

## BOARD FUNCTIONS

It is the Board's responsibility to ensure that the Company is being managed in the interests of shareholders whilst respecting the rights of employees and other stakeholders, and that its operations remain within the bounds of the law and appropriate ethical standards.

The functions that the Board has adopted (which may be delegated to appropriate Board Committees) include:

1. Appointing a General Manager to manage the day-to-day affairs of the Company. This entails:
  - Identifying a suitable individual and negotiating appropriate terms of employment.
  - Clarifying the scope of the role, and the delegated authorities.
  - Agreeing operational and financial performance targets.
  - Providing appropriate performance incentives.
  
2. Overseeing governance of the Company's assets: This includes:
  - Appointment, compensation and oversight of the Company's external auditors, including assessing whether the auditors meet the required standards for independence and maintenance of an efficient and effective audit.
  - Charting the direction, strategies and financial objectives for Astivita Limited and its subsidiaries.
  - Approving strategic plans and monitoring the Company's performance against them.
  - Approving the annual and half-year financial reports, liaising with the Company's auditors.
  - Reviewing the application of accounting policies and reporting of financial information to shareholders, regulators and the general public.
  - Approving other major decisions of the Company, including major business transactions, capital expenditure and appointment of senior executives.
  - Taking steps to identify the significant risks facing the Company and its assets, and that appropriate control, monitoring and reporting mechanisms are in place.
  
3. Undertaking actions that enhance the Company's standing with shareholders, stakeholders and the general community. This includes:
  - Setting governance policies and codes of conduct.
  - Taking appropriate action in the event of breaches of these standards.
  - Maintaining regular communications with shareholders and other stakeholders.
  - Overseeing the entity's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

4. Taking steps to provide for assessment and renewal of the Board as appropriate:
  - Instituting a process for evaluating appropriate Board skills and recruiting individuals able to discharge the responsibilities of Directors.
  - Submitting candidates for election at shareholder meetings, including rotation and re-election of existing Directors.
  - Nominating a Chair of the Board.
  - Undertaking an annual process of self-critique and review, and
  - Satisfying itself that the entity's remuneration policies are aligned with the entity's purpose, values, strategic objectives and risk appetite.

### **CHAIRMAN OF THE BOARD**

The functions of the Chairman are to knit the Board together into a cohesive unit that provides strong representation of the Company's interests taking optimal advantage of the diversity of skills available to it:

1. Overseeing the process of recruiting and appointing Board members.
2. Chairing meetings of the Board and/or shareholders, ensuring that Directors positively contribute and that they are oriented to producing the best possible decisions in the Company's interest.
3. Acting as the principal Company spokesman and representative concerning matters of governance, codes of conduct and other non-operational matters.
4. Managing the annual process of Board performance review and self-critique, engaging external advice as appropriate.
5. The Board recognises that the ASX recommends the Chairperson should be independent. The company does not follow this recommendation.

### **CEO AND GENERAL MANAGER**

The Board delegates responsibility for the day to day management of the Company to the CEO and the General Manager who reports directly to the Board on matters such as:

- The implementation of corporate strategies and performance objectives as established by the Board.
- Approval of capital and other expenditure within authority limits as determined by the Board from time to time.
- Implementing systems of risk management and internal control compliance records.
- That an appropriate framework exists for relevant information to be reported by management to the Board.

## **BOARD COMPOSITION**

The AstiVita Limited Board is comprised of a minimum of three Directors.

The composition of the Board is subject to shareholder approval. All nominations for appointment to the Board are reviewed by the current Board. At each annual general meeting, one third of the Board will retire and, if those Directors so choose, will offer themselves for re-election.

The Board currently comprises three Directors: two of whom are non-executive and one of whom is independent; Rade Dudurovic.

The Board recognises that ASX recommends that the roles of Chairman should be distinct and that the Chair should be an independent, Non-Executive Director. The company does not follow this recommendation.

The Board recognises that the ASX recommends the majority of directors should be independent. The company does not follow this recommendation.

## **DIRECTOR APPOINTMENTS AND ELECTIONS**

AstiVita Limited has written agreements in place with Directors, CEO and the General Manager except where no remuneration is received for Director duties.

Where Directors stand for re-elections, the Board will provide the following details as part of the Annual General Meeting:

- The term of office currently served by the director.
- If the Board considers the Director to be an independent Director, a statement to that effect.
- A statement by the Board as to whether it supports the election or re-election of the candidate and a summary of the reasons why

If a director is standing for election for the first time, the Board will provide the following information as part of the Annual General Meeting:

- Biographical details, including their relevant qualifications and experience and the skills they bring to the Board.
- Details of any other material directorships current held by the candidate.
- Confirmation that the entity has conducted appropriate checks into the candidate's background and experience.

If those checks have revealed any information of concern.

- Details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear interests of the entity as a whole rather than in the interests of an individual security holder or other party
- If the Board considers that the candidate will, if elected, qualify as an independent director, a statement to that effect.

### **POLICY FOR ASSESSING THE INDEPENDENCE OF DIRECTORS**

It is the Board's policy that in determining a Director's independence, the Board considers the relationships which may affect independence as set out in Box 2.3 of the *ASX Corporate Governance Principles and Recommendations (4<sup>th</sup> edition)*:

When determining the independent status of a Director the Board will consider whether the Director:

1. Is, or has been, employed in an executive capacity by the entity 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;
2. Is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the entity or any of its child entities;
3. Is, or has been within the last three years, in a material business relationship (eg as a supplier or customer) with the entity or any of its child entities, or other officer of, or otherwise associated with, someone with such a relationship;
4. Is a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the entity.
5. Has a material contractual relationship with the entity or its child entities other than as a director;
6. Has a close family ties with any person who falls within any of the categories described above; or
7. Has been a director of the entity for such a period that his or her independence may have been compromised.
8. Receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of the entity.

For the purposes of assessing independence, the Group has used a materiality threshold of \$200,000 in respect of consulting services, customer, supplier or adviser relationships and 5% in relation to the percentage shareholding in the Company that is owned or controlled by any Director or their associates.

Family ties and cross-directorships may be relevant in considering interests and relationships which may affect independence, and should be disclosed to the Board.



## **QUALITY MANAGEMENT SYSTEM AND CONTINUOUS IMPROVEMENT**

Astivita Limited is dedicated to quality and continuous improvement in order to better service our customers and employees.

Astivita Limited expects its employees to be responsible for ensuring through established standards and measurements that our level of quality matches or exceeds our customers' expectations. Astivita Limited aims to achieve organisation excellence and quality awareness through process improvements, training and well defined quality and risk management processes.

## **CONFLICTS OF INTEREST**

Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.

Directors must:

- Fully and frankly disclose to the Board any actual, potential or perceived conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises.
- Take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty.
- Comply with the Corporations Act 2001 (cth) and the Company's Constitution in relation to disclosing material personal interests and restrictions on voting.
- If a conflict exists, it is expected that any Director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates.
- Directors are expected to inform the Chairman of any proposed appointment to the Board, committee or executive or another company as soon as practicable.

## **ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.

Directors have access to:

- Management of Astivita Limited to seek explanations and information from management.
- Auditors, both internal and external, to seek explanations and information from them without management being present.



Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with procedure agreed by the Directors.

If the Chairperson of the Board consents, the Company will pay a Director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

### **COMPANY SECRETARIES**

The Company Secretaries are appointed and removed by the Board and is responsible for establishing and maintaining the appropriate support mechanisms to enable the Board to function effectively. The Company Secretary is also responsible for ensuring the Board procedures are complied with and advising the Board on governance matters. All Directors have access to the Company Secretary for advice and support services as required and are accountable to the Board through the Chairman.

### **BOARD SKILLS MATRIX**

<b>Experience</b>	<b>No. of years</b>
Manufacturing	>40 years (L Mizikovsky / R. Dudurovic)
Accounting	>50 years (R. Dudurovic / G Acton)
Legal	>20 years (R. Dudurovic)
Sales & Marketing	>50 years (L Mizikovsky/ R. Dudurovic)
Corporate Communications	>60 years (L Mizikovsky / R. Dudurovic / G Acton)

### **BOARD MEETINGS**

The number of meeting held by the board is set out on page 5 of the Annual Report.