

Board Charter

Grays eCommerce Group Limited (ACN 125 736 914) (**Grays or Company**)

Adopted by the Board on 30 July 2015

1. Introduction

The purpose of this charter is to specify how Grays is governed so as to promote Grays and protect the interests of shareholders.

The Board is responsible for the corporate governance of Grays. This charter sets out the roles and responsibilities of the Board, which responsibilities are delegated to committees of the Board or to management, the framework for the operation of the Board as well as the membership of the Board.

2. Role and Responsibilities of the Board

2.1 Role

The role of the Board is to provide overall strategic guidance for Grays and effective oversight of management. The Board ensures that the activities of Grays comply with its Constitution, from which the Board derives its authority to act, and with legal and regulatory requirements.

To achieve this role, the Board has reserved to itself the following specific responsibilities.

2.2 Strategy

The Board is responsible for:

- (a) overseeing the development of Grays' corporate strategy through engagement with senior executives;
- (b) reviewing and approving strategic and financial plans and performance objectives of Grays consistent with the corporate strategy, and reviewing the assumptions and rationale underlying the strategic plans and performance objectives; and
- (c) monitoring implementation of the strategy plans.

2.3 Oversight of Management

The Board is responsible for:

- (a) the appointment and if appropriate, the removal of the Chief Executive

Officer (**CEO**), the Chief Financial Officer and the Company Secretary;

- (b) approving succession plans for key individuals;
- (c) monitoring senior executives' performance and implementation of strategy against measurable and qualitative indicators, encouraging enhanced effectiveness and ensuring that appropriate resources are available;
- (d) approving senior executive remuneration policies and practices;
- (e) approving the level of delegated authority to the CEO;
- (f) providing advice and counsel to management; and
- (g) ensuring that the senior executives supply the Board with information that will help the Board discharge its duties.

2.4 Shareholders

The Board is responsible for:

- (a) promoting effective communication with shareholders, including convening shareholders' meetings, listening and responding to shareholders views of management and of Grays; and
- (b) reporting to shareholders and compliance with relevant regulatory requirements.

2.5 Other Stakeholders

The Board is responsible for:

- (a) establishing and monitoring policies governing Grays' relationship with other stakeholders and the broader community; and
- (b) establishing and maintaining environmental, employment and occupational, health and safety policies and other regulatory and statutory requirements.

2.6 Ethics and Responsible Decision-Making

The Board is responsible for:

- (a) actively promoting ethical and responsible decision-making;
- (b) establishing and maintaining a code of conduct to guide its directors and management in the practices necessary to maintain confidence in Grays' integrity;
- (c) the system of accountability for unethical practices; and
- (d) establishing and maintaining a diversity policy to outline Grays' commitment to diversity and inclusion in the workplace and set out a framework to achieve Grays' diversity goals.

2.7 Oversight of Financial Management and Capital Management

The Board is responsible for:

- (a) ensuring the integrity of Grays' financial reporting;
- (b) reviewing and approving annual and half-yearly financial reports;
- (c) approving the annual financial budget of Grays;
- (d) monitoring financial results on an ongoing basis;
- (e) establishing and overseeing Grays' accounting and financial management systems;
- (f) considering removal or replacement of the external auditor;
- (g) reviewing, approving and monitoring the progress of major capital expenditure, capital management, major acquisitions and divestitures and material commitments;
- (h) approving decisions affecting the capital of Grays, including capital structure or restructure and major financing arrangements; and
- (i) determining the dividend policy of Grays and determining the details for payment of dividends.

2.8 Compliance and Risk Management

The Board is responsible for:

- (a) overseeing Grays' control and accountability systems and reviewing reporting under those systems;
- (b) overseeing and regularly reviewing a system for identifying, assessing, monitoring and managing material risk throughout Grays, and informing investors of material changes to Grays' risk profile;
- (c) overseeing and regularly reviewing systems of internal compliance, risk management and control, and systems of legal compliance that govern the operations of Grays, and monitoring that they are operating effectively; and
- (d) overseeing and regularly reviewing written policies, codes and procedures governing compliance and risk oversight and management.

3. Role and responsibilities of Chairman and Company Secretary

3.1 The Chairman

The Chairman is an independent and non-executive director appointed by the Board. The Chairman is responsible for:

- (a) leading the Board in reviewing and discussing Board matters;

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- (b) chairing Board meetings and shareholder meetings;
- (c) ensuring the efficient organisation and conduct of the Board's function;
- (d) briefing all directors in relation to issues arising at Board meetings;
- (e) facilitating effective contribution by all directors and monitoring Board performance;
- (f) overseeing that membership of the Board is skilled and appropriate for Grays' needs;
- (g) promoting constructive relations between Board members and between the Board and management;
- (h) reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board; and
- (i) establishing and overseeing the implementation of policies and systems for Board performance review and renewal.

3.2 Company Secretary

The Company Secretary acts as secretary of the Board, attending all meetings of the Board as required. The Company Secretary is accountable to the Board through the Chairman on all corporate governance matters.

The Company Secretary is responsible for:

- (a) organising Board meetings and director attendance;
- (b) monitoring compliance with Board policy and procedures;
- (c) co-ordinating the completion and dispatch of the Board agenda and briefing materials;
- (d) preparing minutes of meetings and resolutions of the Board and taking these to the Chairman for approval and circulation;
- (e) circulating minutes from committee meetings to the Board; and
- (f) ensuring that Grays complies with its requirements under the Corporations Act regarding registered office, annual returns and notices to be lodged with the Australian Securities and Investments Commission.

4. Delegations of Authority

4.1 Delegations to Committees

The ultimate responsibility for the oversight of the operations of Grays rests with the Board. However, the Board may delegate its responsibility to committees to consider certain issues in further details and then report back to and advise the Board.

Standing committees established by the Board will adopt charters setting out the authority, responsibilities, membership and operation of the committee.

Currently there are two standing committees:

- Audit and Risk Committee; and
- Remuneration and Nomination Committee.

The Board will review the composition and effectiveness of the Committees on an annual basis. The Board may also establish other committees from time to time to consider other matters of special importance.

Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their proper functions. The chairman of each committee will provide a report on Committee meetings to the Board at the next full Board meeting.

4.2 Delegation to CEO and Management

The Board has delegated to the CEO the authority to manage the day to day affairs of Grays and the authority to control the affairs of Grays in relation to all matters other than those responsibilities reserved to itself in this charter.

The Board may impose further specific limits on CEO delegations. These delegations of authority will be maintained by the Company Secretary and will be reviewed by the Board as appropriate from time to time.

The CEO has authority to sub-delegate to the senior management team.

5. Membership

5.1 Composition and Size

The Constitution of the Company provides that there will be a minimum of 3 directors and not more than 7 directors. The number of directors and the composition of the Board must at all times be appropriate to Grays to achieve efficient decision making and adequately discharge its responsibilities and duties.

Grays will seek to have directors with an appropriate range of skills, experience and expertise and an understanding of and competence to deal with current and emerging issues of the business.

It is intended that an annual review of the performance of the Board, its Committee's and Directors will be undertaken on an annual basis.

5.2 Appointment and Re-Election of Directors

The process of selection and appointment of new directors to the Board is that the Remuneration and Nomination Committee identifies candidates with appropriate skills, experience and expertise that best complement the Board's effectiveness. These candidates will be recommended to the Board. When the

Board considers that a suitable candidate has been found, that person may be appointed by the Board to fill a casual vacancy in accordance with Grays' constitution, but must stand for election by shareholders at the next annual general meeting.

Non-executive directors are appointed pursuant to formal letters of appointment setting out the terms and conditions of the appointment to ensure that directors understand their key responsibilities and the Board's expectations. Directors will be expected to participate in an induction or orientation program on appointment.

Directors must retire from office in accordance with the constitution and ASX Listing Rules. Retiring directors may be eligible for re-election. Before each annual general meeting, the Chairman together with the Company Secretary will determine those directors who are to be re-elected by shareholders. The Board will then determine if their re-election will be recommended to shareholders.

5.3 Independence

All directors – whether independent or not – should bring an independent judgement to bear on all Board decisions.

A director is considered independent by Grays if the director is a non-executive director who is not a member of management and is free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement or could reasonable be perceived to do so.

A director who:

- (a) is a substantial shareholder of Grays or an officer of, or otherwise associated directly with a substantial shareholder of Grays;
- (b) is employed, or has previously been employed in an executive capacity by Grays, or another group member and there has not been a period of at least three years between ceasing that employment and serving on the Board;
- (c) within the last three years, has been a principal of a material professional adviser or material consultant to Grays or another group member, or an employee materially associated with the service provided;
- (d) is a material supplier or customer of Grays or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (e) has a material contractual relationship with Grays or another group member other than as a director of Grays;
- (f) has close family ties with any person who falls within any of the categories described above; or

- (g) has been a director of the entity for such a period that independence may have been compromised,

will not be considered independent, unless the Board is satisfied on reasonable grounds that the director is independent despite the existence of one or more of these circumstances.

The Board will regularly assess the independence of each director in light of the interests disclosed by them. Each independent director must provide the Board with any relevant information for this. The outcome of this assessment will be reflected in the corporate governance statement.

Any change to a director's independent status will be disclosed to the market in a timely fashion.

5.4 Conduct of Individual Directors

Directors must at all times act in accordance with legal and statutory requirements and discharge all their duties as directors. Directors must:

- (a) discharge their duties in good faith and in the best interests of Grays and for a proper purpose;
- (b) act with care and diligence, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a director of a major company, including applying an independent and enquiring mind to their responsibilities;
- (c) avoid conflicts of interest except in those circumstances permitted by the Corporations Act;
- (d) not make improper use of information gained through their position as a director;
- (e) not take improper advantage of their position as a director;
- (f) notify other directors of a material personal interest when a conflict arises;
- (g) make reasonable enquiries if relying on information or advice provided by others;
- (h) undertake any necessary inquiries in respect of delegates;
- (i) give Grays or ASX all the information required by the Corporations Act; and
- (j) not permit Grays to engage in insolvent trading.

6. Board Process

6.1 Meetings

All Board meetings will be conducted in accordance with Grays' constitution and

the Corporations Act.

Board meetings are held when determined by the Chairman but no less than six meeting must be held each year.

All directors are generally expected to prepare adequately, attend and participate at each Board meeting. Directors are committed to collective decision-making, but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the directors. Individual directors must utilize their particular skills, experience and knowledge when discussing matters at Board meetings.

Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.

6.2 Independent Professional Advice

Following consultation with the Chairman, directors may seek independent professional advice at Grays' expense. Generally, this advice will be available to all directors.

6.3 Access to Management

The directors have complete and open access to management following consultation with the Chairman and the CEO.

6.4 Notice, Agenda and Papers

Unless otherwise agreed or considered necessary by the Chairman, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers, will be circulated by the Company Secretary to each Board member and any other individual invited to attend, not less than five business days before the meeting.

7. Review and Publication of Charter

The Board is responsible for reviewing this charter and to determine its appropriateness to the needs of Grays on an annual basis. The charter shall may be amended by resolution of the Board.

The charter is available on Grays' website.