

# Regional Express Holdings Limited

## Board Charter

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### 1. Role of the Board

This Board Charter sets out the principles for the operation of the Board of Directors (**Board**) of Regional Express Holdings Limited (**Company**) and describes the functions of the Board. This Board Charter applies to the Company and its subsidiaries (**Group**).

The Board is accountable to shareholders for the performance of the Group. The Board must at all times act honestly, fairly and diligently in all respects in accordance with the law applicable to the Company and must act in the best interests of the shareholders of the Company and other stakeholders.

This Board Charter and the charters adopted by the Board for the Committees to be established by the Board have been prepared and adopted on the basis that corporate governance procedures can add to the performance of the Group and the creation of shareholder value, and will engender confidence of the investment market.

### 2. Responsibilities of the Board

The Board is responsible for the management of the affairs of the Group, including:

#### **(a) Strategic and financial performance**

- Developing and approving the corporate strategy.
- Evaluating, approving and monitoring the strategic and financial plans and objectives of the Group.
- Evaluating, approving and monitoring the annual budgets and business plans.
- Determining the Company's dividend policy, the operation of the Company's dividend re-investment plan (if any), and the amount and timing of all dividends.
- Evaluating, approving and monitoring major capital expenditure, capital management and all major acquisitions, divestitures and other corporate transactions, including the issue of securities of the Company.
- Approving all accounting policies, financial reports and material reporting.
- Appointment of the Chairman of the Company and any other Directors that are not appointed at the Annual General Meeting.

- Reviewing the objectives for the Board and its Committees each year, and if necessary, amend the relevant Charters and policies as well as the delegations of authority.

## **(b) Executive management**

With the assistance and advice of the **Remuneration and Nomination Committee**:

- Appointing, monitoring, managing the performance of the Chief Executive Officer or Managing Director and the Management Committee.
- Managing succession planning for the executive Directors and such other key management positions which may be identified from time to time.
- Appointing the Company Secretary.
- Reviewing and approving the performance and remuneration of the individual Board members and policies with respect to remuneration of the staff.
- Recommending and reviewing all appointments to the Board Committees.

## **(c) Audit and Corporate Governance Management**

With the assistance and advice of the **Audit and Corporate Governance Committee**:

- Appointing the external auditor and determining its remuneration and terms of appointment.
- Ensuring that effective audit and regulatory compliance programs are in place to protect the Group's assets and shareholder value.
- Reviewing the performance and effectiveness of the Company's corporate governance policies and procedures.
- Reviewing and approving all departures from the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practices Recommendations.

## **(d) Safety and Risk Management**

With the assistance and advice of the **Safety and Risk Management Committee**:

- Approving and monitoring the Group's safety and risk framework, including (but not limited to) systems of risk management and internal control. Approving and monitoring compliance with the Group's safety and risk policies and protocols.
- Monitoring the Group's operations in relation to and compliance with relevant regulatory and legal requirements with regards to safety.

# **3. Structure of the Board**

### **3.1 Overview**

The Board, with the recommendation of the Remuneration and Nominations Committee, determines the size and composition of the Board subject to the terms of the Constitution of the Company. The continued tenure of each individual Director is subject to re-election from time to time, in accordance with the Constitution.

It is intended that where practical the Board should comprise a majority of non-executive Directors, and comprise Directors with a broad range of skills, expertise, and experience from a diverse range of backgrounds.

### **3.2 Criteria for an "independent" Director**

Where the charter of a Board Committee requires one or more "independent" Directors, the following criteria are to be applied.

An "independent" Director is a non-executive Director who:

(a) is not a substantial shareholder (as defined in the Corporations Act) of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

(b) within the last three years has not been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;

(c) within the last three years has not 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;

(d) is not a material supplier or customer of the Company or the Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

(e) has no material contractual relationship with the Company or another Group member other than as a director of the Company;

(f) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and

(g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Family ties and cross-directorships may be relevant in considering interests and relationships which may compromise independence, and should be disclosed by Directors to the Board.

### **3.3 Directors' responsibilities**

Each Director is bound by all the Company's charters, policies and codes of conduct, including:

- the Code of Conduct;
- the Share Trading Policy; and
- the Continuous Disclosure Policy.

The Directors of the Company must:

- (a) conduct their duties at the highest level of honesty and integrity;
- (b) observe the rule and the spirit of the law and comply with any relevant ethical and technical standards;
- (c) maintain the confidentiality of all information acquired in the course of conducting their role and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board, or is required by law or by the ASX Listing Rules;
- (d) observe the principles of independence, accuracy and integrity in dealings with the Board, board committees, internal and external auditors and senior management within the Group;
- (e) disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the Director becomes aware and which the Director reasonably believes may compromise the reputation or performance of the Group; and
- (f) set a standard of honesty, fairness, integrity, diligence and competency in respect of the position of Director

## **4. Role of the Chairman**

### **4.1 Objective**

The Company recognises that it is important that the Chairman has a defined role in the organisation and operates in accordance with clear functional lines.

### **4.2 Role of the Company Chairman**

The Company has initially appointed an executive Chairman having regard to the current circumstances and needs of the Company and structure of the Board. Any future Chairman will be selected on the basis of relevant experience, skill, judgment and leadership abilities to contribute to the effective direction of the Company.

### **4.3 Specific duties of the Chairman**

The Chairman will:

- (a) chair board meetings;
- (b) establish the agenda for Board meetings in consultation with the executive Directors and the Company Secretary;
- (c) chair meetings of shareholders including the Annual General Meeting of the Company or delegate this to another director;
- (d) represent the views of the Board to shareholders, the general public, governmental, regulators and other stakeholders; and
- (e) develop and maintain key strategic relationships.
- (f) Review and evaluate the performance of the Board, each Board Committee, and each individual Director against the relevant Charters, corporate governance policies, and agreed goals and objectives and present his findings to the Board for endorsement.

## **5. Confidential Information & External Communication**

The Board has established the following principles to apply in respect of information of the Group:

- (a) generally, the Chairman will speak for the Group. Individual Board members are expected not to communicate on behalf of the Board or the Group without prior consultation with the Chairman;
- (b) all disclosures of information to a shareholder which is not disclosed to the market must be approved under the Continuous Disclosure Compliance Policy and must comply with the ASX Listing Rules; and
- (c) all Directors are required to keep all information provided to them in their capacity as a director confidential.

## **6. Conflicts of Interest**

The Directors of the Company are required to act in a manner which is consistent with the best interests of the Company as a whole free of any actual or possible conflicts of interest.

If a Director considers that he or she might be in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any associated person, or his or her duties to any other company, on the one hand, and the interests of the Company or his or her duties to the Company, on the other hand, the Board requires that the Director

(a) fully and frankly informs the Board about the circumstances giving rise to the conflict; and

(b) abstains from voting on any motion relating to the matter and absents himself or herself from all board deliberations relating to the matter, including receipt of Board papers bearing on the matter.

If a Director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the Director should immediately consult with the Chairman (or, in the case of the Chairman, the Chairman should immediately consult with Chair of the Audit and Corporate Governance Committee).

## 7. Related Party Transactions

The Board has delegated to the Audit and Corporate Governance Committee responsibility for reviewing and monitoring related party transactions and investments involving the Group and its Directors.

## 8. Meetings

### 8.1 Overview

The Board will meet not less than 4 times formally per annum and as frequently as may otherwise be required to deal with urgent matters.

A meeting of the Board will usually be convened by the Chairman, although under the Company's Constitution a meeting may be called by any Director.

All Directors are expected to diligently prepare for, attend, and participate in all Board meetings. At a minimum, a quorum of Directors under the Company's Constitution is 2. Meetings of the Board may be held or participated in by conference call or similar means. Resolutions of the Board may be passed by circular resolution or in writing in accordance with the Company's Constitution.

The Chairman in conjunction with the Managing Director should ensure the availability and, if necessary, the attendance at the relevant meeting, of any member of the Group's executive management responsible for a matter included as an agenda item at the relevant meeting.

## 8.2 Agenda

An agenda will be prepared for each Board and Board committee meeting. The agenda will be prepared by the Company Secretary under the supervision of the Chairman. The following items will be standing items on the agenda unless otherwise determined by the Chairman:

- Approval of minutes of previous meeting
- Report of the Safety and Risk Management Committee
- Report of the Remuneration and Nomination Committee (once a year)
- Report of the Audit and Corporate Governance Committee (only twice a year with regards to financial statements)

## 9. Board committees

In order to fulfill its duties, the Board has established the following Committees:

- the **Audit and Corporate Governance Committee**, which is responsible for monitoring and advising the Board on the Group's audit procedures, and advising the Board on appropriate corporate governance standards and policies;
- the **Remuneration and Nomination Committee**, which is responsible for ensuring that the Directors and Management Committee are remunerated fairly, and overseeing the remuneration and human resources policies and practices of the Group, advising the Board on the composition of the Board and its Committees, recommending the appointment to the Management Committee; and
- the **Safety and Risk Management Committee**, which is responsible for advising the Board on and ensuring effective risk management programs are in place to protect the Group's assets and shareholder value; advising the Board on regulatory compliance and internal control.

Although the Board may delegate powers and responsibilities to these Committees, the Board retains ultimate accountability for discharging its duties.

The composition of the membership, including the Chairman, of each of these Committees will be as determined by the Board from time to time, subject to:

- the Chair of the Audit and Corporate Governance Committee as well as the Remuneration and Nomination Committee must be a non executive Director; and
- where the charter of a particular Committee contains specific requirements as to its composition.

The Board will consider and approve the charters of the various Committees. These charters will identify the areas in which the Board will be assisted by each Committee.

## 10. Independent advice

A Director of the Company is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out below:

(a) a Director must seek the prior approval of the Chairman;

(b) in seeking the prior approval of the Chairman, the Director must provide the Chairman with details of;

- the nature of the independent professional advice;
- the likely cost of seeking the independent professional advice; and
- details of the independent adviser he or she proposes to instruct.

(c) the Chairman may set a reasonable limit on the amount that the Company will contribute towards the cost of obtaining such advice;

(d) all documentation containing or seeking independent professional advice must clearly state that the advice is sought both in relation to the Company and to the Director in his or her personal capacity. However, the right to advice does not extend to advice concerning matters of a personal or private nature, including for example, matters relating to the Director's contract of employment with the Company (in the case of an executive Director) or any dispute between the Director and the Company; and

(e) the Chairman may determine that any advice received by an individual Director will be circulated to the remainder of the Board.

All Directors are entitled to the benefit of the Company's standard Deed of Access, Indemnity and Insurance which provides ongoing access to Board Papers and, at the Company's expense, Directors and Officers insurance for 7 years after the Director leaves the Board.

## 11. Remuneration

The level of director remuneration will be set by the Remuneration and Nomination Committee

## 12. Continuous disclosure

The Board has adopted a policy related to the continuous disclosure obligations of the Company under the ASX Listing Rules. The Audit and Corporate Governance Committee will oversee the implementation of that policy and shall make its observations and recommendations to the Board as and when necessary.