



## Templeton Global Growth Fund Ltd (“Company”) Guidelines covering Board Membership and Operation

### **1.0 MEMBERSHIP:**

#### **1.1 COMPOSITION:**

(a) The maximum number of Directors is currently fixed under Article 10.1 of the Constitution at nine.

(b) The Board presently consists of:

- four Non-Executive Directors including the Chairman, who are resident in Australia;
- two Non-Executive Directors who are a senior officer of and consultant to Franklin Templeton group; and are resident in the USA and Dubai.

(c) Having regard to the Company’s core business and investment strategy and the responsibilities delegated to the Investment Manager, it is appropriate that the Board should include Non-Executive Directors who are suitably senior and qualified officers of or consultants to the Franklin Templeton group.

(d) However, not more than two of the members of the Board should be Non-Executive Directors who are consultants to, officers or employees of Franklin Templeton group.

(e) Preferably, the Non-Executive Directors who are not officers or employees of Franklin Templeton group should be Directors considered by the Board to be independent and who are identified as such in the Corporate Governance section of the Company’s Annual Report.

(f) Above all, the Board should be comprised of Directors with appropriate competencies, skill mix, experience and diversity to enable the Board to discharge its mandate effectively and should be limited to a size that is conducive to effective and efficient decision making.

#### **1.2 CHAIRMAN:**

(a) The Chairman of the Board should not be the chief executive of the Company and should not be a consultant, officer or employee of the Franklin Templeton group.

(b) The Board of the day decides whether or not there shall be a Deputy Chairman. In the absence of a Deputy Chairman, the Board will nominate an independent Non-Executive Director to act in the absence of the Chairman.

### **1.3 PERFORMANCE REVIEW:**

(a) The Board reviews its own performance and the individual performance of each Non-Executive Director, including the Chairman, on an ongoing basis.

(b) The general management and oversight of the review process, underlying development of appropriate performance assessment guidelines and criteria, is the responsibility of the Chairman. Primarily the review will be carried out through consultation by the Chairman with individual Directors.

### **1.4 DIRECTOR'S LETTER OF APPOINTMENT AND DEED OF ACCESS INSURANCE AND INDEMNITY:**

(a) Each Non-Executive Director is required to enter into a letter of appointment and deed of access insurance and indemnity with the Company.

(b) The letters and deeds implement appropriate provisions with respect to matters referred to in Section 1.1 of the ASX Principles and Guidelines, including:

- right of access to Board papers;
- indemnification and insurance of the Director;
- remuneration;
- other directorships; and
- right to obtain independent professional advice.

(c) The letters and the deeds are in standard terms which have been approved by the Board.

## **2.0 OPERATION:**

### **2.1 GENERAL:**

(a) The Board has the overall responsibility for the corporate governance of the Company, including its strategic direction, the review of the plans established by management and the monitoring of performance against those plans.

(b) The Board conducts periodic annual reviews of the internal guidelines relating to corporate governance, Board membership and operation and committee structures and monitors adherence to these guidelines by the Board, its committees and management. This process ensures that Board procedures are continually reviewed and high standards of Board performance are maintained.

(c) Directors are entitled and expected to request additional information where they consider that the information provided by management is insufficient to support informed decision making.

### **2.2 COMMITTEES OF THE BOARD:**

(a) To assist in the execution of its corporate governance responsibilities, the Board has established three committees - the Audit Committee and the Review Committee. All committees

operate principally in a review or advisory capacity, except in the cases where powers are expressly conferred on or delegated to a committee by the Board. All committees comprise of non-Executive Directors of the Board who are not related to any service provider of the Company.

(b) The requirements for committees will be reviewed periodically. However, any additional committee should only be constituted if it will assist the overall operation of the Company.

### **2.3 GENERAL PRINCIPLES CONCERNING MANAGEMENT:**

(a) The Board should not itself manage the business and affairs of the Company, as this is delegated to the General Manager and the Investment Manager. However, the Board must put in place procedures and structures that enable it to discharge its role of bearing ultimate responsibility.

(b) The Board must set the framework within which the Company operates and, to an appropriate degree, oversee and supervise its operations.

(c) As well as having the ultimate responsibility for the operations of the Company and the interests of its shareholders, the Board must be aware of and have due respect to the obligations of the Company to other stakeholders, either as a matter of general law or as a result of particular regulations relating to particular aspects of the business. In addition certain specific statutory obligations are imposed on Directors.

(d) The Board must:

- be satisfied with management's plans for carrying on the Company's business;
- place limits on the extent to which management can commit resources or dispose of assets or raise funds without specific approval;
- ensure that it is kept well informed of developments and events which might significantly affect the business;
- monitor and review the performance of the Investment Manager;
- supervise and review the performance of the General Manager and Company Secretary; and
- monitor and review the performance of FTIAL as its administrative services provider;
- be aware of any significant risks to the Company and its finances and overview management's approach to mitigation of such risks.

(e) The formal delegation of management authority is to the General Manager, and the General Manager will be the primary source of information to the Board. Directors have the right to seek information from and question the General Manager and the Company Secretary. Further, the Directors have the right of access to all information about the Company and its business and affairs, including from the Investment Manager, Custodian Bank, external accountants, external legal advisers and independent auditor, in appropriate ways and at appropriate times.

(f) The Board is the body to which management is answerable. Subject to the oversight of the Board, it is for the General Manager, acting within his delegated authority, to determine how the management of the Company is conducted.

## **2.4 MATTERS REQUIRING BOARD ACTION:**

The following matters require Board action and are not within the authority delegated to the General Manager. There are other matters which by law or under the Constitution also must be dealt with by the Board.

(a) Appointment and remuneration of, and delegation of authority to, the General Manager and general approval of policies relating to sub-delegation.

(b) Appointment of Company Secretary.

(c) Appointment and delegation of authority to the Investment Manager.

(d) Appointment and delegation of authority to the Custodian Bank.

(e) All matters relating to the issue of securities of the Company.

(f) Appointment and remuneration of members of the Board.

(g) Appointment of the Company's auditor.

(h) Adoption of annual business plans and budgets and approval of longer term strategic plans for the Company.

(i) Any item of capital expenditure in excess of \$10,000, other than an investment portfolio acquisition by the Investment Manager under its delegated authority.

(j) Disposal of any capital item for a sum in excess of \$10,000 other than an investment portfolio disposal by the Investment Manager under its delegated authority.

(k) External borrowings and commitments to liabilities in excess of \$10,000.

(l) Guarantees or indemnities of third parties.

(m) Initiation of litigation.

(n) Approval of all Directors' Reports and Financial Statements for release to shareholders and the ASX.(o) Approval of the Annual Report, Half Yearly Report and any other significant report or release to the ASX or shareholders. Any media releases which relate to price sensitive information require approval by the Chairman who will liaise with the Board as necessary.

(p) Declaration of dividends.

(q) Approval of the term of appointment and remuneration of the General Manager, Secretary or any other officer of the Company.

(r) Oversight and review of:

- audit and compliance functions and their performance;
- control and corporate governance functions and their performance.

(s) Oversight and review of the Company's risk management framework.

(t) Oversight and review of the Company's core business and investment strategy and performance.

(u) Approving any political donations in accordance with applicable laws. Current policy is that no donations be made to any political party.

(v) Conduct of an annual review of the performance of the Audit Committee, having regard to the requirements of the Audit Committee Charter.

(w) Conduct of an annual review of the performance of any administrative service provider appointed by the Company.

## **2.5 BOARD PROCESSINGS:**

(a) The Board will meet at appropriate intervals each year and additionally when and as often as required to enable it to fulfill its responsibilities.

(b) The overall management of business of Board meetings is the responsibility of the Chairman in consultation with the General Manager.

(c) The Chairman is responsible for ensuring that at each meeting the business of the meeting is properly dealt with and the Directors have the opportunity to carry out their own responsibilities.

(d) The General Manager will at each meeting report to the Board upon all matters and raise for discussion all issues of which, in carrying out their roles, the Directors should be aware and on which they should be entitled to express a view. The General Manager should ensure that the Directors should be made aware of matters which are likely to come into public arena and of matters of material concern which may adversely or favourably affect the business or the Company or otherwise require disclosure in accordance with ASX Listing Rules.

(e) The business of the Board over the year should include:

- Consideration and approval of budgets, and strategic plans for the Company;
- Receiving and considering monthly management accounts and reports from the General Manager on the Company's financial performance;
- Regularly reviewing and discussing with the Investment Manager the composition, valuation and performance of the Company's investment portfolio; and
- Regularly receiving and considering reports from the General Manager covering all other material aspects of the Company's business and affairs.
- In their interaction at Board meetings and elsewhere, Directors must recognise that it is not their role to direct the day to day management of the business. However management must

recognise that the Directors have the right to information they seek and that they have the right to receive answers to the questions they ask.

- The General Manager is responsible for informing the Board, through the Chairman or the Chairman of the Audit Committee, of any matter coming to the General Manager's attention and of which other Directors should, but may not otherwise, be aware.

**Approved by the Templeton Global Growth Fund Ltd Board on 28 June 2018.**