

Board of Directors Charter

The Board of WAM Capital 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:

- Wilson Asset Management (International) Pty Limited (the Manager) and other external service providers are performing their duties in a skilful and diligent manner, 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 Board has specific responsibility to:

- Oversee and monitor the Manager's compliance with the management agreement and also to ensure that the Manager is monitoring the performance of other external service providers such as the custodian and the share registry;
- Monitor financial performance including approval of statutory financial reports and liaison with auditors;
- Ensure adequate internal controls exist and are appropriately monitored for compliance with the Corporations Act, ASX Listing Rules, taxation legislation, and the Manager's Australian Financial Services Licence;
- Ensure significant business risks are identified and appropriately managed;
- Set appropriate business standards and a code for ethical behaviour; and
- Oversee communications and reporting to 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 half 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.

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.

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).

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.