



# **K2FLY LIMITED**

**ACN 125 345 502**

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## **BOARD CHARTER**

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Updated and approved on 29 November 2021

## 1. BOARD AND OVERVIEW OF ITS ROLE

- (a) Corporate governance describes the way K2fly Limited (**K2F** or **K2fly**) is directed and controlled. K2F's shareholders appoint directors and hold them accountable for the performance of the company. A key part of directors' responsibility is to ensure that an effective corporate governance structure operates in K2F.
- (b) The governance structure should ensure that reasonable profit and growth targets are set and achieved and risk is properly managed, while taking into account the interests of K2F's stakeholders. K2F's corporate governance culture and its way of doing business, including leadership by the board of directors (**Board**) and senior executives, is also critical to K2F's continuing success.
- (c) The Board of K2F is responsible for and oversees the governance of the company.
- (d) This Board Charter sets out the functions of the Board by describing the structure of the Board and its committees, the need for independence and other obligations of directors.
- (e) The Board will meet regularly on such number of occasions each year as the Board deems appropriate.

## 2. FUNCTIONS OF THE BOARD

The Board's primary responsibility is to build sustainable value for shareholders whilst protecting the assets and reputation of K2fly.

The Board is responsible for and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company.

The monitoring and ultimate control of the business of the Company is vested in the Board.

The specific responsibilities of the Board include:

- (a) demonstrating leadership;
- (b) defining K2fly's purpose and setting its strategies, budgets and business plans;
- (c) approving K2fly's Values and Code of Conduct to underpin a culture of acting lawfully, ethically and responsibly;
- (d) satisfying itself that K2fly has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects management to operate;

- (e) satisfying itself that K2fly's remuneration policies are aligned with its purpose, values, strategic objectives and risk appetite;
- (f) overseeing management in its implementation of K2fly's strategic objectives, its role in instilling K2fly's values and performance generally;
- (g) assessing performance against strategies to monitor both the performance of senior management of K2fly (being the Chief Executive Officer and other individuals as determined from time to time by the Board or Remuneration Committee) (**Senior Management**) as well as the continuing suitability of strategies;
- (h) appointment, evaluation, rewarding and if necessary the removal of the Managing Director (or Chief Executive Officer), and Chief Financial Officer (or equivalent) and the Company Secretary;
- (i) setting measurable objectives for achieving gender diversity in the composition of K2fly's Board, Senior Management and workforce generally;
- (j) approving K2fly's annual report including the financial statements, directors' report, remuneration report, corporate governance statement and any sustainability report, with advice from the Remuneration, Nomination and the Audit and Risk Management Committees, as appropriate;
- (k) approving major borrowing and debt arrangements, the acquisition, establishment, disposal or cessation of any significant business of the company, any significant transaction or capital expenditure and the issue of any shares, options, equity instruments or other securities in K2fly;
- (l) overseeing K2fly's process for making timely and balanced disclosure of all material information concerning K2fly that a reasonable person would expect to have a material effect on the price or value of the K2fly's securities;
- (m) satisfying itself that an appropriate framework exists for relevant information to be reported to the Board by management;
- (n) whenever required, challenging management and holding it to account;
- (o) reviewing operating information to understand at all times the state of health of K2fly;
- (p) considering the economic, occupational health and safety, environmental and social sustainability risks of K2fly's activities;
- (q) ensuring that K2fly acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- (r) developing an investor relations program to facilitate effective two-way communication with investors;

- (s) maintaining a constructive and ongoing relationship with the Australian Securities Exchange (**ASX**) and regulators, and approving policies regarding disclosure and communications with the market and K2fly's shareholders; and
- (t) monitoring the effectiveness of, and approving changes to, internal governance including delegated authorities, and monitoring resources available to Senior Management.
- (u) With the guidance of the Board's Remuneration Committee (if such Committee is established), the Board is responsible for:
  - (i) evaluating and approving the remuneration packages of the Chief Executive Officer, other directors and other members of Senior Management;
  - (ii) evaluating and approving the remuneration arrangements for non-executive directors;
  - (iii) monitoring compliance with the non-executive director remuneration pool as established by the Constitution, or as subsequently amended by shareholders, and recommending any changes to the pool;
  - (iv) administering short and long-term incentive plans (including any equity plans) and engaging external remuneration consultants;
  - (v) appointing and replacing the Chief Executive Officer, and approving the appointment and replacement of other members of Senior Management and the directors;
  - (vi) appointing, reviewing the performance of, remunerating and replacing the chair of the Board (**Board Chair**);
  - (vii) K2fly's induction program for new directors and periodic review and facilitation of ongoing professional development for directors;
  - (viii) regularly assessing the independence of all directors;
  - (ix) reviewing and implementing succession planning for directors and Senior Management; and
  - (x) monitoring the organisational capability and mix of skills, experience, expertise and diversity on the Board and, when necessary, appointing new directors, for approval by shareholders.
- (v) With the guidance of the Audit and Risk Management Committee (if appointed), the Board is responsible for:

- (i) overseeing the establishment of and approving K2fly's risk management framework (for both financial and non-financial risks) including its strategy, policies, procedures and systems;
- (ii) reviewing and monitoring the effectiveness of K2fly's risk management framework;
- (iii) overseeing the integrity of K2fly's accounting and corporate reporting systems, including the external audit and K2fly's processes for verifying the integrity of any periodic corporate report K2fly releases to the market that is not audited or reviewed by an external auditor;
- (iv) reviewing and approving K2fly's financial statements and reports;
- (v) overseeing K2fly's financial reporting, which, without limitation, includes:
  - (A) reviewing the suitability of K2fly's accounting policies and principles, how they are applied and ensuring they are used in accordance with the statutory financial reporting framework;
  - (B) assessing significant estimates and judgements in financial reports;
  - (C) assessing information from external auditors to ensure the quality of financial reports; and
  - (D) determining whether the financial and associated non-financial statements should be signed based on the Audit and Risk Management Committee's assessment of them;
- (vi) the entry into, approval and disclosure of related party transactions (if any);
- (vii) overseeing K2fly's financial controls and systems; and
- (viii) managing audit arrangements and auditor independence.

The functions listed are matters which the Board specifically reserves for itself and does not limit the Board's overall duties and responsibilities. The Board may delegate consideration to a committee of the Board specifically constituted for the relevant purpose.

### **3. POWERS DELEGATED TO MANAGEMENT**

- (a) The Board will delegate to the Chief Executive Officer the authority and power to manage K2fly and its businesses within levels of authority specified by the Board from time to time. The Chief Executive Officer may delegate aspects of their authority and power but remains accountable to the Board

for K2fly's performance and is required to report regularly to the Board on the progress being made by K2fly's business units.

- (b) The Chief Executive Officer's role includes:
- (i) responsibility for the effective leadership of the management team;
  - (ii) the implementation of K2fly's strategic objectives and instilling and reinforcing its values;
  - (iii) the day-to-day management of K2fly's operations (including operating within the values, Code of Conduct, budget and risk appetite set by the Board); and
  - (iv) oversight of the provision by Senior Management to the Board of accurate, timely and clear information on K2fly's operations (including, but not limited to, information about K2fly's financial performance, compliance with material laws and regulations and any conduct materially inconsistent with K2fly's values or Code of Conduct).

#### **4. BOARD COMPOSITION**

The composition, structure and proceedings of the Board are primarily governed by K2fly's constitution (**Constitution**) (available on K2F's website (<https://k2fly.com/>) and the laws governing corporations in jurisdictions where the company operates. The Board, with the assistance of the Remuneration and Nomination Committees, will regularly review the composition and structure and performance of the Board.

The Board aims to have a board of directors which has, at all times, the appropriate mix of skills, experience, expertise and diversity relevant to K2fly's businesses and the Board's duties and responsibilities.

The majority of the Board should, to the extent practicable given the size and composition of the Board from time to time, be comprised of independent directors.

#### **5. PROCEDURES FOR SELECTION AND APPOINTMENT OF DIRECTORS**

Over time the Board shall work towards ensuring, collectively, it has the appropriate range and expertise to properly fulfil its responsibilities, including:

- (a) accounting and legal;
- (b) business development and risk management;
- (c) industry and public company experience; and
- (d) an appropriate ratio and skills matrix for executive and non-executive directors.

In the circumstances where the Board believes there is a need to appoint another director, whether due to retirement of a director or growth or complexity of the Company, certain procedures will be followed, including the following:

- (a) determine the skills and experience appropriate for the appointee having regard to those of the existing directors and any other likely changes to the Board;
- (b) agree the process and timetable for seeking such a person, which may involve an external search firm;
- (c) a short list of candidates will be prepared for the Board's consideration and interview. The selection process will encourage visitation to the Company's operating sites and an understanding of management information systems. Candidates will be assessed on the following basis:
  - (i) competencies and qualifications;
  - (ii) independence;
  - (iii) other directorships;
  - (iv) time availability;
  - (v) contribution to the overall balance of the composition of the Board; and
  - (vi) depth of understanding of the role of and legal obligations, of a director.
- (d) Before appointment to the Board, candidates must confirm that they will have sufficient time to meet their obligations to K2fly, in light of other commitments.
- (e) New directors are to be provided with a formal letter of appointment to the Board setting out the key terms and conditions of the appointment, together with any other documents that K2fly considers relevant to the appointment.
- (f) For shareholder meetings where directors are standing for election or re-election, the notice of meeting must include information to enable shareholders to make an informed decision on their election.
- (g) All directors (other than a managing director, if any) are subject to re-election by rotation at least every three years. Newly appointed directors must seek re-election at the first general meeting of shareholders following their appointment.

When appointed to the Board, a new director will receive an induction appropriate to their experience.

## **6. REVIEW OF BOARD, COMMITTEE AND INDIVIDUAL DIRECTORS' PERFORMANCE**

- (a) The Board (with guidance from the Remuneration Committee if established) will regularly review the performance of the Board, its committees and each director, using where necessary an external consultant, against appropriate measures. Each year, K2fly will disclose in its annual report whether such a performance evaluation has been undertaken during or in respect of that period.

- (b) Each year, the Board (with guidance from the Remuneration Committee if established) will review the performance of the Chief Executive Officer and any other Senior Management against guidelines approved by the Board. Each year, K2fly will disclose in its annual report whether such a performance evaluation has been undertaken during or in respect of that period.
- (c) Each year the Company may disclose a statement detailing the mix of skills and diversity which the Board is looking to achieve in relation to the membership of the Board (often referred to as a “skills matrix”).
- (d) The Company will disclose in the annual report:
  - (i) those directors who the Board considers are independent;
  - (ii) if a director has an interest, position or relationship which may be perceived to compromise a director’s independence, but the Board is of the opinion that interest, position or relationship does not compromise that director’s independence, an explanation of why the Board is of that opinion; and
  - (iii) details of the length of service of each director.

## **7. BOARD CHAIR**

The Board Chair will be elected by the Board and if possible, it is preferred that the Board Chair will be an independent director.

The Board Chair’s role includes:

- (a) leading the Board;
- (b) facilitating effective contribution of all directors and promoting constructive and respectful relations among the directors and between the Board and management;
- (c) approving board agendas and ensuring adequate time is available for discussion of all agenda items, including strategic issues;
- (d) representing the views of the Board to the public; and
- (e) presiding over meetings of the Board and general meetings of shareholders.

## **8. COMPANY SECRETARY**

- (a) The Board appoints and removes the Company Secretary. All directors are to have direct access to the Company Secretary.
- (b) The Company Secretary is responsible for the day to day operations of the Company Secretary’s office, including the administration of Board and committee meetings, overseeing K2fly’s relationship with its share registry and lodgements with the ASX, the Australian Securities and Investments Commission and other regulators.

- (c) The Company Secretary is also responsible for communications with the ASX about listing rule matters, including making disclosures to the ASX in accordance with K2fly's Continuous Disclosure Policy.
- (d) The Company Secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed and co-ordinating the completion and despatch of Board agendas and briefing papers.
- (e) The Company Secretary is accountable to the Board through the Board Chair, on all matters to do with proper functioning of the Board.
- (f) The Company Secretary together with the guidance of the Board's Remuneration or Nomination Committees (if established), and the assistance of the Board, shall organise the induction of new directors and facilitate ongoing professional development training for directors.

## **9. KEEPING DIRECTORS INFORMED**

- (a) All directors are to be briefed on their roles and responsibilities and the minutes and papers of Board and committee meetings will be made available to them.
- (b) Board papers are distributed, where possible, within a reasonable period of time before each meeting.
- (c) Time is to be allocated at Board and committee meetings for continuing education on significant issues facing the company and changes to the regulatory environment. This is to include briefings by Senior Management and external consultants from time to time.

## **10. ACCESS TO INDEPENDENT ADVICE**

Directors may obtain independent professional advice at K2fly's expense on matters arising in the course of their Board and committee duties, after obtaining the Board Chair's approval. In the case of the Board Chair wishing to seek independent professional advice, they may obtain such advice with the approval of either (and as appropriate) another director, Chief Executive Officer or Chief Financial Officer. Whenever practicable, the advice must be commissioned in the joint names of the director and K2fly and where appropriate a copy of any such advice should be provided to and for the benefit of the entire Board. The other directors must be advised if the Board Chair's approval is withheld.

## **11. NON-EXECUTIVE DIRECTORS' MEETINGS**

The non-executive directors are expected to meet periodically with no management present, to review management performance.

## **12. INDEPENDENCE OF NON-EXECUTIVE DIRECTORS**

- (a) To be judged independent, a director must, in the opinion of the Board, be free of any interest, position 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 K2fly as a whole rather than in the interests of an individual security holder or any other person.

- (b) Individuals would, in the absence of evidence or convincing argument to the contrary, not be characterised as independent if they:
  - (i) were employed, or had previously been employed in an executive capacity by K2fly or any of its subsidiaries in the three years prior to becoming a director;
  - (ii) receive performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, K2fly;
  - (iii) within the last three years, were in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with K2fly or another group member, or is an officer of, or otherwise associated with, someone with such a relationship;
  - (iv) were a substantial shareholder of K2fly, or a representative of, or an officer or employee within the last three years of, or professional adviser to, a substantial shareholder of K2fly;
  - (v) have close personal ties with any person who falls within any of the categories described above;
  - (vi) have been a director of K2fly for such a period that his or her independence from management and substantial shareholders may have been compromised; or
  - (vii) were directly involved in the audit of K2fly or any of its subsidiaries.
- (c) K2fly will disclose the names of the directors considered by the Board to be independent directors in K2fly's annual report.
- (d) If a director has an interest, position or relationship of the type described above, but the Board is of the opinion that it does not compromise the independence of that director, K2fly may consider disclosing in K2fly's annual report the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion.
- (e) Any change in the nature of the independence status of a non-executive director must be promptly notified to the Board Chair and Company Secretary and the Board will review that director's independence status. If the Board determines that there has been a change to the independence status of a non-executive director, the Board will take steps to ensure that this change is disclosed and explained in a timely manner to the market.

### 13. CONFLICT OF INTEREST

- (a) Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of K2fly and will advise the Company Secretary of all directorships or executive positions held in other companies.
- (b) If a potential material conflict of interest or conflict of duty arises, the director concerned will advise the Board Chair prior to any Board meeting at which the conflicted matter is to be discussed. The director will not receive the relevant Board papers and will not be present or participate in the Board meeting while the relevant matter is considered unless the other directors approve that director's participation in the deliberation and voting on the relevant issue in accordance with the *Corporations Act 2001* (Cth). Any potential conflict must be recorded in the Board minutes.

### 14. BOARD COMMITTEES

- (a) The Board may operate the following committees:
  - (i) Audit and Risk Management Committee;
  - (ii) Remuneration Committee; and
  - (iii) Nomination Committee.

The Remuneration and Nomination Committees may be combined.

- (b) When appointing members of each committee, the Board will take account of the skills and experience appropriate for that committee as well as any statutory or regulatory requirements.
- (c) The chair of the Audit and Risk Management Committee cannot be the Board Chair and is to be independent of management and K2fly.
- (d) The committees operated by the Board are to consider and determine the matters for which they are responsible in accordance with their charter. Copies of the charter of each committee are to be published on K2fly's website (<https://k2fly.com/>). The Board may establish other committees as and when required.
- (e) If the committees are not established, then the duties and responsibilities of the Committee and other relevant provisions will be fulfilled by the Board.
- (f) With respect to any Board committees, the Board will ensure that the following disclosures are made in the K2fly annual report:
  - (i) the current members of each committee and their professional qualifications and experience;
  - (ii) the number of times each committee met throughout a period; and

(iii) the individual attendances of the members of those meetings.

**15. RESTRICTIONS ON SHARE DEALINGS BY DIRECTORS**

- (a) In accordance with K2fly's Securities Trading Policy, directors, Senior Management and other nominated parties may only buy or sell shares during certain periods and in accordance with the process set out in that policy. The policy contains other relevant restrictions.
- (b) All K2fly share dealings by directors must be promptly notified to the ASX.
- (c) A copy of the K2fly Securities Trading Policy will be published on the K2fly website (<https://k2fly.com/>).

**16. CONFIDENTIALITY**

All proceedings of the Board, including Board papers, presentations and other information provided to the Board, must be kept confidential except as required by law or as agreed by the Board.

**17. CODE OF CONDUCT**

K2fly has a Code of Conduct which sets out the way K2fly conducts its business and guides the behaviour of everyone in K2fly (including, employees, contractors and directors) by clearly stating K2fly's firm commitment to behaving honestly and fairly. A copy of the K2fly Code of Conduct will be published on the K2fly website ([www.K2fly.com.au](http://www.K2fly.com.au)).

**18. REVIEW**

The Board will regularly review this Board Charter to determine its adequacy for current circumstances and may amend it as necessary.