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# OPENN NEGOTIATION LIMITED (ACN 612 329 754)

## Board Charter

Adopted: 10 May 2021

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### 1. Introduction

The Board of Directors (**Board**) is responsible for guiding and monitoring Openn Negotiation Limited (**Company**) on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board is responsible for, and has the authority to determine all matters relating to, establishing goals for management and the strategic direction, policies, practices, and operation of the Company.

### 2. Role and Responsibilities

Monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders.

The specific responsibilities of the Board include (without limitation):

- overseeing the Company, including its control and accountability systems;
- appointing, evaluating, rewarding and if necessary, removing the Managing Director (or equivalent), the Company Secretary, and senior management personnel;
- ratifying the appointment, and where appropriate, the removal, of senior executives;
- in conjunction with members of the senior management team, developing corporate objectives, strategies and operations plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, use of capital, acquisitions, divestitures and major funding activities;
- establishing appropriate levels of delegation to the executive Directors to allow them to manage the business efficiently;
- monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company, including the reviewing and approving of annual budgets;
- monitoring the performance of senior management, including the implementation of strategy, and ensuring appropriate resources are available to them;
- identifying areas of significant business risk and ensure that the Company is appropriately positioned to manage those risks;
- assisting management to determine whether the Company has any material exposure to environmental or social risks and, if it does, disclosing to the public how it manages or intends to manage those risks;

- reviewing, at least annually, the Company’s risk management framework to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board;
- overseeing the management of safety, occupational health and environmental matters;
- satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
- ensuring that appropriate internal and external audit arrangements are in place and operating effectively;
- having a framework in place to help ensure that the Company acts legally, ethically, and responsibly on all matters consistent with the Company’s Code of Conduct, including reviewing the procedures that the Company has in place to ensure compliance with:
  - laws and regulations, particularly those which may have a major impact on the Company in areas such as medicinal cannabis, pharmaceuticals, occupational health and safety and the environment; and
  - insider trading laws, continuous disclosure requirements and other best practice corporate governance processes, including requirements under the rules of any stock exchange on which the Company is listed; and
- reporting accurately to shareholders, on a timely basis.

In performing its responsibilities, the Board must act at all times in a manner which is conducive to creating and continuing to build sustainable value for the Company’s shareholders, whilst recognising its overriding responsibility to act honestly, fairly, diligently and in accordance with law.

Individual Directors should devote the necessary time to the tasks entrusted to them. All Directors should consider the number and nature of their directorships and calls on their time from other commitments.

Directors and officers should be aware of their legal obligations.

### **3. Board Composition**

#### **3.1 Membership**

Appointments to the Board are based on merit against objective criteria that serve to maintain an appropriate balance of skills and experience on the Board.

In accordance with the Company’s Constitution, the Company must have not less than 3 and not more than 10 Directors.

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.

The Board should ensure that the Company provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

### 3.2 **Chairperson**

The chairperson of the Board (**Chairperson**) is responsible for leading and managing the Board in the discharge of its duties. This includes the following key responsibilities:

- the efficient organisation and conduct of the Board's functioning;
- briefing of all Directors in relation to issues arising at Board meetings;
- overall shareholder communication;
- chairing shareholder meetings (where possible);
- arranging Board performance evaluation; and
- presiding over meetings of the Board.

The Chairperson should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Directors and between the Board and management of the Company.

Any other position which the Chairperson may hold, either within or outside of the Company, should not hinder the effective performance of the Chairperson in carrying out his or her role as Chairperson of the Board.

### 3.3 **Managing Director**

In this document, a reference to the Managing Director includes a Director who performs the role and function of Chief Executive Officer of the Company.

The roles of the Chairperson and Managing Director should not be combined except in exceptional circumstances the Board considers that it is warranted, such as where the size and scope of the Company's operations necessitates the combining of the roles.

The Managing Director will have the overall responsibility for running the affairs of the Company under delegated authority from the Board. This includes:

- 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, budgets and strategies;
- 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;
- undertaking and assessing risk management and internal control effectiveness;
- 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;
- in relation to proposed transactions, commitments or arrangements that exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- implementing the policies and strategies set by the Board.
- devoting the whole of his or her time, attention and skill during normal business hours and at other times as reasonably necessary, to the duties of the office;

- 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;
- being accountable for planning, co-ordinating and directing the operations of the Company;
- promoting the interests of the Company; and
- faithfully and diligently performing the duties and exercise the powers consistent with the position of a Managing Director of the Company and assigned by the Board.

In carrying out his or her responsibilities, the Managing Director:

- reports directly to the Board;
- provides prompt and full information to the Board regarding the conduct of the business of the Company;
- ensure all reports to the Board present a true and fair view of the Company’s financial condition and operational results; and
- complies with reasonable directions given by the Board.

### 3.4 **Company Secretary**

The Company Secretary supports the effectiveness and operation of the Board. Specifically, the Company Secretary is responsible for:

- advising and supporting the Chairperson and the Board in relation to the management of the day-to-day governance framework of the Company and Board committees;
- monitoring compliance by the Board and its committees with applicable policies and charters;
- completing and despatching Board agendas and papers in a timely manner; and
- assisting with all matters related to the proper functioning of the Board, including advising on governance matters and arranging the induction and professional development of Directors.

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

### 3.5 **Independence**

The Board considers that Director will be “independent” if he or she:

- is a non-executive Director and who is not a member of the Company’s day-to-day management team;
- is not, and has not within the last 3 years, been employed in an executive/employment capacity by the Company or another group member, and there has been a period of at least 3 years between ceasing such employment and serving on the Board;
- is not, and has not within the last 3 years been, a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;

- is not, and has not within the last 3 years, a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- does not have any material contractual relationship with the Company or another group member other than as a Director of the Company;
- does not have any close family ties with any person who fall within any of the categories described above; or
- has not been a Director of the entity for such a period that his or her independence may have been compromised.

The Board may determine that a Director's independence is not composed notwithstanding that he or she has an interest, position, affiliation or relationship of the type described above, in which case the Company will disclose to the market details of the same, including an explanation of why the Board has come to such opinion.

The Company will disclose the names of those Directors that the Board considers to be independent and each Director's length of service with the Company.

If a Director's independent status changes, the Company will take reasonable steps to disclose such to the market in a timely manner.

### 3.6 **Rotation**

The Constitution of the Company does not specify a maximum term for which a Director may hold office.

In accordance with the Constitution, Directors (other than the Managing Director) must offer themselves for re-election by shareholders at least every 3 years.

## 4. **Committees and Delegation**

While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it may establish committees to assist it in carrying out its responsibilities. The Board may delegate specific responsibilities to standing or ad hoc committees from time to time.

In this regard, the Board may approve charters setting out matters relevant to the composition, responsibilities and administration of such committees and other matters that the Board may consider appropriate.

The Board has established the following committees:

- Audit and Risk Committee; and
- Remuneration and Nomination Committee.

The Board may not delegate its overall responsibility for the matters listed above. However, the responsibility for the day-to-day operation and administration of the Company may be delegated by the Board to the Managing Director.

The Board will ensure that the Managing Director and the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and executive Directors.

While there is a clear division between the responsibilities of the Board and management of the Company, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval and monitoring of a strategic plan;
- approval of annual and semi-annual budgets and monitoring actual performance against budget; and
- procedures are in place to incorporate presentations at each Board meeting by financial, operations and marketing management, as appropriate.

## **5. Meetings**

The Board will endeavour to meet for a minimum of 4 times in each financial year in order to appropriately discharge its responsibilities. The Board may convene additional meetings by following the procedure described in the Company's Constitution.

## **6. Management of Conflicts**

In the event of a conflict (including a conflict of duty and interest or a conflict of duties) or where a potential conflict may arise, involved Directors will, unless the remaining Directors resolve otherwise, withdraw from deliberations concerning the matter.

## **7. Induction**

The Board and the Company Secretary will establish an induction program for all new Directors to enable them to gain an understanding of:

- the Company's operations and the industry sectors in which it operates;
- the Company's financial, strategic, operational and risk management position;
- their rights, duties and responsibilities as Directors;
- Board procedures and meeting arrangements;
- the roles and responsibilities of any committees;
- the roles and responsibilities of senior executives;
- the culture and values of the Company; and
- any other relevant information.

The program should involve introducing the new Director to all incumbent Directors and other senior executives of the Company (if this has not already occurred).

## **8. Independent Professional Advice**

Each Director has the right to seek independent professional advice on matters relating to his or her position as a Director of the Company at the Company's expense, subject to the prior approval of the Chairperson, which shall not be unreasonably withheld.

## **9. Review and Publication of Charter**

The Board will review the charter set out in this document on an annual basis, and may amend the charter, to ensure that it is appropriate for the Company's business and operations, is up to date with applicable laws and regulations and appropriately reflects the Board's roles and responsibilities.

The Company will publish this document on the Company's website at:  
<https://hello.openn.com.au/investors>.