

Board Charter

1 Introduction

This Charter sets out the role, responsibilities, composition and operation of the Board of Villa World Limited (“Company”), and the areas of authority delegated to management.

In carrying out its role, the Board will:

- behave in a manner reflecting the Company’s purpose, beliefs and Code of Conduct; and
- comply with the Company’s Constitution, the Corporations Act, and other applicable laws and regulations.

2 Board Role

The Board is primarily responsible for the overall strategy, direction and governance of the Company.

The Board’s objective is to demonstrate strong leadership and create sustainable, long term outcomes for the benefit of all the Company’s stakeholders. The Board will consider the views and interests of a broad range of stakeholders including but not limited to security holders, employees, customers, regulators and the communities and environments in which it operates.

3 Board responsibilities

3.1 General Responsibility

The Board has specifically reserved certain matters for its decision. The Board delegates to management, through the Managing Director/Chief Executive Officer, the power and authority to decide all other matters regarding the daily operations and management of the Company.

The following matters, and those specified in sections 3.2 and 3.3, are reserved to the Board:

- Approving the Company’s purpose and setting its strategic objectives;
- Approving the Company’s beliefs and code of conduct to underpin a culture within the Company of acting lawfully, ethically and in an environmentally and socially responsible manner;
- Overseeing management in its implementation of the Company’s business model, achievement of the Company’s strategic objectives, and instilling the Company’s desired culture;
- Approving operating budgets, forecasts, major capital expenditure, and acquisitions, disposals or other transactions in excess of authority levels delegated to management;
- Approving capital structure and dividend policies;
- Overseeing the quality and integrity of the Company’s accounting, management information and corporate reporting systems, including the external audit;
- Overseeing the Company’s process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company’s securities;
- Setting the Company’s risk appetite, and ensuring the Company has in place a sound and effective risk management framework including a management system for workplace health and safety;
- Approving the Company’s remuneration framework and ensuring it is aligned with the Company’s purpose, beliefs, strategic objectives and risk appetite;
- Monitoring the effectiveness of the Company’s governance practices;

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- Board succession planning and development activities;
- Determining the membership and terms of reference of Board committees;
- Reviewing the performance of the Board and board committees;
- Overseeing compliance with laws and regulations which apply to the Company and its businesses; and
- Appointing, and monitoring the independence of, the Company's external auditors.

The Board may delegate any responsibilities to a Committee of the Board.

3.2 Responsibility for Board positions

The Board is responsible for:

- approving the appointment, removal and remuneration of the Chair and non-executive directors, and for reviewing their performance.
- succession planning for the role of Chair.

3.3 Responsibility for Management positions

The Board is responsible for:

- appointing the Managing Director/Chief Executive Officer (MD/CEO), and approving the appointment of the Chief Financial Officer (CFO), Company Secretary, Chief Operating Officer and National Sales Manager;
- removing the MD/CEO, and approving the removal of the CFO and Company Secretary;
- reviewing the performance of the MD/CEO (see section 6.2 below), and a less formal review of the CFO and Company Secretary;
- succession planning for the roles of MD/CEO and CFO; and
- approving the remuneration of all Key Management Personnel disclosed in the Company's annual Remuneration Report.

3.4 Delegation to Management

It is the role of management to manage the activities of the Company in accordance with the direction and delegations of the Board. It is the Board's responsibility to oversee the activities of management in carrying out those delegated duties.

3.5 The Managing Director

The MD/CEO is responsible for:

- strategy and policy direction of the operations of the Company;
- the efficient and effective operation of the Company;
- ensuring the Board is provided with accurate and clear information in a timely manner to promote effective decision-making; and
- ensuring all matters which may have a material effect on the Company are brought to the Board's attention.

3.6 Conduct and Conflicts of Interest

The Company is committed to maximising shareholder value whilst also promoting shareholder and general market confidence in the Company.

The Company has adopted a Code of Conduct which will help Directors, officers and employees understand the expectations on them to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Directors are required to, among other things:

- comply with the Code of Conduct;
- avoid conflicts of interests between their personal interests and those of the Company, and comply with the Company's conflict of interest policy;
- not take advantage of opportunities arising from their position for personal gain or in competition with the Company; and
- comply with the Company's securities dealing and other governance policies.

4 Committees

The Board may establish and cease committees from time to time as it considers appropriate and may delegate any of its powers to those committees. The Board shall decide the composition, role and responsibilities of those committees, and shall approve a Charter for each committee.

As at the date of this Charter, the following Board committees have been established:

- Audit and Risk Committee;
- Remuneration and Nomination Committee; and
- Transactions Committee.

The Board shall decide the membership of the Committees annually.

5 Board framework

5.1 Board Composition

The composition of the Board is determined with reference to the Constitution with consideration of an appropriate size, mix of skills, expertise and experience from a diverse range of backgrounds that enables the directors individually, and the Board collectively, to:

- understand the business of the Company and the business environment in which it operates so as to be able to effectively review and challenge the performance of management and exercise independent judgement;
- discharge their legal duties and responsibilities effectively and efficiently; and
- act with honesty, integrity and in a manner that is consistent with the reasonable expectations of investors and the broader community.

The Board will seek to ensure that its membership comprises appropriate diversity in terms of gender, culture, experience, skills and cognition.

5.2 The Chair

The Directors may elect one of their own as the Chair.

The Chair of the Board shall be an independent director, and must not be the same person as the CEO.

The Chair is responsible for:

- chairing meetings of the Board and general meetings of members;
- leading the Board, facilitating the effective contribution of all directors and promoting constructive and respectful relations between directors and between the Board and management;
- setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues; and
- ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors.

If the Chair is absent from a meeting, the members of the Board present at the meeting have the authority to choose one of the independent Directors to be Chair for that particular meeting.

5.3 New Directors

New directors are educated about the Company, current issues and the corporate strategy through induction meetings with the Chair, the MD/CEO and other members of management.

All directors receive a letter of appointment which sets out the key terms and conditions relating to the appointment, including:

- the term of the appointment, subject to any requirements for re-election by shareholders;
- the expectations of the Board in relation to preparation for and attendance at Board and Committee meetings;
- the procedures for disclosing and dealing with conflicts of interest;
- remuneration;
- confidentiality requirements and access to corporate information;
- requirements to comply with the Company's policies, including the anti-bribery and corruption policy, securities dealing policy and Code of Conduct;
- the circumstances in which the director's office becomes vacant;
- disclosure obligations;
- the availability of independent professional advice;
- indemnification and directors' liability insurance.

5.4 Independence

A majority of the Board will be independent directors as assessed by the Board.

A director will be characterised as an independent director if he/she is free of any interest, position, affiliation or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole.

In assessing the independent status of a director, the Board considers matters set out in the ASX Corporate Governance Council Principles and Recommendations, and other facts, information and circumstances that the Board considers relevant.

Directors identified as independent are required to advise the Board and Company Secretary where circumstances arise which may impact on their independence. In addition, the Board will at least annually assess the independence of each non-executive director.

Membership of the Board shall be disclosed in the annual report, including whether a director is independent or not independent. Any change to independent status will be disclosed as applicable.

5.5 Education and Development

Directors may, subject to prior approval from the Chair, undertake training and professional development, as appropriate, at the Company's expense.

The Board will periodically assess whether there is a need for existing directors to undertake professional development to maintain their existing skills and knowledge, or to gain new skills, knowledge and experience to deal with new and emerging business and governance issues, in order to perform their role as directors effectively.

5.6 Independent Professional Advice

Each director has the right of access to all relevant information and to the Company's executives and, subject to prior approval from the Chair, may seek independent professional advice at the Company's expense whenever they judge such advice necessary for them to discharge their responsibilities as directors.

6 Performance Review

6.1 Board Review

The Board will undertake an annual performance assessment, of the Board as a whole, its committees and individual directors.

The Board shall agree the process for conducting the Board's annual performance review. The process shall include a questionnaire to all directors which includes matters such as:

- Board's overall performance relative to its objectives;
- Board composition and structure, including mix of skills and expertise;
- Board processes to monitor business performance, compliance and risks;
- Interaction between Board members and management; and
- Performance and effectiveness of Committees.

The Board will periodically use external facilitators to conduct its performance review.

A written report of the results of the questionnaire, including recommendations where appropriate, will be presented and discussed by the Board. The Company will disclose through its annual Corporate Governance Statement the Board evaluation process, and where appropriate, any insights it has gained from the evaluation and any governance changes it has made as a result.

The results of the review of individual Directors will be taken into account by the Board in determining its assessment of the Directors to stand for re-election at the next AGM.

6.2 Managing Director/Chief Executive Officer's Review

The non-executive directors will undertake an annual performance assessment of the MD/CEO. Performance shall be assessed against criteria to be agreed by the non-executive directors. The MD/CEO shall present to the non-executive directors a self-assessment of his/her own performance against the criteria. The criteria shall include, but not be limited to:

- Overall economic performance;
- Risk management, governance and compliance;
- Reputation and market share;
- Personnel management and development;
- Culture and Conduct;
- Environmental, Social and Governance; and
- Performance against other key strategic targets in annual plans.

7 Access

The Company's external auditors are not to be constrained from raising issues directly with the Board.

Directors may seek further information on any issue, including requesting that a particular member of management present to the Board on performance, strategy or outlook for a particular business area or the Company as a whole.

8 Secretarial and Meetings

Meetings and proceedings of the Board will be governed by the provisions of the Company's Constitution.

The Board shall meet as frequently as required to perform its functions but not less than six times per year, with two of those meetings coinciding with the review of the half year and annual financial reporting.

Any Director may convene a meeting of the Board or require the Company Secretary to convene a meeting of the Board.

The quorum for meetings of the Board is three members of the Board.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The role of the Company Secretary includes:

- Advising the Board and its committees on governance matters;
- Monitoring that Board and committee policy and procedures are followed;
- Coordinating the timely completion and dispatch of Board and committee papers;
- Ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- Helping to organise and facilitate the induction and professional development of directors.

The Company Secretary shall keep minutes of the proceedings and resolutions of Board and committee meetings. The minutes of the meetings shall be approved by the Board and signed as correct by the Chair of the meeting.

Resolutions of the Board may be made in the manner prescribed in the Company's Constitution.

Members of management and/or parties external to the Company may be invited to attend any meeting of the Board.

At each Board meeting, Non-Executive Directors will be given the opportunity to meet without management present.

9 Review of the Charter

The Board will review this Charter annually to ensure it remains consistent with the Board's role, objectives and responsibilities.
