



MAGNIS ENERGY TECHNOLOGIES LIMITED

BOARD CHARTER

This Board Charter sets out the composition and key processes of the Board, its responsibilities and relationship with management, and the authority delegated to the various Board Committees of **Magnis Energy Technologies Ltd** (“Magnis” or the “Company”). The Board Charter will be supplemented by the Board Code of Conduct.

The Board is the governing body of the Company and its key role is to represent and serve the interests of shareholders by overseeing and appraising the Company’s values, policies, strategies, and overall performance. The Board and the Company act within a statutory framework, primarily the Corporations Act, and the Constitution of the Company. Subject to this framework, the Board has the authority and the responsibility to perform the functions and determine the policies of the Company.

1. ROLES

A. OF THE BOARD

The Board is accountable to shareholders for the Company’s performance. In general, the Board’s role includes:

- Strategy - Adopting a Strategic Plan for the Company, including general and specific goals and comparing actual results with the Plan and ensuring that the strategic planning process is conducted on a regular basis;

- Leadership - Approving the Company's values and Code of Conduct which underpins the desired culture within the Company, which serves to protect and enhance its reputation;
- Leadership selection - Together with the Nomination and Remuneration Committee, the Board selects the Managing Director and Chief Executive Officer (if applicable) and evaluates their performance on at least an annual basis setting an appropriate remuneration package, ensuring adequate succession plans;
- Delegation of authority - Adopting clearly defined delegations of authority from the Board to management of the Company;
- Major expenditure - Approving major capital expenditure, acquisitions and mergers or de-mergers in excess of the authority levels delegated to management;
- Financial position - Taking steps designed to protect the Company's financial position and its ability to meet its debts and other obligations as they fall due;
- Governance and regulators - Evaluating the Company's compliance with corporate governance standards, approving the annual corporate governance statement, reviewing and monitoring the effectiveness of the Company's policies and practices;
- Financial oversight - Approving an annual budget for the financial performance of the Company and monitoring management and financial performance on a regular basis;
- Financial and other reporting - Determining that the Company has instituted adequate reporting systems and internal controls together with appropriate monitoring of compliance activities aimed at ensuring the integrity of financial and other reporting and that the Company's financial reports are true and fair and are in conformity with Australian Accounting Standards;
- External audit - Together with the Audit & Risk Committee, selecting and recommending the appointment of the external auditor to shareholders at general meetings;
- Risk management and sustainability - Together with the Audit & Risk Committee and the Health, Safety & Sustainability Committee, review and monitor the material risks of the Company as advised by management, overseeing the integrity and effectiveness of the risk management and control systems and compliance with the Company's health, safety, sustainability, environmental and social performance standards, practices and governance;

- Disclosure - Overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company;
- Board performance and composition - Together with the Nomination and Remuneration Committee, evaluating effectiveness of the Board performance on an annual basis, determining its size and composition and adopting processes for the selection of any new directors and recommending them for the consideration of shareholders at the general meetings and providing information to allow shareholders to make informed decisions;
- Independent advice: If Board members determine or consider that independent advice in relation to the performance of their duties as a director of the Company is required, then they have a right, in consultation and with the prior approval of the Chairman, to seek independent legal and other professional advice in relation to the relevant issue

B. OF THE CHAIRMAN

The Chairman represents the Board's position to shareholders and is responsible for the integrity and effective functioning of the Board and in the absence of a Managing Director or Chief Executive Officer, for the functioning of the Company as a whole.

The Chairman, in general, will:

- Be clear on what the Board must achieve, both in the short and long term;
- Provide firm guidance to other Board members about what is expected of them;
- Monitor the contribution of individual board members and counselling them on areas which might improve Board performance and effectiveness;
- Make Board meetings effective by ensuring that the Board considers the important matters and focuses on strategic issues and settles the Board agenda at each meeting;
- Considers matters properly and making sure relevant presented papers, tabled documents or reports at meetings are adequately researched. Making sure matters in the Board decision framework have been appropriately addressed;
- Ensures that decisions of the Board are implemented properly;
- Behave fairly by allowing all Board members equal opportunity and input, whilst at the same time being cognisant of the need for efficient and orderly meetings;

- Seek to strengthen the composition of the Board on an ongoing basis. This requires a focus on membership of the Board, performance of the Board (both as a group and individually) and Board terms of appointment;
- Ensure that all Board Members and Executive Team actively build and maintain the Company's image and reputation.

In general, the Chairman is the representative on matters of governance and strategy, and in the absence of a Managing Director or CEO, is also the spokesperson on matters relating to the operation of the Company.

C. OF THE LEAD INDEPENDENT DIRECTOR (IF APPLICABLE)

If applicable, the Lead Independent Director will be an independent non-executive director appointed by the other non-executive directors for a term of two years. The role includes:

- Presiding over meetings of non-executive directors;
- Assisting in the preparation of the Board agenda and the appropriateness of information provided to the Board;
- Acting as the contact point for other directors to raise concerns about the management;
- Liaising between the Board and management;
- Ensuring a Managing Director or Chief Executive Officer succession plan is in place;
- Leading the evaluation of the Chairman (if Executive) and senior management

D. OF THE COMPANY SECRETARY

The Company Secretary is accountable to the Board, via the Chairman. All Directors will have direct access to the Company Secretary. The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings. The Company Secretary oversees and regularly reviews the Director induction process. The Company secretarial function supports Directors by providing:

- Continuing education to update and enhance their knowledge as the business environment changes;
- Access to information in appropriate form, currency and quality, including procedures to cover additional requests of management;
- Access to independent professional advice, where requested

2. COMPOSITION

The Board is appointed by the shareholders. The size and composition of the Board is determined by the Board, subject to the limits contained in the Company's Constitution and the shareholders.

It is the aim to have Board composition through a majority (where possible) of independent Non-Executive Directors who, with any Executive Directors, comprise an appropriate mix of skills, experience and views to provide the necessary scope and depth of knowledge and experience to meet the Board's responsibilities and objectives.

The Board, together with the Nomination and Remuneration Committee, will review the skills, experience, background and independent status of Directors on the Board and determine whether the composition and mix of those skills, experience, backgrounds and independence remain appropriate for the Company's strategy, subject to limits imposed by the Constitution.

3. INDEPENDENCE

The Company, through the responsibilities of the Board, regularly reviews the independence of each Non-Executive Director. The Board has accepted the following definition of an independent director:

An independent director is a director who is not aligned with the interests of management or a substantial holder member that is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with the independent and unfettered exercise of their judgement of issues before the Board.

In addition, in assessing independence, the Board will consider whether Directors have during the previous three years, been independent of management and free of

any interest, position, association or business or other relationship of a type described above, or has been director of the Company for such a period that their independence from management and substantial holders may have been compromised.

4. NOMINATION AND APPOINTMENT

The Board should comprise Directors with a broad range of skills and experience and a relevant skills matrix will aim to depict the broad range of these attributes.

Persons nominated as Non-Executive Directors will be expected to have qualifications, experience and expertise of benefit to the Company and convey an independent view of the Board's discussions.

Persons nominated as Executive Directors will be expected to be of sufficient stature and experience and security of employment to express independent views on any matter.

All Directors nominated for the Board should be able to perform well in a group and have the capacity to contribute to the Board reaching decisions by integrated group thinking rather than by compromise.

Non-Executive Directors are engaged through a letter of appointment and agreement. Each new Non-Executive Director will participate in an introduction program that include meetings with the Executive Management, the Company Secretary, and other relevant personnel, to familiarise themselves with the Company, Board and general practices and procedures. Directors also could access and request continuing education, training or development programs sourced by the Company.

As per the Company Constitution, Directors are appointed for terms not exceeding three years but are eligible for re-appointment. Directors appointed during the year are required to have their appointment approved by the shareholders at the next Annual General Meeting (AGM) or Extraordinary General Meeting (EGM). Prior to each AGM, the Board (together with the Nomination and Remuneration Committee) will determine whether it will recommend to shareholders that they vote in favour of each Director standing for re-election, having regard to any matters the Board considers relevant, including the Director's annual performance assessment and, (in the case of a Non-Executive Director) the length of the Director's term of service.

5. DUTIES

The Directors of the Company will always act with integrity and honesty and observe the standards of ethical behaviour. Directors will carry out their duties in accordance with the law and the Company's corporate governance framework, policies and Constitution, including without limitation the Company's Code of Conduct and Securities Trading Policy. The Board will agree and abide by guidelines for declaring and dealing with potential conflicts of interest. The Directors will ensure that no decision or action is taken that has the effect of prioritising their own personal interests over the Company's interests.

6. TERMS AND RE-ELECTION

All Directors are expected to voluntarily review their membership of the Board from time to time taking into account the length of service, qualifications and expertise relevant to the Company's current policy and program; together with the other criteria considered desirable for composition of a balanced Board and the overall interests of the Company.

A Director will be expected to resign if requested to do so by the Nomination and Remuneration Committee in the exercise of its duties and responsibilities to the Board.

Terms for re-election to the Board including the rotation policy and compulsory retirement and eligibility for re-appointment and re-election are outlined in the Company Constitution.

7. MEETINGS

A minimum of six Board meetings are to be held each year and any Director is permitted to call a meeting. The agenda and Board papers will be distributed to Directors in a reasonable time to enable Directors to properly prepare for meetings. Under the Constitution, a quorum for a Board of Directors meeting is three, which should, for good governance, comprise of at least one Non-Executive Director. For the purpose of effective Board decision making, input from a majority of Directors is desirable and, except in the rarest of occasions, a Board meeting will not be called unless a majority of Directors are able to attend.

8. VARIOUS SUB COMMITTEES

The Board has established Committees to streamline the work and flow of its responsibilities and support the Board in matters that require more intense review. These Committees have also been established to conform with ASX Corporate Governance Council Principles and Recommendations. There are three standing Sub Committees of the Board, namely:

- Audit & Risk Committee (A&R)
- Nominations & Remuneration Committee (NomRem)
- Health, Safety & Sustainability Committee (HSS)

It is intended that each Non-Executive Director will be appointed to at least one of these Committees and that the majority composition of each Committee will be from Non-Executive Directors.

Each standing Committee has and adopts a formal Charter setting out the matters relevant to its composition, responsibilities and administration.

The Charters of each Committee are approved by the Board, and the Committee minutes are to be distributed to all Directors.

The Board can form occasional Committees such as a Capital Restructure Committee or a Mergers & Acquisitions Committee as an example. The members and terms of such occasional committees will be agreed by the Board.

9. BOARD AND MANAGEMENT RELATIONSHIP

Subject to formal delegations of authority and regular review, the Board has delegated responsibility for the day-to-day operation and administration of the Company to the Chairman (if executive), Managing Director and/or Chief Executive Officer and the Executive Management team. This delegation of authority includes responsibility for:

- Developing business plans, budgets and strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies
- Operating the Company's businesses and operations within the parameters set by the Board and keeping the Board informed of all material developments relating to the businesses and operations, including its compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values of the Company

- Referring any matter to the Board for consideration and approval where the proposed transactions, commitment or arrangements exceed the parameters established by the Board
 - Identifying and managing financial, operational and other risks and, where those risks could have a material impact on the Company's businesses and operations, formulating strategies for managing these risks for consideration by the Board
 - Managing the Company's current financial and other reporting mechanisms to ensure that these mechanisms are functioning effectively to capture all relevant material information
 - Taking all reasonable steps to ensure that the Board is provided with timely, accurate and sufficient information regarding the Company's current and future operating and financial performance and results, and potential material risks
 - Implementing all policies, standards, procedures and codes approved by the Board
- The Chairman (if Executive) and Managing Director and/or Chief Executive Officer is accountable to the Board for the authority that is delegated by the Board, and will report routinely on the Company's progress on achieving the plans of the Company.

10. GENERAL CORPORATE GOVERNANCE

Magnis is an ASX listed company and is subject to the ASX Listing Rules and as mentioned in Chapter 8 of this Charter, sets out to conform with ASX Corporate Governance Council Principles and Recommendations. The Board has recently established a new framework of corporate governance which is to be reviewed on a regular basis. A Corporate Governance Statement is released to the ASX simultaneously with the Annual Report and covers the main practices in this regard, including disclosure of the fact that recommendations from the ASX Corporate Governance Council Principles have either been followed or disclosing the reasons for not following the recommendation.

11. CONFIDENTIALITY

The Directors acknowledge that all proceedings and records of the Board and its Sub Committees are strictly confidential and that a Director will be expected to resign from the Board if he or she commits a breach of this confidentiality.

12. REVIEW

This Charter is to be reviewed by the Board at least every two years or if required beforehand. The Charter and the Charters adopted by the Board for the three sub-committees have been prepared and adopted on the basis that firm corporate governance can add to the performance of the Company and create shareholder value through the confidence of the investment market.

The Board Charter shall be made available on the Company website.

Board Charter

Formed by:	Company Secretary
Approver:	Board of Directors
Version:	1.1
Issued:	Apr 2020
Next Review Date:	Apr 2022