

## **Board of Directors Charter**

The Board of WAM Active Limited (the Company) operates in accordance with this Charter.

In carrying out its responsibilities, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the duties and obligations imposed upon it by the Company's constitution and the law.

### **Role**

The role of the Board is to ensure that:

- MAM Pty Limited (the Manager) and other external service providers are performing their duties with care, diligence and in good faith, and that they operate appropriate risk and compliance monitoring procedures;
- the Company operates in compliance with its regulatory environment which includes, the Corporations Act, the Listings Rules of the ASX, and taxation legislation; and
- Good corporate governance practices are adopted.

### **Responsibilities**

The responsibilities of the Board include:

- reviewing and approving corporate strategies and capital management;
- overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives;
- monitor financial performance, including approval of the annual financial report, and the liaison with external auditors by the audit committee;
- enhancing and protecting the reputation of the Company;
- reviewing and overseeing systems of risk management and internal control, and legal compliance;
- overseeing the processes for identifying significant risks facing the Company and ensuring that appropriate and adequate control, monitoring and reporting mechanisms are in place; and
- reporting to, and communicating with, shareholders.

### **Composition**

The Board will be comprised as follows:

- The constitution of the Company provides that the number of Directors must not be less than 3 and not more than 10.
- The Board has been structured to ensure that it has the necessary skills and expertise for a company of this nature and can effectively represent stakeholder interests.
- At least one of the Directors of the Board must be independent and non-executive Directors. The criteria for independence are as stated below.
- The Chairman is responsible for leading the Board and ensuring that the Board's activities are efficiently organised and conducted.
- The Chairman is not considered to be an executive of the company. He is also not considered independent with reference to the criteria stated below.

### **Director Independence**

A Director shall be regarded as independent if that Director is a non-executive Director and:

- Is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the company, or been a Director after ceasing to hold any such employment;
- Within the last three years has not been a principal of a material professional advisor or a material consultant to the Company, or an employee materially associated with the service provided;

- Is not a material supplier of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier;
- Has no material contractual relationship with the Company other than as a Director of the Company;
- Has not served on a Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company or create a conflict of interest.

All Directors are to disclose to the Company, as soon as possible, any information that may affect their independence.

A review of directors' independence is undertaken by:

- tabling of individual director interests at each and every Board meeting; and
- an annual formal assessment using defined criteria of independence and materiality consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

### **Nomination of Directors**

The Chairman is responsible for reviewing the membership of the Board and the nomination of Directors to the Board. Any review or recommendation is considered by the full Board. Appropriate expertise and experience are essential attributes for any nominee.

Having regard to the Company's size and board responsibilities, a formal nominations committee is not considered necessary.

### **Term of Office**

Each year one-third of all Directors (rounded down and based on who has been longest in office) are required to retire by rotation and may offer themselves for re-election by members at the Annual General Meeting. As further required by the Constitution (and ASX Listing Rules), each Director is required to stand for re-election every 3 years.

Any Director appointed during the year is required to stand for re-election at the next Annual General Meeting of the Company.

### **Chairman and Company Secretary Roles**

The Chairman is responsible for:

- leading the Board in its duties to the Company;
- oversight of the processes and procedures in place to evaluate the performance of the Board, its committees and individual directors; and
- facilitating effective discussions at Board meetings.

The Company Secretary will be accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

### **Meetings**

Meetings of the Board will be conducted as follows:

- The Board will meet as and when necessary, to efficiently discharge its duties. The Board has determined that given the current nature of the business, quarterly Board meetings are appropriate, supplemented with monthly information updates.
- A Director may at any time convene a Board meeting. However reasonable notice must be given to all members of the Board.
- A quorum necessary for the Directors to conduct the business of the Company is two Directors unless altered.

- Where a Board meeting is held and the Chairman is not present, the Directors present shall elect one of them to be Chairman of the meeting.
- Matters arising at a Board meeting shall be decided by the majority of votes of Directors present and voting, and any such decision is taken to be a decision of all Directors. In the case of equality of votes, the Chairman of the meeting shall have a second or casting vote (except where the meeting consists of less than three Directors or less than three Directors that are entitled to vote).
- Meetings may be held using any technology consented to by all directors.
- **Board meeting minutes**
- The board appoints a person to take minutes of the proceedings of all meetings.

### **Remuneration**

The Directors shall be paid out of the funds of the Company by way of remuneration for their services such sum as may from time to time be determined by the Company in the general meeting and allocated between the Directors as the Board deems appropriate.

No Director received equity remuneration from the Company.

Having regard to the Company's size and Board responsibilities in respect of remuneration, a formal remuneration committee is not considered necessary.

### **Independent Professional Advice and Access to Company Information**

Each Director has the right to access all relevant information and subject to prior consultation with the Chairman, may seek independent professional advice at the entity's expense. A copy of advice received by the Director is made available to all other members of the Board.

### **Board Committees**

The Board may establish committees to assist it in carrying out its responsibilities, consisting of such members as they may think fit. The Board shall adopt Charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.

The Board has established an Audit & Risk Committee and has adopted a Charter setting out matters relevant to the composition, responsibilities and administration of that committee.

### **Board and Management Performance Review**

The Chairman shall undertake an annual review of the Board and consider the appropriate mix of skills required to ensure its continuing effectiveness. The review shall be conducted in such manner as the Chairman deems fit. The Board shall also undertake an annual review of the performance of the Chairman to ensure that the Board's activities continue to be efficiently organised and conducted.

At a minimum, the Board will seek to ensure that:

- Its members have an appropriate balance between those with investment management experience and those with an alternative perspective; and
- The size of the Board is conducive to effective discussion and efficient decision making.

The Board shall also review on an annual basis the performance of the Manager. This review shall be conducted in such a manner as the Board deems fit, but shall include a review of the following matters:

- Appointment, duties, and fees charged;
- Performance of the portfolio;
- Administration duties; and
- Formal risk controls.

### **Internal Controls**

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process of identifying, evaluating and managing the significant risks faced by the company.

The key components designed to provide effective internal control are:

- Risks and internal controls and the risk management framework has been documented in the Risk Management Policy;
- Written agreements are in place which specifically define the roles and responsibilities of the Manager and other external service providers; and
- The Manager has clearly defined investment criteria and specified levels of authority. Reports on these issues, including performance statistics and investment valuations are regularly provided to the Board.

Internal control systems are designed to meet the Company's particular needs and the risks to which they are exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against loss.

### **Conflict of Interest**

In accordance with the Corporations Act 2001, the Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

### **Review**

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

Reviewed by: LV

Date: 6 May 2016

Approved by Board:

Date: 10 May 2016

## **Continuous Disclosure Policy**

### **Commitment to Disclosure**

WAM Active Limited (the Company) is committed to:

- The promotion of investor confidence by ensuring that trading in its securities takes place in an efficient, competitive and informed market;
- Complying with its disclosure obligations under the ASX Listing Rules and the Corporations Act 2001; and
- Ensuring the Company stakeholders have the opportunity to access externally available information issued by the Company.

This policy is applicable to Directors of the Company and staff of MAM Pty Limited (the Manager). The Company Secretary is primarily responsible for coordinating the disclosure of information to regulators and shareholders on behalf of the Company, in consultation with the Board. This policy will be reviewed regularly to ensure that it reflects current legislative and regulatory requirements.

### **Disclosure Principle**

The Company will immediately disclose to the ASX any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Companies securities. A reasonable person will be taken to expect information to have a material effect on the price or value of the Company's securities where, the information would (or would likely) influence persons (who commonly invest in securities) when deciding whether to buy, hold or sell the Company securities.

### **Exception to Disclosure Principle**

The company is not required to disclose information if:

- A reasonable person would not expect the information to be disclosed; and
- The information is confidential and the Company has not formed the view that the information has ceased to be confidential; and
- The information:
  - If disclosed, would breach a law; or
  - Concerns an incomplete proposal or negotiation; or
  - Comprises matters of supposition or is insufficiently definite to warrant disclosure; or
  - Is generated for internal management purposes; or
  - Is a trade secret

Each of the above points must be met for the information to be exempt from disclosure where the ASX considers that there is or is likely to be a false market on the Company's securities, then the ASX may direct the Company to make a clarifying statement. In such situations, the Company will comply to ensure that any false market operating in its securities is corrected.

### **Notification of Information**

The Company Secretary has been appointed by the Board to be responsible for all communications with the Company. The Company Secretary will coordinate and disclose information to the market through the ASX. Following confirmation of receipt from the ASX, the Company Secretary will place the information released on the Company's website.

### **Authorised Spokesperson**

The primary officers authorised to speak on behalf of the Company on market disclosure issues are the Directors and Company Secretary.

## **Communications Policy**

The Board aims to ensure that the shareholders are informed of all major developments affecting WAM Active Limited's (the Company's) state of affairs.

Measures are in place to ensure all investors have equal and timely access to material information concerning the Company and that Company announcements are factual and presented in a clear and balanced way.

The Company Secretary is primarily responsible for coordinating the disclosure of information to shareholders and regulators under the direction of the Board. Information is communicated to shareholders through the:

- Website
- ASX Company Announcements platform
- Half Yearly and Annual Report
- Investor Newsletters
- Monthly Investment Update & Net Tangible Assets (NTA) releases; and
- Other correspondence regarding matters impacting on shareholders as required.

### **Website**

The Company's website is updated regularly with material information, including:

- Announcements made to the ASX, including the monthly NTA announcements
- Shareholder presentations
- Media releases
- Half Yearly and Annual Report of the Company; and
- Full text of Notices of General Meetings and accompanying information.

The Company's website also has a Corporate Governance section where shareholders can access a variety of information about the corporate governance practices of the Company.

### **Shareholder Information Sessions**

Shareholder information sessions are held twice a year. One in May/June, and the second in November following the Annual General Meeting of the Company. These sessions are held in the major cities around Australia. The date, time and location is advised to shareholders by letter invitation as well as being posted on the Company's website.

The purpose of these meetings is to provide an informal forum where shareholders are given the opportunity to raise questions and participate in general discussion about the Company with members of the Board.

### **Annual General Meeting**

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

### **Notices of Meetings**

The Company encourages shareholder participation at general meetings and has adopted the ASX Corporate Governance Council guidelines for notices of general meeting. In particular:

- Issues are presented to shareholders as single resolutions;
- Explanatory information, where appropriate, is included with the Notice of Meeting in respect of matters to be voted on at the meeting; and
- Any conflicts of interest of Directors on matters to be voted on will be clearly disclosed.

**Shareholder/Investor Queries**

Shareholders with questions about their shareholdings with the Company should contact the Share Registrar:

Registries Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000  
Ph 1300 737 760  
Fax 1300 653 459

Questions about the Company, its performance and other general investment queries should be directed to the Manager:

MAM Pty Limited  
Level 11, 139 Macquarie Street  
Sydney NSW 2000  
Ph (02) 9247 6755  
Fax (02) 9247 6855

The Company aims to ensure shareholder and investor queries are dealt with in a courteous, objective and expeditious manner. Any Shareholder or investor complaints will be dealt with in accordance with the Manager's Complaints Handling Policy.

## **Directors Code of Conduct**

WAM Active Limited (the Company) recognises that the success of the business and the maintenance of the Company's integrity requires that its Directors and external service providers pursue the highest standards of ethical conduct at all times.

The Board will act in accordance with the following principles:

### **Honesty and Integrity**

We will act honestly, in good faith and in the best interest of the Company as a whole and will not engage in conduct likely to bring discredit upon the Company.

### **Fair Dealing**

We will deal fairly with our external service providers, colleagues, suppliers, competitors and shareholders and will maintain a high standard of responsibility and awareness as a corporate citizen.

### **Diligence**

We will use due care and diligence in fulfilling the functions of office and in exercising the powers attached to that office.

### **Independence**

We will be independent in our judgement and actions, and take all responsible steps to be satisfied as to the soundness of all decisions taken by the Board of Directors.

### **Avoid Conflicts of Interest**

We acknowledge that there may be times when our personal or other interests conflict with those of the Company. In these circumstances, we will take action to remove or manage the conflict, so as to avoid detriment to the Company or any perception of conflict of interest.

### **Personal Transactions**

We will not use the name of the Company for personal gain. We will not use any information gained from our dealings with the Company for personal gain, nor allow any such information to be used for the personal gain of others. Any services or facilities made available to us by the Company will only be used for properly authorised purposes.

### **Maintain Confidentiality**

We will take care to ensure that confidential information about the business, shareholders, suppliers, and external service providers is properly protected and not disclosed, except for proper purposes or where required by law.

### **Compliance with the Law and Company Policies**

We will abide by the law and relevant Company policies at all times, including best practice recommendations established in the revised ASX Corporate Governance Principles and Recommendations.

### **Reporting of Breaches Encouraged**

Any breaches of the law or unethical behaviour which become known to Directors must be reported to the Chairperson or the Board as a whole. Any breaches reported will be properly investigated and appropriate action taken. Persons who report suspected breaches in good faith shall be protected from victimisation.

### **Service Providers**

The Company's major service providers include MAM Pty Limited (the Manager), Boardroom Limited (the Share Registrar) and RBC Dexia Pty Limited (the Custodian).



The Manager has responsibility for appointing these service providers and monitoring their performance. The Board expects that all service providers act in a manner consistent with the Company's code of conduct.

# **SECURITIES DEALING POLICY**

## **WAM ACTIVE LIMITED**

### **ABN 49 126 420 719**

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#### **1. Application of this Policy**

This policy applies to:

- all Key Management Personnel being the Directors of WAM Active Limited (the Company);
- all employees of Wilson Asset Management (International) Pty Limited and MAM Pty Limited (the Manager).

In this Policy, the persons listed above will be collectively referred to as Relevant Persons.

Certain defined terms are contained in Section 8.

#### **2. Prohibitions on Dealing in the Company's Securities**

Relevant Persons must not deal in the Company's securities during prohibited periods (closed periods) unless exceptional circumstances apply and written approval is given to a transaction in advance.

##### **Insider Trading Prohibition**

It is the responsibility of every Relevant Person to ensure that they do not do any of the things prohibited under sec 1043 of the Corporations Act when they are in possession of 'inside information'.

If you have 'inside information' relating to the Company or any other entity, which has not been published or which is not otherwise 'generally available', it is illegal for you to:

- Buy, sell or otherwise deal in securities in the Company or any other entity
- Advise, procure or encourage another person (for example, a family member, a friend, a family company, trust or investment manager) to buy or sell these securities
- Pass on information to any other person if you know, or ought reasonably to know, that the person may use the information to buy or sell (or procure another person to buy or sell) these securities.

'Securities' are defined in the Corporations Act and include interests in shares, options or debentures in a company or related body corporate, as well as interests in managed investment schemes made available by the company or a related body corporate.

'Inside information' means information which:

- a) Is not generally available to the market; and
- b) If the information was generally available, a reasonable person would expect it to have a material effect on the price of a security.

Information will have a material effect when a reasonable person would expect the information to influence an investor's investment decision to buy or sell securities. For further guidance with respect to materiality please refer to our Continuous Disclosure Policy.

Examples of possible 'inside information' include:

- Entry into or termination of a material contract
- An actual or proposed takeover or merger
- An actual or proposed change to the Company's capital structure
- A change in dividend policy
- A material claim against the Company or other unexpected liability.

Breach of the 'insider trading' prohibitions could expose you to criminal and civil liability (penalty up to \$200,000.00 for an individual and \$1,000,000.00 for a company and/or imprisonment for five years or both).

### **3. Prohibited (Closed) Periods**

#### **Trading Blackouts**

As the Company is a listed investment company announcing its Investment Update and Net Tangible Assets monthly on the ASX, the Board believes the shareholders are generally fully informed. A Relevant Person must not deal in shares of the Company if they are in possession of price sensitive or 'inside information'. The Board has also nominated that a Relevant Person may not deal in shares of the Company the 5 business days before the announcement of a dividend or any other capital management initiative that might have a material impact on the share price.

The Company may from time to time designate further periods of time as a prohibited period under this Policy.

### **4. Trading Exclusions to the General Policy**

No approval is required in connection with any of the following, however the trading must still be notified to the Company Secretary as soon as reasonably practicable to ensure any regulatory notifications are made, including compliance with the Listing Rules in relation to Directors Interests:

- participation in any dividend reinvestment plan operated by the Company and other corporate actions open to all shareholders, although the insider trading prohibition still applies;
- transfers of securities where there is no change in the beneficial interest;
- trading by a fund or other scheme in which the Relevant Person holds securities, where the investment is solely at the discretion of a third party.

### **5. Exceptional Circumstances**

A Relevant Person, who is not in possession of inside information in relation to the Company, may be given prior written clearance to sell or otherwise dispose of securities during a closed period where their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant securities is the only reasonable course of action available.

Exceptional circumstances will include:

- severe financial hardship;
- an undertaking given to, or an order by, a court; and
- such other exceptional circumstances as may from time to time be determined by the Chairman.

The determination of whether a particular set of circumstances falls within the range of exceptional circumstances can only be made by the Chairman or another Director (where the Chairman is involved).

### **6. Legal Obligation To Notify Trading By Directors**

The Company is required under the ASX Listing Rule 3.19A to notify the ASX within five business days of any changes to a director's notifiable interests including whether the change occurred during a closed period where written clearance was required and, if so, whether prior written clearance was provided (appendix 3Y of the listing Rules). An Initial and Final Directors Interest Notice (appendix 3X and 3Z of the listing Rules) must also be lodged on the appointment or resignation of a director. Directors agree to provide such information to the Company as soon as reasonably practicable after the date of change.

## 7. Review/Questions

This Securities Dealing Policy shall be reviewed for effectiveness on an annual basis. Any person who has questions about this Policy should contact the Company Secretary.

## 8. Definitions

**'Key Management Personnel' (KMP)** has the meaning in Accounting Standard AASB 124 Related Party Disclosure. The KMP comprise the Directors of the Company. The Company has a Board but no executives or employees.

**'Securities'** are defined in the Corporations Act and include interests in shares, options or debentures in a company or related body corporate, as well as interests in managed investment schemes made available by the company or a related body corporate.

**'Dealing'** includes:

- (a) any sale or purchase of, or agreement to sell or purchase, any securities of the Company and the grant, acceptance, acquisition, disposal, exercise or discharge of any option (whether for the call, or put, or both) or other right or obligation, present or future, conditional or unconditional, to acquire or dispose of securities, or any interest in securities, of the Company;
- (b) procuring or encouraging another person to subscribe for, purchase or sell or to enter into an agreement to subscribe for, purchase or sell any such securities; and
- (c) communicating, directly or indirectly, or causing the communication of, information to another person if it is known or ought reasonably to have been known that the other person would or would be likely to (or procure another person to) subscribe for, purchase or sell any such securities.

## **Audit & Risk Committee Charter**

### **Purpose**

This Charter governs the operations of the Audit & Risk Committee (the Committee) of WAM Active Limited (the Company). The Committee shall provide assistance to the Board of Directors in fulfilling its responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems, and the external audit function. In discharging its role, the Committee is empowered to investigate any matter brought to its attention with full access to all books and records of the Company. The Committee is empowered to engage independent counsel and other advisers as it determines necessary to carry out its duties or delegate any of its duties and responsibilities.

### **Composition**

The Committee shall be comprised as follows:

- At least two Directors appointed by the Board from time to time, all of whom are non-executive Directors;
- At least half of Committee members must be independent Directors. "Independence" shall be determined in accordance with the Board of Directors Charter.
- The Chairperson of the Committee shall be an independent Director, who is not also Chairperson of the Board; and
- All Committee members shall be financially literate. At least one member shall have accounting and/ or related financial expertise as determined by the Board.

### **Meetings**

Meetings of the Committee will be conducted as follows:

- The Committee shall meet as frequently as required, but not less than two times per year.
- A quorum for Committee meetings shall be any two Director Committee members.
- Any Director who is not a Committee member may attend (but not vote at) a meeting of the Committee for discussion on particular areas of interest to that Director. The Committee may also invite other individuals to attend meetings of the Committee, as they consider appropriate.
- The Committee shall report to the Board on all matters relevant to the Committee's role and responsibilities.
- Minutes of Committee meetings shall be included in the papers for the next full Board meeting after each Committee meeting.

### **Duties and Responsibilities**

The duties and responsibilities of the Committee shall include:

- To make recommendations to the Board on the appointment, reappointment or replacement and remuneration of the external auditor;
- To review and assess the independence of the external auditor;
- To review the scope, processes and results of the external audit;
- To monitor the effectiveness and appropriateness of the accounting and internal control systems and reporting of the Company;
- To review half year and full year financial statements and Appendices 4D, 4E and 4G prior to filing with the ASX;
- To review the adequacy and effectiveness of the Company's risk management framework by gaining assurance that major risks have been identified and are appropriately managed at least annually; and
- To review its performance and Charter annually to ensure it is operating effectively.