CPL
Board Charter

May 2026

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1. Purpose

1.1. City Pharmacy Group (CPL) is a diversified business operating across retail pharmacy, medical and laboratory supplies, medical centres, and consumer retail brands.
1.2. The Board provides oversight and strategic direction with a focus on positioning CPL as a leading retail organisation and medical service provider.
1.3. This Charter sets out the role, responsibilities, structures, and processes of the CPL Board and reflects the Board's commitment to high standards of Corporate Governance.

2. Role of the Board

2.1. The Board sets strategy and oversight; Management is responsible for implementation and day-to-day operations within approved delegations.
2.2. The Board's role is to:
- **2.2.1** Provide leadership and strategic direction for CPL.
- **2.2.2** Oversee Management and hold it accountable for performance
- **2.2.3** Protect and enhance long-term shareholder value
- **2.2.4** Ensure appropriate governance, risk management and compliance frameworks are in place.

3. Key Responsibilities of the Board

3.1. Strategy

- **3.1.1** Approve CPL's purpose, strategy and key objectives.
- **3.1.2** Monitor Management's implementation of the strategy.
- **3.1.3** Approve major investments, acquisitions and divestments.
- **3.1.4** Oversee the performance and strategic development of CPL's core businesses, including retail pharmacy, medical and laboratory supplies, medical centres, and consumer retail brands.

3.2. Financial Oversight

- **3.2.1** Approve annual budgets and financial plans.
- **3.2.2** Monitor financial performance, including key commercial drivers, such as sales performance, margins, supply chain efficiency, and brand positioning.
- **3.2.3** Approve financial statements and annual reports.
- **3.2.4** Determine dividend policy.
- **3.2.5** Determine the amount, nature and timing of dividends to be paid.
- **3.2.6** Make determinations concerning the capital structure of CPL, including:
  - **3.2.6.1** allotment of new capital;
  - **3.2.6.2** share buy-backs;
  - **3.2.6.3** changes of capital structure; and
  - **3.2.6.4** capital raising.
- **3.2.7** Maintain a sound system of internal control to safeguard shareholders' interests and CPL's assets, and ensure the integrity of financial and sustainability reporting, including oversight of the external audit.

3.3. Auditors

3.3.1 Ensure the independence and adequacy of the resourcing of CPLs' internal audit function.
3.3.2 On the recommendation of the Audit Committee, select and nominate external auditors to the shareholders.
3.3.3 Determine the duration, remuneration and terms of appointment of the External Auditors.
3.3.4 Evaluate the performance and independence of the External Auditor.

4. Risk and Compliance

4.1. Approve the risk appetite and risk management framework.
4.2. Oversee systems of internal control and compliance.
4.3. Monitor key financial and non-financial risks (including operational, regulatory and reputational risks).
4.4. Oversee clinical and patient safety risks associated with health service delivery across all aspects of the business (pharmacy, medical and lab equipment and medical centres) .
4.5. Challenge Management and hold it accountable for operating within the approved risk framework.

5. Leadership and People

5.1. Appoint, evaluate and, if necessary, remove the CEO.
5.2. Approve CEO remuneration and succession planning.
5.3. Oversee senior executive appointments, performance and remuneration.
5.4. Ensure the CEO and Company Secretary have the appropriate experience and expertise to manage CPL and, where appropriate, to support the Board in its governance responsibilities.
5.5. Determine the size of bonus/incentive pools of the CEO and Senior Executives.

6. Governance, Culture and Clinical Oversight

6.1. Set CPL's values and Code of Conduct.
6.2. Oversee organisational culture and ensure it supports CPL's strategy, risk settings and ethical standards.
6.3. Approve key governance policies.
6.4. Oversee clinical governance frameworks to ensure safe, effective and high-quality patient care.
6.5. Monitor compliance with relevant healthcare standards, regulations and professional obligations

7. Board Size and Composition

7.1. The Board will comprise a majority of non-executive Directors.
7.2. The Chair will be an independent non-executive Director. As the person responsible for running the Board, the Chair will preserve order and facilitate the effective discharge of Board functions.

7.3. The Board will have an appropriate mix of skills, experience and independence appropriate to a retail health and medical organisation.
7.4. The Board will satisfy itself that each director and proposed director is, at all times, fit and proper to be a Director and has the appropriate experience and expertise for the governance and management of CPL.
7.5. The Directors will determine the number and composition of the Board, subject to limits imposed by CPL's Constitution.
7.6. The maximum (10) and minimum (3) number of directors is prescribed by the Constitution.
7.7. The Board will periodically review its composition and succession needs, including appraising the competencies and skill mix of the Board to ensure they match the strategic demands faced by CPL.

8. Chairman Emeritus

8.1. The Board may appoint a Chair Emeritus as an honorary, non-executive position to provide strategic counsel, mentorship, institutional knowledge, ceremonial support and senior stakeholder engagement.
8.2. The Chair Emeritus:
8.2.1 must have previously served as a company Founder or previous Chair of the CPL Board;
8.2.2 may attend Board meetings but will not have voting rights or any decision-making authority vested in the current Chair;
8.2.3 will remain subject to applicable CPL policies, including continuous disclosure and conflicts of interest requirements; and
8.2.4 Will not be considered a director for purposes of governance, quorum or fiduciary decision-making responsibilities.

9. Renewal and Appointments

9.1. Under the Constitution, at each annual general meeting, one-third of CPL's Directors, in addition to any Director appointed during the year, must offer themselves for re-election by the shareholders
9.2. A Director is normally appointed for an initial term of **3 years**. At the end of the initial term, the Director will become eligible for reappointment by the shareholders for a further term of 3 years, and if not reappointed, will be retired automatically.

9.3. Directors will ensure a formal, transparent and merit-based process for the appointment and reappointment of Directors to the Board, guided by:
9.3.1 **Board Competencies.** The Board will periodically assess its composition to ensure that, collectively, the Directors possess the appropriate skills, experience, knowledge, diversity, and independence required to support CPL's strategic objectives and to oversee current and emerging risks.

9.3.2 **Nomination and vetting of Directors:** The Board will identify and assess candidates for appointment as Directors, having regard to the Board's skills matrix, succession planning considerations and the strategic needs of CPL.

9.3.3 **Reappointment of Directors:** In considering the reappointment of Directors, the Board will have regard to the Director's performance and contribution, attendance and preparedness, skills and experience, ongoing independence, alignment with CPL's values and strategic direction, and the overall composition and renewal needs of the Board.

9.4 The Board will promote an appropriate balance between continuity, stability and Board renewal to support effective governance, strategic oversight and the continued effectiveness of the Board.

10. Leadership and People

10.1. The Board may establish committees to assist in fulfilling its responsibilities.
10.2. Standing committees may include Audit, Risk, Remuneration & Nominations and Clinical Governance committees.
10.3. Each committee will have a Board-approved charter.

11. Delegation to Management

11.1. The CEO is responsible for the day-to-day management of CPL.
11.2. The Board sets delegations of authority for Management.
11.3. Matters outside delegated authority must be referred to the Board.

12. Meetings and Quorums

12.1. The Board will determine the frequency, duration and agendas of Board and Committee meetings.
12.2. A meeting of the Board may be convened by any Director.
12.3. Non-executive Directors may meet without management present.
12.4. The Board may hold meetings in Port Moresby, at other locations or via electronic means.
12.5. Directors may participate in person or electronically
12.6. A quorum shall consist of a majority of directors unless the Board comprises an even number of directors, then the quorum shall be half that number or such other numbers as allowed by CPL's constitution.
12.7. All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and will not be disclosed or released to any person other than Board members, except as required by law or as agreed by the Board.
12.8. All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and will not be disclosed or released to any person other than Board members, except as required by law or as agreed by the Board.
12.9. The Company Secretary, in conjunction with the Chair, will draw up the agenda for each meeting.
12.10. The agenda and supporting documentation will be circulated in the manner approved by the Board (which may be electronically) to each Director, at least 5 working days prior to each meeting.
12.11. The Company Secretary will prepare the minutes of the Board meeting promptly after each meeting. Draft minutes will be provided to the Chair for review, prior to distribution to all Directors. The draft minutes will also be included in the papers for the next Board meeting.

12.12. Members of senior executive management are invited to attend Board meetings and are available to be contacted by Directors between meetings.
12.13. The Board may request any information from management and may invite management or external advisers to attend meetings.
12.14. Directors may request additional information at any time

13. Independent Advice

13.1. Directors may seek independent professional advice at CPL's expense, with Chair approval.

14. Conflicts of Interest

14.1. Directors must disclose any actual, potential or perceived conflict of interest, including any interest in matters to be considered by the Board.
14.2. Disclosures must be made at the time of appointment, reviewed annually, and updated promptly when circumstances change.
14.3. A Director with a material conflict of interest must not be present during deliberations or participate in decisions on the relevant matter, unless permitted by law or determined otherwise by the Board.
14.4. The Board will determine the appropriate management of any conflict of interest, having regard to its nature and materiality of the interest in a Register of Directors' Interests and a Register of Conflicts of Interest.

15. Communication and Disclosure

15.1. The Board is responsible for ensuring effective, timely and balanced communication with shareholders and the market.
15.2. The Board oversees compliance with applicable disclosure obligations under the PNGX Listing Rules, including the timely disclosure of information that may have a material effect on the price or value of CPL's securities.
15.3. Directors must disclose all notifiable interests in the Company's securities in accordance with the requirements of the PNGX Listing Rules.
15.4. Directors must promptly notify the Chair or Company Secretary of any change to their notifiable interests in CPL securities to support compliance with applicable disclosure obligations.
15.5. The Board will adopt and maintain appropriate policies and procedures to support accurate, timely and consistent market disclosure.
15.6. The Board will ensure that shareholders have appropriate opportunities to receive information about CPL and participate in general meetings.

16. Performance and Review

16.1. The Board will periodically evaluate:
16.1.1 Its own performance.
16.1.2 Committee performance and
16.1.3 Individual Director contribution.

17. Review of Charter

17.1. This Charter will be reviewed by the Board at least every two years or as required.