



Board Charter
CG 1.1

Approved by the Board on 14 July 2021

Michael Utsler
Executive Chairman

Otto Energy Limited Board Charter CG 1.1

1. Introduction

This charter sets out:

- The composition, role and responsibilities of the Board;
- The matters specifically reserved to the Board and those delegated to the Managing Director and to the Chairman; and,
- Procedures to promote the effective operations of the Board and each of the Directors.

2. Responsibilities of the Board

In carrying out the responsibilities and powers set out in this Charter, the Board:

- recognises its overriding responsibilities to act honestly, fairly, diligently and in accordance with the law in serving the interests of its shareholders; and
- recognises its duties and responsibilities to its employees, customers and the community.

In addition to the matters it is expressly required by law to approve, the specific responsibilities of the Board are outlined in the Matter Reserved for the Board Policy.

3. Composition of the Board

Number of Directors

In accordance with Clause 47(b) of the Company's Constitution the minimum number of Directors will be three and the maximum number of Directors will be nine. The Board has adopted the policy of having:

- a majority of the Board is comprised of independent non-executive Directors. Where practical, at least 50% of the Board will be independent. An independent Director is one who is independent of management and free from any business or other relationship, which could, or could reasonably be perceived to, materially interfere with, the exercise of independent judgement. Independent Directors should meet the definition of what constitutes independence as set out in Section 10 of the Board Charter.
- At least one executive Director, the Managing Director
- Directors must disclose their interests. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them.

Duration of Appointment

Otto Energy is committed to ensuring that the Board reflects the necessary skills to support the business needs and strategic direction as approved and adopted.

- It is the policy of the Board that a non-executive Director should retire from the Board upon serving nine years from the date of first election at the Annual General Meeting. The Board, at its discretion, may decide to recommend a non-executive Director for reappointment where the tenure exceeds nine years if it is deemed to be in the best interests of the company and its shareholders to do so.

- Non-executive Directors are not guaranteed appointment for any minimum number of years. A typical non-executive Director term will be three years at which point depending on needs of the company, an assessment of the Director's individual performance and contribution to the company a decision will be made to recommend re-appointment for approval at the next Annual General Meeting. No member of the Board may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders.

Chairman

The Chairman should be a non-executive Director. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director.

- While Australian Corporate Governance guidelines recommend that the Chief Executive Officer should not be the Chairman of the Company during his/her term as Chief Executive Officer or in the immediate following of serving in the role of CEO. Otto recognizes that given the size and nature of the Company and its strategic business focus and locations that this may not be in the best interests at all times for the efficient execution of its business. Therefore, Otto Energy may choose to have an Executive Chairman as appointed by the Board for specific periods.
- The Chairman must be able to commit the time to discharge the role effectively.
- The Chairman is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings and conducting the shareholder meetings.
- The Chairman should ensure that there is effective communications with the shareholders and other stakeholders.
- The Chair should facilitate the effective contribution of all Directors and promote constructive and respective relations between Directors and between the Board and management
- In the event that the Chairman is absent from a meeting of the Board then the Board shall appoint a Chairman for that meeting.

Non-Executive and Executive Directors

The Board should be comprised of Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.

- Non-Executive Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interests.
- Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.
- In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.
- Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the Nomination Committee to ensure that they continue to contribute effectively to the Board.

4. Board Committees

Whilst, at all times, the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of committees.

To this end the Board has established:

- an Audit and Risk Management Committee which carries out its duties in line with the Audit and Risk Committee Charter, and,
- a Remuneration and Nomination Committee which carries out its duties in accordance with the Remuneration and Nomination Committee Charter.

The Board will continue to assess the requirement for and benefits of establishing additional separate committee as the Company's operations develop. There must be two Directors present at a meeting to constitute a quorum.

5. Board Responsibilities

The Board is responsible for:

- (Strategic direction) setting and endorsing the strategic direction on all matters of importance to the Company, setting the Company's financial objectives and making sure that the necessary financial and human resources are in place for the Company to meet its objectives,
- (Control and Accountability) oversight of the Company, including its control and accountability systems,
- (performance monitoring) making sure that the performance of the management, Directors and the Board itself is regularly assessed and monitored,
- (Values and standards) setting the Company's values and standards of conduct and ensuring that these are adhered to,
- (Stakeholders) having due regard for the interests of the company's shareholders, employees, customers, suppliers, and stakeholders,
- (reputation) reviewing and approving any action relating to the matters of the company which may have the potential to have a material impact on the reputation of the Company,
- (risk management) establishing and regularly reviewing a framework for the prudent and effective controls of the Company to enable risk to be assessed and managed appropriately,
- (environment) making sure that the Company is selecting and conducting its activities in an environmentally responsible way,
- (Safety) ensuring that Management has put in place all appropriate systems, processes and practices that ensure the duty of care for all activities and personnel,
- (Sustainability) setting the Company's strategic objectives such that the Company can conduct its activities sustainably over the long term,
- (Compliance) monitoring the compliance with all legal and ethical obligations,
- (remuneration) establishing the remuneration policy for Directors, executives and other employees of the company.

6. Division of Powers

In addition to those matters specifically reserved by law, the powers and functions reserved to the Board are:

- (Managing Director/CEO) appointing and removing, as well as determining the terms and conditions of the appointment of the Managing Director/CEO.
- (Key Executives) ratifying the appointment and removal of those executives who are direct reports to the MD/CEO,
- (strategy) input into and the final approval of the management's development of corporate strategy and performance objectives,
- (risk management) reviewing and ratifying systems of risk management, internal compliance, tolerances and controls legally, financially and ethically
- (goal setting and monitoring) setting performance goals, monitoring performance against the goals and implementation of resources to enable delivery,
- (Capital Management) approving and monitoring the progress of major expenditures,
- (reporting) approving and monitoring the financial and other external reporting,
- (dividends) subject to applicable legal requirements, recommending and authorizing the distribution of any dividend,
- (auditors) recommending the appointment and removal of external auditors and setting remuneration for those auditors,
- (remuneration) determining and reviewing the remuneration policies for the company generally and specifically for the MD/CEO.

The powers delegated to the Managing Director/CEO are:

- All powers not expressly reserved to the Board, and
- Those powers required for the day to day operations of the Company.

These powers may be sub-delegated to an employee or agent of the company, subject to the Managing Director providing at least annually to the Board review and approve of the Delegation of Authority (DoA) .

7. Board Meetings

There must be two Directors present at a meeting to constitute a quorum.

The Board will schedule at least 6 formal Board meetings a year and hold additional meetings, including by telephone conference calls, as may be required.

Non-executive Directors may confer at scheduled times without management being present.

The minutes of each Board meeting shall be prepared by the Company Secretary and circulated to Directors after each meeting for approval. Minutes of meetings should be approved within one month of the meeting.

The Company Secretary shall distribute supporting papers for each meeting of the Board as far in advance as practicable using 7 days in advance of the relevant meeting as a general guideline.

8. Access to Advice

All Directors have unrestricted access to company records and information except where the Board determines that such access would be adverse to the Company's interests.

All Directors may consult management and employees as required to enable them to discharge their duties as Directors.

The Board, Board Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

9. The Board's Relationship with Management

The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer. The specific responsibilities delegated to the Chief Executive Officer are outlined in the Matters Reserved for the Chief Executive Officer Policy.

In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Group to facilitate the carrying out of their duties as Directors.

10. Director independence

A Director is only to be regarded as independent if the Director is independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of the Director's unfettered and independent judgement.

The Board assesses the independence of each director in light of interests disclosed by them.

In determining the independent status of a Director, the Board will consider the ASX Corporate Governance Principle and Recommendations guidance on relationships affecting the independent status of a Director which provide that an independent Director is a non-executive Director (i.e. is not a member of management) who:

- is not a substantial shareholder of the Company (as defined in section 9 of the Corporations Act);
- within the last 3 years has not been employed in an executive capacity by the Company;
- within the last 3 years has not been a material professional adviser or material consultant to the Company;
- is not a material supplier or customer of the Company; has no material contractual relationship with the Company other than as a Director of the Company.

The assessment of whether a Director is considered independent (both from the perspective of the Company and the Director) is based on the following materiality thresholds:

- payments made by the Company to the Director or any of his associated entities for the provision of goods and/or services does not exceed 10% of the annual gross expenditure of the Company; or
- payments received by the Director for the provision of goods and/or services to the Company does not exceed 25% of the annual income or business turnover of the Director or his associated entities.



11. Communications

The Board should regard it responsibilities to provide clear, balance, comprehensive and timely reporting of all material events affecting the Company's business, and therefore will ensure that:

- A written public disclosure policy and related procedures are prepared, maintained, and enforced,
- Appropriate persons with the Company are identified and trained to manage the responsibility for all public disclosures and
- Manage the discussion and analysis in relation to the Company's financial results to enhance and ensure clarity and balance in reporting.

Policy history

Last review: May 2021
Review frequency: As required