



Board Charter

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1 Objectives

This Board Charter and the charters adopted by the board of directors (“Board”) of Lifestyle Communities Limited (“Lifestyle Communities” or the “Company”) for its standing committees have been prepared and adopted on the basis that strong corporate governance:

- upholds and supports the culture and values of the Company and its subsidiaries (“Group”);
- positively contributes to the performance of the Group, including creation of shareholder value; and
- increases the confidence of the investment markets.

2 Board Independence

The majority of Directors will be Independent Non-Executive Directors and the Chairman shall be an Independent Non-Executive Director.

An Independent Non-Executive Director is a non-executive who is not a member of management and whom the Board considers is independent having regard to the following non-exclusive criteria:

- the director is not, nor has been, employed in an executive capacity of any member of the Group during the last three years;
- the director does not receive performance-based remuneration (including options or performance rights) from or participate in an employee incentive scheme of the Group;
- the director is not, nor has within the last three years been a partner, director, or a senior employee of a provider of material professional services to any member of the Group;
- the director is not, nor has been within the last three years, in a material business relationship (e.g. as a supplier) with any member of the Group;
- the director is not a substantial shareholder of the Company or otherwise associated with a substantial shareholder of the Company;
- the director does not have a material contractual relationship with any member of the Group;
- the director does not have close family ties with any person who falls within any of the categories described above; and
- the director has not been a director of any member of the Group for such a period that their independence may have been compromised.

The final determination as to whether a Director is independent rests with the Board.

3 Board Structure

The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in the Group and its operation and, therefore, an increasing contribution to the Board as a whole. Accordingly, tenure is just one of the many

factors that the Board takes into account when assessing the independence and ongoing contribution of a Director in the context of the overall Board process.

The Board is appointed by the shareholders of the Company (“Shareholders”). Non-Executive Directors are engaged through a letter of appointment.

The Board, with input from the Remuneration and Nomination Committee, determines the size and composition of the Board, subject to the terms of the Company’s Constitution.

It is intended that the Board include Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. The Board, with input from the Remuneration and Nomination Committee, will review the skills, experience, expertise and diversity represented by Directors on the Board and determine whether the composition and mix remain appropriate for the Group’s strategy, subject to any limits imposed by the Constitution.

4 Role of the Board

The role of the Board is to oversee development of the long-term vision and strategy of the Group, and provide effective oversight of management while safeguarding the Company’s interest and fostering sustainable value creation.

Under the Corporations Act and the general law, the Directors have a range of duties by which they must abide.

Key matters reserved for the Board include:

(a) Strategy

- Reviewing and approving the strategic direction of the Group, and ensuring that it is aligned with the purpose and long term vision of the Group.
- Monitoring the implementation of the strategic direction.
- Ensuring that the Group is sufficiently resourced to implement the strategic direction.

(b) Culture and Ethics

- Overseeing the behavioural and cultural framework and practices of the Group.
- Endorsing the Group’s statement of values and code of conduct to underpin the desired culture within the Group of acting lawfully, ethically and responsibly.
- Monitoring the Group’s reputation.

(c) Governance and management oversight

- Monitoring corporate performance and the implementation of the Group’s strategic direction and policies.
- Appointing and removing the Managing Director, monitoring and appraising their performance, setting an appropriate remuneration package and ensuring adequate succession planning.

- Approving the appointment or removal of the Chief Financial Officer and Company Secretary, and providing guidance in relation to other senior management appointments proposed by the Managing Director.
- Reviewing and approving delegations of authority to and authority limits of the Managing Director and other executives.
- Reviewing and approving relevant core policies and frameworks and monitoring their implementation.
- Ensuring the Group's remuneration policies are aligned with the Group's purpose, values, strategic objectives and risk appetite.
- Ensuring that the Group has in place a policy that enables it to communicate effectively with its Shareholders and stakeholders and that it fully discloses all relevant information to them and meets its continuous disclosure obligations.
- Overseeing the effectiveness of the Group's systems of risk management, internal controls and compliance implemented by management to manage the Group's material business risks.
- Reviewing and approving the Group risk appetite within which the Board expects management to operate.
- Overseeing the Group's compliance with laws and regulations.
- Overseeing the organisational design and human capability of the Group to ensure it is consistent with the Group's strategic direction.

(d) Financial

- Reviewing and approving the annual budget recommended by the Managing Director, and monitoring financial performance on a regular basis.
- Approving the annual and half-year financial reports, and liaising with external auditors.
- Confirming that the Group's financial position is sound and that it is able to meet its debts and other obligations as and when they fall due.
- Approving and monitoring the progress of land acquisitions and development.
- Overseeing the management of the Group's capital and debt facilities.
- Assessing the performance and independence of auditors and making recommendations to shareholders for their appointment or removal.
- Approving dividend policy and determining payments.

(e) Board membership

- Monitoring and reviewing the composition of the Board and assessing whether it has an appropriate size, composition, diversity and mix of skills, knowledge and expertise.
- Evaluating the overall performance of the Board and individual Directors.
- Selecting candidates for directorship and recommending them for consideration by Shareholders at general meetings.
- Ensuring that Directors are properly inducted.

- Establishing and maintaining an appropriate structure, scope and performance for Board committees to enhance the Board's capacity to fulfil its responsibilities.
- Determining the remuneration payable to Non-Executive Directors.

5 Director responsibilities

Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour.

Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over Lifestyle Communities' interests.

Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them.

The Board collectively, and each Director individually, has the right to seek independent professional advice, and/or specialist advice, subject to the approval of the Chair of the Board and to the extent that it is necessary for the Board to discharge its duties and responsibilities.

6 Delegation of duties and powers

6.1 Relationship with Management

The Board has delegated the day to day management of the business of the Group to Management through the Managing Director and the Chief Financial Officer subject to agreed authority limits.

The Board has reserved for itself matters of a strategic, sensitive or extraordinary nature or which exceed the authority limits of Management.

The Board approves corporate objectives for the Managing Director and Chief Financial Officer and, jointly with the Managing Director and Chief Financial Officer, develops their duties and responsibilities.

Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.

Directors are entitled to request additional information at any time when they consider it appropriate to effectively challenge Management and hold them to account.

6.2 Responsibilities of the Managing Director

The key responsibilities of the Managing Director include:

- Manage and administer the day-to day operations of the Group in accordance with the core values, strategy and policies approved by the Board.
- Develop strategies for the Group, its business and management, and make recommendations to the Board on the strategic direction.
- Set and support a culture within the Group that promotes ethical and socially responsible behaviour.

- Develop the Group's annual budget and conduct the Group's activities within the approved annual budget.
- Develop and maintain the Group's risk management framework and systems, including internal compliance and control mechanisms.

6.3 Delegation to Committees

The Board may from time to time establish Committees to streamline the discharge of its responsibilities.

The Board will adopt a formal charter for each standing Committee setting out the matters relevant to the composition, responsibilities and administration of the Committee.

The permanent standing Committees of the Board are:

- the Audit Committee and
- the Remuneration and Nomination Committee.

The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.

7 Board process

7.1 Meetings

The Board will meet regularly and as often as the directors determine necessary to enable the Directors and the Board to fulfil their duties and responsibilities to the Group. Directors will use all reasonable endeavours to attend Board meetings in person.

Non-Executive Directors may meet periodically without Executive Directors and/or Management present.

The Company's Constitution governs the regulation of Board meetings, quorum requirements and proceedings.

7.2 The Chair

The Board will appoint one of its members to be Chair in accordance with the Company Constitution.

The Chair does not have a casting vote, as set out in the Company Constitution.

The responsibilities of the Chair include:

- Maintain effective communication and promote constructive and respectful relationships between the Board and management.
- Lead the Board.
- Ensure the efficient organisation and conduct of the Board's function.
- Brief all directors in relation to issues arising at Board meetings.
- Chair general meetings of the Company.

- Exercise such specific and express powers as are delegated to the Chair by the Board from time to time.
- Represent the Board in communications with shareholders and other stakeholders.

7.3 The Company Secretary

The Board will appoint at least one Company Secretary who is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The appointment and removal of a Company Secretary is subject to Board approval.

The responsibilities of the Company Secretary include:

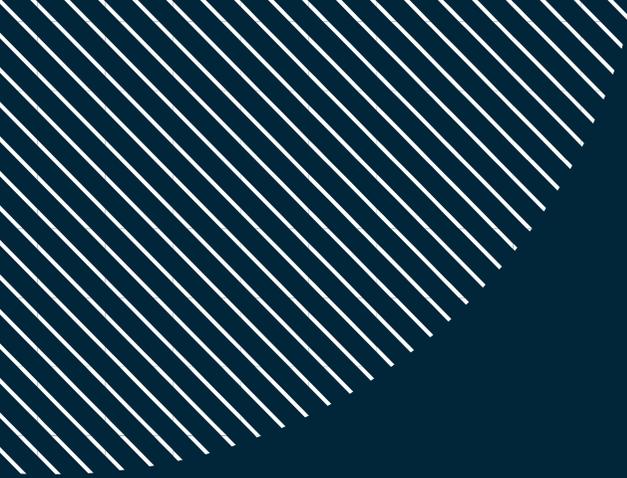
- Assisting the Board and Board committees on governance matters.
- Managing communication with regulatory bodies and the ASX including statutory filings, subject to responsibilities delegated under the Communication and Continuous Disclosure Policy.
- Monitoring Board and Board committee policy and procedures.
- Co-ordinating the timely dispatch of Board and committee papers.
- Ensuring that the business at Board and committee meetings is accurately captured in minutes.
- Helping to organise and facilitate the induction of Directors.

All Directors will have direct access to the Company Secretary.

8 Review of this Charter

This charter will be reviewed by the Board at least every 2 years to ensure it reflects current regulatory, community and investor requirements.

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Lifestyle

COMMUNITIES

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