



DUXTON
WATER LTD

BOARD CHARTER

Duxton Water Limited
ACN 611 976 517

Board Charter

1. Introduction

- 1.1 This Board Charter has been developed and approved by the Board of Duxton Water Limited ACN 611 976 517 ("**Company**") to outline the manner in which the Board discharges its responsibilities.
- 1.2 The powers and duties of the Board is also governed by the Constitution and at law. Where there is an inconsistency between this document and the Constitution, the Constitution prevails to the extent of the inconsistency.

2. Role and Responsibilities of the Board

- 2.1 The Board's broad functions are:
 - 2.1.1 to chart strategy and set financial targets for the Company;
 - 2.1.2 to monitor the implementation and execution strategy and performance against financial targets;
 - 2.1.3 to appoint and oversee the performance of Duxton Capital (Australia) Pty Ltd ACN 164 225 647 as the external manager of the Company (or any equivalent manager) (**Manager**); and
 - 2.1.4 generally take an effective leadership role in relation to the Company.
- 2.2 Without intending to limit the general role of the Board, the specific functions and responsibilities of the Board include:
 - 2.2.1 Determining the Board's composition (including appointment and retirement or removal of directors).
 - 2.2.2 Oversight of the Company and the Manager (including control and accountability systems).
 - 2.2.3 Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.
 - 2.2.4 Approving and formulating Company strategy and policy.
 - 2.2.5 Monitoring the Manager's implementation of the investment strategy.
 - 2.2.6 Monitoring the progress of the Manager in respect of major capital expenditure, capital management, acquisitions and sale.
 - 2.2.7 Oversight of committees.
 - 2.2.8 Monitoring industry developments relevant to the Company and its business.
 - 2.2.9 Approving and monitoring financial and other reporting.

- 2.2.10 Developing suitable key performance measures of financial performance for the Company and its business.
 - 2.2.11 Provide input into corporate strategy and performance objectives developed by the Manager.
 - 2.2.12 Overall corporate governance of the Company (including its strategic direction, goals for management and monitoring achievement of these goals.
- 2.3 The Board should be provided with the information it needs to discharge its responsibilities effectively. The Manager should supply the board with information in a form and timeframe, and of a quality that enables the board to discharge its duties effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

3. Composition of the Board

3.1 Size

The Company's Constitution provides for the required quorum for a directors' meeting and sets out the manner in which the number of Directors of the Board is determined.

3.2 Independent Directors

3.2.1 The Board should regularly assess, at least annually, the independence of each Director, including each non-executive Director, and include this information on the Company's website together with the length of service of each Director.

3.2.2 When assessing the independence of the Directors, the Board should consider the factors set out in Box 2.3 of the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition). If a Director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the Director, the Board may determine that Director to be independent and the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion should be included on the Company's website.

3.2.3 In the case of a change in a non-executive Director's interests, positions, associations or relationships, the assessment should be made as soon as is practicable after the Board becomes aware of the change. Should a Director's independent status change, this should be disclosed and explained in a timely manner to the market.

3.3 Expertise

To the extent practicable, the Board will use reasonable endeavours to ensure that, collectively, it has a broad range of experience, expertise, skills, diversity and contact relevant to the Company and its business.

4. **Appointment of the Directors**

4.1 The Directors are appointed in accordance with the terms of the Company's Constitution.

4.2 The terms and conditions of the appointment and retirement of Directors will be set out in a letter of appointment.

5. **Allocation of responsibilities**

5.1 **Chair**

5.1.1 The Board elects the chairperson ("**Chair**") in accordance with the Constitution. A deputy chair ("**Deputy Chair**") may also be elected.

5.1.2 The position of Chair will be reviewed by the Board at the first Board meeting following the annual general meeting. The Chair will authorise the expenses of all the other Directors.

5.1.3 The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function, for the briefing of all the Directors in relation to issues arising at Board meetings and promoting constructive relationships between the Board and the Manager.

5.1.4 The Chair is not entitled to vote or participate in the deliberations on any matter in which he or she has a personal interest, unless there is compliance with the Directors' interest provisions under the Constitution.

5.1.5 The Chair may be removed from office in accordance with the Constitution.

5.2 **Individual Directors**

5.2.1 In accordance with statutory requirements and in keeping with developments at common law, the Directors have the following responsibilities:

5.2.1.1 exercise their powers and discharge their duties in good faith and in the best interests of the Company;

5.2.1.2 use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;

5.2.1.3 use due care and diligence;

5.2.1.4 make an effort (as is reasonably required in the circumstances) to become and remain familiar with the affairs of the Company;

5.2.1.5 review, question and challenge, where appropriate, the accuracy of the minutes and board papers;

5.2.1.6 actively engage in the conduct of board matters;

5.2.1.7 attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and

5.2.1.8 commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company, without placing undue reliance on other Directors or the Manager to fulfil these duties.

5.2.2 Each Director also should make themselves available for the Company secretary (**Secretary**).

5.3 **The Manager**

5.3.1 The Board has delegated to the Manager authority over the day to day management of the Company.

5.4 **Secretary**

5.4.1 The Secretary reports directly to the Board through the Chair. All Directors will have access to the Secretary.

5.4.2 The Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board. The Secretary holds primary responsibility for ensuring that the Board processes and procedures function efficiently and effectively.

5.4.3 The Secretary is appointed in accordance with the Constitution.

5.4.4 The specific tasks of the Secretary include:

5.4.4.1 advising the Board and its committees on governance matters;

5.4.4.2 monitoring that Board and committee policy and procedures are followed;

5.4.4.3 overseeing the Company's compliance program and taking reasonable action to ensure that all Company legislative obligations are met;

5.4.4.4 coordinating all Board business including:

(a) meetings;

(b) timely preparation and despatch of agendas, board and committee papers; and

(c) ensuring that the business at Board and committee meeting is accurately captured in the minutes; and

(d) monitoring the completion of actions arising from Board meetings;

5.4.4.5 meeting statutory reporting requirements in accordance with relevant legislation;

5.4.4.6 helping to organise and facilitate the induction and professional development of the Directors; and

5.4.4.7 any other services the Chair may reasonably require.

6. **Committees**

To assist with focusing on specific Board responsibilities in order to properly execute the Board's duties, the Board has the authority to establish and determine the powers and functions of the committees of the Board. Each Board committee is to document a charter, approved by the Board, setting out its responsibilities.

7. **Meetings**

7.1 Board meetings will be held as often as necessary to properly discharge the responsibilities of the Board.

7.2 Papers for Board meetings must be circulated, where practical, at least five days before the relevant meeting.

7.3 Draft minutes of Board meetings (for consideration at the next relevant meeting) should be circulated within ten days following each meeting.

8. **Board Performance**

8.1 The Board will regularly assess and review the performance of the Board, the Company's committees and individual Directors, at least annually.

8.2 The Board will consider periodically using external facilitators to conduct its performance reviews.

8.3 The Board will select a suitable non-executive Director to conduct the performance evaluation of the Chair after having canvassed the views of the other Directors.

9. **Code of Conduct**

9.1 To promote ethical and responsible decision-making, the Board must approve a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

9.2 The Code of Conduct will deal with the following main areas:

9.2.1 conflicts of interest;

9.2.2 confidentiality;

9.2.3 fair dealing;

9.2.4 inside information;

9.2.5 compliance with laws and regulations;

9.2.6 corporate opportunities;

9.2.7 protection and proper use of the Company's assets; and

9.2.8 encouraging the reporting of unlawful, unethical behaviour.

9.3 All Directors, officers and the Manager must comply with the Code of Conduct and demonstrate commitment to the Code and consistency in its execution. Adherence to the Code of Conduct must be periodically evaluated and intermediate action taken where necessary.

10. **Induction and continuing education**

10.1 The Board must implement an appropriate induction and education process for new Board appointees.

10.2 The Board must consider the need for Director education from time to time and where considered necessary ensure that Director education occurs regularly and that the Directors are given the opportunity to undertake professional development education in order to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

11. **Independent professional advice**

To facilitate independent judgement in decision-making, each Director has the right to seek independent professional advice at the Company's expense whenever that Director determines such advice necessary for them to discharge their duties and responsibilities as Directors or a conflict of interest arises between the Director and the Company.

12. **Policies**

The Board (or appropriate Board committee) is responsible for establishing and reviewing, and overseeing the implementation and monitoring the effectiveness of, policies relating to various matters, including:

12.1 risk management;

12.2 securities trading;

12.3 communications strategy with shareholders; and

12.4 price sensitive information, including continuous disclosure.

13. **Review of Charters**

Board and Committee charters will be reviewed at least annually.

14. **Public availability of materials**

The Committee must ensure that a copy of this Charter is made publicly available on the Company's website in a clearly marked corporate governance section.

Adopted on 25 July 2016