



# ***BOARD CHARTER***

# ROLE OF THE BOARD

The Board is responsible for setting the Company's strategic direction and it strives to create shareholder value and to ensure shareholders funds are adequately protected. Its functions include:

- Approving corporate strategies, financial budgets and group policies
- Assessing actual performance against budgets in order to monitor the suitability of corporate strategy and to assess the performance of the management team
- Reviewing operational performance to ensure a clear understanding of the financial health of the Company
- Ensuring the Company always acts with a high level of ethical standards and in a legal and responsible way
- Appointing Directors and approving succession plans
- Appointing, evaluating and rewarding the senior executives of the management team
- Establishing corporate governance standards
- Overseeing the Committees established to assist the Board in the discharge of its responsibilities
- Reviewing progress of major capital expenditures and other significant corporate projects
- Overseeing the Company's control and accountability systems
- Enhancing and protecting the Company's reputation
- Reviewing and ratifying systems of compliance, including internal compliance and control, codes of conduct and legal compliance
- Overseeing the operation of the system for compliance and risk management reporting to Shareholders and major stakeholders

# **BOARD STRUCTURE**

The Company should be headed by an effective Board, which should lead and control the Company.

## ***Board Framework***

The Board structure will be a single tier framework as this structure offers considerable flexibility. The Board may also delegate functions to Board Committees such as Audit, Remuneration and Nomination Committees since these play an important part in corporate governance.

## ***Board Composition***

The Board will consist of a maximum of six (6) Directors with a maximum of Non-executive Directors.

The Chairman of the Board should also be a Non-executive Director.

## ***Board Nomination Committee***

### **Purpose**

The Board Nomination Committee has been established for the purpose of selecting and recommending to the Board, suitably qualified and experienced potential independent and executive Directors.

### **Structure**

The Board Nomination Committee will consist of all the Directors, one of which will be the Chairman of the Committee.

### **Selection Process**

Once agreement is reached that a Board position is available, either as a result of a new position or a retirement, the Committee should agree on the qualifications and experience needed to fulfil such a position.

Following agreement on the detailed requirements of the position the Committee should review prospective Director's CV's to ensure they have the necessary experience and qualifications to match the position. Shareholders are free to submit names for consideration by the Committee.

A shortlist of candidates should be presented to the Board for approval before the Committee commences the final selection process.

Once a final candidate has been selected, the Committee should recommend the prospective candidate to the Board for final approval.

# **BOARD MEETINGS**

The Directors may meet together for the dispatch of business and adjourn and otherwise regulate their meetings as they see fit.

## ***Convening of Meeting***

Meetings are usually held monthly otherwise a Director may convene a meeting at any time and the Secretary upon the request of a Director shall convene a meeting of the Directors.

## ***Notice of Meeting***

Notice of every Directors meetings shall be given by pre-paid post, telephone, email, facsimile or other similar means of communication, to each Director or alternate Director, at his/her notified place of residence. Non-receipt of any notice of meeting by a Director does not affect the validity of the convening of the meeting.

## ***Quorum of Directors***

A quorum for any Directors meetings is three or such other number as determined by the Directors from time to time.

## ***Meetings by Instantaneous Communication Device***

The Directors may hold a meeting by instantaneous communication device if they so desire and a Minute of the proceedings is sufficient evidence of those proceedings.

## ***Written Resolutions***

A resolution in writing, signed by all the Directors is as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held. Every resolution so signed shall be entered in the Minutes of the Directors meeting as soon as practicable after the resolution is signed.

## ***Voting at Directors Meetings***

Questions and resolutions arising at any meeting of the Directors shall be decided by a majority of votes and each Director has one vote. A person who is an alternative Director is entitled to one vote on behalf of each Director he/she represents as an alternative Director. If there is an equality of votes on any question or resolution, the Chairman, if he/she is entitled to vote on the question or resolution, may exercise a casting vote in addition to any other vote he/she may

have, except where two Directors constitute a quorum and there are only two Directors present at the meeting or only two Directors are eligible to vote on that question or resolution.

### ***Associate Director***

The Directors may appoint any person to be an associate Director and may also cancel such appointment. The Directors may determine and vary the powers, duties and remuneration of any person so appointed, but a person so appointed shall not be required to hold any shares to qualify him for the appointment nor have any right to attend or vote at any meeting of the Directors except by invitation or with the consent of the Directors.

### ***Powers of Meeting of Directors***

A meeting of the Directors at which a quorum is present is competent to exercise all or any of the authorities, power and discretions for the time being vested in or exercised by the Directors generally or under the Company's Constitution.

### ***Validation of Acts of Directors where Defect in Appointment***

All acts done at any meeting of the Directors or of a Committee of Directors or by any person acting as a Director or by any person purporting to act as an attorney under power of the Company, notwithstanding that it is afterwards discovered some defect in the appointment or continuance in office of such director or person or attorney acting as such or that they or any of them were disqualified or were not entitled to vote, are as valid as if every such person had been duly appointed or had duly continued in office and was qualified to be a Director or attorney and was entitled to vote.

### ***Chairman of Directors***

The Directors may elect one of their number to be Chairman of their meetings and may determine the period for which he/she is to hold office. If no Chairman is elected or if at any meeting the Chairman is not present within half an hour of the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of such meeting. The Directors may from time to time appoint a deputy Chairman who in the absence of the Chairman at a meeting of the Directors may exercise all the power and authorities of the Chairman.

### ***Director's Contract with the Company***

A Director shall not vote in respect of any contract or arrangement in which he has directly or indirectly a material interest and where such material interest is a material personal interest he/she must not be present whilst the matter is being considered at the meeting.

The nature of the Director's interest shall be disclosed by him/her at the meeting of Directors at which the question of entering into the contract or arrangement is first taken into consideration if his/her interest then exists or in any other case at the meeting of the Directors after he/she becomes so interested. A general notice given to the Directors by any Director to the effect that he/she is an officer or a member of or interested in any specified firm or corporation and is to be regarded as interested in all transactions with such firm or corporation is sufficient disclosure as required by the Corporations Law as regards such Director and the said transactions and after such general notice it is not necessary for such Director to give any special notice relating to any particular transaction with such firm or corporation.

Subject to the provisions of the Corporations Law a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted on a quorum) in respect of any resolution concerning any of the following matters, namely:

- a) The giving of any security, guarantee or indemnity to him/her in respect of money lent or obligations incurred by him/her or by any other person by the request of or for the benefit of the Company or any of its subsidiaries.
- b) The giving of any security, guarantee or indemnity to a third person in respect of a debt or obligation of the Company or any of its subsidiaries for which he/she himself/herself has assumed responsibility in whole or part under a guarantee or indemnity or by the giving of a security.
- c) Any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he/she is or is to be interested as a participant in the underwriting or sub-underwriting thereof.
- d) Any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer the Director is or may be entitled to participate as a holder of shares or debentures or other securities of the Company.
- e) Any proposal concerning any other company in which he/she is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he/she (together with any person connected with him/her) does not have an interest in one percent or more of the issued shares of any class of such company (or of any third company through which his/her interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purposes of this clause to be a material interest in all circumstances).
- f) Any proposal relating to a pension, superannuation fund or similar scheme or retirement, death or disability benefits scheme or employee's share scheme which relates both to Directors and employees of the Company or any of its subsidiaries and does not accord to any Director as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates.
- g) Any arrangement concerning insurance for the benefit of Directors or for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner as the employees and does not accord to any Director as such any

privilege or advantage not generally accorded to the employees to whom such arrangement relates.

If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by him/her voluntarily agreeing to abstain from voting, such question shall be referred to the Chairman of the meeting and his/her ruling in relation to any such question shall be final and conclusive except in a case where the nature and extent of the interests of the Director concerned has not been fairly disclosed.

### ***Delegation of Powers to Committees***

The Board may by resolution or by power of attorney or writing under Seal, delegate any of its powers to committees consisting of such Directors or Members or persons as the Directors think fit to act in Australia or elsewhere. Any committee so formed or person or persons so appointed shall, in the exercise of the power so delegated, conform to any regulations that may from time to time be imposed by the Directors.

The meetings and proceedings of any committee are governed by the provisions in the Constitution which regulate the meetings and proceedings of the Directors.



# BOARD MINUTES

## ***General Requirements***

Minutes are the record of the proceedings of a meeting. It is primarily the function of the Company Secretary to prepare the Minutes. The Directors shall cause Minutes to be duly entered in books provided for the purpose of recording the following:

- a) All appointments of Directors, Committees and Secretaries;
- b) The names of the Directors present at each Meeting of the Directors and Committees;
- c) All orders and resolutions of General Meetings and the Meeting of the Directors and committees; and
- d) Such matters as are required by the Corporations Law to be contained therein.

They must be signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next meeting.

The Minutes should state:

- The name of the Company;
- The date, place and time the meeting was held;
- The names of the members and other persons present;
- The name of the Chairperson of the meeting; and
- Details of discussions held at the meeting and the result of resolutions put to the meeting.

The Minutes of a general meeting of members of the Company must also record, in respect of each resolution set out in the Notice of Meeting, the total number of proxies received which were exercisable.

In addition, the details of how the proxies were to vote must be indicated (for, against, abstain, discretionary). If the resolution was determined on a poll, the number of votes cast for, against or abstaining must also be indicated in the Minutes.

## ***Inspection of Minutes***

The Minute books of general meetings and Directors meetings are to be kept at the Company's registered office or principal place of business in Australia.

The books containing the Minutes of the proceedings of the general meetings must be open to the inspection of any member without charge.

Any member is entitled to be furnished within 14 days of making any payment to the Company, with a copy of any Minutes of a general meeting at a charge not exceeding the amount specified in the Corporations Regulations.

The right of members to inspect and to be supplied with a copy of the Minutes does *not* apply to Minutes of Directors meetings.

# THE ROLE OF DIRECTORS

## ***Duties***

The basic legal duties of Directors are to act in good faith in the interests of the Company and for a proper purpose; and to exercise care and skill. These are derived from common law and are incorporated into the Corporations Law and are common to all Directors. The duties are owed to the Company, meaning generally the shareholders collectively.

## ***Executive Directors***

Executive Directors share with their Non-executive colleagues overall responsibility for the leadership and control of the Company. As well as speaking for the business area or function for which he or she is directly responsible, an executive Director should exercise individual judgement on every issue coming before the Board, in the overall interests of the Company. In particular, an Executive Director other than the Managing Director needs to be able to express views to the Board, which may be different from those of the Managing Director and be confident that provided that this is done in a considered way, the individual will not suffer. The Board should only appoint as Directors executive persons whom they judge to be able to contribute in these ways. Board appointment should not be regarded simply as a reward for good performance in an existing role.

## ***Non-Executive Directors***

Non-executive Directors should normally be appointed to the Board primarily for their contribution to the development of the Company's strategy.

In addition, Non-executive Directors may contribute valuable expertise not otherwise available to management. The Non-executive Directors should command the respect of the Executive Directors and should be able to work with them in a cohesive team to further the Company's interests.

The Non-executive Directors should be independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

# **THE ROLE OF THE CHAIRMAN**

The Chairman is primarily responsible for the working of the Board, for the balance of its membership subject to Board and Shareholder's approval, and for ensuring that all Directors, Executive and Non-executive alike are able to play their full part in its activities.

# **THE ROLE OF THE MANAGING DIRECTOR**

The Managing Directors' task is to run the business and to implement the policies and strategies adopted by the Board.

# THE ROLE OF THE COMPANY SECRETARY

## *Introduction*

Generally, a Company Secretary has two roles: that of Executive Officer to the Board of Directors and that of Administrative Officer of the Company.

The role of the Executive Officer to the Board of Directors carries a responsibility to ensure that all relevant business is put to the Board and that the decisions of the Board are implemented. In this role the Company Secretary is also often the conduit for communication between the Directors, Shareholders and Employees.

The role of the Administrative Officer requires the Company Secretary to:

- Assume responsibility for the implementation and where appropriate, supervision of the administrative functions of the Company;
- Have a clear understanding of the Company's Constitution and the provisions of the Corporations Law that affect the Company;
- Ensure that the necessary registers required to be kept by the Corporations Law are established and properly maintained;
- Ensure that all returns required to be lodged with ASIC are prepared and filed within the appropriate time limits;
- Be conversant with the requirements of the operating rules of the relevant financial markets;
- Organise and attend meetings of the Shareholders and Directors (this includes the sending out of notices, the preparation of agendas, the marshalling of proxies and the compilation of Minutes);
- Be aware of the procedures of meetings (particularly the relevant provisions of the Company's Constitution or replaceable rules (if applicable) regarding such things as quorum requirements, voting procedures, proxy provisions) so as to be able to advise the Chairperson if the need arises;
- Generally supervise the Company's share capital; and
- Ensure that the Company's financial records are kept in accordance with the Corporations Law and that the financial reports are prepared in the form and at the time required by the Corporations Law.

## ***Statutory Duties***

A Secretary's duties are supplemented by sec 180 to 185 of the Corporations Law which requires Secretaries and other officers of the Company to, at all times:

- Act with care and diligence;
- Act in good faith, in the best interests of the Corporation and for a proper purpose;
- Not to use their position to gain advantage for themselves or others or cause detriment to the Corporation; and
- Not to use information to gain advantage for themselves or others or cause detriment to the Corporation.

# CORPORATE GOVERNANCE

## ***Corporate Governance Overview***

The importance of corporate governance lies in its contribution to both business prosperity and to accountability.

Public companies are now among the most accountable organisations in society; they publish trading results and audited accounts and they are required to disclose much information about their operations, relationships, remuneration and governance arrangements. The emphasis on accountability has tended to obscure the Boards' first responsibility – to enhance the prosperity of the business over time.

Business prosperity cannot be commanded. People, teamwork, leadership, enterprise, experience and skills are what really produce prosperity. There is no single formula to weld these together, and it is dangerous to encourage the belief that rules and regulations about structure will deliver success. Accountability by contrast does require appropriate rules and regulations, in which disclosure is the most important element.

Good governance ensures that constituencies (stakeholders) with a relevant interest in the company's business are fully taken into account.

In addition, good governance can make a significant contribution to the prevention of malpractice and fraud, although it cannot prevent them absolutely.

Good corporate governance is not just a matter of prescribing particular corporate structures and complying with a number of hard and fast rules. There is a need for broad principles. All concerned should then apply these flexibly and with common sense to the varying circumstances of individual companies.

## ***The Essential Corporate Governance Principles***

- 1. Lay solid foundations for Management and oversight**  
Recognise and publish the respective roles and responsibilities of Board and Management.
- 2. Structure the Board to add value**  
Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.
- 3. Promote ethical and responsible decision making**  
Actively promote ethical and responsible decision-making.
- 4. Safeguard integrity in financial reporting**  
Have a structure to independently verify and safeguard the integrity of the Company's financial reporting.



**5. Make timely and balanced disclosure**

Promote timely and balanced disclosure of all material matters concerning the Company.

**6. Respect the rights of Shareholders**

Respect the rights of the Shareholders and facilitate the effective exercise of those rights.

**7. Recognise and manage risk**

Establish a sound system of risk management and internal control.

**8. Encourage enhanced performance**

Fairly review and actively encourage enhanced Board and Management effectiveness.

**9. Remunerate fairly and responsibly**

Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

**10. Recognise the legitimate interests of Stakeholders**

Recognise legal and other obligations to all legitimate stakeholders.