

koala[®]

BOARD CHARTER

The Koala Company Ltd
ACN 619 538 671



BOARD CHARTER

K Sleep Holdings Pty Ltd (ACN 619 538 671)

1. Purpose

- 1.1. The purpose of this charter is to set out the authority, responsibilities, composition and operation of the Board of K Sleep Holdings Pty Ltd ("**Company**" or "**Koala**") and the manner in which it discharges its responsibilities for the Company and its subsidiaries ("**Group**").
- 1.2. The powers of the Board are set out in the Company Constitution and Shareholders Deed. The Board has the responsibilities set out in this Charter and will carry out those responsibilities honestly, fairly and diligently, in accordance with the law.

2. Role of the Board

- 2.1. The role of the Board is to:
 - provide leadership and approve the strategic plan and financial budget priorities for the Group, and oversee and guide management in their achievement and implementation;
 - review and monitor the Group's culture in accordance with Koala's values;
 - Approve the Company's Code of Conduct;
 - review and monitor the Group's risk management framework, systems and controls;
 - resolve to appoint and remove Board members, the Chief Executive Officer ("**CEO**"), the company secretary of the Company ("**Company Secretary**") and other key executives of the Group as the Board may determine;
 - review and approve of matters escalated from its committees (if any), the executive team and the broader Group; and
 - review and monitor governance practices across the Group.



3. Board Responsibilities

Responsibilities of the Board include:

3.1. Strategy and performance

- a) with management, defining the Group's strategic objectives and business plans which are to be implemented by management;
- b) monitoring management's performance in the delivery of the strategic objectives;
- c) make decisions in relation to significant matters, including major acquisitions and disposals and material capital management issues;
- d) approval of budgets, major capital expenditure, material capital management and raising initiatives, and major acquisitions and divestments;
- e) maintaining oversight of the Company's financial position, including its debt facilities and capacity to meet financial obligations as and when they fall due;
- f) monitor the Group culture in accordance with Koala's values;
- g) oversee management of the Group's interactions and communications with shareholders and other key stakeholders;
- h) setting measurable objectives for achieving gender diversity in the composition of its Board, senior executives and workforce generally; and
- i) monitoring the effectiveness of the Group's corporate governance.

3.2. Audit, Risk and Compliance

- a) oversight over the integrity of the Company's accounting and corporate reporting systems, as well as the appointment or removal of the external auditor;
- b) oversight of the internal control environment and systems;
- c) approving financial statements in accordance with applicable laws and legislation;
- d) oversight and monitoring of the Group's risk strategy, profile and management framework;
- e) reviewing management's controls and plans to mitigate material risks faced by the Group and its entities, providing independent challenge and feedback;



- f) reviewing the Company's framework and systems for maintaining compliance with applicable standards, legal and regulatory requirements;
- g) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- h) maintaining oversight on material incidents, breaches (including legal, regulatory and internal company policy) and complaints trends and themes.

3.3. **Remuneration and Nomination**

- a) reviewing remuneration policies for alignment with the Company's purpose, values, strategic objectives and risk appetite, as well as remuneration of executive management and employee equity schemes;
- b) reviewing, assessing and determining the size, composition and structure of the Board;
- c) approving and reviewing the required skills, experience, capacity and competencies required of Board members to discharge their duties;
- d) appointment and removal of non-executive directors to the Board; and
- e) monitoring succession plans for executive management.

4. **CEO Responsibilities**

- 4.1. The Board has delegated to the CEO the authority to manage the day to day affairs of the Company and the authority to control the affairs of the Company in relation to all matters, other than those responsibilities reserved for the Board.
- 4.2. It is intended that the CEO can take all decisions and actions within their delegated authority which further the strategic objectives of Koala, and which in his or her judgment are reasonable having regard to the scope of their delegation, matters reserved by the Board, and the potential effect on the reputation of Koala.
- 4.3. The CEO will report systematically in a spirit of openness and trust of the progress being made toward achievement of the strategic objectives of Koala as determined by the Board.

5. **Delegations and review of responsibilities**

- 5.1. The Board will, on a regular basis, undertake a review of its responsibilities and the responsibilities of management to ensure that they remain appropriate for the business conducted by Koala.



- 5.2. The Board may determine matters reserved for the Board and impose specific limits on CEO delegations. The Board maintains the right to revoke a delegation of authority given to the CEO.
- 5.3. Delegations of authority will be maintained by the Company Secretary and will be reviewed by the Board as appropriate.
- 5.4. The CEO has authority to sub-delegate to Management. The CEO maintains accountability for any of its authorities delegated to management. Any breaches of a delegated authority by the CEO or Management must be immediately escalated to the Board for review.

6. Composition of the Board and Director Appointment

- 6.1. The Board is responsible for the following:
 - (a) determining the number of directors (subject to the Constitution);
 - (b) terms and conditions of directors' appointments;
 - (c) approving the appointment and replacement of the CEO;
 - (d) appointment of a Chairperson; and
 - (e) filling casual vacancies on the Board and managing the succession of Board members.
- 6.2. The Company's Constitution provides for the number of directors to be between one and ten.
- 6.3. When a vacancy arises, the Board identifies candidates with most appropriate skills, experience and expertise to best complement the Board's effectiveness.
- 6.4. Directors will be engaged by a letter of appointment setting out the terms and conditions of their appointment.
- 6.5. Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

7. Director Independence

- 7.1. All directors should bring an independent judgment to bear on all Board decisions.
- 7.2. A director is considered independent by the Company if the director is free of any interest, position, association or relationship that might influence, or be reasonably perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company.
- 7.3. A director who:



- a) is, or has been, employed in an executive capacity by the Company, 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;
- b) receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- c) is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the Company or other group member, or is an officer of or otherwise associated with, someone with such a relationship;
- d) is a substantial security holder of the Company or an officer or employee of, or professional adviser to, a substantial security holder of the Company;
- e) has close personal ties with any person who falls within any of the categories described above; or
- f) has been a director of the Company for such a period that his or her independence may have been compromised,

will not be independent, unless the Board is satisfied on reasonable grounds that the director is independent despite the existence of one or more of these circumstances. In each such case, the materiality of the interest, position or relationship will be assessed by the Board in order to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company.

8. Meetings and Administration

Meetings

- 8.1. The Board will meet quarterly or as frequently as required to undertake its role effectively.
- 8.2. The Board may conduct meetings in person, by telephone, video conference or other means consented to by all the Directors. The consent may be a standing one and the Board need not all be physically present in the same place for a Board meeting to be held.
- 8.3. From time to time the directors may meet without management present.

Frequency and calling of meetings

- 8.4. The Board will meet quarterly or as frequently as required to undertake its role effectively.



- 8.5. A meeting can be convened by the Chairperson or any two directors. The Chairperson must call a meeting if requested by any member of the Board.

Quorum

- 8.6. A quorum for a meeting of directors is a majority of the Board, unless otherwise fixed by the directors. The quorum must be present at all times during the meeting.

Voting

- 8.7. Subject to specific requirements in the Company's Shareholders Agreement or Constitution, Board decisions are made on consensus of members. If a consensus cannot be reached, a majority of votes from members present is required to reach a resolution.

Board Agenda, Papers and Minutes

- 8.8. The Chairperson determines the meeting agenda after consultation with the Company Secretary.
- 8.9. The Company Secretary distributes the agenda and any related documents to all Board members and other attendees before each proposed meeting. Where possible, Board papers will be provided to Directors at least 5 days prior to the relevant meeting.
- 8.10. Minutes are ratified by the Board and signed by the Chairperson at the next Board meeting.
- 8.11. The Company Secretary will keep minute books to record the proceedings and resolutions of its meetings.
- 8.12. The minutes, agenda and supporting papers of each Board meeting shall be made available to any Director upon request to the Company Secretary.

Professional Advice

- 8.13. Directors are entitled to seek independent professional advice related to the discharge of their responsibilities as Directors, at Koala's expense, subject to the prior approval of the Chairperson and according to the terms of any company policy.

9. Conflict of Interest

- 9.1. Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of Koala and shall advise the company secretary of all directorships held in other companies.



- 9.2. If a potential material conflict of interest arises, the director concerned shall advise the Chairperson prior to any Board meeting at which the issue is to be discussed. Any potential conflict of interest must be recorded in the Board minutes.

10. Board Committees

- 10.1. The Board may establish Board committees to which it may delegate any of its powers, duties and responsibilities. The Board will appoint the members of each committee, and the Chair of each committee.
- 10.2. A separate Charter will be adopted for each of these Committees, setting out the composition, duties and responsibilities of the committee.
- 10.3. The Board may establish Advisory committees from time-to-time with no delegated powers. The Board will appoint the members and the Chair of each committee. A separate Charter will be adopted for each Advisory committee.

11. Role of the Chairperson

- 11.1. The Chairperson will be elected by the Board.
- 11.2. The Chairperson's role includes:
- a) leading the Board;
 - b) facilitating effective contribution of all directors; and
 - c) promoting constructive and respectful relations among the directors and between the Board and management;
 - d) approving Board agendas and ensuring adequate time is available for discussion of all agenda items, including strategic issues;
 - e) representing the views of the Board to the public; and
 - f) presiding over meetings of the Board and general meetings of shareholders.

12. Role of the Company Secretary

- 12.1. The Company Secretary acts as secretary of the Board, attending meetings of the Board and its committees as required. The Company Secretary is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board. All Directors have access to the Company Secretary for advice or assistance on governance matters.
- 12.2. The Company Secretary is appointed by the Board.
- 12.3. The Company Secretary is responsible for::



- a) advising the Board and its committees on governance matters and ensuring procedures are followed;
- b) establishing a forward calendar of Board meetings in collaboration with the Chairperson and coordinating Board and committee papers;
- c) ensuring that minutes are captured and maintained in a minutes register that can be accessible by a Director where requested;
- d) managing retention of documentation and maintaining a register of conflicts of interest; and
- e) helping organise and facilitate the induction and professional development of directors.

13. Review of Board effectiveness

- 13.1. The Board members will participate in an annual review of the division of functions between the Board and management, and Board's effectiveness in carrying out its responsibilities. The Chairperson will implement a review system subject to consultation with the Board.
- 13.2. The Chairperson, in consultation with the Board, will consider whether or not to engage an external facilitator to assist with the review.

14. Charter Review

- 14.1. The Board shall review this Charter every two years or as required, after the annual Board performance assessment. Any modifications to or replacements of this Charter must be approved by the Board.

Authorised by: The Board	Version No: 2
Maintained by: Company Secretary	Last revised and approved: 4 Mar 2025