

Board Charter

Booktopia Group Limited ACN 612 421 388

Version Control:

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Board Charter

Booktopia Group Limited ACN 612 421 388 and its subsidiaries (the Company)

1. Introduction

1.1 Purpose of Charter

This is the Charter of the Board of the Company (the **Charter**). The Charter governs the operations of the Board. It sets out the Board's role and responsibilities, composition, structure and membership requirements.

1.2 Role of Board

The Board is responsible for the overall operation and stewardship of the Company and, in particular, for the long-term growth and profitability of the Company, the strategies, policies and financial objectives of the Company, and for monitoring the implementation of those policies, strategies and financial objectives, including the responsibilities set out below.

In performing the responsibilities set out in this Charter, the Board should act at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed on them by the Company's constitution and by law.

1.3 Review of Charter

The Board must review and reassess this Charter at least annually and, if required, make any amendments to the Charter.

2. Roles and responsibilities of the Board

2.1 Strategy

The role of the Board in respect of strategy includes:

- (a) providing input to, and approval of, the Company's strategic direction and budgets as developed by management;
- (b) directing, monitoring and assessing the Company's performance against strategic and business plans, to determine if appropriate resources are available; and
- (c) approving and monitoring capital management and major capital expenditure, acquisitions and divestments.

2.2 Risk management & reporting

The role of the Board in respect of establishing acceptable levels of risk within which the Board expects management of the Company to operate, risk management and reporting includes:

- (a) ensuring the Company has in place an appropriate risk management framework and establishing the acceptable levels of risk within which the Board expects the management of the Company to operate which may include economic, environmental and social sustainability risks, as well as operational, financial, reputational and strategic risks;
- (b) reviewing and ratifying the Company's systems of internal compliance and

control, risk management frameworks and legal compliance systems, to determine the integrity and effectiveness of those systems; and

- (c) approving and monitoring material internal and external financial and other reporting, including:
 - (i) periodic reporting to shareholders, the ASX and other stakeholders; and
 - (ii) overseeing the Company's processes for making timely and appropriate disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

In accordance with paragraph 2.6 of this Charter, the Board may refer some or all of these functions to the Audit & Risk Committee for detailed consideration and action.

2.3 Relationship with management

The role of the Board in relation to management includes:

- (a) appointment and removal of the Managing Director (or equivalent) and the Company Secretary;
- (b) ratifying the appointment and removal of senior executives (which includes all executives who report directly to the Managing Director);
- (c) approving the Company's remuneration policies and framework and determining whether the remuneration and conditions of service of senior executives are appropriate and consistent with the approved remuneration policies and framework;
- (d) establishing and monitoring executive succession planning;
- (e) delegating the day to day decision making and implementation of Board approved strategy to the Managing Director; and
- (f) setting specific limits of authority for management.

2.4 Monitoring of performance

The role of the Board in respect of performance monitoring includes:

- (a) approving criteria for assessing performance of senior executives and monitoring and evaluating their performance;
- (b) undertaking an annual evaluation of the performance of the Board, each Board Committee and individual Directors, comparing their performance with the requirements of this Charter, relevant Board Committee Charters and the reasonable expectations of individual Directors;
- (c) appointing a suitable non-executive director to conduct an annual evaluation of the performance of the Chairperson, including the canvassing of views of the other directors;
- (d) where appropriate, engaging external facilitators to conduct its performance evaluations;
- (e) each year following the performance review, the Chairperson should establish the goals and objectives of the Board for the upcoming year and effect any amendments to this Charter and any Board Committee Charter considered necessary or desirable;

- (f) each year, the Chairman of the Board will facilitate an assessment of the performance of the Board, each of the Board Committees and their respective Chairs, comparing their performance with the requirements of the relevant Charter and the reasonable expectations of such functions; and
- (g) every three years, an independent third party will undertake an assessment of the performance of the Board and each Board Committee, their respective Chairs and the individual Directors, comparing their performance with the requirements of the relevant Charter, and the reasonable expectations of such functions.

2.5 Board structure

The role of the Board in relation to Board structure includes:

- (a) developing a Board skills matrix which sets out the mix of skills, expertise, experience and diversity that the Board currently has or is looking to achieve in its membership; and
- (b) reviewing, together with the Remuneration and Nomination Committee, the skills, experience, expertise and diversity represented by Directors on the Board and determining whether the composition and mix remain appropriate for the Company's strategy and covers the skills needed to address existing and emerging business and governance issues relevant to the entity. The Board and Remuneration and Nomination Committee will have regard to this review when considering Board succession planning and ongoing director education programs.

2.6 Corporate governance

The role of the Board in respect of corporate governance includes:

- (a) selecting and appointing the Board Chairperson, and if the Company has one, the deputy Chairperson or senior independent director;
- (b) approving the Company's values and Code of Conduct, and monitoring corporate culture;
- (c) setting and reviewing the Company's governance policies;
- (d) ensuring ethical behaviour and compliance with the Company's own governing documents, including the Company's Code of Conduct;
- (e) monitoring and evaluating the Company's compliance with its corporate governance standards;
- (f) approving the measurable objectives for achieving gender diversity in the composition of the Board, senior executive team and workforce generally and assessing the Company's progress in achieving those objectives;
- (g) receiving information regarding material breaches of the Code of Conduct and Anti-Bribery and Corruption Policy and reports of material incidents under the Company's Whistleblower Policy.

2.7 Board Committees

The role of the Board includes:

- (a) establishing such committees of the Board as may be appropriate to streamline the discharge of its responsibilities including the following Board Committees:

- (i) Audit & Risk Management Committee; and
- (ii) Remuneration & Nomination Committee;
- (b) adopting Charters setting out the membership, responsibilities and reporting obligations of each Board Committee and evaluating the performance of the Board Committees; and
- (c) undertaking an annual performance evaluation of each Board Committee that compares the performance of the Board Committee with the requirements of the relevant Board Committee Charter, setting forth the goals and objectives of the Board Committee for the upcoming year and effecting any amendments to the relevant Board Committee Charter considered necessary or desirable; and
- (d) delegating specific functions to ad hoc committees on an 'as needs' basis.

2.8 Other

The role of the Board also includes performing such other functions as prescribed by law.

3. Board composition and related matters

3.1 Board size

The Constitution of the Company provides that the number of Directors must at any time be no more than 10 and no less than 3.

3.2 Board composition

The Board should comprise:

- (a) a majority of people who are independent Directors (refer to clause 3.5 for independence);
- (b) people with a mix of skills and diversity of backgrounds to enable the Board to discharge its duties effectively.

3.3 Chair

The Chairperson of the Board should be independent and should not hold the role of Chief Executive Officer or Managing Director (or equivalent).

3.4 Company secretary

The Company Secretary will:

- (a) be appointed and removed by the Board;
- (b) report to and be accountable to the Board, through the Chairperson of the Board, on all matters to do with the proper functioning of the Board and Board Committees; and
- (c) perform the role in accordance with the Commentary to Recommendation 1.4 of the Corporate Governance Principles and Recommendations (4th edition) of the ASX Corporate Governance Council.

3.5 Independent directors

An independent director is a non-executive director who is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect

his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual shareholder or other party.

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors.

In general, a Director will not be considered to be 'independent' if he/she:

- (a) is, or has been, employed in an executive capacity by the Company or any of its child entities, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- (b) receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- (c) is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the Company or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- (d) is, represents, or is or has been within the last three years an officer or employee of, or professional provider to, a substantial shareholder¹;
- (e) has close personal ties with a person who falls within any of the categories described above; or
- (f) has been a director of the Company for such a period that his or her independence from management and substantial holders may have been compromised.

The Board will:

- (g) regularly review the independence of each Director in light of interests disclosed to it; and

3.6 Board judgement that a director remains independent

Notwithstanding the guidance in section 3.5 above, the Board may determine that a Director is independent if the Board is of the view that the interest, position or relationship in question is not material and will not interfere with 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 as a whole rather than in the interests of an individual shareholder or other party.

3.7 Appointing new directors

When considering the appointment of a person as a Director, the Board will:

- (a) undertake appropriate checks before appointing the person, or putting the person forward to shareholders as a candidate for election as a Director; and
- (b) provide shareholders with all material information in the possession of the Company relevant to a decision on whether or not to elect or re-elect a person as a Director, including whether the person will qualify as an independent Director.

¹ Substantial shareholder takes its meaning from section 9 of the Corporations Act 2001 (Cth), which provides that a person has a substantial holding if it holds 5% or more of the total votes attaching to voting shares in the Company.

4. Management and delegation

4.1 Managing Director and management

The Managing Director (or equivalent) is responsible for running the day to day affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out the managing director's responsibilities, the Managing Director (or equivalent) must ensure that the Board is provided with accurate information in a timely and clear manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

4.2 Delegation to management

The role of management is to support the Managing Director (or equivalent) and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. The delegated authority includes responsibility for:

- (a) developing business plans, budgets and strategies for the Company for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- (b) operating the Company's business within the parameters set by the Board from time to time and keeping the Board informed of material developments in the Company's business;
- (c) in respect of proposed transactions, commitments or arrangements that exceed the parameters set by the Board, referring such matters to the Board for its consideration and approval;
- (d) identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses, formulating strategies for managing these risks for consideration by the Board;
- (e) implementing the policies, processes and codes of conduct approved by the Board; and
- (f) managing the Company's current financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems function effectively and capture all relevant material information on a timely basis.

4.3 Senior executives

The Company will:

- (a) undertake appropriate checks before appointing a senior executive;
- (b) have a written agreement with each person appointed as a senior executive of the Company setting out the terms of their appointment; and
- (c) have a process for ensuring that the performance of senior executives of the Company are reviewed at least annually.

The Board may delegate this function to the Remuneration & Nomination Committee.

5. Other matters

5.1 Protocols where a director has a conflict of interest

From time to time a director may have a conflict of interest. To help Directors manage any such conflicts the Board has developed protocols setting out the structures and procedures to be followed with the aim of ensuring that the consideration of matters by the Board and any Board committees is undertaken free from any actual influence or appearance of influence from persons with conflicts of interest, and that the disclosure of the Company's confidential information is to be subject to appropriate corporate governance controls.

5.2 Independent Professional Advice For Directors

- (a) Directors may obtain independent professional advice, at the Company's cost, in carrying out their responsibilities.
- (b) It will be appropriate to obtain independent professional advice where:
 - (i) the issue or recommendation in question is one which the Director reasonably considers, after consulting with the Board or the Chairperson of the Board, is of a character that makes obtaining independent advice appropriate; and
 - (ii) the Board or Chairperson, following such consultation consents to the obtaining of such advice.
- (c) Independent professional advice can be obtained without the involvement of the Company's management where the Board or the Chairperson considers it appropriate to do so.
- (d) A suitable qualified expert in the appropriate field should be instructed. Prior to instructing the expert, the Director should advise the Board or Chairperson of the fee payable which must be reasonable having regard to the nature of the advice sought and the fees charged by comparable experts.
- (e) All instructions to the expert must be in writing specifying the party instructing and the capacity in which that party is acting and the party to whom the advice is to be addressed.
- (f) Except in circumstances of competing interests between the Directors or the Director and the Company, a copy of the advice, the letter of instruction, and all materials which accompanied the letter must be provided to the Board.

5.3 Terms of appointment of Directors

- (a) All Directors are expected to continue as Directors only for so long as they have the confidence of their fellow Board members and the confidence of the Company's shareholders.
- (b) In accordance with the Constitution of the Company, no Director except a Managing Director will hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's appointment, whichever is the longer, without submitting for re-election.
- (c) The Company will have a written agreement with each person appointed as a Director setting out the terms of their appointment.

5.4 Inconsistency with the Company's constitution

To the extent that there is any inconsistency between this Charter and the Company's constitution, the constitution will prevail.

5.5 Adoption of Charter and Board review

This Charter was adopted by the Board on 30 October, 2020, and is amended from time to time and takes effect from that date and replaces any previous charter in this regard.

The Board will review this Charter periodically (and at least every 2 years). The Company Secretary will communicate any amendments to employees as appropriate.