

8IP Emerging Companies Limited

Board of Directors' Charter

25 SEPTEMBER 2015

The Board of Directors (the **Board**) of 8IP Emerging Companies Limited ACN: 608 411 347 (the **Company**) has adopted, and operates in accordance with, this Charter.

In carrying out its responsibilities, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the duties and obligations imposed upon it by the Company's Constitution and Australian laws.

The objective of the Company is to seek long-term capital growth through utilising the skills of the Investment Manager, Eight Investment Partners Pty Ltd ACN 139 616 783 AFSL 342305 (**Investment Manager**).

This Board of Directors' Charter will be reviewed annually to ensure it remains consistent with the Board's objectives and developments in current law and practice.

1. **ROLE AND RESPONSIBILITIES**

The primary role of the Board is to promote the long-term health and prosperity of the Company. To this effect, the Board:

- monitors the performance and financial position of the Company;
- reviews the performance of the Investment Manager, and monitors to ensure it:
 - is complying with the terms of the Investment Management Agreement and Administration Agreement;
 - is performing its duties in a skilful and diligent manner;
 - employs qualified and experienced staff; and
 - has appropriate risk monitoring and compliance programs;
- ensures the Company operates in compliance with its regulatory environment and good corporate governance practices are adopted;
- monitors for significant risks to the Company;
- oversees the integrity of financial accounts and reporting;
- oversees communications and reporting to shareholders;
- appoints the Chair, and composition of any Committees, of the Board; and
- sets the charters of the delegated Committees of the Board.

2. **COMPOSITION**

- (a) The Board is to comprise at least three Directors, of which a majority must be independent.
- (b) The Board will periodically review the mix of skills and diversity represented by Directors and determine whether that mix remains appropriate.

(c) The Directors shall appoint as Chair of the Board one (1) of the independent Directors.

(d) The Directors may elect the Chair for such period as they determine.

3. **DIRECTOR TERM OF OFFICE**

The Company's Constitution specifies that no Director may hold office for a continuous period (without re-election) past the longer of 3 years and the third Annual General Meeting (**AGM**) following his/her appointment (last election). Where eligible, a Director may stand for re-election.

4. **CHAIR AND CHIEF EXECUTIVE OFFICER**

(a) The Company may appoint a Chief Executive Officer (**CEO**) if required at the discretion of the Board.

(b) The Chair is responsible for leading the Board, ensuring the Board's activities are organised and efficiently conducted and Directors are properly briefed for meetings.

(c) The Chair will:

(i) chair Board meetings;

(ii) establish the agenda for Board meetings, in consultation with the Directors and the Company Secretary;

(iii) chair meetings of shareholders, including the AGM of the Company.

(d) The Portfolio Manager and the Chief Investment Officer of the Investment Manager are responsible for implementing the Company's investment strategy in compliance with the Investment Management Agreement between the Company and the Investment Manager (**Investment Management Agreement**).

(e) The roles of Chair and CEO (if appointed) may not be undertaken by the same person.

5. **CONDUCT OF DIRECTORS**

5.1 **Duties**

(a) In acting as a Director, each Director must have regard to their general law and statutory duties, which require, among other things, that each Director:

(i) exercises due care and diligence;

(ii) exercises their power and discharges their duties in good faith in the best interests of the Company;

(iii) not improperly uses his or her position or misuses information of the Company; and

(iv) commits the time necessary to discharge effectively his or her role as a Director.

(b) Directors commit to the collective, group decision-making processes of the Board. Directors will debate issues openly, constructively and respectfully, and will be free to question or challenge the opinions presented at meetings where their own judgement differs from that of other Directors.

- (c) All Directors are expected to utilise their range of relevant skills, knowledge and experience for all matters discussed at Board meetings.
- (d) Directors will use all reasonable endeavours to attend Board meetings in person. Members unable to attend a meeting must advise the Chairman and Company Secretary.

5.2 **Conflict of interest and conflict of duty**

- (a) If a Director has a material personal interest in a matter that relates to the affairs of the Company, or a situation has arisen where the Director's duty to the Company conflicts with a duty to another person, the Director will act in accordance with the Company's constitution, any applicable policy of the Company and any applicable law.
- (b) Where necessary, the Company Secretary will implement appropriate procedures designed to ensure that the interests of the Company are protected and the Director acts in accordance with his or her legal obligations.

5.3 **Code of Conduct**

Each Director will comply with the Code of Conduct (having regard to the Director's role as either an executive or Non-Executive Director) and the Company's Share Trading Policy.

6. **COMPANY SECRETARY**

- (a) The Company Secretary is accountable to the Board, through the Chair, for all governance matters.
- (b) The role of the Company Secretary includes:
 - (i) coordinating all Board business including:
 - (A) preparing agendas;
 - (B) coordinating the completion and despatch of Board and Committee papers;
 - (C) ensuring the business at Board and Committee meetings is accurately captured in the minutes;
 - (D) lodging communications and filings with ASX;
 - (ii) oversight over compliance with the Listing Rules, Board and Committee policy and procedures;
 - (iii) helping to organise and facilitate the induction and development of Directors.
- (c) Each Director has access to the Company Secretary.
- (d) The appointment and removal of the Company Secretary must be determined by the Board.

7. **MEETINGS**

- (a) The Board will meet at least three (3) times a year.

- (b) A Director may at any time convene a Board meeting. However, reasonable notice must be given to all members of the Board.
- (c) A quorum is two (2) Directors.
- (d) The Company Secretary shall ensure that all Directors receive meeting papers at least four (4) days prior to the Board Meeting.
- (e) The Company Secretary shall take minutes of the Board meeting and will ensure all members of the Board receive a copy.
- (f) If the current Chair is not present at a Board meeting, the Directors present will elect one of them to be Chair of the meeting.
- (g) Questions arising at a Board meeting will be decided by a majority of votes of Directors present and voting, and any such decision shall be taken to be a decision of all Directors.
- (h) In the case of an equality of votes at a meeting of the Board, the Chair of the meeting has a casting vote in addition to that chair's deliberative vote, unless only two Directors are present and entitled to vote at the meeting on the relevant question or the decision relates to the re-appointment of the Chair.
- (i) The Board may set the form of reports to be received (and the timeframe for delivery) from the Investment Manager to enable the Board to effectively discharge its duties.
- (j) A Director may request additional information where he/she considers it necessary to make informed decisions.

8. **DIRECTOR INDEPENDENCE**

- (a) In determining the 'independence' of a Director, the Board will consider all the circumstances relevant to the Director, bearing in mind that an independent Director should be able to exercise unfettered judgement in the best interests of the Company's Shareholders. Factors that the Board will consider in assessing independence will follow the recommendations by the ASX Corporate Governance Council.
- (b) An "independent director" is a Non-Executive Director who is free of any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the independent exercise of his/her judgement.
- (c) A director is only to be regarded as independent if he/she is a Non-Executive Director and:
 - (i) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
 - (ii) (within the last three years) has not been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment; or
 - (iii) (within the last three years) has not been a principal of a material professional adviser or material consultant to the Company, or an employee materially associated with the service provider;

- (iv) is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
 - (v) has no material contractual relationship with the Company other than as a Director of the Company.
- (d) The Chair of the Board is independent, as well as the majority of the Board. The Board values the experience, cross-directorships and the product and industry knowledge of the independent Directors. The Board believes good governance is about having the right culture, and Non-Executive Directors who are independent of thought.
- (e) Family ties and cross-directorships may be relevant in considering interests and relationships which may affect independence, and Directors must disclose these to the Board.
- (f) Materiality is to be judged by the Board on both a quantitative and qualitative basis. An amount of 2.0% of the Company's NTA (as defined in the Investment Management Agreement) is considered material for these purposes.
- (g) The Board will review the 'independence' of each Non-Executive Director annually and whenever a change occurs that may affect a Director's independence.

9. **INDEPENDENT PROFESSIONAL ADVICE**

- (a) The Directors may (in connection with their duties and responsibilities) seek independent professional advice at the Company's expense, after first notifying the Board.
- (b) The Board will review the estimated costs for reasonableness, but will not impede the seeking of advice.

10. **BOARD COMMITTEES**

- (a) The Board may establish committees to assist it in carrying out its responsibilities, and shall adopt charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.
- (b) The Board will establish an Audit & Risk Committee, and will adopt a Charter setting out matters relevant to the composition, responsibilities and administration of that Committee.
- (c) The Board has determined that no other committees are necessary given the size and specialised nature of the Company. For example, the Board deals with all matters that would otherwise be dealt with by a nomination committee or a remuneration committee. Independent professional advice may be obtained.

11. **BOARD PERFORMANCE**

- (a) The Board will review its own performance (at least annually) against previously agreed measurable and qualitative indicators.
- (b) The performance review shall be conducted in such manner, as the Board deems appropriate. The Board will undertake a formal annual review of its overall effectiveness, including its committees. If necessary, the Board will implement changes to improve the effectiveness of the Board and corporate governance structures.

- (c) The Board will seek to ensure that:
 - (i) its members have an appropriate balance between those with investment management experience and those with an alternative perspective; and
 - (ii) the size of the Board is conducive to effective discussion and efficient decision making.
- (d) The Board will establish induction procedures so that new Board appointees can participate fully and actively in Board decision making at the earliest opportunity.

12. **CONSTITUTION**

The Company's Constitution prevails over this Board of Directors' Charter to the extent of any inconsistency.