

BOARD CHARTER

Introduction

Derivation

The powers, duties and responsibilities of the Board of Cann Group Limited (**Cann or Company**) are prescribed by the *Corporations Act 2001 (Act)* and the constitution of the Company. The standards and conduct adopted by the Board will also reflect the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (4th edition).

General

In carrying out its responsibilities and powers as set out in this charter for the Company, and where appropriate for it and its subsidiaries (the **Group**), the Board will at all times recognise its overriding responsibility; that is, to act honestly, with integrity, diligently and in accordance with the law in serving the interests of the Cann and its subsidiaries (**Group**), its shareholders, as well as its employees, customers and the community. It will promote and maintain an environment within Cann that will establish these basic principles as guidelines for all of its employees and representatives at all times.

Purpose of charter

This charter sets out:

- (a) the role and responsibility of the Board;
- (b) the composition and operation of the Board; and
- (c) which of its responsibilities are delegated to Committees of the Board or to Management.

Role and functions of the Board

Role of the Board

The Board's role is to:

- (a) chart the direction, policies, strategies and financial objectives for Cann and monitor the implementation of those policies, strategies and financial objectives;
- (b) monitor compliance with regulatory requirements and ethical standards; and
- (c) appoint and review the performance of the Chief Executive Officer (**CEO**).

Performance of the Board's role

In performing its role, the Board should act at all times:

- (a) in a manner designed to create and continue to build sustainable value for shareholders; and
- (b) in accordance with the duties and obligations imposed upon directors by the constitution and the law.

Functions of the Board in performing its role

The main functions of the Board in carrying out its role are as follows:

- (a) keeping under review the general progress and long-term development of the Group in the light of the political, economic and social environments in which it operates;
- (b) determining the ethos of the Company and ensuring that the Group adheres to appropriate standards and values and that proper policies are developed and followed in relation to:
 - (i) compliance with laws;
 - (ii) safety, health and environmental matters; and
 - (iii) the reputation of the Company;
- (c) deciding on major changes in organisation and the shape of the Group, including entry into new fields of operation and departure from those which are no longer appropriate;
- (d) controlling and monitoring the financial state (including fixed assets and intellectual property) and performance of the Group (including investment and finance plans), determining the desired financial ratios and approving the Group's budget;
- (e) defining the powers to be reserved to the Board and those to be delegated to the CEO;
- (f) delegating clear responsibility and authority to the committees of the Board, the CEO and directors or groups of directors, and monitoring and reviewing regularly the performance of its committees and the CEO and others who hold delegated powers;
- (g) assisting the CEO in the discharge of their responsibilities;
- (h) reviewing the Board's structure and performance from time to time and making decisions on new appointments to the Board;
- (i) giving approval or support, as appropriate, to the most senior appointments in the Group and ensuring that adequate career development, succession and remuneration arrangements exist for them; and
- (j) ensuring that proper policies are developed, adopted and followed in relation to corporate governance, monitoring changes in corporate governance practices and regulatory requirements, monitoring Cann's code of ethics and ethical culture and overseeing preparation of Cann's annual corporate governance statement.

Powers of the Board

In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

- (a) appointment and termination of the CEO and determination of their employment terms and conditions (including remuneration);
- (b) approval of appointment and termination of direct reports to the CEO;
- (c) any matters in excess of powers that it may have from time to time delegated to the CEO; and
- (d) approvals of each of the following:
 - (i) the corporate strategy, at least annually;
 - (ii) the budget, at least annually;
 - (iii) the remuneration and conditions of service including any financial incentives for all direct reports to the CEO, at least annually;

- (iv) the balance of responsibilities between the chairman, CEO and other directors, at least annually;
- (v) significant changes to organisational structure and the appointment of such senior officers as the Board may determine;
- (vi) the acquisition, establishment, disposal or cessation of any significant business of Cann;
- (vii) the issue of any shares, options, equity instruments or other securities in Cann or its subsidiaries;
- (viii) the making of any public statements which reflect significant issues of Cann policy or strategy where such significant issues of policy or strategy have not been previously approved by the Board; and
- (ix) any change to the powers delegated from the Board.

Specific responsibilities

The Board has specific responsibility for the following tasks.

Strategy and planning

- (a) Oversee the development of Cann's corporate strategy through constructive engagement with management;
- (b) Review and approve Cann's corporate strategies, strategic business plans, budgets and performance objectives; and
- (c) Monitor and assess management's performance in achieving any strategies, plans, budgets and performance objectives approved by the Board.

Oversight of management

- (a) Appoint and, if appropriate, remove the CEO;
- (b) Set criteria for, and evaluate at least annually, the performance of the CEO;
- (c) Approve the appointment and termination of direct reports to the CEO;
- (d) Approve remuneration policies and practices for the direct reports to the CEO;
- (e) Monitor management's performance and implementation of strategy against measurable and qualitative indicators, encouraging effectiveness and ensuring that appropriate resources are available to do so;
- (f) Ensure management supplies the Board with information that will help the Board discharge its duties; and
- (g) Review on a regular and continuing basis:
 - (i) executive succession planning (and in particular the CEO role); and
 - (ii) executive career development activities.

Oversight of financial management and capital management

- (a) Determine that the Company accounts are true and fair in accordance with the Act;
- (b) Review and approve annual, half yearly and quarterly financial and any other reports, as required by the Act of the ASX Listing Rules;

- (c) Monitor Cann's financial position and results on an ongoing basis;
- (d) Oversee Cann's accounting and financial management systems;
- (e) Oversee Cann's audit processes, including selecting and recommending any changes to auditors;
- (f) Review, approve and monitor the progress of major capital expenditure, capital management levels, major acquisitions and divestitures and material commitments;
- (g) Approve decisions affecting the capital structure of Cann, including placements, offers, restructures, capital returns, share buy-backs and major financing arrangements; and
- (h) Determine the distribution policy of Cann and declare dividends.

Shareholders

- (a) Oversee effective communication with shareholders, including convening shareholder's meetings, and listening and responding to shareholder's views of management, the Board and Cann;
- (b) Facilitate the effective exercise of shareholder's rights; and
- (c) Report to shareholders in accordance with regulatory requirements.

Other stakeholders

- (a) Establish and maintain policies governing Cann's relationships with other stakeholders (including employees, customers and suppliers) and the broader communities in which Cann operates; and
- (b) Establish and maintain appropriate environmental, employment, remuneration, diversity, occupational health and safety, whistle-blower, anti-bribery and anti-corruption policies.

Ethics

- (a) Monitor and influence Cann's culture and actively promote ethical and responsible decision making in Cann;
- (b) Establish and maintain a code of conduct to guide its directors and management in the practices necessary to maintain confidence in Cann's integrity; and
- (c) Establish and maintain a system of accountability for unethical practices.

Compliance and risk management

- (a) Oversee Cann's internal control and accountability systems and reviewing reporting under those systems;
- (b) Establish, oversee and review systems for identifying, assessing, monitoring, and managing material risk through Cann, and informing investors of material changes to Cann's risk profile;
- (c) Establish, oversee and review systems of internal compliance, risk management and control, and systems of legal compliance that govern the operations of Cann, and ensuring that they are operating effectively;
- (d) Oversee approvals in relation to related party transactions; and

- (e) Establish, oversee and review written policies, codes and procedures governing compliance, risk oversight and management.

Role and responsibilities of Chairman

The Chairman is a non-executive director appointed by the Board. The Chairman must not be the same person as the CEO. The Board will identify an independent non-executive director to act as Chairman in the event that the Chairman is unable to so act for any reason.

The Chairman is responsible for:

- (a) ensuring that relevant issues are on the agenda and that directors receive timely, relevant information to enable them to be effective members;
- (b) leading the Board in Board matters;
- (c) chairing Board meetings and shareholder meetings;
- (d) monitoring the efficient organisation and conduct of the Board's functions;
- (e) briefing directors in relation to Board issues;
- (f) facilitating effective contribution by all directors and monitoring Board performance;
- (g) overseeing membership of the Board to ensure it is skilled and appropriate for Cann's needs;
- (h) promoting constructive relations between Board members and between the Board and management;
- (i) ensuring that independent directors meet separately at least annually to consider, among other things, management's performance;
- (j) reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board;
- (k) recommending to the Board for consideration the functions and membership of committees of the Board;
- (l) establishing and overseeing implementation of policies and systems for Board performance review and renewal; and
- (m) promoting the interests of Cann as a whole in relation to Cann shareholders, governments, other public organisations, other companies and the public generally.

Board membership

Composition and size

The directors determine the size of the Board, subject to Cann's constitution, which provides that there can be no less than three directors. The number of directors and composition of the Board is determined having regard to what is appropriate for Cann to achieve efficient and prudent decision making.

The Board will consist of a majority of non-executive directors. The Board will select one of its members to be Chairman and they must be a non-executive director.

Cann aims 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 in the company's business. Cann's succession plans are designed to maintain an appropriate balance of skills, experience and expertise on the Board.

Appointment and re-election of Directors

The process of selection and appointment of new directors to the Board is that, when a vacancy arises, the Board, either itself, or through the Remuneration and Nomination Committee, will identify candidates with appropriate skills, experience and expertise. Candidates with the skills, experience and expertise that best complement the Board's effectiveness will be recommended to the Board. When the Board considers that a suitable candidate has been found, that person is appointed by the Board to fill a casual vacancy in accordance with Cann's constitution, but must stand for election by shareholders at the next annual general meeting.

Non-executive directors will be engaged by a letter of appointment setting out the terms and conditions of their appointment. Directors participate in induction or orientation programs on appointment, and in any continuing education or training arranged for them.

Directors retire from office in accordance with the constitution of the Company. Retiring directors may be eligible for re-election.

Before each annual general meeting, the Chairman of the Board will assess the performance of any director standing for re-election and the Board will determine its recommendation to shareholders on the re-election of the director (in the absence of the director involved). The Board (excluding the Chairman), conducts the review of the Chairman.

Independence of Directors

The Board must implement structures and procedures to ensure that the Board operates independently of executive management. Appropriate independence measures include:

- (a) appointing an independent director as Chairman;
- (b) ensuring the Board comprises a number of independent non-executive directors determined by the Board as appropriate;
- (c) ensuring the roles of CEO and Chairman are exercised by different people;
- (d) requiring the non-executive directors to meet at least annually for private discussion of management issues;
- (e) regular assessment of the independence of each director in light of any interest disclosed by them;
- (f) independent directors should be identified in the corporate governance section of the annual report;
- (g) the period of office of each director should be disclosed in the corporate governance section of the annual report;
- (h) develop a procedure agreed by the Board for a director to take independent professional advice, where necessary; and
- (i) agreeing as to the formal division of responsibilities between the CEO and Chairman.

Independence

A director is considered independent by Cann if the director is independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment or be perceived to do so. A director who:

- (a) is a substantial shareholder of Cann or an officer of, or otherwise associated directly with, a substantial shareholder of Cann;
- (b) within the last three years has been employed in an executive capacity by Cann or another group member, or has been a director after ceasing to hold any such employment;
- (c) within the last three years, has been a principal of a material professional adviser or material consultant to Cann or another group member or an employee materially associated with the service provided;
- (d) is a material supplier or customer of Cann 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 Cann or another group member other than as a director or shareholder of Cann;
- (f) has served on the 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 Cann; or
- (g) has 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 interest of Cann,

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.

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 all relevant information for this purpose. The outcome of this assessment will be reflected in the corporate governance section of the annual report.

Conduct of individual directors

Directors must at all times act in accordance:

- (a) with legal and statutory requirements, and discharge all their duties as directors;
- (b) with the duties and obligations imposed upon them by any codes of conduct adopted by the Board from time to time.

Directors must:

- (a) discharge their duties in good faith and in the best interests of Cann and for a proper purpose;
- (b) act with care and diligence, demonstrate commercial reasonableness in their decision making and with the level of skill and care expected of a director of a major company;
- (c) avoid conflicts of interest except in those circumstances permitted by the Act and the constitution;
- (d) not make improper use of information gained through their position as 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 Cann all the information required by the Act and the constitution; and
- (j) not permit Cann to engage in insolvent trading.

Board process

Meetings

All Board meetings will be conducted in accordance with Cann's constitution and the Act.

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 utilise 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.

All directors are generally expected to prepare adequately, attend and participate at each Board meeting. Non-executive directors will periodically meet without executive directors or management present.

The Board may request or invite management or external consultants to attend Board meetings, where necessary or desirable.

The Board may conduct meetings by telephone or video conference.

Independent professional advice

A director may, subject to the arrangements specified under "Consent to obtain advice" below, engage, at the Company's expense, professional advisers to advise the director on matters pertinent to company affairs, including the performance of the director's duties. A copy of any advice will be made available to the Board.

Consent to obtain advice

- (a) The director will seek the consent of the Chairman, and such consent will not be unreasonably withheld, provided that:
 - (i) the director notifies the Chairman of the circumstances and nature of professional advice required; and
 - (ii) the director first obtains an estimate of the adviser's fees and other expenses and the Chairman is satisfied that the estimate is reasonable given the nature of the advice being sought by the director; and
 - (iii) any liability on which advice is being sought did not arise from conduct which, in the reasonable opinion of the Chairman, would preclude the director from being indemnified against that liability by the Company under the Deed of Access and Indemnity.
- (b) In circumstances where the Chairman declines to give consent to the request, in accordance with (a) above, and the director considers that decision to be unreasonable, the director may refer the request to the Board.

Access to management

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

Delegations

Delegation to Committees

Under Cann's constitution, the Board may delegate any of its powers (including this power to delegate) to a committee of directors.

A committee must exercise the powers delegated in accordance with any directions of the directors and may:

- (a) investigate any activity within the terms of its specification;
- (b) following consultation with the Chairman and CEO, obtain such information as it considers necessary from management; and
- (c) obtain external legal or other independent advice, as it considers necessary.

Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings. The Chairman of each committee will report back on committee meetings to the Board at the next full Board meeting.

There are currently two standing committees:

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

Each standing committee established by the Board will adopt charters approved by the Board setting out the authority, responsibilities, membership and operation of the Committee.

Delegation to CEO and management

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

The Board may impose further specific limits on the CEO delegations from time to time.

Self-assessment and review

Annual performance evaluation

The Board is to undertake an annual performance evaluation of itself that:

- (a) compares the performance of the Board with the requirements of the charter;
- (b) sets forth the goals and objectives of the Board for the upcoming year; and
- (c) effects any improvement to the charter deemed necessary or desirable.

Form of Performance Evaluation

The performance evaluation shall be in a manner as the Board deems appropriate.

Review from time to time

The Board is responsible for reviewing this charter and the division of functions and responsibilities in Cann to determine its appropriateness to the needs of Cann from time to time.

Amendment and publication

The charter may be amended by resolution of the Board.

A summary of the charter is to be made available on Cann's website and the key features will be published in the annual report.

Revised by the Board on 25 August 2023.