

Speirs Group Limited

Board Charter

Part 1 - The Company Goal(s)

The purpose of Speirs Group Limited, and its goal, is to become recognised as a strong, capable investment company by investing in entities that operate in chosen fields in which the Company has competence, so as to maximise returns to its investors and enhance the well-being of all its stakeholders.

Speirs Group Limited funds its investments through its equity, and other capital raising. Mortgage and other funding may be raised by subsidiaries from time to time.

The words “Company”, “Board” and “Management” have the same meaning for all entities that are subsidiaries or associates of Speirs Group Limited.

For Speirs Group Limited, the Executive Chair also acts as CEO.

Part 2 - Board Governance Process

The role of the Board is to add long-term value to the Company’s shares as well as providing sustainable returns to all stakeholders.

Management control is exercised by the Executive Chair (Speirs Group Limited) and the appropriate MD (entities that are subsidiaries or associates of Speirs Group Limited, or in which Speirs Group Limited owns a significant interest).

- It is considered that utilising an Executive Chair role (which combines the role of Chief Executive Officer and Managing Director) is of benefit to the Company as Speirs Group Limited is a holding company with no full-time employees. The Company Secretary/CEO role is fulfilled on a part time basis. The current CEO/Company Secretary has extensive experience with the affairs of the business and, as such, it was a practical step to appoint the CEO/Company Secretary as Executive Chair to streamline the administrative functions of the Company.
- The key asset of the Company currently comprises an investment in Speirs Foods (2018) LP. This entity is controlled by its own separate board of which the Executive Chairman of Speirs Group Limited is not a member.
- The Executive Chair has entered into a Services Contract with the Company to provide administrative, secretarial and Executive Chair services to the Company. A clause in this Services Contract allows for a majority of the other Speirs Group directors to terminate this Services Contract by giving one month’s notice. If the directors opt to exercise this clause, they also have the right to request that the Executive Chair resigns as a director.
- There are existing internal controls in place which preclude any one director (including the Executive Chair) acting on their own to make payments from Company bank accounts to third parties. This results in an independent review and approval process for all cash disbursements.

The Board will:

- ensure that the Company’s Goals are clearly established, and that strategies, originated by Management, are in place for achieving them;
- ensure that Management is pro-active in building the businesses within established parameters, through innovation, initiative, technology, new products and the development of business knowhow;

- monitor the performance of Management;
- appoint the Executive Chair, set the terms of the Executive Chair's employment contract and, if necessary, terminate the Executive Chair's employment with the Company;
- protect the Company's financial position and its ability to meet its debts and other obligations when they fall due;
- ensure that the Company's financial statements are informative and comply with all legal and accounting standards;
- ensure that the Company adheres to high standards of ethical and corporate behaviour;
- ensure that the Company has appropriate risk management/regulatory compliance policies in place.
- Where possible, mitigate key risks facing the Company.

Day to day management of the Company will be in the hands of the Executive Chair.

The Board will satisfy itself that the Company is achieving the Company Goals.

The Board's Relationship with Shareholders and with other Stakeholders

The Board will use its best endeavours to familiarise itself with issues of concern to Shareholders and other relevant stakeholders.

In so doing, the Board will regularly consider economic, political, social and legal issues and other relevant matters that could affect the development of the businesses or the interests of Shareholders and other relevant stakeholders.

The Board acknowledges the cornerstone shareholding of the Speirs family in Speirs Group Limited.

Board Procedures

Directors will:

- At all reasonable times, have access to all relevant Company information and to Management;
- Meet formally at least quarterly, and additionally as the occasion requires. The board may meet by audio or audio/visual means;
- set its own agenda, through the Executive Chair;
- place emphasis on strategic issues and policy;
- attend board meetings, prepare fully, and participate fully, frankly and constructively in board discussions;
- bring the benefit of individual knowledge, skills and abilities to the Board table;
- recognise that constructive debate will lead to better decisions, and seek consensus if possible;
- when making decisions, consider the general principles on which they are founded and any Company policies that may impact upon the decision;
- other than as required by law, regulation or agreement of the Board itself, regard all matters discussed at Board meetings as being confidential.

At the regular formal meetings the Board will consider:

- an update of its 'interests register';

- an operational report from the Executive Chair which shall include reporting of financial and operational performance with comparison of actual and budgeted performance, explanation of variances from budget, and forecasts of future performance;
- specific proposals for capital expenditure;
- major issues and opportunities for the Company;
- any changes to strategic risks and opportunities for the Company;
- approving the quarterly payment of dividends in relation to the Redeemable Preference Shares and Perpetual Preference Shares and associated solvency declarations.

At least annually, the Board will:

- undertake a planning process which reviews the company's short, medium and long term goals and strategic direction in the context of the environment and markets it is operating in, its internal strengths and weaknesses and the key internal and external risks and opportunities for the company.
- approve the annual operating and capital plan and expenditure budgets;
- approve the annual and half-yearly financial statements, report to Shareholders and public announcements;
- approve the annual report;
- consider and, if appropriate, declare or recommend the payment of dividends on ordinary shares;
- review the Board composition, structure and succession;
- review the Company's audit requirements;
- review the performance of, necessity for and composition of any Board committees;
- undertake Board and individual director evaluations;
- review directors' remuneration;
- review the Executive Chair's performance and remuneration;
- review any donations and sponsorships;
- review remuneration policies and practices in general;
- review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements;
- review the Company's code of conduct and ethical standards;
- review Shareholder, customer and supplier relations;
- agree the following year's Board work plan;

Executive Chair and Deputy Chair

At its first formal meeting following the annual general meeting of Shareholders, the Board will appoint a Chair from amongst its members. The Board may, if it wishes, appoint a Deputy Chair.

The Executive Chair is responsible for:

- representing the Board to Shareholders and the Public;
- ensuring the integrity and effectiveness of the Governance Process;
- maintaining regular dialogue with the Board over significant operational matters;
- consultation with the other directors on any matter that might give concern;
- facilitating Board meetings to ensure that no director dominates discussion, that relevant opinion among directors is forthcoming and that discussions result in logical and sensible outcomes.

Board Committees

The Board will form committees only when it is efficient or necessary to facilitate efficient decision-making. Unless otherwise directed by the Board, all directors will be members of each committee. The committees will observe the Board rules of conduct and procedure, and will speak and act only on matters authorised by the Board. That authority will not derogate from the authority delegated to the Executive Chair.

The Board has one standing committee – Audit.

The **Audit Committee** is the conduit to the external auditors. The Executive Chair will not be the Audit Committee Chair and cannot be a voting member of the Audit Committee. The Audit Committee reviews the annual and half-yearly financial statements prior to approval by the Board, the effectiveness of management information systems and systems of internal control and the effectiveness of the external audit function.

Board Composition and Mix

The composition of the Board, with a membership of no less than three, will reflect the duties and responsibilities it is required to discharge as representative of the Shareholders, including setting the Company's goal(s) and strategy for achieving those goals, and overseeing the implementation of that strategy.

The qualification for Board membership is the ability and intelligence to make sensible business decisions and recommendations, such as:

- an entrepreneurial talent for contributing to the creation of Shareholder value;
- the ability to see the wider picture;
- the ability to ask the hard questions;
- experience in the industry sector;
- high ethical standards;
- sound practical and common sense;
- total commitment to furthering the interests of Shareholders and the achievement of the Company Goals.

Directors hold office for three years following their first appointment by Shareholders, and retire by rotation. Directors retiring by rotation may offer themselves for re-election for a further three year term.

Induction of new Directors

Potential new directors are encouraged to carry out "due diligence" on the Company before accepting an appointment to the Board.

Prior to their first appointment, an induction programme will be provided to fully acquaint the new director with the business and affairs of the Company and the business environment and markets in which it operates. This will include appropriate meetings with other directors and with applicable senior Management.

Directors' Remuneration

The Executive Chair will recommend to the Board the level of remuneration paid to directors, always within the overall limitations imposed by Shareholders. Consideration will be taken of extra responsibilities such as chairing a Board committee.

The Executive Chair and Deputy Chair (if any) will be paid a level of fees appropriate to their office.

Remuneration will be reviewed annually, which may include taking independent professional advice.

In conjunction with the Executive Chair the Board will:

- Set and regularly review the remuneration policies and practices of the Company;
- Annually review the remuneration of directors.
- Set and regularly review the remuneration of the Executive Chair. Those reviews shall include base salary, reimbursable expenses, bonuses, entitlements under any employee incentive plans, company share schemes and company option schemes, and all other entitlements and benefits arising from their employment.
- Set and review the terms of the company's employment schemes (if any) such as short and long term incentive plans, share/options schemes and superannuation/pension schemes.

Speirs Group Limited Shareholding by Directors

Speirs Group Limited shares are listed on Unlisted. Directors are encouraged, but not obliged, to hold shares in Speirs Group Limited.

Should directors buy or sell shares in Speirs Group Limited, they must strictly observe the provisions of Speirs Group Limited's own internal rules as well as all relevant legislative and regulatory procedures.

Provision of Business or Professional Services by Directors (Other than the Executive Chair)

Because a conflict of interest (actual or perceived) may be created, directors should not, generally, provide business or professional services of an ongoing nature to the Company, other than where:

- the service is a special assignment, where the director has special expertise in the particular field; and
- the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

Other Board Appointments

Any director, while holding office, is at liberty to accept other Board appointments so long as the appointment is not in conflict with the Company's business and does not detrimentally affect the director's performance as a Company director. All other appointments must first be discussed with the Executive Chair before being accepted.

Board and Director Evaluations

Each year the Board will critically evaluate its own performance, processes and procedures to establish that they are not unduly complex and remain designed to assist the Board in effectively fulfilling its role.

Indemnities and Insurance

The Company provides directors with, and pays premiums for, indemnity and professional insurance cover while acting in their capacities as directors. The Board may also provide an indemnity to directors.

The Executive Chair

The Executive Chair is appointed by the Board.

The Executive Chair is responsible for ensuring that:

- Board procedures are followed;
- the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.
- Take minutes of all Board and Audit Committee meetings.

All directors, particularly the Audit Committee Chair, have access to the advice and services of the Executive Chair for the purposes of the Board's affairs and the Company's business.

Part 3 – Position of Executive Chair**Position of Executive Chair**

The Board will link the Company's governance and management functions through the Executive Chair. All Board authority conferred on Management is delegated through the Executive Chair so that the authority and accountability of Management is considered to be the authority and accountability of the Executive Chair so far as the Board is concerned.

The Board will agree with the Executive Chair to achieve specific results directed towards the Company Goal(s)

The Executive Chair will take the lead and, as appropriate, work with the Board, to undertake the necessary administrative duties to float, manage, re-finance, and repay all mezzanine financing and public borrowing as required by the Board from time to time.

Only decisions of the Board acting as a body are binding on the Executive Chair. Instructions by individual directors or by Board committees are not given directly to the Executive Chair.

Accountability of Executive Chair to Board

The Executive Chair is accountable to the Board for the achievement of the Company Goal(s).

The Executive Chair is accountable for the observance of the Management Limitations (see below).

The Executive Chair will provide monthly reports to the Board covering:

- all appropriate operational, financial and other relevant matters;
- assurances that the Board considers necessary to confirm that the Management Limitations are being observed.

Management Limitations

The Executive Chair is expected to:

- act within all specific authorities delegated to him/her by the Board;
- not cause or permit any practice, activity or decision that is contrary to law, commonly accepted good business practice or professional ethics;
- allocate Company capital and resources in adherence with Company Goal(s) and annual operating and capital expenditure budgets;

- not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term Shareholder value;
- not cause or permit any action that is likely to result in the Company becoming financially embarrassed;
- adequately protect and maintain the assets of the Company.
- appropriately administer and service the liabilities of the Company;
- operate the Company with a comprehensive system of internal control;
- not permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.