

2. Board Charter

2.1 Introduction

This Board Charter sets out the role, composition and responsibilities of the Board of Directors ("the Board") of YPB Group Ltd ("The Company").

The conduct of the Board is also governed by the Constitution of YPB Group Ltd and a number of operational matters relating to the Board such as number of meetings per year, notification of interests, and election of directors are governed by the Constitution and are not reproduced here.

2.2 Roles and Responsibilities

The Board is responsible for the corporate governance of YPB Group Ltd. The Board undertakes its role with the objective of ensuring the long-term health and prosperity of the Group for the benefit of shareholders, customers and employees.

The functions of the Board are to:

Provide effective leadership and collaborate with the Executive management team to:

- Articulate The Company's values, vision, mission and strategies;
- Provide input to the development of strategic (direction) plans. Review approve and prioritise the strategic objectives and plans;
- Review and agree the business (action) plans and annual budget proposed by the Executive management team and then subsequently monitor the outcomes;
- Maintain open lines of communication with stakeholders;
- Develop and maintain an appropriate organisational structure, internal control and accountability systems and processes for the business;
- Establish, review (proactively), ratify appropriate risk management and internal control monitoring systems and procedures to ensure that significant business risks are adequately considered and managed;
- Establish such committees, policies and procedures as will facilitate the effective discharge of the Board's roles and responsibilities as the Board sees fit. Ensure, as appropriate that The Company discharges its compliance obligations and functions effectively;
- Ratify the appointment and removal of senior executives (including the CEO or equivalent);
- Ensure that organisation has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate and social responsibility;
- Approve, monitor and manage major capital expenditure, acquisitions and divestures; and
- Review and approve financial and other regulatory and/or compliance reporting.

The CEO has delegated by the Board authority for the operations and administration of the company.

2.3 Membership and Term

The Constitution provides for the number of directors to be determined in a general meeting but with a minimum of 3 directors (so that a quorum can be formed to transact business at meetings).

Directors are 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.

Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent.

At each AGM one third of the Directors retire or if that number is not a multiple of three, then the number nearest to but not more than one third can re-nominate for their positions.

The Board has not adopted, and does not intend to adopt a tenure policy as specific accumulated knowledge and experience is highly valuable to The Company, but according to the Constitution, each director must be re-elected by the membership after 3 years on the Board.

2.4 CEO

The roles of the Chair and CEO are strictly separated. The CEO is responsible for:

- Development and implementation of corporate strategy;
- Development of an annual operating plan with specific operational and financial objectives;
- The efficient and effective operation of The Company; and
- Bringing material, issues and other relevant matters to the attention of the Board in an accurate and timely manner.

2.5 Chair

The Directors will appoint the Chair of the Board. The Company presently has appointed an Executive Chair who is the former CEO of The Company. Where the Chair is absent from a Board meeting, a Chair for the meeting will be appointed by the members of the Board present.

The Chair will serve as the primary link between the Board and management.

The Chair is responsible for:

- providing leadership to the Board;
- ensuring that the Board works effectively and discharges its responsibilities;
- working with the CEO and Company Secretary to set the agenda for each Board meeting; and
- ensuring that all Directors are adequately briefed in relation to issues addressed at Board meetings.

2.6 Company Secretary

The appointment and, where appropriate, removal of The Company Secretary is a matter for the full Board.

All Directors will have direct access to The Company Secretary.

The Company Secretary is responsible to the Board for:

- ensuring that the principles and procedures of the Board are followed; and
- monitoring and enhancing corporate governance processes.

2.7 Independent Directors

The Board considers independent decision-making as critical to effective corporate governance. Independent directors are considered to be those who have the ability to exercise their duties and are not influenced or restricted by any business or other relationship. The independence of non-executive directors is assessed by the Board against the definition outlined in the Board Charter.

2.7.1 Independence

- Non-executive;
- Less than 10% of The Company shares are held by the Director and any entity or individual directly or indirectly associated with the Director;
- The Director or any individual or entity associated with the Director is neither a customer or supplier to The Company in the ordinary course of its business;
- None of the Director's income or the income of an individual or entity associated with the Director is derived from a contract with any member of the economic entity other than income derived as a Director of the entity;
- Where a Director contributes specific time and expertise to The Company beyond normal Board duties, the Director may be compensated for such services without compromising independence as long as those services are in a non-executive capacity and with prior Board approval. The Company holds that the more thorough a Director's detailed operational knowledge the more likely is the exercise of skilled, independent judgment in The Company's best interests.

2.7.2 Right to Seek Professional Advice

Independent Directors have the right to seek independent professional advice at The Company's expense in the furtherance of their duties as Directors. Written approval must be obtained from the Chair prior to incurring any expenses on behalf of The Company.

2.8 Meeting and Reporting

The Board will meet in accordance with the Constitution of The Company.

Directors will use all reasonable efforts to attend each meeting of the Board and Committees of which they are members. Meetings may be held via teleconference as needed.

Board and Committee papers will be circulated to Directors prior to each Board and Committee meeting. Directors are expected to undertake adequate preparation to permit their effective contribution at each meeting.

At each Board meeting, Non-Executive Directors will be given the opportunity to meet without management present.

Proceedings of all meetings are minuted, circulated to all members of the Board, amended as required and, when signed by the chairman of the meeting is the definitive record of the proceedings of meetings held.

Directors may pass a resolution without a Director's meeting being held.

Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

2.9 Publication of the Board Charter

Key features of the Charter are outlined in the Annual Report.

A copy of the charter is available on request and in any event will be made available on The Company website.

2.10 Review of the Board Charter

The Board will review this Charter annually to ensure it remains consistent with the Board's objectives and responsibilities and approve amendments as it considers appropriate.