



BOARD CHARTER

1. OVERVIEW

- 1.1 This Charter sets out the functions and responsibilities of the Board of Carly Holdings Limited ("Carly Holdings" or the "Company").
- 1.2 The Board is governed by the Constitution of Carly Holdings Limited, a copy of which is available on the Company's website: www.carly.co/investors.
- 1.3 To the extent practicable, the Company has followed the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations with 2010 and 2012 Amendments* (3rd Edition).

2. FUNCTIONS OF THE BOARD

- 2.1 The Board is accountable to shareholders for the performance of the Company. Board members also have a responsibility to protect the rights and interests of the Company and to create shareholder wealth having due regard to the interests of other stakeholders.
- 2.2 The responsibilities of the Board include:
 - (i) reviewing and approving corporate strategies, the annual budget and financial plans;
 - (ii) overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives;
 - (iii) monitoring financial performance and liaising with the Company's external auditor;
 - (iv) appointing and assessing the performance of the Managing Director (or equivalent), and overseeing succession plans for the senior executives;
 - (v) ratifying the appointment and the removal of senior executives and the company secretary;
 - (vi) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestures;
 - (vii) reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance; and
 - (viii) enhancing and protecting the reputation of the Company;
 - (ix) Appointing a chair;
 - (x) Overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company;
 - (xi) Approving the Company's remuneration framework; and
 - (xii) reporting to and communicating with shareholders.

The role of management is to support the Managing Director (or equivalent) and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director (or equivalent).

3. COMPOSITION OF THE BOARD

- 3.1 The Company seeks to have a Board comprising directors with an appropriate variety of skill, experience and expertise who have competence to deal with the current and emerging issues of the business and who can effectively review and challenge the performance of management and exercise independent judgement.
- 3.2 The Company will consider, as a factor in the composition of the Board, the independence of a director. A review of director's independence is undertaken using defined criteria of independence and materiality consistent with the *Corporate Governance Principles and Recommendations*.
- 3.3 Membership of the Board is disclosed in the annual report including whether a director is independent or non-independent.
- 3.4 The Company has not adopted a policy in relation to the retirement or tenure of directors. In accordance with the Constitution of the Company, no director except a Managing Director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election.
- 3.5 Directors will, on appointment, receive a letter of appointment which sets out the terms and conditions of their appointment.

4. INDUCTION PROCESS

When appointed to the Board, a new director will receive an induction appropriate to their experience. The induction process will be designed to enable a new director to gain an understanding of:

- (i) the Company's operations and the industry in which it operates;
- (ii) the Company's financial, strategic, operational and risk management position;
- (iii) their rights, duties and responsibilities;
- (iv) any other relevant information.

5. BOARD COMMITTEES

- 5.1 The Board may establish committees to assist in the execution of its responsibilities.
- 5.2 The primary purpose of the Board's committees is to facilitate appropriate involvement by directors, ensure contestability of opinion and raise the level of interaction between the Board and management.

- 5.3 The Board has established an Audit and Risk Committee and a Nomination and Remuneration Committee to assist and advise the Board on specific matters set out in the charter of those committees.

6. ROLE OF CHAIRMAN

- 6.1 The Board may appoint a Chairman of the Board who should be a non-executive director and whose responsibilities may include:

- (i) providing leadership to the Board;
- (ii) ensuring the efficient organisation of the Board and conduct of its functions;
- (iii) chairing Board and shareholder meetings;
- (iv) ensuring all directors are briefed on material matters arising at or between Board meetings;
- (v) facilitating effective contributions by all directors;
- (vi) promoting constructive and respectful relations among board members and between board and management.

- 6.2 The roles of the Chairman and Managing Director should be separate.

7. ROLE OF MANAGING DIRECTOR

The Board may appoint a Managing Director (or equivalent) whose responsibilities may include the overall operational and business management and profit performance of Carly Holdings Limited, whilst also managing the Company in accordance with the strategy, plans and policies approved by the Board to achieve agreed goals.

8. COMPANY SECRETARY

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.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The Company Secretary is to facilitate the induction and professional development of Directors.

The Company Secretary is to facilitate and monitor the implementation of Board policies and procedures.

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.

All Directors have access to the advice and services provided by the Company Secretary.

The Board has the responsibility for the appointment and removal of the Company Secretary.

9. ACCESS TO INFORMATION

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Unless a conflict exists or to do so would be inconsistent with the director's duties, the director is to request such information via the Chairman or Managing Director.

10. INDEPENDENT ADVICE

The Board has a policy under which individual directors and Board committees may obtain independent professional advice at the Company's expense in relation to the execution of their duties to the Company. The process for obtaining any such advice requires:

- (a) the Chairman of the Board to give prior approval to the obtaining of the advice; or
- (b) if the Chairman refuses to give such approval, the Board of Directors of the Company to give prior approval to the obtaining of the advice.

The Chairman will be provided with a copy of the final advice which may, if appropriate, be circulated to the other directors.

11. EDUCATION

Directors and executives will have access to continuing education to update and enhance their skills and knowledge. This will include education concerning key developments in the Company and within the industry and environments within which it operates.

12. REVIEW OF CHARTER

The Board will review this Charter from time to time to ensure it remains consistent with the Board's objectives and responsibilities.

12. PUBLICATION OF CHARTER

This Charter will be available on the Company's website and the key features will be published in the corporate governance statement.

Approved by the Board of Carly Holdings Limited on 30 September 2015.