



## Board Charter

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Phoslock Environmental Technologies Limited ACN 099 555 290  
(**Company**)

**Adopted by the Board – 31 March 2022**

## 1. Governance of the Board

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This Board Charter outlines the manner in which the board of directors (**Board**) of Phoslock Environmental Technologies Limited (**Phoslock**) exercises and discharges its constitutional power and responsibilities.

## 2. Composition of the Board

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### Size of the Board

Phoslock's Constitution provides for the required quorum for a Board meeting and sets out the manner in which the number of directors is determined.

### Director independence

- (1) To the extent practicable given the size and composition of the Board from time to time, the majority of the directors will be independent, non-executive directors.
- (2) The Board should regularly assess the independence of each director and non-executive director.
- (3) When assessing the independence of the directors, the Board should consider the factors set out in Box 2.3 of the ASX Corporate Governance Council's Principles and Recommendations (4th Edition). If a director has an interest, position or relationship of the type described in Box 2.3 but the Board considers that it does not compromise the independence of the director, the Board may determine that director to be independent.

### Collective expertise of the Board

To the extent practicable, the Board will use reasonable endeavours to ensure that, collectively, it has the appropriate range of skills, experience and expertise to properly fulfil its responsibilities.

## 3. Role and responsibilities of the Board

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The Board is responsible, and is accountable to shareholders, for managing Phoslock's business. The Board has the authority to determine all matters relating to the strategy, management and operation of Phoslock. The law also requires the Board to approve certain matters.

The CEO and other senior executives (including senior and key management personnel of Phoslock) (**Senior Executives**) should provide the Board with the information it needs to discharge its responsibilities effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

The specific functions and responsibilities of the Board include:

### Leadership

- (1) Defining Phoslock's purpose and setting its strategic direction.
- (2) Approving Phoslock's Statement of Values and Code of Business Ethics to underpin the desired culture within Phoslock.

- (3) Appointing and, should it be necessary, terminating the employment of the CEO and other Senior Executives.
- (4) Developing and approving an appropriate framework for relevant information to be reported by management to the Board and challenging management whenever required.
- (5) Setting appropriate levels of delegated authority to management and using reasonable endeavours to ensure that appropriate resources are available to Senior Executives.
- (6) Approving the appointment of the directors and, where appropriate or applicable, Phoslock's Company Secretary (**Company Secretary**).

### **Corporate strategy**

- (1) Providing oversight of Phoslock, including its control and accountability systems.
- (2) Approving the strategic objectives of Phoslock and establishing goals to promote their achievement.
- (3) Overseeing management's implementation of Phoslock's strategic objectives and its performance generally.

### **Remuneration and performance of the CEO and other Senior Executives**

- (1) Evaluate the performance, and approve the remuneration, of the CEO.
- (2) Approve the remuneration of other Senior Executives and review the CEO's evaluation of those other Senior Executives' performance.
- (3) Develop and approve succession plans for the CEO and review and approve succession plans for other Senior Executives.
- (4) Ensuring that Phoslock's remuneration policies are aligned with Phoslock's purpose, strategic objectives and risk appetite.

### **Financial management**

- (1) Monitoring the operational and financial position and performance of Phoslock.
- (2) Approving and monitoring the progress of operating budgets, major capital expenditure, capital management and major acquisitions and divestitures.
- (3) Approving and monitoring Phoslock's accounting and corporate reporting systems, including Phoslock's budgets and the external audit.
- (4) Establishing investment criteria including acquisitions and divestments, approving investments and implementing ongoing evaluations of investments against such criteria.
- (5) Determining dividend policy and the amount, nature and timing of dividends to be paid (if any).
- (6) Implementing procedures to allow directors to inform themselves of Phoslock's business and financial status.

### **Risk management**

- (1) Assessing and determining whether to accept risks beyond the delegated authority provided to management.

- (2) Reviewing, ratifying and monitoring systems of risk management and internal compliance and control, codes of conduct and legal compliance, in conjunction with Phoslock's Audit and Risk Committee, and ensuring they are operating effectively.
- (3) Identifying business risks facing Phoslock and using reasonable endeavours to ensure that appropriate monitoring and internal reporting controls are in place to manage such risks.
- (4) Ensuring that Phoslock has in place an appropriate risk management framework, regarding both financial and non-financial risks, which is reviewed annually to identify and manage those risks.
- (5) Establishing written policies on compliance, risk oversight and management.

### **Governance and compliance**

- (1) Monitoring and reviewing the effectiveness of Phoslock's governance practices.
- (2) Overseeing Phoslock's process for making timely and balanced disclosure of all material information concerning Phoslock that a reasonable person would expect to have a material effect on the price or value of Phoslock's securities.
- (3) Using reasonable endeavours to ensure Phoslock complies with its responsibilities under the *Corporations Act 2001* (Cth), Phoslock's Constitution, the ASX Listing Rules and other relevant laws.
- (4) Calling meetings of members.

### **Diversity**

- (1) To the extent practicable, ensuring that Phoslock's workforce, including its Board, is made up of individuals with diverse skills, values, backgrounds and experience to the benefit of Phoslock.

## **4. Allocation of responsibilities**

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### **Chair**

- (1) The Board elects the Chairperson (**Chair**) in accordance with Phoslock's Constitution. A Deputy Chair (**Deputy Chair**) may also be elected.
- (2) To the extent practicable, given the size and composition of the Board from time to time, the Chair will be an independent, non-executive director.
- (3) The roles of the Chair and the CEO may not be exercised by the same person.
- (4) The position of Chair will be reviewed by the Board at the first Board meeting following the Annual General Meeting.
- (5) The Chair represents the Board to the shareholders and communicates the Board's position.
- (6) The Chair is responsible for the leadership of the Board, the efficient organisation and conduct of the Board's function, and the briefing of all the directors in relation to issues arising at Board meetings.

## **Individual directors**

In accordance with all relevant laws, the directors have the following responsibilities:

- (1) to exercise their powers and discharge their duties in good faith and in the best interests of Phoslock;
- (2) to use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party; and
- (3) to actively engage in the conduct of Board matters.

## **The CEO**

The CEO is appointed (and when necessary, replaced) by the Board. The CEO is responsible for the ongoing management of Phoslock in accordance with the strategy, policies and programs approved by the Board.

The CEO's responsibilities include:

- (1) developing with the Board, a consensus for Phoslock's vision and direction;
- (2) negotiating the terms and conditions of appointment of other Senior Executives for Board approval;
- (3) carrying out the day-to-day management of Phoslock, including implementing the strategic objectives and operating within the risk appetite set by the Board; and
- (4) keeping the Board informed, at an appropriate level, of all the activities of Phoslock with accurate, timely and clear information.

## **Company Secretary**

- (1) The Company Secretary reports directly to the Board through the Chair. All directors will have access to the Company Secretary.
- (2) The Company Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board such as coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and all statutory and other filings.

## **5. Committees**

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- (1) The Board has the authority to establish and determine the powers and functions of the committees of the Board. Each Board committee is to document a charter, approved by the Board, setting out its responsibilities.
- (2) There are 3 standing committees:
  - (a) the Nomination Committee;
  - (b) the Remuneration Committee: and
  - (c) the Audit and Risk Committee.
- (3) The Board may establish other Board committees from time to time to consider other matters of special importance.

## **6. Meetings**

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- (1) The Board has established procedures for conducting Board meetings and meetings of the various Board committees.
- (2) Board committees will maintain minutes of their meetings and are entitled to obtain professional or other advice to effectively carry out their functions.
- (3) The chair of each Board committee will report on committee meetings to the Board at the next Board meeting.

## **7. CEO and CFO assurances**

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Before the Board approves Phoslock's financial statements for a financial period, the CEO and CFO should declare to the Board that, in their opinion, the financial records have been properly maintained and comply with the appropriate accounting standards and give a true and fair view of Phoslock's financial position and performance.

The declaration must also state that the opinion has been formed based on a sound system of risk management and internal control which is operating effectively.

## **8. Board and committee performance**

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The directors will at least annually assess and review the performance of the Board, Phoslock's committees and individual directors against a set of agreed criteria.

Feedback will be collected by the Chair, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its committees.

The Board will select a suitable non-executive director to conduct the performance evaluation of the Chair after having canvassed the views of the other directors.

## **9. Ethics Charter or Code**

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To promote ethical and responsible decision-making, the Board must approve an Ethics Charter or Code which sets out the practices necessary to maintain confidence in Phoslock's

integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Ethics Charter or Code will deal with the following main areas:

- (1) conflicts of interest;
- (2) commercial relations;
- (3) employees and employment standards;
- (4) safety, health and the environment; and
- (5) compliance with laws and regulations.

## **10. Induction and continuing education**

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The Board must:

- (1) implement an appropriate induction and education process for new Board appointees and Senior Executives;
- (2) consider the need for appropriate professional development of directors from time to time; and
- (3) where necessary, give directors the opportunity to undertake such professional development which should occur regularly to ensure directors develop and maintain the skills and knowledge needed to perform their role effectively.

## **11. Independent professional advice**

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Each director has the right to seek independent professional advice at Phoslock's expense whenever that director considers such advice is necessary for them to discharge their duties and responsibilities as directors or a conflict of interest arises between the director and Phoslock.

## **12. Policies**

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The Board (or appropriate Board committee) is responsible for establishing, reviewing and overseeing the implementation and monitoring the effectiveness of, policies relating to various matters, including:

- (1) share trading;
- (2) whistleblowing;
- (3) related party transactions;
- (4) anti-bribery and corruption; and
- (5) price sensitive information including continuous disclosure.

## **13. Review of charters**

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Board and committee charters will be reviewed at least annually.