

# Guidelines for the Operation of the Board of Directors

*These guidelines are to be read together with the Board of Charter.*

## 1. Meetings

- 1.1 Board meetings are held on a regular basis, as determined annually in advance by the Board. Meetings can be varied, deferred or adjourned.

## 2. Annual Agenda

- 2.1 A 12 month agenda planner scheduling key matters for consideration or decision by the Board, including the scheduling of a separate strategy meeting will be developed each month for the subsequent 12 months and distributed to all directors and the senior executive.

## 3. Meeting Agenda

- 3.1 The agenda for each meeting is prepared by the company secretary in conjunction with the chairperson and chief executive officer.
- 3.2 Matters proposed for the agenda will take into account:
  - a) the Board's annual agenda planner.
  - b) emerging issues assessed by management or the Board as warranting the Board's attention.
  - c) the continuing education needs of the Board including its knowledge and understanding of activities and operations, competitors and the industries in which VDM Group Limited ("VDM") and its controlled entities ("VDM Group") operate.
  - d) matters raised in the course of preceding Board meetings.
  - e) matters directly relevant to the Board's defined responsibilities or the decisions reserved to the Board.
  - f) externally imposed reporting deadlines.
- 3.3 Any director may approach the chairperson and request that a particular item be added to the agenda for a meeting.

## 4. Attendance

- 4.1 Directors are required to make every reasonable effort to be fully prepared for and attend each meeting of the Board or the Committee(s) of which they are a member, and to remain in attendance for the full duration of such meetings. Where attendance or remaining in attendance for the full meeting is not possible, leave of absence must be sought, in advance, from the chairperson.

## 5. Declared, Potential and Perceived Conflicts of Interest

- 5.1 Subject to the provisions of the Corporations Act and Constitution of VDM, the Board is empowered to regulate its meetings and proceedings, including the processes it will apply in instances of a declared, actual or perceived conflict of interest.
- 5.2 As a general statement, the Board is empowered to consider the application of one or more of a number of options, including:
- a) the director who is subject to the declared or perceived interest taking no part in discussions and being excluded from the quorum and the decision on the affected matter.
  - b) the director who is subject to the declared or perceived interest being excluded from the discussion, the quorum, the decision and access to Board papers pertaining to the affected matter.
  - c) the director who is subject to the declared or perceived interest being excluded from the quorum and the vote, but being permitted to be present for and engaged in discussions of the affected matter subject to the approval of the chairperson.

## 6. Decisions

- 6.1 Decisions of the Board are made by consensus of the majority of members present at a duly convened meeting. These decisions will be reflected in the minutes and, where necessary, any dissenting views that a director has specifically stipulated will be recorded.
- 6.2 If a matter cannot be concluded by consensus a formal vote may be required. In the case of an equality of votes in such a situation, the chairperson of the meeting has a second or casting vote.
- 6.3 Any action required or decision permitted to be taken at any meeting of the Board may be taken without a meeting if a resolution in writing is signed by all directors entitled to receive notice of a meeting.
- 6.4 A resolution in writing may consist of one or several documents in identical terms each signed by one or more directors. All such documents must be filed by the company secretary with the minutes.
- 6.5 Use of this option is restricted to matters of extreme urgency that cannot be delayed until the next meeting and, on an exception basis, day-to-day matters that required Board approval but do not require face-to-face discussion.

## 7. Minutes

- 7.1 The draft minutes of each Board meeting are approved by the chief executive officer and circulated to all directors as soon as practicable but no later than the distribution date for papers for the next Board meeting.
- 7.2 Minutes are not a verbatim recording of the meeting but accurately record the resolutions of the Board, key reasons for those decisions (where appropriate) and actions arising.
- 7.3 The minuted actions from each Board meeting are approved by the chief executive officer and circulated to all directors as soon as practicable after each meeting. This may be combined with the minutes of the relevant meeting.

## **8. Appointment and Role of the Company Secretary**

- 8.1 The company secretary acts as secretary to the Board. This appointment is made by the Board for such term, at such remuneration and upon such conditions, as it thinks fit. Any company secretary so appointed may also be removed by the Board.
- 8.2 The company secretary is responsible for the preparation of minutes of Board meetings, including recording the names of directors and invitees present, all resolutions and a summary of proceedings and actions arising.

## **9. Board Papers**

- 9.1 The agenda and the papers for each Board meeting including all reports on the activities and performance of VDM Group are to be circulated to directors and those managers attending by specific or standing invitation, no less than two working days before the scheduled meeting.
- 9.2 A paper is to be provided for each agenda item where required to enable informed discussion and decisions at Board meetings. As a matter of course “verbal” reports are to be discouraged.
- 9.3 Business of the Board which is not included in the agenda or for which the papers were late may be discussed at a Board meeting only with the consent of the chairperson.
- 9.4 All Board papers must be prepared in accordance with the Board’s guidelines. The Board may, from time to time, revise specific guidelines for the presentation, general content and appropriateness of Board papers.
- 9.5 The company secretary will retain a complete hard copy of the Board papers for each meeting. These will be available for reference by directors in office, former directors and senior management as required.