

CORPORATE GOVERNANCE  
CHARTER

PTB Group Limited

Re-adopted on 28<sup>th</sup> June 2013 and current and up to date as at that date

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## DEFINITIONS

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Act	<i>Corporations Act 2001 (Cth)</i>
AGM	Annual general meeting of the Company
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
Audit & Risk Management Committee	Committee responsible for internal controls and oversight of financial management and financial matters generally, and for risk management, across the Group as detailed in its Charter
Board	Board of Directors
Board Charter	Charter of corporate governance in relation to the Board contained in section 1 of this document
Chairman	Chairman of the Board
Charter	Board Charter or (according to context) the charter of any Committee contained (in each case) in this document
CEO	The executive officer or executive officers (whether or not a Director or Directors, and by whatever title known, whether chief executive officer, managing director, or otherwise) with sole or joint responsibility for the strategic and operational management of the Company and the Group
Code of Ethics	The code of ethics and values applicable to the Company contained in section 2 of this document
Committee	Committee of the Board
Constitution	Constitution of the Company
CFO	Chief financial officer or equivalent officer (whether or not a Director and by whatever title known) of the Company
Company	PTB Group Limited ABN 99 098 390 991
Director	Director of the Company
Group	Company and its controlled entities
Group Operating Policies & Procedures	Policy and procedures applicable to the Group from time to time adopted by the Board
Independence	Independence within the meaning of section 1.6 of this document
Independent	Independent within the meaning of section 1.6 of this document
Nominations Committee	Committee responsible for nominations and related matters as detailed in its Charter

Remuneration Committee	Committee responsible for remuneration and related matters as detailed in its Charter
Secretary	Secretary of the Company
Security	Equity, debt or other security of any kind of the Company
Shareholder	Holder of shares in the Company

## **1. BOARD CHARTER**

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### **1.1 Introduction**

- (a) This policy outlines the main corporate governance practices that are in place for the Company and to which the both the Board collectively and the Directors individually are committed.
- (b) The conduct of the Board is also governed by the Constitution, and, to the extent that the terms of the Constitution are inconsistent with this document, the Constitution is to prevail.

### **1.2 Guiding principle**

The Board will, in carrying out its function and exercising its powers, at all times fulfil its overriding responsibility to act honestly, conscientiously and fairly, in accordance with the law, in the interests of Shareholders (with a view to building sustainable value for them) and those of both employees of the Group and those the Group has dealings with.

### **1.3 Function**

The Board's broad function is to:

- (a) chart strategy and set financial targets for the Group;
  - (b) monitor the implementation and execution of strategy and performance against financial targets; and
  - (c) appoint and oversee the performance of executive management,
- and generally to take and fulfill an effective leadership role in relation to the Group.

### **1.4 Powers**

The Board has responsibility for the matters specified in section 1.3 and, in addition to those matters reserved to it by law, reserves to itself the following matters and all power and authority in relation to those matters:

- (a) composition of the Board itself including appointment and retirement or removal of Directors;
- (b) oversight of the Group including its strategy, operational performance, controls and accountability systems;
- (c) appointing and removing the CEO;
- (d) ratifying the appointment and, where appropriate, the removal of the CFO and the Company Secretary;
- (e) reviewing and overseeing the operation of systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and regulatory compliance;
- (f) implementation of strategy, and ensuring appropriate resources are available;
- (g) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (h) approving and monitoring financial and other reporting;
- (i) approving and monitoring investment and treasury functions;
- (j) monitor industry developments relevant to the Group and its business;
- (k) developing suitable key indicators of financial performance for the Group and its business;

- (l) input into and final approval of management's development of corporate strategy and performance objectives;
- (m) the overall corporate governance of the Group including the strategic direction; and
- (n) oversight of Committees.

To assist in the execution of its responsibilities, the Board has the authority to establish Committees (and delegate powers accordingly) to consider such matters as it may consider appropriate including, by way of example only, audit matters, finance and business risks, remuneration, and nominations.

## 1.5 Composition

The composition of the Board is determined according to the following principles:

- (a) the Board must comprise members with a broad range of experience, expertise, skills and contacts relevant to the Group and its business;
- (b) there must be at least four Directors;
- (c) the number of Directors may be increased where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified; and
- (d) the Chairman must be a non-executive Director who is also Independent;
- (e) at least half of the Board must be non-executive Directors at least two of whom must also be Independent.

## 1.6 Independence

- (a) The Board has adopted the following definition of an Independent Director:

*'An independent Director is a Director who is not a member of management (a non-executive Director) and who:*

- (a) *is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;*
- (b) *has not, within the last three years, been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;*
- (c) *is not a principal of a professional advisor to the Company or another Group member or another Group member, or an employee materially associated with the service provided, except in circumstances where the adviser might be considered to be independent notwithstanding their position as a professional advisor due to the fact that fees payable by the Company to the advisor's firm represent an insignificant component of its overall revenue;*
- (d) *is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;*
- (e) *has no significant contractual relationship with the Company or another Group member other than as a Director;*
- (f) *is free from 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 interests of the Company; and*
- (g) *has not 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 the Company.'*

- (b) The Board will regularly assess the Independence of each Director in the light of the interests disclosed by them, and each Director will provide the Board with all relevant information for this purpose. The Independence of Directors will be disclosed in the annual report. Where the Independence of a Director is lost, this will be immediately disclosed to the market.

## **1.7 Appointment and retirement**

- (a) When a vacancy exists, through whatever cause, or where the Board considers that it would benefit from the services of a new member with particular skills, the Board considers a panel of candidates identified and selected by the Nominations Committee having regard to:
  - (i) what may be appropriate for the Company and the Group;
  - (ii) the skills, expertise and experience of the candidates;
  - (iii) the mix of those skills, expertise and experience with those of the existing Directors; and
  - (iv) the perceived compatibility of the candidates with the Group and with the existing Directors.
- (b) Potential candidates to be appointed as Directors are considered by the Board with advice from an external consultant as considered by the Board to be appropriate. The Board then appoints the most suitable candidates who (assuming that they consent to act as Directors) continue in office only until the next AGM and are then eligible for election but are not taken into account in determining the number of Directors to retire by rotation at the AGM.
- (c) The terms and conditions of the appointment of all new members of the Board must be specified in a letter of appointment. The letter of appointment may refer to the Constitution and to this document.
- (d) Under the Constitution at least one third of all Directors, being the longest serving Directors, must retire at each AGM. Directors, excluding the CEO (if a Director), must also retire if a third AGM falls during the period in which they have held office. Retiring Directors are eligible to be re-elected.

## **1.8 Performance review and evaluation**

- (a) The performance of all other Directors is reviewed and assessed each year by the Chairman.
- (b) The performance of the Chairman is reviewed and assessed each year by the other Directors.
- (c) The evaluation criteria and process to be followed is the same in each case.
- (d) The Chairman determines the evaluation criteria and process.
- (e) Members of the Board whose performance is unsatisfactory are asked to retire.

## **1.9 Training and advice**

- (a) Directors are provided with proper information in relation to the Company and the Group before accepting appointment, and also with a proper induction course on accepting appointment, in each case appropriate for them to discharge their responsibilities in office.
- (b) Directors are provided with access to continuing education in relation to the Group extending to its business, the industry in which it operates, and generally information required by them to discharge the responsibilities of their office.



- (c) Each Director has the right to seek independent legal or other professional advice at the Company's expense. Prior approval from the Chairman is required but may not be unreasonably withheld or delayed.

#### **1.10 Meetings**

- (a) Board meetings are normally held monthly but will number not less than ten in any year.
- (b) Papers for Board and Committee meetings are circulated, wherever practical, at least five days before the relevant meeting.
- (c) Draft minutes of Board and Committee meetings (for consideration and approval at the next relevant meeting) are circulated within ten days following each meeting.
- (d) The non-executive Directors meet at least twice each financial year for private discussion of management issues.

#### **1.11 Secretary**

The Secretary is accountable to the Board, through the Chairman, on all corporate governance matters and is responsible for monitoring that the Charter is duly followed and for coordinating the completion and despatch of Board and Committee agenda and briefing materials as well as draft minutes of meetings of the Board and all Committees for approval at the next meeting.

#### **1.12 Committees**

- (a) The Board may establish Committees to assist it in carrying out its function and for its effective and efficient performance and will adopt a charter for each Committee established dealing with the scope of its responsibility and relevant administrative and procedural arrangements.
- (b) The Committees established and subsisting at the date of this document are the following:
  - (i) Audit & Risk Management Committee; and
  - (ii) Remuneration Committee.

#### **1.13 Ethical standards and values**

- (a) All Directors and all officers of the Company and each other company in the Group must act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company and the Group and, where possible, to act in accordance with the interests of Shareholders, staff, clients and all other stakeholders in the Company.
- (b) The Directors must comply with the Code of Ethics in the exercise of their duties.

#### **1.14 Dealings in Securities**

The Constitution permits Directors to acquire Securities. Company policy prohibits any dealing in, or procuring the dealing in, Securities except in accordance with the Code for Securities Transactions.

#### **1.15 Business risks**

- (a) The Board has the responsibility for the maintenance of the strategy of the Company which includes the identification of significant business risks. This responsibility is fulfilled by the Audit & Risk Management Committee which reviews the major risks affecting each business segment and develops strategies to mitigate these risks reports to the Board following each meeting.
- (b) The risks of the Company's and the Group's business are reviewed by the Board following each report by the Audit & Risk Management Committee. This report is a specific agenda item at each regular meeting of the Board. Once a risk is identified, an action plan is instigated, and the Audit & Risk Management Committee (and, through it,

the Board) is informed of the action plan proposed by management. The Audit & Risk Management Committee must approve the action plan. Corrective action is taken as soon as practicable. Major business risks arise from such matters as actions by competitors, changes in government policy and use of information systems.

- (c) The Group Operating Policies & Procedures, which are provided to all staff and with which they are required to comply, contains risk management procedures that aim to address risk management issues including the risk that professional indemnity claims may be made against the firm.
- (d) The CEO and CFO must each provide a statement to the Board with any financial report to the effect that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

## **1.16 Communication with Shareholders**

The Board aims to ensure that Shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to Shareholders as follows:

- (a) The Company's continuous disclosure obligations are reviewed as a standing item on the agenda for each regular meeting of the Board. Each Director is required at every such meeting to confirm details of any matter within his knowledge that might require disclosure to the market.
- (b) The annual report is distributed to all shareholders. The Board ensures that the annual report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group, and details of future developments in addition to the other disclosures required by the Act.
- (c) Proposed major changes in the Group which may impact on share ownership rights and the removal and appointment of Directors are submitted to a vote of shareholders at an AGM. If resolutions are required to be put to Shareholders before the next AGM, a general meeting will be called with at least 28 days' notice in accordance with the Constitution. The Board encourages the full participation of Shareholders at the AGM and at other general meetings to ensure a high level of accountability and identification with the Group's strategy and goals.
- (d) The external auditors will be requested to attend the AGM and be available to answer questions by Shareholders on the conduct of the audit and the preparation and content of the audit report.
- (e) The half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The report is lodged with and available from the ASX and the ASIC. It is also sent to any Shareholder who requests it from the Company.
- (f) Company announcements are made in a manner which is factual, timely, clear, and objective manner, and so as not to omit any information material to decisions of Shareholders and potential investors in the Company.
- (g) Information concerning the Company and the Group, including copies of announcements made through the ASX and the annual report and half-yearly report, is made available to Shareholders and prospective investors in the Company on the Company's website. The Company has a continuing commitment to electronic communication with Shareholders and stakeholders generally including via its website.

## **1.17 Recognition of interests of stakeholders**

- (a) Directors must recognise that their primary responsibility is to Shareholders as a whole however, the Company must function within, and operate with a sense of responsibility to, the wider community as well as to Shareholders. It is the Company's belief that this sense of responsibility to stakeholders generally is an essential part of its role within the broad community and represents not only sound ethics but also good business sense and commercial practice.
- (b) As part of this broad responsibility the Company welcomes constructive feedback on its contribution to and role within the community at AGMs and via its website.

## 2. CODE OF ETHICS AND VALUES

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### 2.1 Objective

The objective of this code is to give the Directors mandatory directions to be followed in performing their duties with a view to enabling them to achieve the highest possible standards in the discharge of their obligations and give them a clear understanding of best practice in corporate governance.

### 2.2 Obligation

**A Director has an obligation, at all times, to comply with the spirit and the principles of this code as well as the law.**

Taking a position on the Board involves taking on important legal and ethical responsibilities as well as making a commitment to uphold the values of good corporate citizenship in both individual conduct and corporate actions. These responsibilities, and this commitment, are regulated by this code for Directors who must regard themselves as bound by it accordingly. The adherence by each Director to the requirements of this code is critical to the effective operation of the Board. No person should therefore accept a Board position if they have any doubt about their ability to fulfil their obligation to comply with the requirements of this code.

### 2.3 General duties

**Directors must:**

- (a) act in good faith in the best interests of the Company and for a proper purpose;**
- (b) act in the interests of all shareholders and to avoid any potential conflict of interest;**
- (c) exercise a reasonable degree of care and diligence;**
- (d) not make improper use of information; and**
- (e) not make improper use of their position.**

Breaches of these duties at common law and under the Act may expose Directors to potential liability in damages, fines and disqualification.

A Director, in the exercise of his or her powers, and in the discharge of their duties, must exercise the degree of care and diligence that a reasonable person would exercise if they were a Director in the circumstance prevailing and occupied the office held by, and had the same responsibilities within the Company, as the Director.

A Director must, as a fiduciary, act with fidelity and trust in relation to the Company. The Board has been appointed to manage the affairs of the Company on behalf of the shareholders and is accountable not only to shareholders but to other third parties including creditors, regulators and the community.

The Act requires directors to act honestly and with a reasonable degree of care and diligence in the exercise of their powers and duties and the discharge of their duties.

To undertake the role of a Director without taking steps to acquire and maintain a reasonable level of competence is also likely to be considered negligent. All Board members are therefore required to attend at least one educational seminar a year to enable them to be kept fully informed of matters relevant to their position as a Director.

The Company maintains a directors' and officers' liability insurance. Directors should ensure that they are fully aware of the terms of this insurance so as to be able to qualify for protection under it.

## 2.4 Business judgment rule

- (a) Each Director should be familiar with the business judgment rule set out in this section.
- (b) A director's duty to act with care and diligence will be taken to be satisfied where the director:
  - (i) **Makes a judgment in good faith and for a proper purpose**
    - (A) This requires an honest exercise of powers in the best interests of the company on the basis of an objective view.
    - (B) Decisions which would allow some directors or shareholders to gain an advantage over others may be indicative of those made for improper purposes – even where the decision does not result in damage to the company.
  - (ii) **Has no material personal interest in the subject-matter of the judgment made**

This requires the avoidance of any conflict of interest.
  - (iii) **Is informed about the subject-matter of the judgment to the extent the director reasonably believes to be appropriate**

This requirement is satisfied where the director has made a reasonable effort to be informed.
  - (iv) **Rationally believes the judgment to be in the best interest of the Company**

This requirement is presumed to be satisfied unless no reasonable person in the director's position would have made that judgment.
- (c) The business judgment rule:
  - (i) relates only to decisions about the ordinary business operations of the Company; and
  - (ii) does not relieve a director from other fiduciary duties (over and above those owed as a director) such as to act in good faith, not to misuse the position of director, not to make improper use of confidential information, and to prevent insolvent trading.
- (d) A business judgment is any decision to take or not to take action in respect of a matter relevant to the business operations of the company; it does not apply to any failure to take a decision.

## 2.5 Decision-making

**A Director must be independent in judgement and actions and must take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.**

In order to satisfy this requirement a Director must:

- (a) make a reasonable effort to become and remain familiar with the affairs of the Group;
- (b) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- (c) commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Group without placing undue reliance on other Directors to fulfil those duties.

Directors should rely on advice relating to Company or the Group or their affairs only where that advice is given or prepared by:

- (d) an employee whom the Director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (e) a professional adviser or expert in relation to matters that the Director believes on reasonable grounds to be within the person's professional or expert competence;

- (f) another Director or officer in relation to matters within that Director's or officer's authority; or
- (g) a Committee (on which the Director did not serve) in relation to matters within the Committee's authority;

Directors should only rely on such information or advice if:

- (h) The Director's reliance was made in good faith, and after making an independent assessment of the information and advice, having regard to the Director's knowledge of the Company and Group and the complexity of their structure and operations; and
- (i) The reasonableness of the reliance arose in proceedings brought to determine whether the Director performed his or her duties under the *Corporations Act 2001* or the common law.

## 2.6 Confidentiality

**Directors must observe confidentiality regarding all Board matters and all confidential information received by a Director in the course of the exercise of their duties.**

- (a) All information received by a Director in the course of fulfilling Board duties must be regarded as confidential and remains the property of the Company. Confidential information is not limited to information that may be regarded as Price-Sensitive and extends to (by way of example only) information that is not Price-Sensitive as such but might reasonably be considered of use or of interest to retail investors.
- (b) A Director may not disclose information, or allow it to be disclosed, to any other person unless that disclosure has been authorised by the Company or is required by law to be disclosed.

All discussions and resolutions of the Board must likewise be treated as confidential and not disclosed, or allowed to be disclosed, as regards either content or substance, to persons who are not Directors except in cases where disclosure:

- (i) has been authorised by the Company; or
  - (ii) is required by law.
- (c) Authorisation by the Company will be presumed where and to the extent that Board or Committee minutes convey, either expressly or implicitly, that it is intended that disclosure should be made to third parties.
  - (d) Any Director in any doubt as to their obligations of confidentiality or in relation to any matter of disclosure should consult with the Chairman prior to making any disclosure. A Director may also seek independent advice in accordance with section 1.9(c) of this document.

## 2.7 Improper use of information

**A Director must not make improper use of information acquired as a Director.**

Directors are also prohibited from making improper use of information acquired by virtue of their position as a Director so as to gain, directly or indirectly, any personal advantage or any advantage for any other person or that may cause detriment to the Company or the Group. A Director may also seek independent advice in accordance with section 1.9(c).

## **2.8 Co-operation**

**Directors must observe solidarity with the resolutions of the Board and co-operate in their implementation.**

Board members are part of a team. As such they must work co-operatively with the Chairman and other Directors and with management. Directors must therefore observe solidarity regarding the resolutions of the Board or any Committee. Directors must not speak against a resolution of the Board or any Committee to any person other than fellow Directors. Directors must also support Board resolutions by providing assistance and co-operation in their implementation.

## **2.9 Personal Interests and Conflicts**

**A Director must not take improper advantage of their position as a Director.**

**No Director may allow any personal interest, or the interest of any associated person, to influence or prejudice their conduct or any Board or Committee decision.**

A Director has a duty to avoid any conflict between the best interests of the Company and the Group and their own personal interests or those of any third party. Every Director must be aware of both actual and potential conflicts of interest. The law requires that a Director with a conflict of interest should refrain from voting, or entering into any discussion, at, or even being present during, relevant Board discussions. A Director who has any material personal interest in a matter must not be present at a meeting while the matter is being considered and must not vote on the matter. A personal interest may be either direct or indirect and either pecuniary or otherwise. Papers relevant to any matter on which there is a known conflict of interest, or in relation to which there is a material personal interest, will not be provided to any Director concerned.

## **2.10 Conduct**

**A Director must not engage in conduct likely to bring discredit upon the Company or the Group.**

**Each Director must be and remain aware of, and observe, any standing orders adopted by the Board from time to time for the conduct of Board and committee meetings.**

**Directors must at all times comply with the spirit as well as the letter of the law and with the principles of this code.**

Directors should conduct themselves at all times in a sober, polite, lawful and restrained manner in carrying out their duties, at both Board and Committee meetings, at Company functions and meetings, and where otherwise dealing with matters concerning or involving the Company.

## **2.11 Performance**

**Directors must recognise that their primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders.**

**An independent expert appointed by the Board shall conduct a biennial review of the effectiveness of the Board's performance.**

The Board is accountable not only to Shareholders, but to other third parties, including creditors, regulators and the community. However, it is not practical for any of these interest groups to undertake regular appraisals of Board performance, and nor would such appraisal be appropriate as a particular interest group could have difficulty being impartial or objective. The Board must satisfy itself that it is performing to maximum efficiency so that all Directors can be assured that they are fulfilling their obligations and that there is no exposure for them to any legal liability. Each Director must cooperate fully with any review or assessment of performance, whether collective or individual, and whether conducted by the Chairman or any other Director or by any independent third party externally appointed for the purpose.

## **2.12 Complaints**

### **Directors must abide by the complaints procedure determined by the Board.**

The Board is concerned with the development and formulation and proper implementation of strategy and policy. Management carries strategy and policy into effect. Directors may from time to time be approached by shareholders, staff or other persons who have a complaint about a matter relating to the Company or the Group. Any such complaint must be dealt with in accordance with the relevant procedure contained in the Group Operating Policies & Procedures.



### **3. STANDING RULES OF COMMITTEES**

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#### **3.1 Application**

These rules apply to, and are deemed incorporated into the Charter of each Committee, except insofar as they may conflict with any of its terms.

#### **3.2 Composition**

- (a) Each Committee must consist non-executive Directors, the majority of whom are also Independent, and may contain employees and or external appointees.
- (b) The Chairman must be a member of each Committee unless not Independent.
- (c) Each Committee must consist of no fewer than two members.
- (d) Committees are appointed by the Board and serve as determined by the Board. The Board appoints one member of any Committee to act as its chairman.

#### **3.3 Role**

Each Committee has the role of improving the efficiency of the Board through accepting the delegation of tasks and performing them in a forum where they can receive greater attention to detail than would be practical solely at Board level.

#### **3.4 Proceedings**

- (a) Any meeting may be held by means of conference call or any other means of communication that may, under the Act or the Constitution, be used for Board meetings.
- (b) The quorum for any meeting is two members whether or not including the Chairman.
- (c) Any Director may attend (but not vote at) a meeting of a Committee of which that Director is not a member, as determined by the Committee, for discussion of any particular matter relevant to that Director or in relation to which that Director may have a special contribution to make.
- (d) Any Committee may delegate any specific task to one of its members or to a sub-committee consisting of two or more of its members.
- (e) The procedural provisions of this section 3.4 apply in relation to any sub-committee of a Committee.

#### **3.5 Reporting**

Any Committee reports to the Board following each Committee meeting with a copy of the minutes or otherwise by way of written report.

#### **3.6 Secretary**

The Secretary is accountable to the Board, through the Chairman, on all corporate governance matters and is responsible for monitoring that the Charter is duly followed and for coordinating the completion and despatch of Committee agenda and briefing materials as well as draft minutes of meetings of the Committee for approval at the next meeting.

### **3.7 Performance review and evaluation**

- (a) The same procedures apply as for the Board (section 1.8 of this document) subject only to the role of the Chairman being taken by the chairman of the Committee and any other necessary changes.
- (b) Review and evaluation are conducted against the Charter as well any criteria determined by the Chairman.
- (c) The Committee reports to the Board on the conduct and results of its review and evaluation and makes any recommendations it may consider appropriate.

## **4. AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER**

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### **4.1 Standing rules**

The standing rules for Committees (section 3 of this document) apply to, and are deemed incorporated into the Charter of the Committee, except insofar as they may conflict with any of its terms.

### **4.2 Purpose**

- (a) The Committee is established by the Board to assist it and report to it in relation to the matters with which it is charged with responsibility.
- (b) The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.
- (c) It also gives the Board additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report. The Committee has responsibility for reviewing the risk management framework and policies within the Company and monitoring their implementation.

### **4.3 Scope of responsibility**

The Committee has responsibility for the following:

- (a) Ensuring an appropriate Board and Committee structure is in place so as to facilitate a proper review function by the Board;
- (b) Monitoring the establishment of an appropriate internal control framework, including information systems, and its operation and considering enhancements;
- (c) Monitoring corporate risk assessment and compliance with internal controls;
- (d) Overseeing business continuity planning and risk mitigation arrangements;
- (e) Assessing the objectivity and performance and of the internal audit function and considering enhancements;
- (f) Reviewing reports on any material defalcations, frauds and thefts from the Group;
- (g) Reviewing reports on the adequacy of insurance coverage;
- (h) Monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Secretary in relation to those requirements;
- (i) Reviewing significant transactions which are not a normal part of the Group's business;
- (j) Reviewing the nomination, performance and independence of the external auditors, including recommendations to the Board for the appointment or removal of any external auditor;
- (k) Liaising with the external auditors and ensuring that the annual audit is conducted in an effective manner that is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- (l) Reviewing management processes supporting external reporting;
- (m) Reviewing financial statements and other financial information distributed externally;
- (n) Preparing and recommending for approval by the Board the corporate governance statement for inclusion in the annual report or any other public document;

- (o) Reviewing external audit reports to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management; and
- (p) Reviewing and monitoring compliance with the Code of Ethics.

#### **4.4 Powers**

- (a) The Committee has an advisory role, consistent with its purpose of assisting the Board in relation to the matters with which it is charged with responsibility, and does not have any power to commit the Board to any recommendation or decision made by it except:
  - (i) for matters relating to the appointment, oversight, remuneration and replacement of the external auditors; and
  - (ii) where and to the extent that (in other respects) it has express delegated authority from the Board.
- (b) The Committee has unrestricted access to management and to internal audit personnel as well as to the external auditors as it may consider appropriate for the proper performance of its function.

#### **4.5 Internal control framework**

The Company's internal control framework is as follows.

##### **(a) Secretary**

The Secretary is accountable to the Board, through the Chairman, on all corporate governance matters and is responsible for monitoring that the Charter is duly followed and for coordinating the completion and despatch of Board and Committee agenda and briefing materials as well as draft minutes of meetings of the Board and all Committees for approval at the next meeting.

##### **(b) Risk Management**

- (i) The Committee fulfils the responsibility for the identification of significant business risks and reviews the major risks affecting each business segment and develops strategies to mitigate these risks. It reports specifically to the Board following each meeting.
- (ii) The Committee must approve any action plan instigated. Corrective action is taken as soon as practicable. Major business risks arise from such matters as actions by competitors, changes in government policy and use of information systems.
- (iii) The Group Operating Policies & Procedures, which are provided to all staff and with which they are required to comply, contains risk management procedures that aim to address risk management issues including the risk that professional indemnity claims may be made against the firm.
- (iv) The CEO and CFO must each provide a statement to the Board with any financial report to the effect that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

##### **(c) Financial reporting**

- (i) The external auditors are selected according to criteria set by the Committee which include most significantly:
  - (A) the lack of any current or past connection or association with the Company or with any member of senior management that could in any way impair, or be seen to carry with it any risk of impairing, the independent external view they are required to take in relation to the Company and the Group;
  - (B) their general reputation for independence and probity and professional standing within the business community; and

- (C) their knowledge of the industry within which the Company and the Group operate.
- (ii) Audit staff employed by the external audit partner, including the partner or other principal with overall responsibility for the engagement, are required to be rotated periodically, and in any event at intervals not exceeding five years, so as to avoid any risk of impairing the independent external view that the external auditors are required to take in relation to the Company and the Group.
- (iii) An annual budget prepared by management and reviewed and commented on by the Committee is approved by the Board. Actual results, including both profit and loss statement and cashflow statement, are reported on a monthly basis against budget, and revised forecasts for the year are prepared regularly. The Group provides half-yearly financial reports.
- (iv) Price-Sensitive Information, and generally all information reasonably required by an investor to make an informed assessment of the Company and Group's activities and results, must be reported to the ASX in accordance with continuous disclosure requirements which are considered as a standing agenda item at each regular meeting of the Committee as well as of the Board.
- (v) Each of the CEO and CFO must state in writing to the Board, when providing it with financial reports, that the Company's financial reports:
  - (A) present a true and fair view, in all material respects, of the Company's financial conditions and operational results;
  - (B) are in accordance with relevant accounting standards; and
  - (C) are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
- (vi) Without limiting relevant matters of which the Board should be informed, the CEO is also primarily responsible for:
  - (A) making decisions concerning whether a matter is required to be disclosed in accordance with the Company's continuous disclosure obligations;
  - (B) ensuring that the Company complies with those obligations;
  - (C) notifying the Board of such matters;
  - (D) monitoring and promoting an understanding within the Company of compliance; and
  - (E) Acting as the contact for media and comment, including analyst briefings and responses to shareholder questions.

**(d) Quality and integrity of personnel**

The Group's policies are detailed in the Group Operating Policies & Procedures. Written confirmation of compliance with policies is obtained from all staff members. Formal appraisals are conducted at least annually for all employees.

**(e) Investment appraisal**

The Group has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal, review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested.

**(f) Operating unit controls**

Financial controls and procedures, including information systems controls are detailed in the Group Operating Policies & Procedures.

**(g) Functional speciality reporting**

The Board has identified a number of key areas which are subject to regular reporting to the Board as detailed in Committee Charters or (as regards, by way of example only, expenditure on entertainment and travel by Directors and senior management) the Group Operating Policies & Procedures.

**4.6 Audit planning**

The Committee reviews the performance of the external auditors on an annual basis against the following cycle of activity and meetings with the external auditors:

**(a) During the year**

- (i) Discuss the external audit plan.
- (ii) Discuss any significant problems that may be foreseen.
- (iii) Discuss the impact of any proposed changes in accounting policies on the financial statements.
- (iv) Review the nature and impact of any changes in accounting policies adopted by the Group during the year.
- (v) Review the fees proposed for the audit work to be performed.

**(b) Prior to announcement of results**

- (i) Review the pro-forma half-yearly and pro-forma preliminary final report prior to lodgement of those documents with the ASX, and any significant adjustments required as a result of the audit.
- (ii) Make the necessary recommendation to the Board for the approval of these documents.

**(c) Half-year and year-end reporting**

- (i) Review the results and findings of the audit, the adequacy of accounting, financial and operating controls, and to monitor the implementation of any recommendations made.
- (ii) Review the draft financial report and the audit report and to make the necessary recommendation to the Board for the approval of the financial report.

**(d) As required**

Organise, review and report on any special reviews or investigations deemed necessary by the Board.

**4.7 Proceedings**

- (a) Meetings are held at least two times during each year and more often as required.
- (b) The external auditor, the CEO and the CFO are invited to attend meetings, or specific parts of meetings, at the discretion of the Committee.

## **5. REMUNERATION COMMITTEE CHARTER**

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### **5.1 Standing rules**

The standing rules for Committees (section 3 of this document) apply to, and are deemed incorporated into the Charter of the Committee, except insofar as they may conflict with any of its terms.

### **5.2 Purpose**

- (a) The Committee is established by the Board to assist it and report to it in relation to the matters with which it is charged with responsibility.
- (b) The role of the Committee is to advise on remuneration and issues relevant to remuneration policies and practices including those for senior management and non-executive Directors.

### **5.3 Scope of responsibility**

- (a) The Committee has responsibility for the following:
  - (i) reviewing and evaluating market practices and trends in relation to remuneration relevant to the Group;
  - (ii) reviewing and making recommendations to the Board in relation to the Group's remuneration policies;
  - (iii) reviewing and making recommendations to the Board in relation to the Group's remuneration practices;
  - (iv) overseeing the performance of the CEO and CFO and other members of senior management and non-executive Directors;
  - (v) reviewing and making recommendations to the Board in relation to the remuneration of the CEO and CFO and other members of senior management and of non-executive Directors; and
  - (vi) preparing for the Board any report that may be required under applicable legal or regulatory requirements in relation to remuneration matters.
- (b) Remuneration is in each case taken as including not only monetary payments (salary and wages) but all other monetary and non-monetary emoluments and benefits including:
  - (i) fringe benefits;
  - (ii) directors' and officers' and other insurance arrangements;
  - (iii) retirement benefits;
  - (iv) superannuation; and
  - (v) equity participation, and other incentive programs;

In each case in the context of general market and industry practice (so far as directly relevant benchmarks can be identified for comparative purposes) and the need to attract and retain high-calibre personnel.

### **5.4 Powers**

The Committee has an advisory role, consistent with its purpose of assisting the Board in relation to the matters with which it is charged with responsibility, and does not have any power to commit the Board to any recommendation or decision made by it but may nevertheless consult independent external expert advisers as it may consider appropriate for the proper performance of its function and charge the costs to the Company or other appropriate company within the Group.

## **5.5 Proceedings**

- (a) Meetings are held at least two times during each year and more often as required.
- (b) Representatives of management and other employed personnel may be invited to attend meetings, or specific parts of meetings, at the discretion of the Committee.



## **6. NOMINATIONS COMMITTEE CHARTER**

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### **6.1 Standing rules**

Best practice recommendations issued by the ASX recommend a separate Nominations Committee to assist the Board and report to it on selection and appointment issues and practices including those for senior management and non-executive Directors.

However given the size of the Company and of the Board, the separate Nominations Committee has not been continued and the responsibility now rests with the Board.