



THE RPM GROUP

BOARD CHARTER

RPM AUTOMOTIVE GROUP LIMITED
ACN 002 527 906



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1. ROLE OF THE BOARD

In carrying out the responsibilities and powers set out in this Charter, the board of Directors of the Company (the Board):

- (a) Is committed to creating sustainable value for the Company's shareholders;
- (b) recognises its overriding responsibility to act ethically, honestly, and in accordance with the Corporate Code of Conduct, the law and the highest standards of corporate governance in order to best serve the interests of the Company's shareholders; and
- (c) recognises its duties and responsibilities to its employees, customers and the community.

2. THE BOARD'S RELATIONSHIP WITH MANAGEMENT

- (a) The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer/Managing Director.
- (b) Specific limits on the authority delegated to the Chief Executive Officer/Managing Director and the Executive Team must be set out in the Delegated Authorities approved by the Board.
- (c) The role of management is to support the Chief Executive Officer/Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.
- (d) In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Company to facilitate the carrying out of their duties as Directors.

3. SPECIFIC RESPONSIBILITIES OF THE BOARD

The Board is responsible for the overall operation and stewardship of the Company and, in particular, the Board has reserved the following matters to itself.

- (a) Providing leadership and setting the strategic objectives of the Company.
- (b) Appointing the chairperson of the Board (Chairperson) and, if the Company has one, the deputy Chairperson and/or “senior independent Director”.
- (c) Appointment, and where necessary, the replacement of the Chief Executive Officer (CEO).
- (d) Appointment, and where necessary, the replacement of the other senior executives.
- (e) Overseeing management’s implementation of the Company’s strategic objectives and its performance generally.
- (f) Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures.
- (g) Approving and monitoring the budget and the adequacy and integrity of financial and other reporting such that the financial performance of the company has sufficient clarity to be actively monitored.
- (h) Approving the annual, half yearly and quarterly accounts.
- (i) Overseeing the Company’s process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company’s securities.
- (j) Ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate.
- (k) Approving significant changes to the organisational structure.
- (l) Approving decisions affecting the Company’s capital, including the issue of shares, options, equity instruments or other securities in the Company and determining the Company’s dividend policy and declaring dividends.
- (m) Approving the Company’s remuneration framework.
- (n) Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable).
- (o) Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making.
- (p) Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

4. COMPOSITION OF THE BOARD

- (a) The Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders. In accordance with the Company's Constitution, the Company must have not less than 3 and not more than 10 Directors.
- (b) The Board will conduct appropriate background checks prior to appointing a person as a Director or recommending to shareholders that a person be appointed as a Director, including (but not limited to) checks as to good character, experience, education, qualifications, criminal history and bankruptcy.
- (c) In appointing new members to the Board, consideration must be given to the demonstrated ability and also future potential of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.
- (d) The composition of the Board is to be reviewed regularly against the Company's Board skills matrix prepared and maintained by the Nominations Committee to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.
- (e) Where practical, the majority of the Board should be comprised of non- executive Directors. Where practical, at least 50% of the Board should be independent.
- (i) An independent Director is a Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.
- (ii) In considering whether a Director is independent, the Board should consider the definition of what constitutes independence as detailed in Box 2.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition as set out in Annexure A (Independence Tests).
- (f) Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the Remuneration and Nomination Committee to ensure that they continue to contribute effectively to the Board.
- (g) The Company must disclose the length of service of each Director in, or in conjunction with, its Annual Report.
- (h) The Company must disclose the relevant qualifications and experience of each Board Member in, or in conjunction with, its Annual Report.

5. DIRECTOR RESPONSIBILITIES

- (a) Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest.
- (b) Directors must disclose their interests, positions, associations or relationships. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them.
- (c) Where a Director has an interest, position, association or relationship of the type described in the Independence Tests, but the Board is of the opinion that it does not compromise the independence of the Director, the Company must disclose the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion.
- (d) Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.
- (e) No member of the Board (other than a Managing Director) may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders.

6. THE ROLE OF THE CHAIRMAN

- (a) The Chairman is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings, ensuring then approving that an accurate record of the minutes of board meetings is held by the Company and conducting the shareholder meetings.
- (b) Where practical, the Chairman should be a non-executive Director. If a Chairman ceases to be an independent Director, then the Board will consider appointing a lead independent Director.
- (c) Where practical, the Chief Executive Officer/Managing Director should not be the Chairman of the Company during his term as Chief Executive Officer/Managing Director or in the future.
- (d) The Chairman must be able to commit the time to discharge the role effectively.
- (e) The Chairman should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management.
- (f) In the event that the Chairman is absent from a meeting of the Board then the Board shall appoint a Chairman for that meeting in an acting capacity.

7. BOARD COMMITTEES

- (a) Once the Board is of a sufficient size and structure, reflecting that the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish the following committees, each with written charters:
 - (i) Audit Committee;
 - (ii) Risk Committee;
 - (iii) Remuneration Committee; and
 - (iv) Nomination Committee.
- (b) The charter of each Committee must be approved by the Board and reviewed following any applicable regulatory changes.
- (c) The Board will ensure that the Committees are sufficiently funded to enable them to fulfil their roles and discharge their responsibilities.
- (d) Members of Committees are appointed by the Board. The Board may appoint additional Directors to Committees or remove and replace members of Committees by resolution.
- (e) The Company must disclose the members and Chairman of each Committee in, or in conjunction with, its annual report.
- (f) The minutes of each Committee meeting shall be provided to the Board at the next occasion the Board meets following approval of the minutes of such Committee meeting.
- (g) The Company must disclose in, or in conjunction with, its annual report, in relation to each reporting period relevant to a Committee, the number of times each Committee met throughout the period and the individual attendances of the members at those Committee meetings.
- (h) Where the Board does not consider that the Company will benefit from a particular separate committee:
 - (i) the Board must carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee; and
 - (ii) the Company must disclose in, or in conjunction with, its annual report:
 - (A) the fact a Committee has not been established; or
 - (B) if an Audit and Risk Committee has not been established, the processes the Board employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner, and the process it employs for overseeing the Company's risk management framework.

8. BOARD MEETINGS

- (a) The Directors may determine the quorum necessary for the transaction of business at a meeting, however, until otherwise determined, there must be two Directors present at a meeting to constitute a quorum.
- (b) The Board will schedule formal Board meetings at least quarterly and hold additional meetings, including by telephone, as may be required.
- (c) Non-executive Directors may confer at scheduled times without management being present.
- (d) The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chairman and circulated to Directors after each meeting.
- (e) The Company Secretary shall ensure that the business at Board and committee meetings is accurately captured in the minutes.
- (f) The Company Secretary shall co-ordinate the timely completion and distribution of Board and committee papers for each meeting of the Board and any committee.
- (g) Minutes of meetings must be approved at the next Board meeting.
- (h) Further details regarding Board meetings are set out in the Company's Constitution.

9. THE COMPANY SECRETARY

- (a) When requested by the Board, the Company Secretary will facilitate the flow of information of the Board, between the Board and its Committees and between senior executives and non-executive Directors.
- (b) The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
- (c) The Company Secretary is to facilitate the induction and professional development of Directors.
- (d) The Company Secretary is to facilitate and monitor the implementation of Board policies and procedures.
- (e) The Company Secretary is to provide advice to the Board on corporate governance matters, the application of the Company's Constitution, the ASX Listing Rules and applicable other laws.
- (f) All Directors have access to the advice and services provided by the Company Secretary.
- (g) The Board has the responsibility for the appointment and removal, by resolution, of the Company Secretary.

10. ACCESS TO ADVICE

- (a) All Directors have unrestricted access to company records and information except where the Board determines that such access would be adverse to the Company's interests.
- (b) All Directors may consult management and employees as required to enable them to discharge their duties as Directors.
- (c) The Board, Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

11. PERFORMANCE REVIEW

The Nomination Committee shall conduct an annual performance review of the Board that:

- (a) compares the performance of the Board with the requirements of its Charter;
- (b) critically reviews the mix of the Board; and
- (c) suggests any amendments to the Charter as are deemed necessary or appropriate.

12. DELEGATION TO MANAGEMENT

The role of management is to support the CEO and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

- (a) Developing business plans, budgets and strategies for the Company for consideration by the Board and, to the extent approved by the Board, implementing these plans and budgets and strategies.
- (b) Operating the Company's business within the parameters set by the Board from time to time and keeping the Board informed of material developments in the Company's business.
- (c) Proposed transactions, commitments or arrangements that exceed the parameters set by the Board, referring the matter to the board for its consideration and approval.
- (d) Identifying and managing operational and other risks and where those risks could have a material impact on the Company's businesses, formulating strategies for managing these risks for consideration by the Board.
- (e) Implementing the policies, processes and codes of conduct approved by the Board.
- (f) Managing the Company's current financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively.

13. INDEPENDENT PROFESSIONAL ADVICE

Where the Board collectively, or Directors individually, judge that independent professional advice is necessary to assist them to discharge their responsibilities as Directors, they may seek advice at the Company's expense with the approval of the Chairperson, such approval not to be unreasonably withheld.

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