Blue Sky Alternative Investments Limited
ACN 136 866 236

Board Charter

Approved and adopted by the Board on 23 September 2011, effective 6 October 2011

This Policy was reviewed and adopted by the Board on 25 July 2016
1. Introduction

1.1 Blue Sky Alternative Investments Limited (‘Company’) is a public company which is listed on the Australian Securities Exchange (‘ASX’).

1.2 This Charter sets out the role, responsibilities and power of the board of directors of the Company (‘Board’) and, in some instances, of individual directors (‘Directors’).

1.3 In carrying out the responsibilities and powers set out in this Charter, the Board will at all times recognise its overriding responsibility to act honestly, diligently and in accordance with the law in the best interests of the Company’s shareholders and having regard to the interests of its other stakeholders, including its employees.

1.4 While it is acknowledged that good governance is an important component of a successful company, it is also recognised that it is contingent upon the context in which it is practiced. Therefore, corporate governance needs to be an evergreen process, and, as a result, this Board Charter is a living document.

1.5 This Board Charter will need to be regularly reviewed and updated to reflect changes in the legal framework within which the Company operates, and amendments and developments in Board policies and procedures.

1.6 It is the responsibility of the Company Secretary to ensure that the Board is consulted regarding any changes and updates, that the Charter is kept current and is reviewed on a yearly basis, and that all Board members are provided with the latest versions of the Charter.

1.7 Nothing in this Charter must conflict with the Company’s Constitution (‘Constitution’). If such a conflict occurs, the Constitution prevails.

1.8 Nothing in this Charter must conflict with the listing rules issued by the ASX (‘ASX Listing Rules’). If such a conflict occurs, the ASX Listing Rules prevail.

1.9 This Charter is supported by the Company’s Code of Conduct and the charters for the Nomination Committee, the Remuneration Committee, and the Audit Committee.

2. Role of the Board

2.1 The Board is ultimately responsible for all matters relating to the running of the Company.

2.2 The Board’s role is to direct and control the Company. In doing so the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

2.3 The Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

2.4 Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:
2.4.1 providing leadership to the Company by:

(a) guiding the development of an appropriate culture and values for the Company through the establishment and review of Codes of Conduct, rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods; and

(b) always acting in a manner consistent with the Company's culture and Code of Conduct;

2.4.2 overseeing the development and implementation of an appropriate strategy by:

(a) working with the ‘Senior Executive Team’\(^1\) to ensure that an appropriate strategic direction and array of goals are in place;

(b) regularly reviewing and amending or updating the Company's strategic direction and goals;

(c) ensuring that an appropriate set of internal controls are implemented and reviewed regularly;

(d) overseeing planning activities including the development and approval of strategic plans, annual plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets;

(e) reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis;

2.4.3 ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications policy, encouraging effective participation at general meetings and, through the Chairperson, being the key interface between the Company and its shareholders;

2.4.4 overseeing the control and accountability systems that ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations;

2.4.5 ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively;

2.4.6 being responsible for the Company's Senior Executive Team and personnel including:

(a) directly managing the performance of the Managing Director of the Company ("Managing Director") including:

(i) appointing and remunerating the Managing Director;

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\(^1\) The Senior Executive Team refers to the senior management team as distinct from the Board, being those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance.
(ii) providing advice and counsel to the Managing Director including formal reviews and feedback on his or her performance;

(iii) overseeing the development or removal of the Managing Director, where necessary;

(b) ratifying the appointment, the terms and conditions of the appointment and, where appropriate, removal of the Chief Financial Officer (“CFO”) and/or Company Secretary;

(c) ensuring that an appropriate succession plan for the Managing Director, CFO and Company Secretary is in place;

(d) ensuring appropriate human resource systems (including Occupational, Health and Safety systems) are in place to ensure the well-being and effective contribution of all employees;

2.4.7 delegating appropriate powers to the Managing Director, management and Committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;

2.4.8 making all decisions outside the scope of these delegated powers including:

(a) approving all significant operational expenditures outside the approved budget;

(b) approving all mergers and acquisitions; and

(c) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures; and

2.4.9 otherwise, actioning any powers prescribed by the Constitution from time to time.

3. Board size, composition and independence

3.1 The Board is appointed by the shareholders of the Company. Non-executive Directors are engaged through a letter of appointment.

3.2 The Board, in fulfilling its role as the Nomination Committee, will determine the size and composition of the Board, subject to the terms of the Constitution, the Corporations Act and the ASX Listing Rules (as applicable).

3.3 The Board will review the skills represented by Directors and determine whether the composition and mix of those skills remain appropriate for the Company’s strategy, subject to limits imposed by the Constitution and terms served by existing Non-executive Directors.

3.4 The Board is currently made up of five Directors: an independent Chairperson and four non-independent Directors. The Board believes that, having regard to the Company’s size and the significant economic and management input of the non-independent Directors, this is the most efficient structure. The Board comprises Directors from a variety of business and professional backgrounds who bring a range of commercial, operational, financial skills and experience relevant to the Company and the industry in which it operates. The Board considers that the current Board composition has a proper understanding of, and competence to deal
with, the current and emerging issues of the business of the Company, and can effectively review and challenge the performance management.

3.5 To the extent that an assessment of a Director’s independence is necessary, the Board will have regard to the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (3rd Edition) principles.

3.6 The Board will consider and conclude on the independence of its non-executive directors at regular intervals (and at least once each year). In this regard, each Non-executive Director must provide the Board with all relevant information for it to make an assessment of that Director’s independence.

3.7 In the opinion of the Board, all Directors should bring specific skills and experience that add value to the Company. The balance of skills and experience of the Board is to be regularly reviewed by the Nomination Committee.

3.8 When considering the potential appointment of a Director, or the recommendation for reappointment of a Director, the Board will take into account the individual’s performance as well as the skills and experience mix required by the Board into the future.

3.9 When considering vacancies, the Board will take into account a candidate’s capacity to enhance the mix of skills and experience of the Board.

3.10 The Board, through the Nomination Committee, will maintain a regularly reviewed capabilities matrix. This matrix shall include technical skills, director capabilities and personal attributes. It will normally review the Board’s composition against this matrix and recommend any changes in Board composition on an annual basis. An essential component of this matrix is the time availability of Directors.

3.11 The Nomination Committee is responsible for recommending candidates for appointment to the Board, having regards to the provisions of this Charter.

3.12 Each Non-executive Director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each Non-executive Director clearly understands the Company’s expectations of him or her.

4. The Role of Individual Directors

As members of the peak decision-making body in the Company, Directors share ultimate responsibility for the Company’s overall success. Therefore, Directors have an individual responsibility to ensure that the Board is undertaking its responsibilities. Directors need to ensure that the Board is providing:

4.1 Leadership to the Company, particularly in the areas of ethics and culture;

4.2 A clear and appropriate strategic direction;

4.3 Accountability to key stakeholders, particularly shareholders;

4.4 Oversight of policies;

4.5 Oversight of all control and accountability systems including all financial operations and solvency, risk management and compliance;

4.6 An effective Senior Executive Team and appropriate personnel policies; and

4.7 Timely and effective decisions on matters reserved to it.
5. **Code of Conduct**

The Board has approved, and will review at least once each year, the Company's corporate Code of Conduct ('Code') for Directors and Senior Executive Team members. That Code also deals with matters relating to actual or potential conflicts of interest.

6. **Board Committees**

6.1 The Board may, from time to time, establish Board Committees to streamline the discharge of its responsibilities. In this regard:

   6.1.1 Each standing Board Committee will act in accordance with a formal charter approved by the Board and adopted by the Committee, setting out the matters relevant to the composition, responsibilities and administration of that Committee.

   6.1.2 The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.

   6.1.3 The powers delegated to these Committees will be set out in resolutions of the Board.

6.2 At a minimum, the Board will establish the following standing Board Committees:

   6.2.1 Audit Committee;

   6.2.2 Nominations Committee;

   6.2.3 Remuneration Committee; and

   6.2.4 Corporate Governance Committee.

7. **Chairperson of the Board**

7.1 The Board will appoint one of its members as Chairperson.

7.2 The Chairperson represents the Board to the shareholders of the Company and communicates the Board’s position.

7.3 The Chairperson will:

   7.3.1 chair meetings of the Board and of shareholders, including the annual general meeting of the Company;

   7.3.2 ensure that the Board's decisions have been implemented;

   7.3.3 ensure that the Board fulfils its obligation under this Charter and as required under the relevant legislation and the ASX Listing Rules;

   7.3.4 provide appropriate leadership to the Board and to the Company;

   7.3.5 lead the Board to ensure it operates efficiently and effectively as a group; and

   7.3.6 promote constructive and respectful relations between the Board and management.
8. **Role of the Company Secretary**

8.1 The Board will appoint at least one Company Secretary.

8.2 The Company Secretary is accountable to the Board.

8.3 The Company Secretary is responsible for coordination of all Board business, including agendas, Board papers, minutes, communication with regulatory bodies and the ASX, and all statutory and other filings.

8.4 All Directors will have direct access to the Company Secretary.

9. **Managing Director and Senior Executive Team**

9.1 Responsibility for day to day management and administration of the Company is delegated by the Board to the Managing Director and the Senior Executive Team.

9.2 The Managing Director manages the Company in accordance with the strategy, plans and policies approved by the Board.

9.3 The Managing Director is appointed by the Board and must not be the same person as the Chairperson.

9.4 The responsibilities of the Managing Director include:

9.4.1 developing and recommending to the Board, strategies, business plans and annual budgets for the Company;

9.4.2 implementing the strategies, business plans and budgets adopted by the Board;

9.4.3 providing effective leadership, direction and supervision of the executive team to achieve the strategies, business plans and budgets adopted by the Board;

9.4.4 developing and managing resources, policies and systems to ensure the effective operation of the Company (including policies on risk management, internal controls and human resources);

9.4.5 managing resources within budgets approved by the Board;

9.4.6 ensuring compliance with applicable laws and regulations;

9.4.7 ensuring the Board is given sufficient information to enable it to perform its functions, set strategies and monitor performance; and

9.4.8 acting within authority delegated by the Board.

9.5 The Board has in place procedures to assess the performance of the Managing Director and Senior Executive Team. In this regard the:

9.5.1 Managing Director and Senior Executive Team must supply the Board with information in a form, timeframe and of a quality that will enable the Board to discharge its duties effectively and make an assessment as to the performance of the Managing Director and Senior Executive Team.

9.5.2 Directors are entitled to request additional information at any time when they consider it appropriate.
10. Directors

10.1 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.

10.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.

10.3 Directors are expected to review meeting materials before Board meetings and committee meetings.

10.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.

10.5 Directors must exercise independent judgment when making decisions.

10.6 Publicly, Directors are expected to support the letter and spirit of Board decisions.

10.7 Directors will act at all times with honestly and integrity and will observe the highest standards of ethical behaviour.

10.8 Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.

10.9 Directors must comply with their legal duties when discharging their responsibilities as Directors. Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them.

10.10 The Board collectively, and each Director individually, has the right to seek independent professional advice subject to the approval of the Chairperson, or the Board as a whole.

11. Access to information and independent advice by Directors

11.1 Directors have access to any information they consider necessary to fulfill their responsibilities and to exercise independent judgment when making decisions.

11.2 Directors have access to:

11.2.1 management to seek explanations and information from management; and

11.2.2 auditors, both internal and external, to seek explanations and information from them without management being present.

11.3 Directors may seek any independent professional advice they consider necessary to fulfill their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the Directors.

11.4 If the Chairperson of the Board consents, the Company will pay a Director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

12. Retirement of Directors

Retirement of Directors will be in accordance with the requirements set out in the Constitution and, where applicable, the ASX Listing Rules and legislation.
13. **Communication of information**

13.1 The Board will:

13.1.1 communicate effectively with shareholders;

13.1.2 give shareholders ready access to balanced and understandable information about the Company and its corporate goals; and

13.1.3 make it easy for shareholders to participate in general meetings.

13.2 The Board has adopted a communications strategy to facilitate and promote effective communication with shareholders and encourage participation at general meetings.

14. **Performance assessment**

14.1 The Board recognises that regular reviews of its effectiveness and performance are key to the improvement of the governance of the Company. The Board will review and evaluate:

14.1.1 its own performance, including against the requirements of this Charter;

14.1.2 the performance of its Committees;

14.1.3 the performance of individual Directors; and

14.1.4 the performance of the Managing Director and the Senior Executive Team, on an annual basis against both measurable and qualitative indicators.

14.2 The Nomination Committee and the Remuneration Committee are separately responsible for establishing procedures for an annual evaluation of the Board as a whole and individual Directors in the manner described above, on an annual basis.

15. **ASX Corporate Governance Principles**

This Charter was prepared having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition).²

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² ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (3rd Edition) principles 1.1, 1.2, 1.3, 2.1, 2.2, 2.3, 2.4 and 2.5.