



**ELDERS LIMITED
("COMPANY")**

BOARD CHARTER

First Adopted by the Board on 31 August 2004

Last Reviewed and Adopted by the Board on 24 September 2015

Objectives

The Board, as the representative of the Company's shareholders, is responsible for the overall corporate governance of the Company.

The Board's objectives are to govern in a way that:

- promotes, encourages and champions a positive safety culture and aims for an injury free workplace;
- encourages the observance of the Company's values;
- provides clear accountability;
- protects the rights and interests of shareholders and other stakeholders;
- provides for proper management of the company's assets;
- supports the achievement of the company's fiduciary, environmental, health, safety, social and other obligations;
- preserves and enhances the Company's reputation and standing in the community; and
- supports the achievement of shareholder value within a framework of appropriate risk assessment and management.

Responsibilities

The Board's main responsibilities are to:

- provide leadership and set the Company's strategic objectives;
- oversee management's implementation of strategy and performance of the Company generally;
- approve the annual operating budget of the Company and monitor performance against that budget;
- approve and monitor the progress of all material acquisitions, divestments, contracts and capital expenditure;
- approve capital raisings (debt or equity), capital reductions and buy-backs and realisations by the Company;
- oversee the audit, compliance and financial and operational risk management policies, frameworks and functions of the Company;
- oversee the Company's financial reporting and communication to the Company's shareholders and the investment community and shareholder-relations generally;
- set measurable objectives for diversity of the Company's Board and workforce;

- oversee the Company's employee-relations and ethical, social and environmental behaviour;
- appoint and remove the Chief Executive and determine that person's remuneration (including termination benefits);
- review the performance of the Board as a whole, Board Committees and individual directors;
- monitor and assess the performance of the Chief Executive and the Company's executive team; and
- monitoring the effectiveness of the Company's governance framework.

Constitution

The Board is constituted by its Constitution, under which it is vested with the power to manage the Company.

The Board may delegate certain of its powers to the Managing Director/Chief Executive ("Chief Executive"), Board committees, subsidiary boards and other persons (see "Delegation" section below). Notwithstanding any such delegations, the Board retains ultimate responsibility for management of the Company. The Constitution shall govern the regulation of meetings and proceedings of the Board.

Composition

The Board shall have at least 3, but no more than 12, members.

The Board shall be comprised of a majority of independent directors. In determining whether or not a director is to be considered independent, the Board will have regard to whether the director:

- is a substantial shareholder in the Company;
- within the last 3 years, has been an employee of the Company, a material adviser to the Company or a principal or employee of any material adviser to the Company;
- is a material supplier to, or a material customer of, the Company;
- is directly or indirectly associated with any of the above persons;
- is otherwise free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- is of independent character and judgement.

An interest, relationship or business is considered "material" having regard to the nature, circumstances and activities of the director and is viewed from the perspective of the Company, the persons and organisations with which the director has an affiliation, and the director.

A Director must disclose to the Chairman any material personal interest and any matter that does, or has the potential to, give rise to a conflict between the interests of the Director and the Company as soon as the matter arises.

The Board shall select and recommend candidates for election to the Board to shareholders, following consideration of recommendations made by the Nomination and Prudential Committee.

The Board shall be comprised of directors:

- who are financially literate;
- at least 1 of whom has financial expertise; and
- who, together, have an appropriate mix and depth of skills, experience and knowledge in order to meet the Board's responsibilities and objectives.

Upon appointment, new directors shall be given a detailed briefing by the Chairman and/or his nominee(s) on key Board issues and provided with appropriate background documentation. These issues shall include:

- the Company's financial, strategic, operational and risk management position;
- directors' rights, duties and responsibilities; and
- the role of the Board and the Board committees.

Formal letters of appointment of each director shall set out their responsibilities and key terms of engagement.

Term

All directors (except the Chief Executive) shall submit themselves for re-election in accordance with the Constitution, but at least at every third AGM.

Before a director is recommended for re-election, the Chairman, either directly or via the Nomination and Prudential Committee, shall consult with the other directors regarding the director's effectiveness. Based upon the outcome of these consultations, the Board shall then determine whether or not to recommend the director for re-election.

Chairman

The Board shall appoint the Chairman of the Board. The Chairman must be an independent director. The Chairman is responsible for:

- leadership of the Board;
- efficient organisation and conduct of the Board's function;
- ensuring that all relevant issues are on the agenda for directors' meetings;
- briefing of all directors on key issues;

- facilitating the effective contribution of all directors;
- guiding Board deliberations, free of undue bias; and
- promoting constructive and respectful relations between directors and between Board and management.

Meetings

The Board shall meet regularly, in accordance with a schedule agreed at the commencement of each financial year. Additional meetings shall be called on a needs basis.

Any director can convene a Board meeting.

The non-executive directors shall also meet on their own, from time to time, to review the performance of management generally and discuss corporate governance issues on a needs basis.

Agenda

The Chair shall review, with the Chief Executive and the Company Secretary, the agenda for each meeting prior to its issue.

Any director may require business to be included on the agenda. The director will first consult with the Chairman with respect to that business.

The Board shall maintain and observe a rolling 12 month agenda to ensure that key governance issues and the Group's operations are reviewed on a regular, ongoing basis.

Attendance

The Chief Financial Officer is a permanent invitee to meetings. Other Company executives, External Auditors, Internal Auditors and other advisers, as the Chairman thinks fit, may be invited to attend meetings.

No executive director may be present at a Board meeting during deliberations concerning their position unless otherwise agreed by the Board.

Secretary

The Company Secretary(s) will act as Secretary of the Board and must attend all meetings of the Board except when requested by the Board.

The Company Secretary is accountable to (and report directly to) the Board (through the Chairman if appropriate) 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 and ensuring that Board policy and procedures are followed;

- co-ordinating and Committee agendas and briefing materials;
- ensuring that the business at the Board and Committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.

Minutes

Minutes of meetings of the Board and each of its Committees must be prepared by the Company Secretary, reviewed by the Chief Executive, approved by the Chairman in draft and circulated to all directors.

Minutes of meetings of the Board shall be confirmed at the next meeting of the Board and then signed by the Chairman.

Access to Information

Directors have access to the Company's management and Company information through the Chief Executive to assist them in carrying out their duties as directors.

Any director has direct access to and may seek information directly from the Company's External and Internal Auditors, provided that all such enquiries are first advised to the Chairman and the Chief Executive.

Directors may obtain independent, professional advice relevant to the Company's affairs to assist them in carrying out their duties as directors at the Company's expense, subject to approval of the Chairman.

Board Committees

The Board has the following committees, which may be added to or changed from time to time:

- Audit, Risk and Compliance Committee;
- Remuneration and Human Resources Committee;
- Nomination and Prudential Committee; and
- Work Health and Safety Committee

Each of the above committees shall:

- be comprised of non-executive directors, with a majority of independent directors; and
- have a formal charter approved by the Board.

The Board shall review the effectiveness of each of the above committees, against its charter in conjunction with the Chairperson of the relevant committee.

The Board shall also ensure that a Management Risk Committee (comprised of senior executives of the Company) is maintained in accordance with the Company's Risk Management Policy.

The Board may establish other ad hoc special purpose committees from time to time, with terms of reference approved by the Board.

Delegation to Management

The Board shall delegate responsibility for the day to day management of the Company to the Chief Executive. The Chief Executive may delegate various functions to other employees and subsidiary company boards. The authority of the Chief Executive and other employees shall be detailed by formal delegation of authority.

Formal letters of appointment of the Chief Executive and the Chief Financial Officer shall set out their respective responsibilities and key terms of engagement.

Review of Management

The non-executive directors shall conduct a formal review of the performance of the Chief Executive, the Chief Financial Officer and Company Secretary(s) on an annual basis. They may seek the advice of the Remuneration and Human Resources Committee.

Audit

The Board shall receive reports from the Audit, Risk and Compliance Committee and, on the basis of its recommendations:

- confirm the appointment of the External Auditors and make recommendations to shareholders for their appointment or removal where necessary;
- approve accounts and financial reports (subject to receipt of the statement of the Chief Executive and Chief Financial Officer referred to in the section entitled "Chief Executive/Chief Financial Officer: Certificate" below and any other reports or management certificates the Board or the Audit, Risk and Compliance Committee may from time to time request);
- adopt accounting policy changes;
- appoint or remove the Internal Auditors; and
- adopt recommendations of the Internal Auditors.

Risk Management

The Board must require management to design and implement a risk management and internal control system to manage the Company's material business risks, and, through the Audit, Risk and Compliance Committee, will review the Company's material business risks and risk management framework at least annually to ensure it is sound.

The Audit, Risk and Compliance Committee, will make recommendations to the Board in relation to:

- the adequacy of the Company's processes for managing risk;
- the Company's risk appetite;
- any incident involving fraud or other breakdown in internal controls;
- the Company's insurance programme.

Chief Executive/Chief Financial Officer: Certificate

The Board requires that prior to approving the financial reports of the Company for a financial period it receives from the Chief Executive and the Chief Financial Officer a declaration in relation to the Company's full year financial statements in accordance with (or, for interim financial reports, consistent with) section 295A of the Corporations Act confirming that:

- the Company's financial records have been properly maintained, the financial statements comply with accounting standards, and the financial statements and notes give a true and fair view;
- the declaration provided in accordance with section 295A is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks; and
- where the above statements cannot be made in an unqualified manner, an explanation of the facts contributing to such a circumstance and the implications of these facts for both the financial reports and the Company.

Director and Senior Executive Remuneration

The Board shall receive reports from the Remuneration and Human Resources Committee and, on the basis of its recommendations:

- determine a framework for remuneration of directors;
- determine the Chief Executive's remuneration;
- set guidelines for the remuneration of the managing directors of subsidiary companies; and
- determine remuneration policies for other senior management, including regarding incentive schemes, retirement allowances and superannuation.

Non-executive directors shall not participate in incentive schemes designed for the remuneration of executives.

Board Standards and Policies

The Board currently has in place a number of standards and policies, including in particular the following:

- Code of Conduct;

- Anti-Bribery and Corruption Policy;
- Fraud Policy;
- External Disclosure and Market Communications Policy;
- Securities Dealing Policy;
- Risk Management Policy;
- Compliance Policy;
- Financial Risk Management Policy; and
- Delegation of Authority.

The Board may make changes to these policies with the benefit of recommendations from the relevant Board committees.

Prudential Issues

The Board shall review and ratify on an annual basis the prudential criteria approved by the Nomination and Prudential Committee being criteria relevant to the determination of whether or not individuals are “fit and proper” persons to act as directors of the Company having regard to relevant regulatory authorities from time to time.

Board Performance Review

The Board shall receive reports from the Nomination and Prudential Committee on the composition, size and commitment of the Board.

With the benefit of those reports, the Board shall conduct a formal review of its effectiveness, on an annual basis.

Reporting and Communication

The Board shall report to shareholders and other legitimate stakeholders by:

- issuing the Company’s annual report and half year review;
- periodic reporting in accordance with the ASX Listing Rules and Corporations Act;
- continuous disclosure and communications with the market in accordance with the Company’s External Disclosure and Market Communications Policy;
- posting announcements and other information on its website;
- holding its annual general meeting and, on occasions, other general meetings in accordance with the ASX Corporate Governance Council guidelines for communication with shareholders and for improving shareholder participation at general meetings;

- web-casting its general meetings and results presentations (by audio or audio-visual means as circumstances dictate); and
- continually considering how to use new technologies to enable more effective communications with stakeholders and improved access for shareholders unable to be physically present at general meetings.

Review

This Charter shall be reviewed by the Board on an annual basis.