

Melbourne IT Limited Board Charter

The Board Charter sets out the functions and powers of the Board, the respective roles of the Board and the CEO, and their respective relationships with Management.

1) Objective

The Board of Directors of Melbourne IT Limited (the Company) is responsible for the corporate governance of the Melbourne IT Group.

The corporate governance regime should help ensure the strategic guidance of the Company, the effective monitoring of management by the Board, and the Board's accountability to the Company and to the shareholders. The Board's major roles are therefore oversight and advisory. The principal objective of the Board is to maximise the long term prosperity of the Group by setting broad corporate governance policies and ensuring that those policies are effectively implemented by the Chief Executive Officer and his team.

In carrying out its responsibilities and exercising its powers, the Board at all times recognizes its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the shareholders and other stakeholders of the Company, protecting the interests of the Company and fulfilling the Board's duties and obligations under the Company's Constitution and the Corporations Act 2001 (*Cth*).

2) Board Composition and Conduct

In accordance with the Constitution of the Company, the Board shall consist of at least three directors, and not more than ten directors.

The majority of non-executive Directors shall also be independent Directors.

Each director, whether independent or not, must act in the Company's best interests. Directors are expected to be sensitive to conflicts of interest that may arise and be mindful of their fiduciary obligations to the Company. Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interest, and to declare any conflict to the Chairman and to the Company Secretary.

Each director must:

- comply with the Company's Code of Conduct;
- comply with the Company's Share Trading Policy; and
- undertake continuing evaluations of their ability to act in the best interests of the Company.

Non-executive Directors must inform the Chairman and the Chairman of the Human Resources, Remuneration and Nomination Committee before accepting any new appointment as a director.

Executive Directors must not accept any appointment as an officer of any other company without the prior written approval of the Board.

3) Roles and Responsibilities

The role of the Board is to provide oversight and advice to management. In its oversight role, the Board should monitor management and ensure it is acting diligently in the interests of shareholders. In its advisory role, the Board consults with management regarding the strategic and operational direction of the Company, paying attention to decisions that balance risk and reward.

The Board is responsible for:

- providing input into the development, and approving and monitoring the implementation, of the strategic direction of the Company;
- adopting the annual budget and other performance indicators and monitoring the Company's performance against them on a regular basis;
- reviewing and approving the annual and half year financial reports and any significant changes to accounting policies;
- considering and approving all major capital expenditure and capital raising activities, acquisitions and divestitures, and monitoring capital management;
- approving the Company's dividend policy and payment of dividends;
- overseeing reporting to shareholders and ensuring that all regulatory requirements regarding continuous disclosure are met;
- reviewing and approving the Company's system of corporate governance, including corporate governance policies, formation of Board committees and approval of their charters, and monitoring their effectiveness;
- ensuring that the Company complies with the law and the highest standards of ethical and business behaviour, and that policies on key issues are in place;
- determining and reviewing the remuneration of non-executive directors within the limits approved by shareholders;
- reviewing Board performance;
- monitoring directors' interests and related party transactions and managing potential conflicts of interest;
- appointing and removing the Chief Executive Officer, setting his/her appropriate remuneration and performance targets and evaluating his/her performance against those targets;
- approving the succession plan for the Chief Executive Officer and reviewing the succession planning policy and approach for Executive Leadership and other critical business roles;

- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and Company Secretary;
- reviewing and approving the Company's overall remuneration framework, including the terms of any employee incentive plans and applicable performance objectives for the Executive Leadership Team;
- ensuring that appropriate human resources and remuneration strategies are in place;
- the appointment and removal of the external auditors, subject to the recommendation of the Audit & Risk Management Committee; and
- ensuring that proper risk management systems and internal controls are in place, and reviewing material risk exposures and the steps management has taken to monitor, control and report such exposures.

The Board may delegate certain authorities to Board Committees and/or to management.

Unless otherwise delegated through the relevant Committee Charter, a board resolution or any other instrument of delegation of authority, the above responsibilities are matters reserved for the Board.

4) Committees

The Board may establish committees, including ad hoc committees, as considered necessary to assist in carrying out its functions. The Board will determine, and review as appropriate, the charters and membership of its committees.

The standing committees of the Board are:

- (a) Audit & Risk Management Committee; and
- (b) Human Resources, Remuneration & Nomination Committee.

The Chairman of each Committee must be an independent non-executive Director and the Board must select members of each Committee based on which Directors are appropriate for the role.

The Board must adopt a charter for each Committee outlining the role and responsibilities of each Committee.

5) The Board and Management

Responsibility for the day to day management and operation of the Company is delegated by the Board to Management.

Management's responsibilities include:

- the overall management and performance of the Company;
- Charting the strategic direction of the Company taking advice from, and for approval by, the Board;

- Taking actions and initiatives in accordance with the strategic direction of the Company as approved by the Board;
- Providing leadership and direction to the Company and all staff;
- Maintaining effective risk management and internal control systems;
- Maintaining the Company's efficiency and competitiveness;
- Ensuring the integrity and timeliness of financial reporting to the Board and to shareholders; and
- Ensuring that all members of management and staff comply with company policies.

6) **The Chairman**

The Chairman shall be an independent non-executive director and shall be appointed by the Board.

The responsibilities of the Chairman include:

- providing leadership to the Board and the Company;
- ensuring the efficient organisation and conduct of the Board's functions;
- monitoring Board performance;
- facilitating Board discussions to ensure core issues facing the Company are addressed;
- facilitating the effective contribution and ongoing development of all Directors;
- promoting effective communication and working relationships between Board members and between the Board and Management; and
- chairing shareholders' meetings.

7) **The Company Secretary**

The Company Secretary reports directly to the Board, through the Chairman, on matters relating to the proper functioning of the Board. All Directors shall have access to the Company Secretary.

The Company Secretary's role includes:

- organising all Board business including meetings, agendas, Board papers and minutes, and monitoring the completion of actions arising from Board meetings;
- monitoring that board policy and procedures are followed;
- acting as a point of reference for dealings between the Board and management;
- developing systems and procedures to assist the Board in fulfilling its objectives;
- providing advice to the Board on governance matters; and
- retaining independent professional advisors at the request of the Board or as permitted under this Charter.

8) **The Chief Executive Officer**

The Chief Executive Officer is appointed by the Board and the position may be held by an executive director.

The Chief Executive Officer's role includes:

- managing the day to day operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board;
- formulating and recommending business and financial strategies and plans to develop the Company's business and implement these plans to achieve agreed performance targets;
- reporting to the Board on any issues arising out of the Company's activities;
- overseeing compliance with all laws and regulations applicable to the Company's activities;
- overseeing and evaluating the performance of staff and management;
- promoting the interests of the company; and
- performing the duties and exercising the powers consistent with the position of a Chief Executive Officer of the Company, and additionally as assigned by the Board.

In fulfilling his or her duties, the Chief Executive Officer shall:

- report directly to the Board;
- provide prompt and full information to the Board regarding the conduct of the business of the Company; and
- comply with reasonable directions given by the Board.

9) **Board meetings**

Regular Board meetings are held throughout the year, and special meetings will be held as required.

A director may call a meeting of the directors, and the Company Secretary must act upon instructions from the director to call the Board meeting.

The quorum for a meeting shall be a minimum of two directors. The Chairman holds a casting vote.

10) **Conflicts of Interest**

Directors must ensure at all times that the interests of the Company are put first and that nothing is embarked upon that has the effect or may be perceived to have the potential to put their interests before the Company's best interests.

Directors must declare to the Board any interest or relationship that could materially influence or interfere with the exercise of their independent judgment, and comply with their disclosure obligations under Corporations Act 2001, ASX Listing Rules or other legal requirements. This disclosure extends to the interests of family companies and spouses.

Any director with a material personal interest in a matter must not be present at a Board meeting during the consideration of the matter and subsequent vote unless the Board (excluding the relevant Board member) resolves otherwise. Directors with a conflict not involving a material personal interest may also be required to absent themselves from the relevant deliberations of the Board.

11) Confidentiality

The Directors acknowledge that all proceedings of the Board and its Committees are strictly confidential at all times, including following cessation of office.

12) Access to Information and Independent Advice

Subject to the Deed of Access and Indemnity executed by each Director, a Director may seek independent professional advice in order to fulfill their obligations or responsibilities and to assist in the exercise of independent judgment in their decision making. In the event that a director considers it necessary to seek independent professional advice, the director shall discuss the matter first with the Chairman of the Board. Any professional advice considered necessary would be obtained at the expense of the Company, subject to the Chairperson's consent (such consent not to be unreasonably withheld or delayed).

13) Induction

Upon appointment, each new Director shall undertake an induction program.

Induction procedures are developed to allow new directors to participate fully and actively in board decision making at the earliest opportunity.

14) Director development

Directors will have access to continuing education to update and enhance their skills and knowledge (including in areas concerning key developments in the Company, the industry and the environment within which it operates).

All Directors shall be provided with the opportunity to undertake professional development education activities to assist them in fulfilling their duties and responsibilities and keeping up to date with relevant issues.

15) Board Review and Evaluation

The Board will annually review its performance, policies and practices and review the performance of its Committees and each Director. The results of the review of individual Directors will be taken into account by the Board in determining its assessment of the Directors to stand for re-election at the next AGM.

The Board will regularly review the skills and expertise of the Directors of the Company to ensure that the composition of Directors is sufficient to ensure that the objectives of the Company are attained.

The Board will assess the independence of each Director on an annual basis and include this information in the annual report.

16) Charter Review

The Board Charter shall be reviewed annually and revised as required.