



Board of Directors Charter

Silk Logistics Holdings Limited
ACN 165 867 372

Version:2.0
20 February 2023

Document History

Version	Summary of Amendments	Approved by	Approval date
1.0	New Board of Directors Charter	Board of Directors	22 March 2021
2.0	Annual Review of the Charter	Board of Directors	20 February 2023

Other Policy Details

Key Information	Details
Approval Body	Silk Logistics Holdings Limited Board of Directors
Key Stakeholders	Silk Logistics Holdings Limited Board of Directors Silk Logistics Holdings Limited Senior Management
Responsibility for Implementation	Chief Executive Officer
Policy Custodian	Company Secretary
Next Review Date	February 2025

Legislative and Regulatory Framework

Authority	Law, Resolution or Regulation
ASX Corporate Governance Council	ASX Corporate Governance Principles and Recommendation (2019) ("ASX Principles")
Australian Government	Corporations Act 2001 (Cth) (" Corporations Act ")

1. Introduction

- 1.1 The Board of Directors (the “**Board**”) of Silk Logistics Holdings Limited (the “**Company**”) has adopted this Board Charter (“**Charter**”) to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws.
- 1.2 The Board is committed to, and expects the highest standards of, behaviour and accountability from all Directors, Senior Executives and employees of the Company. This Charter sets out the functions and responsibilities of the Board of the Company.
- 1.3 This Charter includes an overview of:
- a) the composition of the Board;
 - b) the roles and responsibilities of the Board;
 - c) the relationship and interaction between the Board and management and the Board's ability to delegate its authority to a committee of the Board and management; and
 - d) the Board processes.
- 1.4 This Charter and the charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.

2. Board Composition

Board composition and size

- 2.1 Directors are appointed by the Board and elected or re-elected by the shareholders. Non-executive Directors are engaged through a letter of appointment.
- 2.2 The Board, together with the Sustainability Committee, determines the size and composition of the Board, subject to the terms of the Company's Constitution.
- 2.3 The majority of the Board should be independent, Non-Executive Directors.
- 2.4 Whilst shareholders ultimately appoint Directors, the Board shall select and recommend candidates to shareholders, with the benefit of recommendations made by the Sustainability Committee. Appropriate background checks will be undertaken before the person's appointment as a director.
- 2.5 The Board should comprise of Directors with a broad range of skills, expertise and experience, as determined by an agreed Board skills matrix, from a diverse range of backgrounds.
- 2.6 The Board, together with the Sustainability Committee, will review the skills, experience, expertise and diversity represented by the Directors on the Board and determine whether the composition and mix remain appropriate, having regard to the Company's strategy and subject to the requirements of the Constitution.

Director independence and tenure

- 2.7 The Board only considers a Director to be independent where they are not a member of management and is free of any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect, their

capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders as a whole.

- 2.8 The Board has adopted a definition of independence based on that set out in Box 2.3 of the ASX Principles (*Refer Annexure 1*) when considering the independent status of a Non-Executive Director.
- 2.9 If a Director is or becomes aware of any information, facts or circumstances which will or may affect that Director's independence, the Director must immediately disclose all relevant details in writing to the Company Secretary and the Chairperson.
- 2.10 The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations. Accordingly, tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director in the context of the overall Board process.
- 2.11 The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment as disclosed by each Non-executive Director to the Board, to ensure the Board continues to comprise a majority of independent Non-Executive Directors.
- 2.12 If the Board determines that a director's status as an independent director has changed, that determination should be disclosed and explained in a timely manner to the market.

3. Board Role and Responsibilities

- 3.1 The Board is responsible for the overall leadership, stewardship, strategic direction, governance and performance of the Company. The Board is established by the Company's Constitution, under which it is vested with the power to manage the Company.
- 3.2 The Board's role is to:
 - a. represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives;
 - b. provide effective oversight of its management and business activities;
 - c. protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
 - d. set, review and monitor compliance with the Company's values and governance framework (including establishing and observing high ethical standards);
 - e. seek to ensure the Company acts in accordance with its legal and other obligations; and
 - f. ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.
- 3.3 The responsibilities of the Board include:
 - a. selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of the MD & CEO and their direct reports;

- b. oversight of the Company, including the integrity of its control and accountability systems (including the external audit), that seeks to ensure the creation and protection of shareholder value;
- c. contributing to and approving management development of corporate strategy and performance objectives;
- d. reviewing, ratifying and monitoring systems of risk management, internal control and legal compliance. This includes reviewing procedures to identify the main risks associated with the Company's business and the implementation of appropriate systems to manage these risks;
- e. monitoring the implementation of the strategic plans and performance objectives and assessing the Company's performance against these;
- f. approving major capital expenditure, acquisitions and divestitures and monitoring capital management;
- g. monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting systems, including the external audit;
- h. monitoring of the Company financial position and its ability to meet its debts and other obligations as they fall due;
- i. see that an appropriate frameworks exists for relevant information to be reported by management to the Board, and whenever required, challenge management and hold it account;
- j. approving financial reports, profit forecasts and other reports required at law or under the ASX Listing Rules to be adopted by the Board;
- k. overseeing the Company's process for making timely and balance disclosures of all material information concerning the Company;
- l. ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- m. evaluating, at least annually, the performance of the Board, its Committees and individual Directors in accordance with the process set out in Annexure 2;
- n. developing and reviewing corporate governance policies, including the Company's Statement of Values and Code of Conduct and promulgating clear standards of ethical behaviour required of Directors, Senior Executives and employees;
- o. ensuring the Company's remuneration policies are aligned with the Company's mission, purpose, values, strategic objectives and risk appetite;
- p. ensuring that an appropriate health, safety and environment framework is in place to support safe workplace practices and to comply with the Company's environmental obligations;
- q. ensuring the Company has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite that the Board expects management to operate within; and
- r. performing such other functions as are prescribed by law or are assigned to the Board.

Director Responsibilities

- 3.4 Directors will at all times act with honesty and integrity and will observe the highest standards of ethical behaviour.
- 3.5 Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests. If a matter is to be discussed at a meeting of the Board which might reasonably involve one or more of the Directors having a conflict of interest, then those Directors must fully and frankly declare that potential or actual conflict of interest.
- 3.6 If the Board determines that there is a material conflict of interest, the Board may require that the relevant Director:
- a) not receive the relevant papers; and / or
 - b) not be present at the meeting while the matter is considered.
- 3.7 Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them. The need for such continuing education and professional development for existing directors will be reviewed every year to ensure all Directors maintain the skills and knowledge required to perform their role effectively.
- 3.8 The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chair, or the Board as a whole.

4. Conflict of Interest

- 4.1 Directors must take all necessary and reasonable steps to avoid conflicts of interests as described in the Company's Code of Conduct.
- 4.2 A Director must disclose to the Chair and the Company Secretary any direct or indirect involvement in a competitor to the Company, as a shareholder or otherwise, including any personal interest in any transaction to be entered into by the Company which may conflict between the interests of the Company and the Director.
- 4.3 The Director must not participate in any Board discussion on the transaction, refrain from voting on the transaction, and cannot in any way influence the Company's decision in relation to the transaction. Any potential conflict of interest shall be captured in the minutes of the meeting.
- 4.4 The Company must document all reported conflicts of interest together with the measures taken in this regard.

5. Delegation of Duties and Powers

Delegation to Committees

- 5.1 The Board may, from time to time, establish Committees to streamline the discharge of its responsibilities.
- 5.2 The Board will adopt a formal charter for each standing Committee setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- 5.3 The permanent Committees of the Board are:
- a) the Sustainability Committee;

- b) the Audit & Risk Committee; and
 - c) the Investment Committee.
- 5.4 The Board may also delegate specification functions to ad hoc Committees on an "as needs" basis.
- 5.5 Each of the above Committees shall:
- a) be comprised of a majority of Non-Executive Directors; and
 - b) be chaired by a Non-Executive Director.
- 5.6 The Board shall review the effectiveness of each of the above Committees against its charter, on an annual basis, in conjunction with the Chairperson of the relevant Committee.
- 5.7 The Board will deal with matters referred to it by any Board Committee.
- 5.8 All Non-Executive Directors shall be entitled to attend meetings of Board Committees where there is no conflict of interest.

Delegation to Management

- 5.9 Although the Board retains ultimate responsibility for the strategy and performance of the Company, the Board may delegate certain powers to the MD & CEO, Board Committees and other persons. The Board always retains ultimate authority over management of the Company and its controlled entities.
- 5.10 The day-to-day operation of the Company is conducted by, or under the supervision of the MD & CEO as directed by the Board.
- 5.11 The Board approves corporate objectives for the MD & CEO to work towards and, jointly with the MD & CEO, develops the duties and responsibilities of the MD & CEO.
- 5.12 The management team (being the MD & CEO and other officers to whom the management function is properly delegated by the MD & CEO):
- a) is responsible for implementing the strategic objectives, plans and budgets approved by the Board;
 - b) is accountable to the Board for matters within its delegated authority.
- 5.13 Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- 5.14 Directors are entitled to request additional information at any time when they consider it appropriate.

Matters reserved for the Board

- 5.15 Notwithstanding sections 5.1 to 5.14, the following matters are specifically reserved for the Board (or the Board acting upon a recommendation from a Committee):
- a) approving the Company's statement of values and defining the Company's purpose;
 - b) adopting an annual budget for the financial performance of the Company and monitoring performance against it;

- c) approving the Company's Corporate Governance Statement and financial reports upon recommendations from the Audit and Risk Committee, and in accordance with the Corporations Act, ASX Listing Rules and any other applicable regulations;
- d) appointment of a Chair;
- e) appointment of the deputy Chair and/or the 'senior independent director' (if applicable);
- f) appointment and removal of the MD & CEO, including approving terms of engagement and where required, termination benefits;
- g) approving the appointment, remuneration and incentive framework for Senior Executives and overseeing the remuneration framework for the Company;
- h) appointment of Directors to fill a casual vacancy or as an additional Director;
- i) establishment of Board Committees, their membership and delegated authorities;
- j) approving capital management matters, including the Company's dividend policy and authorising payment of dividends;
- k) recommendations of dividends to shareholders and approval of final dividends;
- l) approval of major capital expenditure, acquisition and divestitures and other material transactions in excess of authority levels delegated to management;
- m) approving the Company's Sustainability Report upon recommendation from the Sustainability Committee;
- n) approving the Company's Remuneration Report for publication in the annual financial report upon recommendation from the Sustainability Committee, and in accordance with the Corporations Act and any other applicable regulations;
- o) calling of meetings of shareholders;
- p) ensuring proper and timely disclosure and reporting to shareholders and other stakeholders;
- q) monitoring and overseeing the management of shareholder and stakeholder relations;
- r) reviewing, at least annually, diversity and inclusion policy, diversity targets, initiatives and progress towards their achievement;
- s) approval of formal delegations of authority and amendments to existing delegations of authority; and
- t) any other specific matters nominated by the Board from time to time.

6. Board Process

Meetings

- 6.1 The Board will intend to meet regularly, at least eight (8) times annually, and Directors will use all reasonable endeavours to attend Board meetings in person.
- 6.2 The Board may at any time convene an unscheduled meeting of the Board to consider urgent or other matters.
- 6.3 Periodically, Non-executive Directors may meet without the MD & CEO or management present, to review the performance of management generally and discuss corporate governance issues.
- 6.4 Senior Executives will be invited to attend meetings as required. Other Company executives, External Auditors, Internal Auditors and advisers, as the Chairperson sees fit, may be invited to attend meetings.
- 6.5 No executive Director shall be present at a Board meeting during deliberations concerning their position.
- 6.6 Board papers shall be provided to Directors sufficiently far in advance of scheduled meetings to permit adequate preparation.
- 6.7 Any action permitted to be taken at any meeting of the Board may be taken without a meeting, if a written consent thereto is signed by all Directors entitled to vote on the resolution, provided that such written consent shall be filed with the minutes of the proceedings of the Board.
- 6.8 The Company's Constitution governs the regulation of Board meetings and proceedings.

The Chair

- 6.9 The Board will appoint one of its members to be Chair.
- 6.10 It is intended that the Chair should be an independent, non-executive Director.
- 6.11 The position of Chair shall not be exercised by the CEO or any other executive function in the Company. The Chair shall not be a former CEO unless there has been at least 3 years since finishing that position and becoming Chair.
- 6.12 The Chair represents the Board to the shareholders and communicates the Board's position.
- 6.13 The Chair shall be responsible for:
 - a) leadership of the Board;
 - b) the efficient organisation and conduct of the Board's functions;
 - c) establishing the agenda for Board meetings in consultation with the MD & CEO and Company Secretary;
 - d) briefing of all Directors in relation to key issues arising;
 - e) guiding Board deliberations, free of undue bias;
 - f) promoting constructive and respectful relations between Directors, and between Board and management;
 - g) chairing Board and Shareholder meetings; and

- h) oversee the systematic, effective and efficient conduct of the AGMs, adopt appropriate procedures to ensure effective communication with the shareholders of the Company, and communicate any concern with respect to same to the Board.
- 6.14 Should the Chairperson be absent from a meeting, members of the Board present shall appoint a Chairperson for that particular meeting.

The Company Secretary

- 6.15 The Board will appoint at least one Company Secretary who is accountable to the Board on all matters to do with the proper functioning of the Board.
- 6.16 The duties of the Company Secretary are to:
- a) assist the Chair with the organisation of Board meetings;
 - b) ensure that new Directors are properly inducted and introduced to the business of the Company;
 - c) ensure that Directors receive all information which is necessary for the proper performance of their duties on a timely basis and ensure that such information is current, accurate, and relevant;
 - d) ensures adequate time in Board meetings is allotted for consultation and decision-making by the Board;
 - e) ensure that the Board and its Committees act in accordance with all applicable laws, policies, procedures and standards;
 - f) provide advice and services to all Directors and committees, as required; and
 - g) communicate with the regulatory bodies and ASX on statutory requirements and fillings.
- 6.17 All Directors will have direct access to the Company Secretary.

7. Review

- 7.1 This Charter will be reviewed by the Board on an annual basis to ensure it remains effective and meets the best practice, listing rules and the Company's needs.
- 7.2 The amendment or revocation of this Charter may only be effected by a resolution of the Board.
- 7.3 The Charter will be available on the Company's website within a reasonable time after any such updates or amendments have been approved.

8. Annexure 1 – Independence of Directors

8.1 Independence Guidelines

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors. In general, Directors will be considered to be "independent" if they:

- a) are not employed in an executive capacity by the Company or another group member, or, if they have been previously employed in an executive capacity by the Company or another group member, there has been a period of at least 3 years between ceasing such employment and serving on the Board;
- b) do not receive performance-based remuneration from the Company or participate in an employee incentive scheme of the Company;
- c) have not within the last 3 years been a partner, director or senior employee of a provider of material professional services to the Company or another group member;
- d) have not within the last 3 years been in a material business relationship (eg as a professional advisor, consultant, supplier or customer) with the Company or other group member or an officer of or otherwise associated directly or indirectly with someone with such relationship;
- e) are not a substantial shareholder of the Company, represented a substantial shareholder of the Company, an officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
- f) have no material contractual relationship with the Company or another group member, other than as a Director of the Company;
- g) do not have close family ties with any person who falls within any of the categories described above;
- h) have not been a Director of the Company for such a period that their independence may have been compromised; and
- i) are free from any other interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect 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 shareholders as a whole.

8.2 Materiality Thresholds

The Board will consider the materiality of the Directors' interests, position, association or relationship for the purposes of determining "independence" on a case-by-case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- a) the Board will determine the appropriate base to apply (eg revenue, equity or expenses) in the context of each situation;
- b) in general, the Board will consider a holding of 5% or more of the Company's shares to be material;
- c) in general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining

independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board; and

- d) overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

9. Annexure 2 – Performance Evaluation Process

Board of Directors

9.1 This policy is to ensure individual Directors and the Board of the Company as a whole, work efficiently and effectively in achieving their functions.

9.2 Each year the Board will undertake the following activities:

- a) each individual Directors performance is considered by way of an internal review or facilitated by a third party. The process may involve the completion of confidential evaluation questionnaires or surveys;
- b) the Chair will meet with each non-executive director separately to discuss individual performance and ideas for improvement;
- c) evaluation results for the Chair are provided to the Board for discussion;
- d) the Board as a whole, may consider using an evaluation questionnaire or survey tool to support discussion and analyse its own performance during the year, including suggestions for change or improvement; and
- e) disclose whether the above process has been undertaken during or in respect of that year.

Executive Directors and Key Executives

9.3 Each year the Sustainability Committee will oversee the performance evaluation of the executive team, including the MD & CEO, and disclose whether the performance evaluation of the executive team has been undertaken for that year. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

Board Committees

9.4 A similar review will be conducted for each Committee by the Board with the aim of assessing the performance of each Committee and identifying areas where improvements can be made.

Review of Board Performance Evaluation

9.5 This process will be reviewed once every two (2) years or sooner as required by the Board.