

# Board Charter

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## 1. INTRODUCTION

This Charter was adopted and ratified by the board of directors of Kinatico Ltd, previously known as CV Check Ltd (the Company) on 25 June 2015. It replaces the charter ratified on 30 September 2014.

The purpose of this Charter is to document the objectives, responsibilities, and administration of the board of directors of the Company (the Board) and its relationship to the Managing Director, any Chief Executive Officer who may replace the Managing Director, and committees of the Board that may be established.

In carrying out the responsibilities and powers set out in this Charter, the Board:

- (a) recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of its shareholders; and
- (b) recognises its duties and responsibilities to its employees, customers, and the community.

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## 2. THE SPECIFIC RESPONSIBILITIES OF THE BOARD

In addition to matters it is expressly required by law to approve, the Board has the following specific responsibilities:

- (a) monitoring the performance of the Managing Director and the determination of his terms and conditions including remuneration and termination;
- (b) where necessary appointing the replacement of the Managing Director, either as Chief Executive Officer or Managing Director;
- (c) driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- (d) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (e) approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- (f) approving and monitoring the budget and the adequacy and integrity of financial and other reporting;

- (g) approving the annual, half yearly and quarterly accounts;
- (h) approving significant changes to the organisational structure;
- (i) approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the ASX Listing Rules if applicable);
- (j) procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively;
- (k) approving the Company's remuneration framework;
- (l) ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- (m) recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable); and
- (n) meeting with the external auditor, at their request, without management being present.

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### **3. COMPOSITION OF THE BOARD**

- (a) The Board will regularly review its composition against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.
- (b) In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.
- (c) The Board's long-term policy is that at an appropriate time in the Company's development, the majority of the Board will be comprised of non-executive Directors and that at least 50% of the Board will be independent. The Board will, in each Annual Report, disclose the independence of each Director as determined by the Board.
- (d) An independent Director is a director who is free of any interest, position, association, or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent

judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.

- (e) In considering whether a Director is independent, the Board will consider the definition of what constitutes independence as detailed in Box 2.3 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition* as set out in Annexure A to this Charter (**Independence Tests**).
- (f) Where a Director has an interest, position, association, or relationship of the type described in the Independence Tests, but the Board is of the opinion that it does not compromise the independence of the Director, the Company will disclose in its Annual Reports the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion.
- (g) Directors must disclose their interests, positions, associations, or relationships. The independence of the Directors will be regularly assessed by the Board in light of the interests disclosed by them.
- (h) Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest.
- (i) Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.
- (j) No member of the Board (other than a Managing Director) may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders.
- (k) The Board will disclose the length of service of each Director in its Annual Report.
- (l) Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the Nomination Committee (or in the absence of that Committee, the full Board) to ensure that they continue to contribute effectively to the Board.
- (m) The Board will comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.
- (n) The Board will in its Annual Report disclose the relevant qualifications and experience of each Board Member.

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## 4. THE ROLE OF THE CHAIRMAN

- (a) Where practical, the Chairman will be a non-executive Director. If a Chairman ceases to be an independent Director, then the Board will consider appointing a lead independent Director.
- (b) Where practical, the Managing Director will not be the Chairman of the Company during his term as Managing Director.
- (c) The Chairman must be able to commit the time to discharge the role effectively.
- (d) The Chairman is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings and conducting the shareholder meetings.
- (e) The Chairman should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management.
- (f) In the event that the Chairman is absent from a meeting of the Board then the Board shall appoint a Chairman for that meeting.

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## 5. BOARD COMMITTEES

- (a) Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board may establish any number of committees to focus on particular topics including:
  - (i) Audit;
  - (ii) Risk;
  - (iii) Remuneration;
  - (iv) Nominations; and
  - (v) Sales and Partnerships.
- (b) Each Committee will have its own written charter. The charter of each Committee will be approved by the Board and reviewed following any applicable regulatory changes.
- (c) On establishing any Committee, the Board will ensure that the Committee is sufficiently funded to enable it to fulfil its role and discharge its responsibilities.

- (d) Members of each Committee will be appointed by the Board. The Board may appoint additional Directors to any Committee or remove and replace members of any Committee by resolution.
- (e) The Board will disclose in its Annual Reports the members and Chairman of each Committee.
- (f) The minutes of each Committee meeting shall be provided to the Board at the next occasion the Board meets following approval of the minutes of such Committee meeting.
- (g) In the Company's Annual reports, the Board will disclose, in relation to each reporting period relevant to a Committee, the number of times each Committee met throughout the period and the individual attendances of the members at those Committee meetings.
- (h) Where the Board does not consider that the Company will benefit from a particular separate committee:
  - (i) the Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee; and
  - (ii) in each Annual Report, the Company will disclose:
    - (A) the fact a Committee has not been established;
    - (B) if a Nomination Committee has not been established, the processes to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively;
    - (C) if an Audit Committee has not been established, the processes the Board employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner; and
    - (D) if a Risk Committee has not been established, the process it employs for overseeing the Company's risk management framework.

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## 6. BOARD MEETINGS

- (a) The Directors may determine the quorum necessary for the transaction of business at a meeting, however, until otherwise determined, there must be two Directors present at a meeting to constitute a quorum.
- (b) The Board will schedule formal Board meetings at least quarterly and hold additional meetings, including by telephone, as may be required.
- (c) Non-executive Directors may confer at scheduled times without management being present.
- (d) The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chairman and circulated to Directors after each meeting.
- (e) The Company Secretary shall ensure that the business at Board and committee meetings is accurately captured in the minutes.
- (f) The Company Secretary shall co-ordinate the timely completion and distribution of Board and committee papers for each meeting of the Board and any committee.
- (g) Minutes of meetings will be approved at the next Board meeting.
- (h) Further details regarding Board meetings are set out in the Company's Constitution.

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## 7. THE COMPANY SECRETARY

- (a) 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.
- (b) The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
- (c) The Company Secretary is to facilitate the induction and professional development of Directors.
- (d) The Company Secretary is to facilitate and monitor the implementation of Board policies and procedures.
- (e) 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.

- (f) All Directors have access to the advice and services provided by the Company Secretary.
- (g) The Board has the responsibility for the appointment and removal, by resolution, of the Company Secretary.

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## **8. ACCESS TO ADVICE**

- (a) All Directors have unrestricted access to company records and information except where the Board determines that such access would be averse to the Company's interests.
- (b) All Directors may consult management and employees as required to enable them to discharge their duties as Directors.
- (c) The Board, Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

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## **9. THE BOARD'S RELATIONSHIP WITH MANAGEMENT**

- (a) The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.
- (b) The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director.
- (c) In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Group to facilitate the carrying out of their duties as Directors.

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## **10. PERFORMANCE REVIEW**

The Nomination Committee (or in the absence of that Committee, the full Board) shall conduct an annual performance review of the Board that:

- (a) compares the performance of the Board with the requirements of its Charter;
- (b) critically reviews the mix of the Board; and
- (c) suggests any amendments to the Charter as are deemed necessary or appropriate.

The annual performance review will be conducted in confidence and all results will remain confidential to the Board.

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## 11. COMPLIANCE

- (a) The Board will establish and maintain procedures and processes to ensure that the Company and its personnel are aware of, and comply with, all relevant legal obligations.
- (b) The Board will ensure that the Company has in place effective disclosure policies and procedures so that shareholders and the financial market are fully informed to the extent required by the applicable disclosure rules and legislation on matters that may influence the share price of the Company or its listed debt securities.



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**ANNEXURE A – DEFINITION OF INDEPENDENCE**

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Examples of interests, positions, associations, and relationships that might cause doubts about the independence of a director include if the director:

- (a) is, or has been, employed in an executive capacity by the Company or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- (b) is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services or a material consultant to the Company or any of its child entities;
- (c) is, or has been within the last three years, in a material business relationship (e.g., as a supplier or customer) with the Company or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- (d) is a substantial security holder of the Company or an officer of, or otherwise associated with, a substantial security holder of the Company;
- (e) has a material contractual relationship with the Company or its child entities other than as a director;
- (f) has close family ties with any person who falls within any of the categories described above; or
- (g) has been a director of the Company for such a period that his or her independence may have been compromised.

In each case, the materiality of the interest, position, association, or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.