



FORM



POLICY AND  
PROCESS



STANDARDS



# The Reject Shop Limited

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## Board Charter



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OBSESSED



RIGHT TEAM,  
ONE TEAM



LOWEST COST  
COUNTS



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**THE REJECT SHOP**

WE HELP ALL AUSTRALIANS SAVE MONEY EVERY DAY.

## 1. Purpose

This Charter outlines the purpose and role of the Board of The Reject Shop Limited (“**Company**”).

The Board delegates responsibility for the day-to-day management of the Company to the Chief Executive Officer (“**CEO**”).

## 2 Responsibilities of Board

### 2.1 Key responsibilities

The key responsibilities of the Board are to:

- a) define the Company’s purpose, approve the Company’s strategic objectives, and lead the culture, values and behaviour necessary to achieve the purpose and strategic objectives;
- b) appoint the CEO; and
- c) oversee the implementation of the strategic objectives, monitor performance and ensure the Company maintains a comprehensive corporate governance framework, including compliance with the Corporations Act and the ASX Listing Rules.

### 2.2 Company’s purpose and strategic objectives

The Board, in consultation with the senior leadership team, will define the Company’s purpose and approve the Company’s strategic objectives. The Board will oversee and monitor the implementation of the strategic objectives.

### 2.3 Culture and safety

The Board will set the tone for the Company’s culture, values and behaviour through approving relevant policies, including the code of conduct.

The Board regards the safety and wellbeing of the Company’s team members as of paramount importance.

The Board will monitor the culture and safety performance of the Company.

### 2.4 Appointment of officers

The Board, in conjunction with the People & Culture Committee, is responsible for the appointment and removal of the CEO as well as assessing the CEO’s performance. The Board may, in its absolute discretion, appoint the CEO to the additional role of managing director from time to time.

The Board is to approve the appointment of each of the Chief Financial Officer (“**CFO**”) and the Company Secretary, and review the CEO’s assessment of their performance from time to time.

The Board will approve succession plans for the CEO and CFO.

### 2.5 Corporate governance

The Board is responsible for monitoring the effectiveness of the Company’s governance framework and practices.

### 2.6 Additional responsibilities

In addition to the key responsibilities, the Board has the following responsibilities:

- a) appointing the chair of the Board;
- b) approving the operating budgets and major capital expenditure;
- c) overseeing the integrity of the Company’s accounting and corporate reporting systems, including the external audit;
- d) approving the Company’s capital management initiatives, including payment of dividends and the issue of shares;



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- e) overseeing the Company's process for making timely and balanced 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;
- f) satisfying itself that the Company has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects the senior leadership team to operate;
- g) satisfying itself that an appropriate framework exists for relevant information to be reported by the senior leadership team to the Board;
- h) whenever required, challenging the senior leadership team and holding them to account; and
- i) satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite.

## 2.7 Review of Board function

The Board will establish an effective induction process for new directors and key executives and conduct an annual performance evaluation of the Board that:

- a) compares the performance of the Board with the requirements of this Charter and ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* 4<sup>th</sup> edition ("**Corporate Governance Principles**");
- b) sets goals and objectives of the Board for the next year; and
- c) suggests any improvements to this Charter and corporate governance framework considered necessary or desirable.

The performance evaluation will be conducted as the Board considers appropriate. Disclosure of the process for performance evaluation of the Board, its committees, individual directors and key executives take into account the Corporate Governance Principles.

## 3 Board Composition

### 3.1 General structure

The Board will be of an effective composition and size to enable it to discharge its responsibilities and duties adequately, in particular making decisions expediently and in the best interests of the Company as a whole rather than of individual shareholders or interest groups. This requires that the Board comprise individuals having a variety of perspectives and skills.

The Board will be structured in such a way that it has a proper understanding of, and competence to deal with, current and emerging business issues of the Company, can effectively review and challenge the senior leadership team's performance and exercise independent judgment.

### 3.2 Appointment

Members of the Board will be appointed using a formal and transparent procedure, taking into account the Corporate Governance Principles.

### 3.3 Skills required on the Board

Before a candidate is recommended for appointment, an evaluation of the range of skills, experience and expertise on the Board will be carried out.

Candidates with the skills, experience and expertise that best compliment the Board's effectiveness will be recommended. Succession plans will be implemented to maintain an appropriate balance of skills, experience and expertise on the Board.



### 3.4 Independence of the Board

The majority of the Board will be directors who are independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment or be perceived to do so.

The Board will regularly assess the independence of each director in light of interests disclosed by them. In so doing, the Board will consider Recommendation 2.3 of the Corporate Governance Principles.

## 4 Committees

The Board may from time to time establish committees to assist it in carrying out its responsibilities, and will adopt charters setting out matters relevant to the composition, responsibilities and administration of these committees, and other matters that the Board may consider appropriate. The standing committees of the Board are:

- a) Audit & Risk Committee; and
- b) People & Culture Committee.

## 5 Meetings

### 5.1 Timing of meetings

The Board will meet as often as is necessary to fulfil its responsibilities. All Board meetings will be conducted in accordance with the Company's constitution and the Corporations Act.

### 5.2 Attendees at meetings

As necessary or desirable, the Board may request or invite any person to be present at Board meetings.

### 5.3 Record of proceedings

The Company Secretary will maintain a formal record of Board proceedings and resolutions passed without a meeting.

If the Chairman determines, minutes of a sensitive nature will be recorded in a private minutes book.

All directors will have access to the minute books, including any private minutes, upon request to the Company Secretary.

## 6 Roles of officers

### 6.1 CEO

The CEO will not also be the Chairman.

The CEO is responsible to the Board for the management and performance of the Company.

The CEO, in consultation with the senior leadership team, will develop the Company's strategic objectives for approval by the Board.

The CEO must manage the Company in a manner that achieves the strategic objectives while developing a culture that is consistent with the Company's values and the Code of Conduct.

### 6.2 Responsibilities of CEO and CFO

Each of the CEO and CFO will state in writing to the Board that:

- a) the Company's financial reports represent a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards;



- b) the statement referred to in paragraph (a) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- c) the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

### 6.3 Chairman

The Chairman is an independent director appointed by the Board and will not also be the CEO. The Chairman is responsible for:

- a) leadership of the Board;
- b) chair Board meetings and shareholder meetings;
- c) efficient organisation and conduct of the Board's function;
- d) briefing all directors in relation to issues arising at Board meetings;
- e) facilitating effective contribution by all directors;
- f) overseeing that membership of the Board is skilled and appropriate for the Company's needs;
- g) promoting constructive and respectful relations between Board members and between the Board and the senior leadership team;
- h) reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board; and
- i) monitoring Board performance.

### 6.4 Company Secretary

The Board is supported by the Company Secretary who is accountable to the Board through the Chairman on all corporate governance matters. The Company Secretary is responsible for:

- a) monitoring compliance with Board policy and procedures;
- b) coordinating the completion and despatch of the Board agenda and briefing materials;
- c) organising Board meetings and director attendance;
- d) providing a point of reference for all dealings between Board and the senior leadership team; and
- e) ensuring the Company complies with its requirements under the Corporations Act regarding registered office, annual returns and notices to be lodged with the Australian Securities and Investments Commission ("ASIC"); and
- f) ensuring that the Board receives copies of all ASX material market announcements promptly after they have been made.

## 7 Individual Directors

### 7.1 Legal obligations

Directors must:

- a) discharge their duties in good faith and in the best interests of the Company and for a proper purpose;
- b) act with care and diligence, demonstrate commercial reasonableness in their decision making and with the level of skill and care expected of a director of a public company;
- c) bring an independent judgment to bear in decision-making and avoid conflicts of interest except in those circumstances permitted by the Corporations Act;



- d) act for the benefit of the Company at all times;
- e) not make improper use of information gained through their position as director;
- f) not take improper advantage of their position as director;
- g) notify other directors of a material personal interest when a conflict arises;
- h) make reasonable inquiries if relying on information or advice provided by others;
- i) undertake any necessary inquiries in respect of delegates;
- j) give the Company the information regarding the director, the directors' positions and interests required by the Corporations Act; and
- k) prevent the Company engaging in insolvent trading.

## 7.2 Participation in Board meetings

Directors will strive to be present in person or using available technology at all meetings.

Directors are encouraged to question, request information, raise any issue which is of concern to them, fully canvass all aspects of any issue confronting the Company and cast their vote on any resolution according to their own judgment. Outside the boardroom, directors should support the letter and spirit of Board decisions.

Directors must keep confidential Board discussions, deliberations and decisions which have not been publicly disclosed by the Company.

Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been properly authorised, or is required by law.

## 7.3 Non-executive Director meetings

Non-executive directors will confer regularly without members of the senior leadership team present.

## 7.4 Conflicts of interest

The directors are required to disclose any conflicts of interest and to abstain from participating in any discussion or voting on matters in which they have a material personal interest. In addition, the Board will develop procedures to be followed by a director who believes they may have a conflict of interest or material personal interest. Directors must:

- a) disclose to the Board any actual or potential conflicts of interest which may exist or might reasonably be thought to exist as soon as they arise;
- b) if considered appropriate by the Board or the director, take all reasonable steps to resolve any conflict of interest within an appropriate period; and
- c) comply with the Corporations Act provisions about disclosing interests and restrictions on voting.

The Board will regularly assess the independence of each director in light of the interests disclosed by the relevant director.

Generally speaking, a director should leave the room when the Board discusses and votes on matters to which the conflict relates.

It is expected that a director would inform the Chairman of any related party transactions (other than personal and domestic dealings with the Company Secretary), and where appropriate, raise it for consideration at the following Board meeting.

## 7.5 Dealing with the media, analysts and institutional investors



Generally, communication with the media, analysts or institutional investors on issues relating to the Company, will be overseen by the CEO or the Chairman. Non-executive directors are not expected to become involved in such communications in the normal course of the business. In addition, the Company will develop a policy on the release of information to the public to ensure there is a unified and co-ordinated approach to disclosure.

## **7.6 Access to information**

Directors will be provided with information in a form, time frame and quality that will enable the directors to discharge their responsibilities efficiently. Directors will have complete access to the Company's senior leadership team, including the Company Secretary. In addition to regular presentations by members of the senior leadership team to Board meetings, directors may seek briefings from members of the senior leadership team on specific matters, and must do so where they consider that the information supplied by the senior leadership team is insufficient to support informed decision-making.

## **7.7 Remuneration**

The Board will establish a People and Culture Committee to deal with a range of people related matters, including remuneration. Both executive and non-executive directors' remuneration is determined by the People and Culture Committee and approved by the Board. Remuneration will be determined according to the Company's disclosed remuneration policies, taking into account the Corporate Governance Principles.

## **7.8 Education**

Directors and key executives will have access to continuing education to update and enhance their knowledge and skills.

## **7.9 Procedure for independent professional advice**

The Board will agree on a procedure for directors to take independent professional advice for the purpose of ensuring independent decision-making or where such advice is necessary to discharge their responsibilities.

## **8 Indemnities and Insurance**

The Company indemnifies directors and officers and will execute deeds of indemnity, access and insurance in favour of directors in accordance with the Company policy and the requirements of the Corporations Act.

The Company will maintain a directors' and officers' insurance policy to the extent permitted by law, at reasonable cost and consistent with generally accepted industry practices including exclusions and conditions.

## **9 Internal operating policies and principles**

### **9.1 Trading policy**

The Company has in place a policy for directors, officers and team members in regard to trading in Company securities.

### **9.2 Code of Conduct**

The Company has in place a code of conduct to guide the accepted behaviour of all team members and the Directors

### **9.3 Continuous disclosure policy**

The Company has in place a continuous disclosure policy. The policy is reviewed and updated on a regular basis. The aim of the policy is to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior leadership team for that compliance.

### **9.4 Communications Strategy**

The Company has in place a communications strategy to promote effective communication with shareholders and



encourage effective participation at general meetings.

### **9.5 Matters requiring Board action**

This Charter contains some matters that require Board action and are not within the authority delegated to the CEO. There are other matters which by law or under the Constitution must also be dealt with by the Board.

### **9.6 Matters of urgency**

If approval is required for an item reserved to the Board during a period between scheduled Board meetings, the Chairman is responsible for establishing processes and procedures to deal with such matters.

### **9.7 Delegation of authority**

The nature of matters reserved to the Board and those delegated to the CEO and the senior leadership team will vary from time to time. The Board will regularly review the division of functions between the Board and management to ensure that it continues to be appropriate to the needs of the Company.

## **10 Corporate Governance Compliance**

### **10.1 Company Website**

The Board or its delegate will approve material to be made publicly available, ideally in the corporate governance section on the Company's website, taking into account the Corporate Governance Principles.

### **10.2 Annual report**

The Board or its delegate will approve material to be included in the corporate governance section of the Company's annual report in accordance with the Corporate Governance Principles, and to the extent material required is not included, will approve statements explaining why not.

### **10.3 Review**

The Board will review this Charter periodically to keep it up to date and consistent with the Board's objectives and responsibilities.



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