



Board Charter

ARB Corporation Limited

ACN 006 708 756

Last reviewed: 14 September 2021

Board Charter

Purpose

1. This Board Charter ('Charter') sets out the role, responsibilities, structure and processes of the Board of ARB Corporation Limited ('ARB' or 'Company'). Group means the Company and its controlled entities.
2. The Board may review and amend this Charter from time to time.

Board Size, Composition and Independence

3. The size of the Board will be determined in accordance with ARB's constitution.
4. An independent Non-Executive Director is one who is independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement.
5. Collectively, the Board should comprise:
 - (a) Directors with an appropriate range of skills, experience and expertise;
 - (b) Directors who can understand and competently deal with current and emerging business issues; and
 - (c) Directors who can effectively review the performance of Group senior executives and exercise independent judgement with respect to the relevant matter being considered.
6. Whilst ever the Board has an Executive Chairman, a Senior Independent Director who can fulfil the role whenever the Chairman is conflicted will be appointed.
7. Non-Executive Directors will be engaged through a written agreement approved by the Board.

Board Role and Responsibilities

8. The role of the Board is to provide strategic guidance for ARB and effective oversight of management. The Board is ultimately accountable to security holders for the activities and performance of the Company.
9. The key responsibilities of the Board are as follows:
 - (a) setting the strategic direction and values of the Company;
 - (b) approving financial budgets, major capital expenditure, financial statements and monitoring financial and operational performance against forecast and prior periods;
 - (c) determining dividend policy and the amount, timing and nature of dividends to be paid;
 - (d) setting the Group's risk appetite and monitoring the effectiveness of risk management and compliance including satisfying itself through appropriate reporting and oversight that appropriate internal control mechanisms are in place and are being implemented;
 - (e) oversight of the Group's tax risk including setting the Group's tax risk appetite and monitoring the effectiveness of the tax risk management framework and compliance;
 - (f) setting corporate governance standards, including the Company's Corporate Governance Statement, Code of Conduct, Continuous Disclosure Policy and other Group level policies, monitoring their effectiveness and addressing any material breaches;

- (g) selecting, appointing and terminating the external auditor (including recommendations to shareholders thereon for approval);
 - (h) overseeing the Board Audit Committee's evaluation of auditor's performance and ongoing independence;
 - (i) approving the appointment and removal of:
 - (i) Chairman;
 - (ii) Managing Director; and
 - (iii) Company Secretary.
 - (j) reviewing the performance of the Managing Director and approving the remuneration and executive employment agreement of the Managing Director;
 - (k) succession planning in respect of the Board, CEO and Group senior executives;
 - (l) determining and reviewing the composition of the Board giving consideration to the optimal number and skill mix of Directors, subject to the limits imposed by the Constitution;
 - (m) recommending to shareholders the appointment or removal of Directors;
 - (n) appointing Directors to fill casual vacancies on the ARB Board;
 - (o) subject to the law and ARB's constitution, determining the remuneration of the Non-Executive Directors (including the members of all Committees of the Board);
 - (p) overseeing the performance review and remuneration review processes on a total basis for all employees;
 - (q) providing oversight and monitoring of workplace health and safety (OH&S) issues and considering appropriate OH&S reports and information;
 - (r) overseeing the Company's compliance with the law and appropriate standards of financial and ethical behaviour;
 - (s) setting the Company's capital management policies and approving material funding facilities; and
 - (t) communicating effectively with shareholders and providing them with the opportunity to participate in general meetings.
10. Save where, and to the extent restricted by law, regulation or ARB's Constitution, the Board may delegate any of the above powers to individual Directors, Committees of the Board or Group senior executives. Any such delegation shall be in compliance with the law and the Company's constitution.

Role and Delegation to Management

- 11. The Managing Director is responsible for the development of strategic objectives for the business and achievement of the planned results for the Group.
- 12. Management of the Group's day to day operations is undertaken by the Managing Director.
- 13. The Managing Director reports regularly to the Board with accurate, timely and clear information to ensure the Board is fully informed to discharge its responsibilities effectively.
- 14. The Managing Director instils and reinforces the Group's values to support a culture that promotes ethical and responsible behaviour supported by policies, processes and codes approved by the Board.

Board Committees

15. The Board may establish Committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail.
16. The standing Board Committees are:
 - (a) Audit Committee;
 - (b) Remuneration and Nomination Committee; and
 - (c) Risk Management Committee.
16. The charters of the Audit Committee and the Remuneration and Nomination Committee set out matters relevant to their composition, responsibilities and administration and must be approved by the Board. These Committees review their charters from time to time as appropriate.
17. The Board may establish ad hoc Board Committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.
18. The Board will determine the membership and composition of Board Committees, having regard to workload, skills and experience.

Chairman of the Board

19. The Chairman of the Board is appointed by the Directors.
20. The additional responsibilities of the Chairman of the Board include:
 - (a) providing leadership to the Board;
 - (b) promoting the efficient organisation and conduct of the Board's functions;
 - (c) monitoring the performance of the Board;
 - (d) facilitating Board discussions to ensure core issues facing the Company are addressed;
 - (e) briefing all Directors in relation to issues arising at Board meetings;
 - (f) facilitating the effective contribution and ongoing development of all Directors;
 - (g) promoting constructive and respectful relations between Board members and between the Board and Group senior executives; and
 - (h) chairing general meetings.

Directors

21. Directors are expected to attend and participate in Board meetings and meetings of Committees on which they serve.
22. Directors are expected to spend the time needed, and meet as often as necessary, to discharge properly their responsibilities.
23. Directors are expected to review meeting materials before Board meetings and Committee meetings.
24. Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, Group senior executives. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that Group senior executives are prepared to address them.
25. Directors must exercise independent judgment with respect to the relevant matter being considered when making decisions.
26. Publicly, Directors are expected to support the letter and spirit of Board decisions.

27. Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.
28. Directors are expected to comply with their legal duties when discharging their responsibilities as Directors. Broadly, these duties are:
 - (a) to act in good faith and in the best interests of the Company;
 - (b) to act with care and diligence;
 - (c) to act for proper purposes;
 - (d) to avoid a conflict of interest or duty; and
 - (e) to refrain from making improper use of information gained through the position of Director or taking improper advantage of the position of Director.

Company Secretary

29. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.
30. The role of the Company Secretary is to:
 - (a) advise the Board and its Committees on governance matters;
 - (b) monitor that Board and Committee policy and procedures are followed;
 - (c) coordinate the timely completion and despatch of Board and Committee papers;
 - (d) ensure that the business at Board and Committee meetings is accurately captured in the minutes;
 - (e) oversee a process to ensure that all directors receive copies of all material market announcements promptly after they have been made; and
 - (f) help to organise and facilitate the induction of new Directors and appropriate opportunities for professional development of Directors as required.
31. Directors are free to communicate directly with the Company Secretary and vice versa.

Conflicts

32. Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
33. Directors must:
 - (a) disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
 - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
 - (c) comply with the Corporations Act 2001 (Cth) and the Company's constitution in relation to disclosing material personal interests and restrictions on attending and voting at meetings.
34. Directors are expected to inform the Chairman of the Board of any proposed appointment to the Board, Committee or executive of another company as soon as practicable.

Access to information and independent advice by Directors

35. Directors have access to any Company information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
36. Directors have access to:

- (a) Group senior executives to seek explanations and information from them; and
 - (b) External auditors to seek explanations and information from them without Group senior executives being present.
37. Directors may obtain independent professional advice at the Company's expense, subject to making a request to, and obtaining the prior authorisation of, the Chairman of the Board, whose authorisation should not be unreasonably withheld. Where the Chairman of the Board wishes to obtain independent professional advice, he or she is required to make a request to, and obtain the prior authorisation of, the Chairman of the Audit Committee of the Board, whose authorisation should not be unreasonably withheld.

Retirement of Directors

38. Clauses 39 to 42 shall be read consistently with the Company's Constitution.
39. At each annual general meeting, one-third of the Directors (or if their number is not a multiple of 3, then the number nearest to but not exceeding one-third of the Directors) must retire and may stand for re-election.
40. A Director must retire at the end of the third annual general meeting after the Director's appointment even if it means that more than one-third of Directors retire at an annual general meeting.
41. Those Directors who have been longest in office since their last appointment must retire by rotation. Directors appointed on the same day may agree among themselves or determine by lot who must retire.
42. A Director appointed to fill a casual vacancy or as an addition to the Board is not subject to retirement by rotation and is not taken into account when determining how many Directors must retire by rotation. A Director appointed to fill a casual vacancy or as an addition to the Board must retire at the next annual general meeting after their appointment.

Ethical Standards

43. The Directors and other employees are expected to act lawfully, in a professional manner, with integrity and respect and in accordance with the Company's Code of Conduct, striving to enhance the reputation and performance of the Company.
44. Directors must ensure any dealings in shares are in strict compliance with the law and with the Company's Share Trading Policy.

Review of Board performance

45. The performance of the Board and the Directors will be periodically and objectively assessed directly by the Board or through the Remuneration and Nomination Committee.
46. This review will consider:
- (a) the Board's role;
 - (b) the processes of the Board and Committees of the Board;
 - (c) the Board's performance; and
 - (d) each Director's performance before the Director stands for re-election.