



konekt

Local Knowledge. National Strength.

**KONEKT LIMITED
BOARD COMMITTEE CHARTER**

13 December 2016

Registered Office: Level 3, 33 Erskine Street, Sydney NSW 2000

ASX code: KKT

ABN: 79 009 155 971

1. OVERVIEW

The Board is responsible for ensuring that Konekt Limited (“Company”) has an appropriate corporate governance structure aimed at creating and protecting shareholder value.

The Board is also responsible for ensuring that Konekt Management recognises the Company’s legal and other obligations to all stakeholders. “Stakeholders” are groups that are likely to feel a social, environmental, economic or financial impact from the Company’s actions. They include shareholders, customers, suppliers, employees, government regulators and members of the communities where Konekt operates and are affected by the Company’s activities. Konekt’s obligations to its Stakeholders require that appropriate accountability and control systems are in place.

This Charter explains the Company’s commitment to corporate governance. It is not an all-inclusive document and should be read as a broad expression of principles. The Board will review this Charter on an annual basis.

Konekt endorses the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations 3rd Edition (ASX Principles).

2. LEGAL & REGULATORY

Constitution

The Konekt Constitution is Konekt’s key governance document. The Board ensures that it and the Company complies with the provisions of the Constitution.

Compliance with Laws

As a public company listed on the Australian Securities Exchange (ASX), Konekt must comply with the Corporations Act, the ASX Listing Rules as well as all other applicable laws.

3. MEMBERSHIP

The Board is to comprise a majority of Independent Non-Executive Directors and the Chief Executive Officer.

The number of directors shall not be less than 3. The maximum number will be fixed by the directors from time to time but in any event will not exceed 6.

The Chairperson

The Chairperson is responsible for:

- ▶ leadership of the Board;
- ▶ overseeing the Board in the effective discharge of its supervisory role;
- ▶ the efficient organisation and conduct of the Board’s function and Meetings;
- ▶ facilitating the effective contribution of all Directors;
- ▶ briefing of all Directors in relation to issues arising at Meetings;
 - the promotion of constructive and respectful relations between Board Members and between the Board and Management;
 - committing the time necessary to discharge effectively his/her role as Chairperson; and

- scheduling regular and effective evaluations of the Board’s performance.

Independence of Directors

Independent Directors are those who have the ability to exercise their duties unfettered by any business or other relationship and are willing to express their opinions at the board table free of concern about their position or the position of any third party.

Konekt has commercial relationships with many corporate and government entities in Australia. As such, in determining whether a Non-Executive Director is independent, simply being a non-executive director on the board of another entity is not, in itself, sufficient to affect independence.

Nevertheless, any Director on the board of another entity is expected to excuse him or herself from any meeting where that entity’s commercial relationship with Konekt is directly or indirectly discussed.

The above guidelines must be applied with common sense. Directors are best able to determine if they have an interest or relationship which is likely to impact on their independence. As such, each Director is expected to advise the Chairperson immediately if he/she believes they may no longer be independent. Should the Chairperson or any other Director have any concern about the independence of a Director, he/she must immediately raise the issue with that Director and, if the issue is not resolved, with the Board.

Should the Chairperson have any concern about his/her own independence, he/she must immediately raise the issue with the Board.

Each Director must immediately disclose to the Chairperson (with a copy to the Company Secretary) all information relevant for determining whether the Director is independent, including details of entities in which the Director has a material direct or indirect shareholding (or other interest), is an executive officer or is a director.

In the preparation of the Agenda for each Board Meeting, the Chairperson and Company Secretary need to be sensitive to disclosed interests and consider whether it is appropriate to withhold part or all of an agenda item (including any relevant Papers) from any Director because of a potential or actual conflict. If the Chairperson decides to withhold part or all of an agenda item from a Director, he/she must advise the Director at the time of dispatch of the relevant Board Paper.

Directors are to inform the Chairperson prior to accepting any new appointment to any entity’s board.

Where the independent status of a Director is lost, this is to be disclosed to the market via the ASX in a timely manner.

Appointment and Removal of Directors

The Board should be of a size and composition that is conducive to making decisions expediently, with the benefit of a variety of perspectives and skills, and in the best interest of the Konekt Group as a whole rather than of individual shareholders or other stakeholders.

The Chairperson is responsible for making recommendations to the Board relating to the appointment and retirement of Directors.

A new Director will receive a formal Letter of Appointment setting out the key terms and conditions relative to the appointment.

Director Protection Deeds

The Constitution indemnifies each Director to the fullest extent permitted by law.

Each Director is entitled to a Director Protection Deed which shall include provisions relating to:

- ▶ access to Board Papers;
- ▶ confidentiality;
- ▶ indemnity by Konekt; and
- ▶ the provision of Directors' and Officers' insurance.

The Chief Executive Officer

The Chief Executive Officer is responsible for the day-to-day management of the Konekt Group with all powers, discretions and delegations authorised, from time to time, by the Board.

The Chief Executive Officer is to have a formal Employment Agreement describing his/her term of office, duties, rights and responsibilities and entitlements on termination.

At each Meeting where the Board approves the Half-Year and Full-Year Financial Statements, the Chief Executive Officer must provide the Board with a written declaration (together with an equivalent declaration from the Chief Financial Officer) which includes a declaration whether, in the Chief Executive Officer's opinion:

- ▶ the financial records of Konekt and the entities which are consolidated for financial reporting purposes (Reporting Entity) for the relevant reporting period have been properly maintained in accordance with section 286 of the Corporations Act;
- ▶ the Reporting Entity's financial statements and the notes referred to in sections 295(3)(b) or 303(3) of the Corporations Act for the relevant reporting period comply with the accounting standards;
- ▶ the financial statements and notes for the reporting period give a true and fair view of the financial position and performance of the Reporting Entity; and

these declarations are founded on a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risks

4. RESPONSIBILITIES AND DUTIES

The Konekt Board is responsible for setting the strategic direction of Konekt and monitoring the implementation of that strategy by Konekt Management, including:

- ▶ oversight of the Konekt Group, including its control and accountability systems;
- ▶ appointing and removing the Chief Executive Officer;
- ▶ appointing and removing the Company Secretary;
- ▶ Board and Executive Management development and succession planning;
- ▶ input into and final approval of corporate strategy;
- ▶ input into and final approval of the annual operating budget (including the capital management budget);

- ▶ approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestitures;
- ▶ monitoring compliance with all relevant legal, tax and regulatory obligations;
- ▶ reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies;
- ▶ at least annually, reviewing the effectiveness of Konekt' implementation of its risk management system and internal control framework;
- ▶ monitoring Executive Management's performance and implementation of strategy and policies, including assessing whether appropriate resources are available;
- ▶ approving and monitoring financial and other reporting to the market, shareholders, employees and other Stakeholders; and
- ▶ appointment, reappointment or replacement of the external auditor.

In discharging his/her duties, each Director must:

- ▶ exercise care and diligence;
- ▶ act in good faith in the best interests of Konekt;
- ▶ not improperly use his/her position or misuse information of Konekt; and
- ▶ commit the time necessary to discharge effectively his/her role as a Director.

All Directors (including Executive Directors) are entitled to be heard at all Meetings and should bring an independent judgment to bear in decision-making.

- ▶ Non-Executive Directors should confer at least annually without Management present.
- ▶ At least once each year, the Directors will:
 - review this Charter and approve any required amendments including those required to comply with the ASX Principles; and
 - review the Board's performance during the previous 12 months.

5. COMMITTEES

To assist the Board in fulfilling its duties and responsibilities, it has established two Committees:

- ▶ Nomination and Remuneration Committee; and
- ▶ Audit, Risk and Compliance Committee

Each Committee has a formal Charter and has been granted certain delegations.

Each Committee has an obligation to report on its Meetings to the Board and minutes of all Committee Meetings are made available to all Directors.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board in regard to:

- ▶ the remuneration framework for Non-Executive Directors;

- ▶ remuneration and incentive framework, including any proposed equity incentive awards for the Chief Executive Officer, any other Executive Directors, and executive Leadership Team members;
- ▶ recommendations and decisions (as relevant) on remuneration and incentive awards for the Chief Executive Officer, any other Executive Directors and Executive Committee Members;
- ▶ conduct searches for new board members and recommend preferred candidates to the Board;
- ▶ Assess the extent to which the necessary and desirable competencies are represented on the Board;
- ▶ Ensure that board succession plans are in place to maintain the required competencies, number of profiles of Board members;
- ▶ Review the nominations received from members who wish to be appointed to the Board in accordance with the preferred criteria and guidelines set below; and
- ▶ Develop a process for evaluating the performance and the Board.

Further details can be found in the Nomination and Remuneration Committee Charter.

Audit Risk and Compliance Committee

The Audit Risk and Compliance Committee assists the Board in regard to financial reporting, audit and risk management, including:

- ▶ the integrity of the Konekt Group's financial reporting;
- ▶ compliance with legal and regulatory obligations;
- ▶ the effectiveness of Konekt Group's enterprise-wide risk management and internal control framework; and
- ▶ oversight of the independence of the external auditors.

Further details can be found in the Audit, Risk and Compliance Committee Charter.

6. OPERATION OF THE BOARD

Access to Information and Independent Advice

Management must provide the Board and Committees with information in a form, timeframe and quality that enables them to effectively discharge their responsibilities and duties. All Directors are to receive copies of Committee Papers.

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he/she requires from any employee of the Konekt Group and all employees must comply with such requests. Any significant issues raised by a Director are to be communicated to the Chairperson, Chief Executive Officer or Company Secretary.

Any Director may take such independent legal, financial or other advice as they consider necessary, at Konekt's cost. Any Director seeking independent advice must first discuss the request with the Chairperson who will facilitate obtaining such advice and, where appropriate, disseminate the advice to all Directors.

The Board should understand the Konekt Group structure and operations and key developments affecting the Konekt Group and may receive periodic presentations to assist in achieving such an understanding.

Written Resolutions

Written Resolutions:

- ▶ are not to be forwarded to Directors until they are approved by the Chairperson (and the Directors are to be informed that the Chairperson has approved the proposed Resolution);
- ▶ are to be sent to all Directors;
- ▶ are not to be implemented if any Director advises that they have any reservations about the proposed Resolution (in which case the matter is to be considered at the next Board Meeting); and
- ▶ are not to be implemented until:
 - assented to by at least half of the Directors; or
 - if the Chairperson considers it appropriate, assented to by all the Directors.

Konekt Group Policy Framework

The Board oversees the Konekt Group policy framework and key policies. The framework includes the Konekt Code of Conduct and other significant policies recommended by the ASX Principles.

The Konekt Code of Conduct is to be observed by all Directors, employees, consultants and any other person when they represent the Company.

Shareholder Communications Policy

Konekt has also established a Shareholder Communications Policy, which is designed to promote effective communication with shareholders and encourage effective participation at General Meetings.

Konekt shareholders are encouraged to contact the Konekt Share Registry to arrange the direct receipt of shareholder materials.

As part of an effective shareholder communications strategy, Konekt will:

- ▶ maintain and keep current its Corporate Governance policy and procedures; and
- ▶ make available, via its website, materials presented at investor briefings.

Financial Results

As part of Konekt's continuous disclosure obligations, Konekt must provide commentary on its financial results to enhance the clarity and balance of the report. This commentary should include information needed by a sophisticated investor to make an informed assessment of Konekt's activities and results.

Corporate Governance Statement

The company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in our Annual Report and our Corporate Governance Statement, is contained on our website at www.konekt.com.au.

Both this Corporate Governance Statement and the ASX Appendix 4G are lodged annually with the ASX.

Notice of Meeting

Konekt complies with the Corporations Act for Notices of Meetings.

External Auditor

The external auditor must attend the Annual General Meeting of Konekt and must be available to answer questions about:

- ▶ the conduct of the audit;
- ▶ the independence of the external auditor in relation to conduct of the audit; and
- ▶ the accounting policies adopted by Konekt in relation to the preparation of the financial statements.

7. REVIEW OF CHARTER

The Charter is reviewed annually by the Board to keep it up to date and consistent with the Boards authority, objectives and responsibilities.

The Board will review annually that all activities listed in the Charter have been addressed.

All amendments to the Charter are discussed and approved by the Board.

Document history:

Revisions:

Amended by the Board: September 2009

Amended by the Board: December 2012

Amended by the Board: December 2016