



## Huntley Management Limited

### Board Charter & Code of Conduct

#### SECTION 1: Board Charter

##### **Purpose**

The Board Charter of Huntley Management Limited (HML) provides a summary of the role, responsibilities, values, composition, committees, delegations, operation and performance of the Board.

The Board is also governed by ASIC, general law, the Corporations Act 2001 (Cth) and HML Constitution.

##### **1. Role**

The role of the Board is to provide governance and strategic guidance to and effective oversight of management of the company.

##### **2. Board responsibilities**

###### **2.1 Stakeholder interests**

- Serve in the interests of Scheme Investors and shareholders and recognise the interests of other stakeholders such as employees, clients/ customers, regulators, and the community.
- The Board recognises the duty as responsible entity to act in the best interests of Scheme Investors including, where necessary, giving priority to those interests where they conflict with the interests of HML.
- Make recommendations on significant issues at general meetings.
- Develop and monitor governance practices.

## **2.2 Strategy**

- Drive the strategic direction: setting goals, performance measures and policies.
- Review, approve and monitor corporate strategy plans and performance objectives; evaluate the assumptions and rationales underlying the plans.
- Monitor management's performance and implementation of strategy, ensuring appropriate resources are available.
- Review, approve and monitor major strategic commitments.

## **2.3 Senior executive appointments**

- Provide specific delegated authority to the Managing Director/Chief Executive Officer (MD/CEO) to manage the operations of HML.
- Determine the terms of appointment, performance evaluation and replacement of the MD/CEO, with guidance from the Board and/or nominations committee.

## **2.4 Business performance and reporting**

- Review business results and monitor performance against key performance indicators, corporate strategy plans and the budget. Approve and monitor any required actions.
- Review and monitor the systems, processes and controls which guard the integrity of the financial records and reporting, with guidance from the Board audit and risk committee.
- Review and approve HML's financial statements and review any management reports from the Scheme auditors.
- Review and approve the Scheme financial statements prepared by HML and review any management reports from the Scheme auditors.
- Review material reporting to stakeholders and regulators to ensure reporting is accurate, objective and timely.

## **2.5 Risk management and compliance**

- Consider and approve key risk management parameters with guidance from the Board and Board committees when formed.
- Periodically assess changes in the risk management framework and make adjustments to the risk exposure as appropriate.
- Monitor the effectiveness of the risk management framework, internal compliance and control, codes of conduct, and legal compliance, with guidance from board committees when formed.
- Review and monitor processes for regulatory compliance.
- Establish and maintain appropriate board policies and policy development framework.

## **2.6 Board performance**

- Monitor Board composition.
- Identify and evaluate possible future directors.
- Evaluate Board processes and the performance of the Board, Board committees, and individual directors, with external assistance as required.
- If required and appropriate establish Board committees and determine charters, membership and composition.
- Assess annually the independence of non-executive directors.
- Approve Board appointments.
- Review this Charter at least annually.

## **2.7 External auditor**

Consider any changes in arrangements with respect to the external auditor for HML and any managed investment scheme for which HML acts as responsible entity or trustee including appointment or removal.

## **3. Values and code of conduct**

Uphold the principles of the Board Code of Conduct and have these values reinforced through HML's policies and culture.

## **4. Board composition and renewal.**

### **4.1 Board composition**

The Board reviews its composition and size annually, considering matters such as the complexity of the business, the effectiveness and efficiency of the board, appropriate capabilities and expertise of the collective board and individual directors and maintenance of a board size where all directors can participate effectively.

The composition of the Board and the election of directors are determined in accordance with the HML Constitution, and any such regulatory requirements as apply from time to time.

### **4.2 Board renewal**

The Board has a policy on Board renewal to ensure it remains open to new ideas and independent thinking.

As part of the policy, the Board has set, as a general rule, that a director's tenure will be reviewed annually. Matters to be considered by the board will include the:

- average tenure of board members;
- whether directors have served on the board for a period which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of HML and Scheme investors; and
- renewal which has occurred at board committees.

A director's tenure may be extended at the board's discretion when a majority of the board has agreed that it is in the best interests of HML.

## **5. Independence**

An independent director is a non-executive director who is free from any business or other association - including those arising out of a substantial shareholding, involvement in past management or as a Scheme investor, supplier, customer or adviser - that could materially interfere with the exercise of their independent judgement.

Appointed directors are required to provide information relevant to a continuing independence assessment when changes occur in their circumstances.

## 6. Board committees

Generally, all functions are undertaken by the full Board, however, the Board has established a Compliance Committee.

### **Compliance Committee**

The Board has established a compliance committee. The functions of the compliance committee are to monitor and report on compliance with the Corporations Act 2001, AFSL Licence Conditions, scheme constitutions and scheme compliance plans. The compliance committee has three external members. The function, role and duties of the compliance committee are detailed in the compliance plan.

Additionally, in the future, the Board may establish the following committees and determine the committee composition, membership and charters:

#### **(a) Board audit and risk management committee**

The committee assists the board to discharge its obligations in overseeing the operation and appropriateness of financial and non-financial controls in the company, financial reporting (both internal and external) and risks associated with non-compliance with statutory and regulatory requirements within the risk management framework.

The committee consists of an independent non-executive chair appointed by the board and who is not the Board chairperson, plus one other director, and membership is subject to annual review. At least one of the members must be independent, and all members are to be financially literate. The committee has a standing invitation to external and internal audit and selected senior management.

#### **(b) Board nominations committee**

This committee assists the board on corporate governance practices, performance evaluation and remuneration, CEO appointment and compliance with regulatory standards. The committee ensures that the Board consists of members who are individually and collectively able to discharge the responsibilities of directors of the company.

The committee consists of an independent non-executive chair plus one other director and membership is subject to annual review. The company secretary is an attendee, with other management invited as required.

**(c) Board remuneration committee**

The committee assists the board to discharge its obligation to assist the Board in setting board and executive remuneration.

**7. Delegations of board authority**

The Board has delegated to the MD/CEO the authority to manage the operations of HML subject to specific delegations and limits approved by the Board. Board delegations are periodically reviewed.

The MD/CEO is able to delegate authority to members of the executive management group. The delegations from the board are reflected in the CEO's responsibilities noted below in section 9.

**8. Role of the chairperson**

Directors elect the Chairperson of the Board annually at the first meeting of the Board each year.

The Chairperson is responsible for:

- leading the Board;
- chairing and overseeing meetings of the Board and shareholders and Scheme investors;
- the proper conduct of Board meetings;
- being the primary point of contact between the Board and the MD/ CEO;
- maintaining ongoing communication with the MD/ CEO and providing appropriate counselling and guidance;
- representing the views of the Board to the public;
- ongoing counselling of individual directors; and
- assisting with the development of directors.

## **9. Role of the managing director/ chief executive officer**

The MD/ CEO is responsible for:

- developing with the board the long-term objectives and strategic plans and initiatives, performance measures and policies;
- efficient and effective day-to-day operations;
- monitoring performance against key performance measures, corporate strategy plans and the budget;
- determining the terms of appointment, performance evaluation, succession plans and replacement of executive direct reports, subject to consultations with the Board or the Board nominations committee;
- development and monitoring of the risk management framework and building an appropriate internal control environment; and
- bringing material and relevant matters to the Board in a timely and factual manner.

## **10. Board operation and processes**

### **10.1 Board meetings**

The Board has four scheduled meetings per year. This number may be varied during the year and additional meetings may be held if necessary.

The chairperson and the MD/ CEO establish the Board meeting agendas, with the assistance of the company secretary. Board papers are distributed for directors to review in advance of meetings.

The executive management group are regular invitees to Board meetings. However, directors also meet from time to time without the MD/CEO or management representatives in both Board and Board committee meetings.

## **10.2 Board agendas**

Board agendas are structured to meet the Board's responsibilities. This includes consideration of strategic issues, business performance and financial reporting, governance issues, AFSL licence and licensing matters, management submissions and Board committee reports and submissions including managed investment scheme financial and management matters.

## **10.3 Board performance**

The Board performance evaluation is based on a collective board performance assessment, individual self-assessment and peer review. Outcomes are discussed at the board and with individual members by the Chairperson.

## **10.4 Conflicts of interest**

In addition to the issue of independence, directors have a continuing responsibility to avoid conflicts of interest (both real and apparent) between their duty to HML and Scheme investors and their own interests.

Directors are required to disclose any actual or potential conflict of interest on appointment and are required to keep this disclosure up to date.

In compliance with the Corporations Act (2001) (Cth) requirements, a director with a material personal interest in a matter for board consideration is governed by s191 and s195 of the Act in respect to their participation in any discussions or decision making.

## **11. Review of charter**

The Board will review this Board Charter annually to ensure it remains consistent with the Board objectives and responsibilities and relevant standards of corporate governance.

## **Section 2 – Board Code of Conduct**

The Huntley Management Limited (HML) Board is accountable for the performance of HML, for its good governance and the development of sound policies to enable the company to achieve its vision and core objectives.

The conduct and behaviours of company directors in Australia are prescribed by the Corporations Act and Regulations. They are also regulated by the common law and a range of Commonwealth and other government legislation, in particular the Corporations Act, 2001 and including taxation law, competition and consumer law and insolvency law.

The Code of Conduct applies to all directors and officers of HML and directors must comply with the law, the Code and HML's policies and procedures.

### **Purpose of the Code**

The objective of this Code is to identify the ethical and professional standards of corporate and individual behaviour that are expected of directors of HML. The Code also provides guidance to directors to assist them in carrying out their duties and responsibilities in accordance with the standards of professional conduct expected of the HML directors.

The document is not an exhaustive statement of director obligations and duties. The principles were developed with the intention that they should sit comfortably and consistently with the many legal obligations that apply to directors. It provides a degree of permanence in a code of behaviour that stands outside the constantly changing legal and regulatory framework.

All HML directors and officers must be familiar with the principles of the Code and commit to upholding them at all times. The principles of the Code of Conduct are:

1. Directors must act in good faith;
2. Directors must act with honesty and integrity;
3. Directors must act fairly and impartially;
4. Directors must use information appropriately;
5. Directors must exercise due care, diligence and skill;
6. Directors must demonstrate leadership and stewardship;

## **Principles of Code of Conduct**

### **Principle 1: Directors must act in good faith and in the best interest of the Company**

Directors must demonstrate accountability for their actions, accept responsibility for their decisions and act in a way which protects and does not damage HML's assets or reputation at all times.

#### **THEY MUST:**

- Undertake their duties with care and diligence.
- Commit to be an active member of the Board.
- Deal fairly and respectfully with everyone in the company and the Huntley Group including colleagues, staff, shareholders, Scheme investors, clients, suppliers, competitors and any other third parties or business partners with whom they deal in the performance of their duties.
- Exercise their authorities responsibly and within their limits set by the Board and in accordance with HML's policies and procedures.
- Be mindful that their conduct in all aspects of their life that reflect on their standing as a Board member and their reputation.

### **Principle 2: Directors must act with honesty and integrity**

Directors are required to act with honesty and integrity at all times. They must be open and transparent in their dealings and use authority responsibly. They should not place themselves in a position of conflict of interest nor engage in activities that will bring the company into disrepute.

#### **THEY MUST:**

- Be honest and forthright in all of their communications and dealings with investors, colleagues, staff, shareholders, government and regulators.
- Commit to high standards of professionalism, and ethics.
- Avoid actual or perceived conflicts of interest.
- Not to take improper advantage of the position of director to gain a personal advantage or cause detriment to HML.

### **Principle 3: Directors must act fairly and impartially**

Directors must avoid bias, discrimination, caprice or self-interest. They must demonstrate respect for others by acting in a professional and courteous manner and set an example.

#### **THEY MUST:**

- Treat all people with dignity and respect.
- Advise and behave in a manner that is free of favouritism, self-interest and preference.
- Respect human dignity and foster a culture free of intimidation.
- Consider all relevant facts objectively when implementing policy or procedures to ensure equitable outcomes.
- Act in accordance with anti-discrimination legislation.

### **Principle 4: Directors must use information appropriately**

Directors are to ensure that information gained as a director is used and applied for proper purposes and is kept confidential at all times.

#### **THEY MUST:**

- Only use information gained as a director or Board member for the purposes intended by the Boards and for purposes that are in the interest of the company.
- Be conscious that directors hold privileged information and that strict rules apply to that information.
- Do not disclose information outside appropriate and responsible circles unless the disclosure has been authorised by the Board or is required by law.

### **Principle 5: Directors must exercise due care, diligence and skill**

Directors must ascertain all relevant information, make reasonable enquiries and understand the financial, strategic and other implications of Board decisions.

#### **THEY MUST:**

- Ensure they understand how the business and the Board operate.
- Ensure they are well prepared and ask relevant questions.

- Understand financial reports and other financial material and actively inquire into this material.
- Ensure full compliance with legal, licence, ethical and policy obligations of the company.

**Principle 6: Directors must demonstrate leadership and stewardship**

Directors are required to contribute and support the strategic direction and vision of the company.

**THEY MUST:**

- Contribute to the development and promote the strategic direction of HML.
- Behave responsibly in a way that exemplifies the values of HML.
- Exercise independent judgement and goodwill in overseeing the direction of HML.
- Be responsible for both tangible and intangible assets of the company and ensure appropriate risk controls are in place.
- Demonstrate leadership in the community and ensure that HML acts in the public interest.

**Principle 7: Directors must comply with this Code, the law and HML policies and procedures**

Directors are required to comply with this Code and to report any conduct that may be in breach of the law, this Code or any other HML policies or procedures as soon as possible.

**THEY MUST:**

- Familiarise themselves with the Code, all legislation and policies and procedures which set out the rules, regulations and working operations under which the company does business.
- Complete sufficient training and education programs to build and maintain their awareness and understanding of relevant laws, policies, procedures and practices.
- Report all actual or suspected breaches of the law, this Code and HML policies and procedures.

## **Annexure A to Code of Conduct**

### **Guidelines for interpretation of the principles of the Code of Conduct**

#### **1. Definitions of terms**

*Associated Person* in relation to a director includes any company, corporation, partnership trust or other entity owned or controlled by the director or in which the director has a material personal interest within the meaning of the Corporations Act.

*Directors* include all directors whether an Executive director or a Non-Executive director.

*Executive Director* means a director who is employed by the company and is part of management.

*Non-Executive director* means a director who is not an Executive director.

#### **2. Duties to the Company**

2.1 Each director should endeavour to ensure that the functions of the Board have been specified clearly, are properly understood and are competently discharged in the interests of the company.

2.2 A director should endeavour to ensure that the management of the company is competent and is devoting its best endeavours in the interests of the company.

2.3 In evaluating the interests of the company, a director should take into account the interests of the shareholders and Scheme Investors, but where appropriate or required by law should take into account the interests of creditors and others.

#### **3. Duties to Shareholders**

3.1 Each director should endeavour to ensure that the company is financially viable, properly managed and constantly improved so as to protect the interests of the shareholders.

#### **4. Duties to Scheme Investors**

- 4.1 Each director should endeavour to ensure that the Scheme is financially viable, properly managed and constantly improved so as to protect the interests of the Scheme Investors.

#### **5. Duties to other Stakeholders**

- 5.1 All companies and their directors must comply with the legal framework governing their operations and must be conscious of the impact of their business on society. Without limiting in any way the nature of the issues with which the directors must be concerned in the running of the business, particular attention should be paid to the environment, questions of occupational health and safety, industrial relations, equal opportunity for employees, the impact of competition and consumer protection rules, and other legislative initiatives that may arise from time to time. Although the director owes primary duty to the company as a whole, the responsibilities imposed on companies and the director under various Acts of Parliament clearly demand that the director evaluate actions in a broader social context.

#### **6. Due Diligence**

- 6.1 A director should attend all Board Meetings but where attendance at meetings is not possible appropriate steps should be taken to obtain leave of absence.
- 6.2 A director must acquire knowledge about the business of the company, the statutory and regulatory requirements affecting directors in the discharge of their duties to the company, and be aware of the physical, political and social environment in which it operates.
- 6.3 In order to be fully effective, a director should insist upon access to all relevant information to be considered by the Board. This information should be made available in sufficient time to allow proper consideration of all relevant issues. In the extreme circumstances where information is not provided, the director should make an appropriate protest about the failure on the part of the company to provide the information and if necessary abstain from voting on the particular matter on the basis that there has not been the time

necessary to consider the matter properly. Any abstention, and the reason for it, should be included in the minutes of that meeting. It may also be appropriate to vote against the motion or move for deferment until proper information is available.

- 6.4 A director should endeavour to ensure that systems are established within the company to provide the Board, on a regular and timely basis, with necessary data to enable them to make a reasoned judgement and so discharge their duties of care and diligence. An internal audit of systems supporting the Board should be conducted regularly.
- 6.5 A director should endeavour to ensure that relations between the Board and the auditors are open, unimpeded and constructive. Similarly, the auditors should have direct and unimpeded access to the director. A director should be satisfied that the scope of the audit is adequate and that it is carried out thoroughly and with the full co-operation of management.
- 6.6 A director should endeavour to ensure that HML complies with the law and strives for the highest standards of business and ethical conduct.
- 6.7 A director may, from time to time, need expert advice (whether it be legal, financial or other professional advice and whether it relates to fiduciary or other duties) in order to discharge that director's duties properly. The director should ensure, to the extent possible, that any advice obtained is independent of the company.

## **7. Conflicts of Interest**

- 7.1 A director must not take improper advantage of the position of director to gain, directly or indirectly, a personal advantage or an advantage for any Associated Person, which might cause detriment to the company.
- 7.2 The personal interests of a director, and those of the director's family, must not be allowed to prevail over those of shareholders or Scheme Investors generally. A director should seek to avoid conflicts of interest wherever possible. Full disclosure of any conflict, or potential conflict, must be made to the Board. In considering the issues, account should be taken of the significance of the potential conflict for the company and the possible consequences if it is not handled properly. Where a conflict does arise, a director must comply with any protocols dealing with the issue of conflict of interest. Where a

director is thereafter absent from meetings, consideration should be given as to whether expertise that would be contributed by the director is otherwise available. In the case of a continuing material conflict of interest, a director should give careful consideration to resigning from the Board and consider the provisions of Guideline 8.3.

- 7.3 An Executive Director must always be alert to the potential for conflict of interest between management interests and the director's fiduciary duties as a director.

## **8. Use of Information**

- 8.1 A director must not make improper use of information acquired by virtue of the director's position as a director. This prohibition applies irrespective of whether the director would gain directly or indirectly a personal advantage or an advantage for an Associated Person or might cause detriment to HML.
- 8.2 Matters such as trade secrets, processes, methods, advertising, and promotional programs, statistics affecting financial results are particularly sensitive and must not be disclosed.
- 8.3 A Director should ensure that any information which is not publicly available is not disclosed to a third party. Such information includes, but is not limited to:
- a) Financial forecasts
  - b) Borrowings
  - c) Impending litigation
  - d) Significant changes in operations
  - e) New products, schemes or services
  - f) New discoveries
  - g) Liquidity problems

## 9. Professional Integrity

- 9.1 A Director should recognize that the position occupied is particularly sensitive. A Director must be prepared, if necessary, to express disagreement, with colleagues including the Chairperson. However, in the absence of a need to express disagreement, a Director should be prepared to implement the decisions of the Board and the instructions of the Chairperson as a loyal member of the Board.
- 9.2 If there is any doubt whether a proposed course of action is inconsistent with a director's fiduciary duty, then the course of action should not be supported. Independent advice should be sought as soon as possible to clarify the issue.
- 9.3 When a director feels unable to acquiesce in a decision of the Board, some or all of the following steps should be considered:
- a) Making the extent of the dissent and its possible consequences clear to the Board as a means of seeking to influence the decision;
  - b) Asking for additional legal, accounting or other professional advice;
  - c) Asking that the decision be postponed to the next Meeting to allow time for further consideration and informal discussion;
  - d) Tabling a statement of dissent and asking that it be Minuted;
  - e) Writing to the Chairperson, or all members of the Board and asking that the letter be filed with the Minutes;
  - f) If necessary, resign and consider advising the appropriate regulator.
  - g) Where a decision is not unanimous, a dissenting director may not disclose the fact that he/she dissented. The fact that a director dissents on certain decisions will not in itself be sufficient to remove all liability from that director, should the decision lead to litigation.
- 9.4 Opinion shopping and the search for loopholes in the law is unacceptable