and managing the significant risks faced by the Company.

The key components designed to provide effective internal control are:

- Risks, internal controls and the risk management framework have been documented in the Risk Management Policy;
- Written agreements are in place which specifically define the roles and responsibilities of the Investment Manager and other external service providers; and
- The Investment Manager has clearly defined investment criteria and specified levels of authority. Reports on these issues, including performance statistics and investment valuations, are regularly provided to the Board.

Internal control systems are designed to meet the Company's particular needs and the risks to which they are exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against loss.

Conflict of Interest

In accordance with the Corporations Act 2001, the Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.



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