



Board Charter

Bellamy's Australia Limited ACN 124 272 108

Adopted 24 August 2017

I Introduction

The Board of Directors (**Board**) of Bellamy's Australia Limited (**Bellamy's** or **Company**) has adopted this Board Charter that sets out the role, responsibilities, structure and processes for the Board having regard to principles of good corporate governance, best practice and applicable laws.

This Charter includes an overview of:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees.

The Board Charter and the Charters adopted by the Board for its Committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.

The Board will review and assess the adequacy of this Charter and its Committee Charters annually and make any necessary or desirable amendments to ensure they remain consistent with the Board's objectives, current law and best practice.

2 Board composition

2.1 Board composition and size

The Board together with the Remuneration and Nomination Committee will, subject to the provisions of the Company's Constitution, be responsible for:

- a) determining the size, composition and membership of the Board;
- b) considering the necessary and desirable competencies of Board members;
- c) considering whether the Board has the appropriate mix of skills, expertise and experience necessary to fulfil its function effectively; and
- d) electing the Chair of the Board.

It is intended that the Board should comprise a majority of independent Non-Executive Directors and will comprise Directors with a broad range of knowledge, skills and expertise from a diverse range of backgrounds.

Directors are appointed by the Board and elected by the Company's shareholders. Non-Executive Directors will be engaged through a letter of appointment.

2.2 Director independence and tenure

- a) The Board regularly reviews the independence of each Non-Executive Director in light of information relevant to this assessment as disclosed by the Director to the Board.
- b) If a Director is or becomes aware of any information, facts or circumstances that will or may affect that Director's independence, the Director must immediately disclose all relevant details to the Company Secretary and the Chair.
- c) The Board only considers a Director to be independent where he or she is free of any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect his or her capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.
- d) The Board has adopted a definition of independence based on that set out in Box 2.3 of the ASX Corporate Governance Council's Principles and Recommendations (3rd edition). Without limiting the Board's discretion, in general Directors will only be considered to be 'independent' if they:
 - (i) are not employed in an executive capacity by the Company or another Company group member, or if they have been previously employed in an executive capacity by the Company or another Company group member, there has been a period of at least three years between ceasing any such employment and serving on the Board;
 - (ii) have not, within the last three years, been a partner, director or senior employee of a provider of a material professional services to the Company or another Company group member;
 - (iii) have not, within the last three years, been in a material business relationship (eg as a supplier or customer) with the Company or another Company group member, or an officer of, or otherwise associated with, someone in such a relationship;
 - (iv) are not a substantial shareholder of the Company, or an officer of, or otherwise associated with, a substantial shareholder of the Company;
 - (v) have no material contractual relationship with the Company or another Company group member, other than as a Director of the Company;
 - (vi) do not have close family ties with any person who falls within any of the categories described above;
 - (vii) have not been a Director of the entity for such a period that his or her independence may have been compromised; and
 - (viii) are otherwise free from any other interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.
- e) While the Company will aim to have a majority of independent Non-Executive Directors, this may not always be practicable given the size of the Board and the circumstances.
- f) The Board does not believe that it is appropriate to establish an arbitrary limit on tenure. While tenure limits may assist to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contributions of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations. Accordingly, while tenure is considered, it is one of many factors the Board takes into account when assessing the independence and ongoing contribution of a Director.

3 Board role and responsibilities

3.1 Board role

The Board's role is to:

- a) represent and serve the interests of shareholders by overseeing and appraising Bellamy's strategies, policies and performance. This includes overseeing the financial and human resources Bellamy's has in place to meet its objectives and reviewing management performance;
- b) protect and optimise Bellamy's performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- c) set, review and monitor compliance with Bellamy's values and governance framework (including establishing and observing high ethical standards); and
- d) ensure shareholders are kept informed of Bellamy's performance and major developments affecting its state of affairs.

3.2 Board responsibilities

The key responsibilities of the Board include:

- a) select, appoint and evaluate from time to time the performance of, determine the remuneration of, and plan the succession of, the Chief Executive Officer (CEO) and the CEO's direct reports;
- b) contribute to and approve management's development of corporate strategy, including setting performance objectives and approving operating budgets;
- c) review, ratify and monitor systems of risk management, internal compliance and control, codes of conduct and legal and regulatory compliance to ensure appropriate risk management systems and controls are in place;
- d) monitor corporate performance and implementation of strategy and policy;
- e) develop and review the Company's values and corporate governance policies (including in respect of diversity and the measurable objectives for achieving diversity) and monitoring corporate culture, setting the tone from the top;
- f) monitor and review management processes aimed at ensuring the integrity of financial and other reporting;
- g) approve financial reports, profit forecasts and other reports required at law or under ASX Listing Rules to be adopted by the Board;
- h) evaluate, at least annually, the performance of the Board, its Committees and individual Directors;
- i) approve major capital expenditure, acquisitions and divestments and capital management, including approving dividend payments; and
- j) perform such other functions as are required by law or are nominated by the Board from time to time.

3.3 Director responsibilities

- a) Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour.
- b) Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.

- c) Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them.
- d) The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chair, or the Board as a whole.

4 Delegation of duties and powers

4.1 Delegation to management

- a) While the Board retains ultimate responsibility for the strategy and performance of the Company, the day-to-day operation of the Company is conducted by, or under the supervision of, the CEO as directed by the Board.
- b) The Board approves corporate objectives for the CEO to satisfy and, jointly with the CEO, develops the duties and responsibilities of the CEO.
- c) The management team (being the CEO and other officers to whom the management function is properly delegated by the CEO):
 - (i) is responsible for implementing strategic objectives, plans and budgets approved by the Board; and
 - (ii) is accountable to the Board for matters within its delegated authority.
- d) The Board may delegate their powers as they consider it appropriate.
- e) Management must supply the Board with information in a form and timeframe, and of a quality, that will enable the Board to discharge its duties effectively.
- f) Directors are entitled to request additional information at any time when they consider it appropriate.

4.2 Delegation to committees

- a) The Board will from time to time establish Committees to streamline the discharge of its responsibilities.
- b) Each Committee will adopt a formal charter setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- c) The permanent standing Committees of the Board are the:
 - (i) Audit and Risk Committee; and
 - (ii) Remuneration and Nomination Committee.
- d) The Board may also delegate specific functions to ad hoc committees on an "as needs" basis.

5 Board process

5.1 Meetings

- a) The Board will meet regularly and intends to meet ten times each year.
- b) Directors will use all reasonable endeavours to attend Board meetings in person.
- c) Periodically, Non-Executive Directors will meet without the CEO or management present.
- d) The Company's Constitution governs the regulation of Board meetings and proceedings.

5.2 The Chair

- a) The Board will appoint one of its members to be Chair.
- b) It is intended that the Chair should be an independent Non-Executive Director.
- c) The Chair represents the Board to the shareholders and communicates the Board's position.
- d) The Chair will:
 - (i) chair meetings of the Board and of members, including the Annual General Meeting;
 - (ii) provide appropriate leadership to the Board and Bellamy's;
 - (iii) lead the Board to ensure it operates efficiently and effectively as a group; and
 - (iv) promote constructive and respectful relations between the Board and management.

5.3 The Company Secretary

- a) The Board will appoint at least one Company Secretary.
- b) The Company Secretary is accountable to the Board on all matters to do with the proper functioning of the Board.
- c) 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.
- d) The Company Secretary will attend all Board and Committee meetings.
- e) All Directors will have direct access to the Company Secretary.

6 Performance

- a) The Board recognises that regular reviews of its effectiveness and performance are key to the improvement of the governance of the Company. The Board will review and evaluate:
 - (i) its own performance, including against the requirements of this Charter;
 - (ii) the performance of its Committees; and
 - (iii) the performance of individual Directors,on a regular basis, and at least annually, against both measurable and qualitative indicators.
- b) The Chair and the Company Secretary will work together to ensure that the performance assessment of the Board in the manner described above is formalised and a review is undertaken on a regular basis.

7 Inconsistency with Constitution

To the extent that there is any inconsistency between this Charter or the Constitution, the Constitution will prevail.