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## Corporate governance charter

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Dynamic Agri Tech Limited ACN 060 891 796

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Version: 1

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# Corporate governance charter

Dynamic Agri Tech Limited ACN 060 891 796

## 1 Definitions and interpretation

### 1.1 Definitions

In this document:

Term	Definition
<b>AGM</b>	means the annual general meeting of the Company.
<b>ARM Committee</b>	means the Audit and Risk Management Committee.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited ACN 008 624 691.
<b>Audit and Risk Management Committee or ARM Committee</b>	means the Committee responsible for internal controls, risk management and oversight of financial management and financial matters generally, as set out in section 5.
<b>Board</b>	means the board of Directors.
<b>Board Charter</b>	means the charter of corporate governance in relation to the Board, set out in section 2.
<b>Chairman</b>	means the chairman of the Board.
<b>CEO</b>	means the executive officer (by whatever title known, whether chief executive officer, managing director or otherwise) with sole responsibility for the strategic and operational management of the Group.
<b>Code for Securities Transactions</b>	means the code of conduct for transactions in Securities set out in section 4.
<b>Code of Conduct</b>	means the code of conduct set out in section 3.
<b>Committee</b>	means a committee of the Board.
<b>Constitution</b>	means the constitution of the Company.
<b>CFO</b>	means the chief financial officer or equivalent officer of the Company (by whatever title known).
<b>Company</b>	means Dynamic Agri Tech Limited ACN 060 891 796.
<b>Corporations Act</b>	means <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>Group</b>	means the Company and its controlled entities.
<b>Group Operating Policies and Procedures</b>	means the policy and procedures applicable to the Group from time to time, adopted by the Board.
<b>Independence</b>	has the meaning set out in section 2.9.

<b>Term</b>	<b>Definition</b>
<b>Independent Director</b>	has the meaning set out in section 2.9.
<b>Nominations Committee</b>	means the Committee responsible for nominations and other things, as set out in section 8.
<b>Price Sensitive</b>	has the meaning set out in section 4.4.
<b>Price Sensitive Information</b>	has the meaning set out in section 4.4.
<b>Remuneration Committee</b>	means the Committee responsible for remuneration and other things, as set out in section 7.
<b>Secretary</b>	means the secretary of the Company.
<b>Security</b>	has the meaning set out in section 4.10.
<b>Senior Executives</b>	means the senior management team (excluding Board Members), being those who have the opportunity to materially influence the integrity, strategy and operation of the Company, and its financial performance.
<b>Shareholder</b>	means a holder of shares in the Company.
<b>Trade</b>	has the meaning set out in section 4.3.
<b>Trader</b>	means someone who wishes to Trade Securities.

## **1.2 Interpretation**

Concepts not defined in this document which are given a meaning in the Corporations Act have the same meaning as in the Corporations Act.

## **2 Board Charter**

### **2.1 Introduction**

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

### **2.2 Guiding principle**

The Board has an overriding responsibility to act honestly, conscientiously and fairly, in accordance with the law, in the interests of:

- (a) Shareholders (with a view to building sustainable value for them);
- (b) employees of the Group; and
- (c) other people or entities with whom the Group deals.

### **2.3 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 an effective leadership role in relation to the Group.

### **2.4 Powers**

The Board has other responsibilities imposed by law. These include responsibility for:

- (a) the composition of the Board including appointment and retirement or removal of Directors;
- (b) oversight of the Group including its control and accountability systems;
- (c) appointing and removing the CEO or equivalent;
- (d) where appropriate, ratifying the appointment and the removal of Senior Executives;
- (e) reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance;
- (f) monitoring Senior Executive's implementation of strategy, and ensuring appropriate resources are available;
- (g) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and sales;
- (h) approving and monitoring financial and other reporting;
- (i) performance of investment and treasury functions;
- (j) monitoring industry developments relevant to the Group and its business;
- (k) developing suitable key indicators of financial performance for the Group and its business;
- (l) having input in and granting final approval of corporate strategy and performance objectives developed by management;
- (m) the overall corporate governance of the Group including its strategic direction and goals for management, and monitoring the achievement of these goals;
- (n) oversight of Committees; and
- (o) delegation of functions pursuant to section 2.5.

## **2.5 Delegation**

The Board may delegate to Senior Executives such functions and responsibilities of the Board as it sees fit from time to time including those in relation to the integrity, strategy and operation of the Company and financial performance.

## **2.6 Independent advice**

The Board may from time to time agree on a procedure for Directors to take independent professional advice at the expense of the Company.

## **2.7 Committees**

The Board has the authority to establish and delegate powers to Committees. For example Committees may be established to assist the Board on audit matters, finance and business risks, remuneration, and nominations, and to establish a framework for the effective and efficient management of the Company and the Group.

## **2.8 Composition**

- (a) In the longer term, the Chairman must be a non-executive Director who is also an Independent Director. The Chairman is responsible for leadership of the Board and for the efficient organisation and conduct of the Board.
- (b) In the formative years of the Company, there will be a non-executive Chairman who will not necessarily be independent. The position of Chairman will become an independent position, in line with policy 2.8(a), as the Company grows and a suitable person becomes available to assume the responsibility of Chairman. Subject to other policies set out in this document, the position of the Chairman will be reviewed at least on an annual basis.
- (c) The Chairman should facilitate the effective contribution by all Directors and promote constructive and respectful relations between Directors, and between the Board and the Senior Executives.
- (d) The Board must comprise:
  - (i) members with a broad range of experience, expertise, skills and contacts relevant to the Group and its business;
  - (ii) no less than five Directors, half of whom must be non-executive Directors;
  - (iii) more than five Directors where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified; and
  - (iv) a majority of Independent Directors.
- (e) The Board in the formative years of the Company will not comprise a majority of Independent Directors, owing to the limited availability of qualified persons with the requisite knowledge base to hold these positions. The Board intends for there to be a majority of Independent Directors, in line with policy 2.8(d), as and when suitable candidates become available for nomination to the position of Independent Director. Subject to other policies set out in this document, the composition of the Board will be reviewed at least on an annual basis.
- (f) Whilst in the longer term the role of a managing director will be considered, initially, the role of managing director is not seen as essential.

## 2.9 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 i.e. a non-executive Director and who:*

- (a) is not a substantial Shareholder of the Company, or an officer of a substantial Shareholder, and is not otherwise associated, directly or indirectly, with a substantial Shareholder of the Company;*
- (b) has not, within the last three years:*
  - (i) been employed in an executive capacity by the Company or another Group member; or*
  - (ii) been a Director after ceasing employment in an executive capacity for the Company or another Group member;*
- (c) has not, within the last three years, been a principal of a professional advisor to the Company or another Group member or an employee materially associated with the service provided, except where the advisor might be considered to be independent due to the fact that fees payable by the Company to the advisor's firm represent an insignificant component of the advisor's firm overall revenue;*
- (d) is not:*
  - (i) a material supplier or customer of the Company or another Group member; or*
  - (ii) an officer of or associated, directly or indirectly, with a material supplier or customer;*
- (e) has no material 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 must regularly assess whether each Director remains an Independent Director in the light of the interests disclosed by them, and each Director must provide the Board with all relevant information for this purpose. The independence of Directors will be disclosed in the annual report. Where a Director ceases to be an Independent Director, this must be immediately disclosed to the market.

## 2.10 Appointment and retirement

- (a) When a vacancy arises for any reason or where the Board decides a new Director is required with particular skills, the Nominations Committee must prepare a list of candidates considering:

- (i) what may be appropriate for the Company and the Group;
- (ii) the skills, expertise and experience required;
- (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.

Initially, there will not be a Nominations Committee as the Company will not be of a critical size to justify formation of such a committee. Instead, the full Board shall perform the functions of the Nominations Committee.

- (b) Potential candidates to be appointed as Directors are considered by the Board, with advice from an external consultant if this is considered by the Board to be appropriate. The Board then appoints the most suitable candidates who have consented to act as Directors. The appointed candidates continue in office only until the next AGM and are then eligible for election. They 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.

### **2.11 Performance review and evaluation**

- (a) The performance of all other Directors and Senior Executives is reviewed and assessed each year by the Chairman, and the performance of the Chairman is reviewed and assessed each year by the other Directors.
- (b) The evaluation criteria and process to be followed is the same in each case.
- (c) The Chairman determines the evaluation criteria and process.
- (d) A member of the Board whose performance is unsatisfactory will be asked to retire.
- (e) An external assessment of the Board's policies and procedures, and its effectiveness generally must be conducted by independent professional consultants at intervals of three years or less.

### **2.12 Training and advice**

- (a) Directors must be provided with information about the Company and the Group before accepting the appointment and complete an induction course after their appointment, in each case appropriate for them to discharge their responsibilities in office.
- (b) Directors must be given access to continuing education in relation to the Group, extending to its business, the industry in which it operates, and other information required by them to discharge the responsibilities of their office.

- (c) Each Director may 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.

### **2.13 Meetings**

- (a) Board meetings are normally held monthly, and must occur not less than ten times in any year.
- (b) Papers for Board and Committee meetings must be circulated, where 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) must be circulated within ten days following each meeting.
- (d) The non-executive Directors must meet at least twice each financial year for a private discussion of management issues.

### **2.14 Secretary**

The Secretary is accountable to the Board, through the Chairman, on all corporate governance matters and is responsible for:

- (a) monitoring this policy and any Committee Charter, to ensure they are followed; and
- (b) coordinating the timely completion and despatch of:
  - (i) Board and Committee agenda and briefing materials; and
  - (ii) draft minutes of meetings of the Board and all Committees for approval at the next meeting.

### **2.15 Committees**

- (a) The Board may establish Committees to assist the Board to carry out its functions effectively and efficiently. The Board will adopt a charter for each Committee setting the scope of its responsibility and relevant administrative and procedural arrangements.
- (b) The Committees established at the date of this document are the following:
  - (i) Audit and Risk Management Committee; and
  - (ii) Remuneration Committee.

### **2.16 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 Conduct in the exercise of their duties.

### **2.17 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.

### **2.18 Business risks**

- (a) The Board is responsible for Company strategy, including the identification of material risks. This responsibility is fulfilled by the Audit and Risk Management Committee which reviews the material risks affecting each business segment, develops strategies to mitigate these risks, and 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 and 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 proposed by management and submitted to the Audit and Risk Management Committee and, through it, the Board is informed of the action plan.
- (c) The Audit and Risk Management Committee must approve the action plan. Corrective action must be taken as soon as practicable. Material business risks arise from such matters as actions by competitors, changes in government policy and use of information systems.
- (d) Staff must be provided with and comply with the Group Operating Policies and Procedures. The Group Operating Policies and Procedures contain risk management procedures that aim to address risk management issues including professional indemnity claims.
- (e) The CEO and CFO must each ensure the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects, and provide a detailed statement to the Board about this with each financial report.
- (f) The Board should regularly review (at least annually) and approve the risk management and oversight policies.

### **2.19 Communication with Shareholders**

- (a) The Board must inform Shareholders, and the market generally by way of the ASX platform, of all major developments affecting the Group's state of affairs and observing the continuous disclosure policy of the Company.
- (b) The Company's continuous disclosure obligations are reviewed as a standing item on the agenda for each regular meeting of the Board. Directors are required at every meeting to provide details of any matter within their knowledge that might require disclosure to the market.
- (c) 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 Corporations Act.

- (d) The Shareholders at an AGM vote on:
  - (i) proposed major changes in the Group which may impact on share ownership rights; and
  - (ii) the removal and appointment of Directors.
- (e) 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.
- (f) 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 ASIC. It is also sent to any Shareholder who requests it from the Company.
- (g) Company announcements are made in a factual, timely, clear, and objective manner, and include any information material to decisions of Shareholders and potential investors in the Company.
- (h) 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 through its website.

## **2.20 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 through its website.

## **3 Code of conduct**

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### **3.1 Objective**

The objective of this code is to give the Directors mandatory directions to follow when performing their duties, to enable them to achieve the highest possible standards in meeting their obligations, and give them a clear understanding of practice in corporate governance.

### **3.2 Obligation to comply with code and law**

- (a) A Director is obliged, at all times, to comply with this code as well as the law.
- (b) A Board position involves important legal and ethical responsibilities and a commitment to upholding the values of good corporate citizenship, in both individual conduct and corporate actions. No person should accept a Board position if they have any doubt about their ability to comply with this code.

### 3.3 General duties

- (a) Directors must:
  - (i) act in good faith in the best interests of the Company and for a proper purpose;
  - (ii) act in the interests of all Shareholders and avoid any potential conflict of interest;
  - (iii) exercise a reasonable degree of care and diligence;
  - (iv) not make improper use of information; and
  - (v) not make improper use of their position.
- (b) Breaches of these duties at common law and under the Corporations Act may expose Directors to potential liability in damages, fines and disqualification.
- (c) A Director, in the exercise of his or her powers, and in the discharge of his or her duties, must exercise the degree of care and diligence that a reasonable person would exercise if he or she were a Director:
  - (i) in the circumstance prevailing;
  - (ii) occupying the same position; and
  - (iii) with the same responsibilities within the Company as the Director.
- (d) A Director is a fiduciary and must act with fidelity and trust in Company matters. 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.
- (e) The Corporations Act requires directors to act honestly and with a reasonable degree of care and diligence in the exercise of their powers and duties and to carry out their duties.
- (f) A Director who is appointed but fails to acquire and maintain a reasonable level of competence may be considered negligent. All Board members are required to attend at least one educational seminar a year to remain fully informed of matters relevant to their position as a Director.
- (g) The Company maintains a directors' and officers' liability insurance. Directors must be fully aware of the terms of this insurance to qualify for protection under it.

### 3.4 Business judgment rule

- (a) A director's duty to act with care and diligence is satisfied where the director:
  - (i) makes a decision in good faith and for a proper purpose;

#### **Explanation**

This duty requires an honest exercise of powers in the best interests of the company, using an objective view. Decisions which would allow some Directors or Shareholders to gain an advantage over others indicate an improper purpose – even where the decision does not result in damage to the company.

- (ii) has no material personal interest in the subject matter of the decision made;

**Explanation**

Conflicts of interest must be avoided.

- (iii) is informed about the subject matter of the decision to the extent the director reasonably believes to be appropriate.

**Explanation**

This requirement is satisfied where the director has made a reasonable effort to be informed.

- (iv) rationally believes the decision to be in the best interest of the Company.

**Explanation**

It is assumed this requirement is met, unless no reasonable person in the director's position would have made that decision.

- (b) 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 such as to act in good faith, not to misuse the position of director and not to make improper use of confidential information.

- (c) A business judgment is any decision to take or not to take action relating to the business operations of the Company; it does not apply to any failure to make a decision.

**3.5 Independent decision making and soundness of decisions**

- (a) A Director must be independent in his or her judgement and actions, and must take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

- (b) To satisfy this requirement a Director must:

- (i) make a reasonable effort to become and remain familiar with the affairs of the Group;
- (ii) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- (iii) commit the necessary time and energy to Board matters.

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

- (i) an employee whom the Director believes on reasonable grounds to be reliable and competent in the relevant subject;
- (ii) a professional adviser or expert in a subject the Director believes on reasonable grounds to be within the person's professional or expert competence;

- (iii) another Director or officer on the subject within that Director's or officer's authority; or
  - (iv) a Committee (on which the Director did not serve) on a subject within the Committee's authority.
- (d) Directors should only rely on information or advice if the Director's reliance was made in good faith, after independently assessing the information and advice, considering the Director's knowledge of the Company and Group and the complexity of their structure and operations.

### **3.6 Confidentiality of Board matters and other information**

- (a) Directors must keep confidential any Board matters and all confidential information received by the Directors in the course of the exercise of their duties.
- (b) All information received by a Director to carry out Board duties must be regarded as confidential and is the property of the Company. Confidential information includes Price Sensitive Information and information that is not Price Sensitive but might reasonably be of use or of interest to retail investors.
- (c) A Director may not disclose information, or allow it to be disclosed, to any other person unless disclosure is authorised by the Company or the information is required by law to be disclosed.
- (d) All discussions and resolutions of the Board must also be kept confidential and their content must not be disclosed, or allowed to be disclosed to persons who are not Directors except in cases where disclosure:
  - (i) has been authorised by the Company; or
  - (ii) is required by law.
- (e) Authorisation by the Company is presumed to the extent the Board or Committee minutes state or imply that it is intended that disclosure should be made to third parties.
- (f) Any Director in any doubt as to his or her 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 under section 2.12(c) of this document.

### **3.7 Improper use of information**

A Director must not make improper use of information acquired as a Director to gain, directly or indirectly, any personal advantage or any advantage for any other person detrimental to the Company or the Group. A Director may also seek independent advice in accordance with section 2.12(c).

### **3.8 Cooperation**

- (a) Directors must observe solidarity with the resolutions of the Board and cooperate in their implementation.
- (b) Board members are part of a team. They must work cooperatively 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 cooperation in their implementation.

### **3.9 Personal interests and conflicts**

- (a) A Director must not take improper advantage of their position as a Director.
- (b) No Director may allow any personal interest, or the interest of any associated person, to influence or prejudice the Director's conduct or any Board or Committee decision.
- (c) A Director has a duty to avoid any conflict between:
  - (i) the best interests of the Company and the Group; and
  - (ii) his or her own personal interests or the interests of any third party.
- (d) 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.

### **3.10 Conduct**

- (a) A Director must not engage in conduct likely to discredit the Company or the Group.
- (b) Each Director must be aware of and observe, any standing orders adopted by the Board from time to time for the conduct of Board and Committee meetings.
- (c) Directors must at all times comply with the spirit as well as the letter of the law and with the principles of this code.
- (d) 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.

### **3.11 Performance and review**

- (a) The Directors' primary responsibility is to the Company's Shareholders as a whole but, where appropriate, they should consider the interests of all stakeholders.
- (b) A review of the effectiveness of the Board is conducted by an independent expert appointed by the Board.
- (c) The Board is accountable not only to Shareholders, but to other third parties, including creditors, regulators and the community. It is not practical for any of these interest groups to regularly review Board performance, and nor would such appraisal be appropriate as it would be difficult for a particular interest group to be impartial or objective. The Board must satisfy itself that its performance is efficient so that all Directors meet their obligations and are not exposed to any legal liability.

- (d) Each Director must cooperate fully with any review or assessment of performance, whether collective or individual, and whether conducted by:
  - (i) the Chairman;
  - (ii) any other Director; or
  - (iii) any independent third party externally appointed for the purpose.

### 3.12 Complaints procedure

- (a) Directors are bound by the complaints procedure determined by the Board.
- (b) The Board develops and formulates and implements strategy and policy. Management carries strategy and policy into effect.
- (c) Directors may 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 handled under the relevant procedure in the Group Operating Policies and Procedures.

## 4 Code of conduct for transactions in securities

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### 4.1 Need for code of conduct

- (a) There are legal duties relating to transactions in securities. Heavy sanctions apply if these duties are breached. The major issue is Price Sensitive Information or other confidential information.
- (b) The Board has adopted this code governing dealings in Securities and the securities of certain other companies by Directors and officers of the Company.

### 4.2 Legal constraints

- (a) Legal constraints on dealing in securities of the company arise from the following sources:
  - (i) common law;
  - (ii) the Corporations Act; and
  - (iii) the ASX Listing Rules.
- (b) If a Director or an officer possesses any Price Sensitive Information which has not been publicly disclosed, there are a number of general, and some specific, legal constraints on dealings in securities.

### 4.3 General

- (a) It is desirable that Directors, executives and other employees of the Company or the Group hold Securities. Traders who wish to buy or sell (**trade**) Securities must consider both the legal constraints and this code. They must abide by the spirit of this code as well as the letter of the law.

- (b) Traders in possession of Price Sensitive Information must not Trade in Securities, either for short-term speculative gain or otherwise.
- (c) Trading is prohibited, whether carried out personally by a Trader or through a related party. For public companies, a related party is defined in section 228 Corporations Act as:
  - (i) any entity that controls the public company;
  - (ii) each of the following:
    - (A) a director of the public company;
    - (B) a director of an entity that controls the public company;
    - (C) each of the persons making up the entity that controls the public company (which is not itself a body corporate); and
    - (D) spouses and de facto spouses of the persons referred to in sections 4.3(c)(ii)(A), 4.3(c)(ii)(B) and 4.3(c)(ii)(C);
  - (iii) parents and children of any of the persons referred to in section 4.3(c)(ii);
  - (iv) any entity controlled by any of the above related parties;
  - (v) an entity that was a related party within the previous six months;
  - (vi) an entity that believes or has reasonable grounds to believe that it is likely to become an a related party in the future; and
  - (vii) any entity acting in concert with a related party on the understanding that the related party will receive a financial benefit if the Company gives the entity a financial benefit.

#### **4.4 Price Sensitive Information**

The Board has adopted the following definition of Price Sensitive Information:

*Price sensitive information is information that:*

- (a) *relates to the financial affairs of the Company or the Group;*
- (b) *may give the person proposing to deal in Securities an advantage over other persons holding or dealing in Securities; and*
- (c) *if it were generally available, would be likely to materially affect the price of the Securities in question.*

*Information such as material changes in turnover, current or prospective profit figures, proposed action in the form of dividends, bonus issues or other new share issues, proposed major disposals or acquisitions of assets and proposed major contracts beyond the size and nature of contracts normally undertaken by the Company, is price sensitive information.*

*Information about the Company or the Group and related to any of the following subjects, is also price sensitive information:*

- (a) proposed changes in capital structure;*
- (b) information to be disclosed under the Corporations Act;*
- (c) proposed changes to the Board other than filling a casual vacancy or a retirement due to ill health or similar situation;*
- (d) proposed changes in the general character or nature of the business;*
- (e) information regarding changes in the holdings of substantial Shareholders;*
- (f) proposed significant changes in the holdings of any Director;*
- (g) appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by it or any of its child entities;*
- (h) a recommendation or declaration of a dividend or distribution;*
- (i) a recommendation or declaration that a dividend or distribution not be declared;*
- (j) undersubscriptions or oversubscriptions to an issue;*
- (k) a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company's consolidated assets;*
- (l) a claim against the Company or any other company in the Group for which the excess or damages (or both) payable by it is a significant proportion of the written down value of the Company's consolidated assets;*
- (m) an agreement or option to acquire an interest in a mining tenement;*
- (n) information about the beneficial ownership of securities obtained under part 6C.2 Corporations Act;*
- (o) giving or receiving a notice of intention to make a takeover; or*
- (p) an agreement between the Company (or a related party or subsidiary) and a Director (or a related party of the Director).<sup>1</sup>*

#### **4.5 Permitted trading**

- (a) Subject to section 4.5(b), Traders are permitted to Trade in Securities during a four week period starting immediately after the announcement to the ASX of the half-yearly and annual results and after the conclusion of the AGM if:
  - (i) the Trader is not in possession of Price Sensitive Information; and
  - (ii) the trading is not for short term or speculative gain.
- (b) No Trader can sell more than \$50,000 worth of Securities to any party unless, before entering into discussions for the potential sale of those Securities, written approval from

the Chairman is obtained, covering the form of and timing of the sale, and the management of its public disclosure.

#### **4.6 Prohibited trading**

- (a) Trading in Securities by any Trader is prohibited at all times other than those specified in section 4.5 unless written authority is obtained under section 4.7.
- (b) Permission may be given for trading under section 4.7 if the approving person is satisfied that the transaction would not be:
  - (i) contrary to law;
  - (ii) for speculative gain;
  - (iii) to take advantage of insider knowledge; or
  - (iv) seen by the public, press, other Shareholders or ASX as unfair.
- (c) For example, approval to Trade may be given if Securities are to be sold to realise cash in a time of need or where Securities are transferred from one member of a family or trust to another and to delay the transaction to the next permitted period would be detrimental to the family's affairs.
- (d) Approval could only be given under exceptional circumstances where trading would occur in the period between 30 June and the announcement to the ASX of final results for the year and between 31 December and the announcement to the ASX of the interim results for the half-year.

#### **4.7 Authority to Trade**

Written authority to Trade, referred to in section 4.6, must be obtained:

- (a) in the case of any proposed Trade by the Chairman - from another non-executive Director;
- (b) in the case of any proposed Trade by the CEO and any Director other than the Chairman - from the Chairman or, in the absence of the Chairman, a non-executive Director nominated by the Chairman for the purpose; and
- (c) in the case of a proposed Trade by any other person - from the CEO or, in the absence of the CEO, a non-executive Director nominated by the CEO for the purpose.

#### **4.8 Informing the Company**

- (a) Traders involved in any trading in Securities, either personally or through a family member, or a trust or a company referred to in this code, must advise the Secretary in writing of the details of completed transactions within fourteen days after each transaction. Notification is necessary whether or not prior authority was required.
- (b) The Secretary must maintain a register of Securities transactions under this code.
- (c) Directors or directors of any subsidiary registered (or incorporated) in Australia have an obligation under the Corporations Act to notify both the ASX and the Company in writing of any changes in their holdings of Securities or interest in Securities.

#### **4.9 Persons covered by this code**

This code applies to all Directors and to all executives and employees nominated by the Board. Persons nominated are to be listed in a schedule prepared and maintained by the Secretary and include the following:

- (a) all Directors and all officers of the Company including the CEO;
- (b) key executives including the CFO and any director of a subsidiary of the Company;
- (c) corporate and divisional accounting officers reporting directly to any of the above executives;
- (d) secretaries and assistants performing confidential work and reporting to any of the above positions; and
- (e) members of corporate staff who have access to Group results.

#### **4.10 Securities covered by this code**

- (a) This code applies to all securities issued by the Company of any kind including ordinary shares, preference shares, debentures, convertible notes and options (**Securities**).
- (b) This code does not apply to any acquisition of Securities as part of a new issue or dividend reinvestment plan where the issue is available pro rata to all holders of Securities of the relevant class.

#### **4.11 Families and trusts**

Persons to whom this code applies must not Trade through any member of their family, or through a trust or company over which they have influence or control, in circumstances where they would have been prohibited from trading in their own name.

#### **4.12 Other companies' securities**

Trading by Traders in the securities of other corporations in which the Company has a substantial investment interest (10% or more) are subject to this code.

#### **4.13 Trustees**

A Trader who is a joint trustee or a trustee of a deceased estate, should advise any co-trustees or trust beneficiaries, of his relationship with the Company and the restrictions on his ability to give advice in respect of Securities.

## **5 Standing rules of Committees**

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### **5.1 Application**

These rules apply to, and are deemed incorporated into the charter of each Committee, except to the extent of any conflict with any of its terms.

### **5.2 Composition**

- (a) Each Committee must consist of only non-executive Directors, the majority of whom are also Independent Directors.

- (b) The chairman of each Committee must be an Independent Director and not Chairman of the Board.
- (c) Each Committee must consist of no fewer than three 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.

### **5.3 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.

### **5.4 Proceedings**

- (a) Any meeting may be held by means of conference call or any other means of communication that may, under the Corporations Act or the Constitution, be used for Board meetings.
- (b) The quorum for a Committee meeting is any two members.
- (c) A 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) A 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 section 5.4 of this document apply in relation to any sub-committee of a Committee.

### **5.5 Reporting**

Each Committee must report in writing to the Board after each Committee meeting, and provide a copy of the minutes.

### **5.6 Secretary**

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

### **5.7 Performance review and evaluation**

- (a) The same procedures apply as for the Board (section 2.11 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 Board charter and any criteria determined by the Chairman.
- (c) The Committee must report to the Board on the conduct and results of its review and evaluation and make recommendations it considers appropriate.

## **6 Audit and Risk Management Committee charter**

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### **6.1 Standing rules**

The standing rules for Committees (section 5) apply to the Audit and Risk Management Committee subject to this charter.

### **6.2 Purpose**

- (a) The ARM Committee is established by the Board to assist and to report to the Board.
- (b) The role of the ARM Committee is to advise on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the Group.
- (c) It assists the Board with policy on the quality and reliability of financial information prepared for use by the Board. The ARM Committee reviews the risk management framework and policies within the Company and monitors their implementation.

### **6.3 Scope of responsibility**

The ARM Committee is responsible for:

- (a) putting in place appropriate Board and Committee structure 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) assessing corporate risk and ensuring 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 misappropriation, 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 material 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 ARM 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 Conduct.

#### **6.4 Powers**

- (a) The ARM Committee has an advisory role, to assist the Board in relation to things referred to in section 6.3 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 ARM Committee has unrestricted access to management and to internal audit personnel as well as to the external auditors to carry out its function.

#### **6.5 Internal control framework**

- (a) The Secretary is accountable to the Board, through the Chairman, on all corporate governance matters. The Secretary monitors the application of this charter (and any other Committee charter).
- (b) Risk issues are addressed by:
  - (i) the Committee identifying significant business risks, reviewing the major risks affecting each business segment, developing strategies to mitigate these risks and reporting to the Board following each ARM Committee meeting;
  - (ii) the Committee approving any action approved by the Board and ensuring corrective action is taken as soon as practicable;
  - (iii) providing the Group Operating Policies and Procedures and obliging them to comply with these;
  - (iv) the CEO and CFO providing a statement to the Board with any financial report to the effect that the Company's risk management and internal control system is operating efficiently and effectively in all material respects (see also 6.5(g)).
- (c) External auditors are selected according to criteria set by the Committee which include:
  - (i) the lack of any current or past relationship with the Company or with any member of senior management that could impair, or risk impairing, the independent external view they are required to take in relation to the Company and the Group;

- (ii) their general reputation for independence, probity and professional standing within the business community; and
  - (iii) their knowledge of the industry in which the Company and the Group operate.
- (d) Employees of the external audit partner (including the partner or other principal with overall responsibility for the engagement), must be rotated periodically (at least every five years) 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.
- (e) An annual budget must be prepared by management, reviewed and commented on by the Committee, and approved by the Board. Actual results, including both profit and loss statement and cashflow statement, must be reported on a monthly basis against budget, and revised forecasts for the year are prepared regularly. The Group provides half-yearly financial reports.
- (f) Price Sensitive Information and other information reasonably required by an investor to make an informed assessment of the Company and Group's activities and results, is reported to the ASX in accordance with continuous disclosure requirements. This is considered as a standing agenda item at each regular meeting of the Committee as well as of the Board.
- (g) 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:
- (i) have been properly maintained;
  - (ii) present a true and fair view, in all material respects, of the Company's financial conditions and operational results;
  - (iii) are in accordance with relevant accounting standards; and
  - (iv) are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
- (h) The Board should disclose and record in its minutes that management has reported to it on the effectiveness of the Company's management of its material business risks.
- (i) The CEO is also primarily responsible for:
- (i) making decisions about whether a matter must be disclosed under the Company's continuous disclosure obligations;
  - (ii) ensuring that the Company complies with those obligations;
  - (iii) notifying the Board of such matters;
  - (iv) monitoring and promoting an understanding within the Company of compliance;
  - (v) acting as the contact for media and comment, including analyst briefings and responses to shareholder questions; and
  - (vi) keeping the Board informed of other relevant matters.

- (j) 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.

## **6.6 Audit planning**

- (a) The Committee reviews the performance of the external auditors throughout the year.
- (b) During the year the Committee meets with the external auditor to:
  - (i) discuss the external audit plan;
  - (ii) discuss any potential significant problems;
  - (iii) discuss the impact of 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; and
  - (v) review the proposed audit fees.
- (c) Prior to the announcement of the Company's results the Committee meets with the external auditor to:
  - (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;
  - (iii) 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; and
  - (iv) 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.

## **6.7 Proceedings**

- (a) Meetings are held at least four 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.
- (c) Business is considered as the Committee may determine, with additional items of business considered as appropriate, according to the following broad agenda items.
- (d) At the November meeting the agenda items include:
  - (i) review of the activities of the previous year for preparation of the annual report;
  - (ii) review of the charter and plans for the coming year;

- (iii) presentation by insurance officer and broker of insurance plan for the current year;
  - (iv) consider matters raised by the external auditors in their management letter, and management's response, and of the possible need for implementation of new controls;
  - (v) review of reports on any superannuation plan operated by the Group and compliance with relevant laws and regulations;
  - (vi) review of policies on sensitive issues or practices such as environmental issues; and
  - (vii) consider internal audit reports for the quarter and ensuring appropriate management action is taken to address any internal control weaknesses identified.
- (e) At the February meeting the agenda items include:
- (i) reviewing the operation and effectiveness of internal controls;
  - (ii) discussing with the external auditors next year's audit plan and budget;
  - (iii) considering and assessing of the performance of financial management;
  - (iv) considering and approving the half-yearly profit announcement in conjunction with the CFO and external auditors;
  - (v) reviewing the results and findings of the half-yearly audit/review;
  - (vi) considering the adequacy of internal financial controls and the possible need for the implementation of new controls;
  - (vii) reviewing the half-year financial statements; and
  - (viii) considering internal audit reports arising from activities for the quarter and ensuring appropriate management action to address any internal control weaknesses identified.
- (f) At the May meeting the agenda items include:
- (i) reviewing of business risks facing the Group, and the Group's business continuity plan, and assessing the adequacy of internal controls;
  - (ii) presentation by senior management on the adequacy of systems of internal control;
  - (iii) considering financial issues relevant to the annual report;
  - (iv) considering internal audit reports arising from activities for the quarter and ensuring appropriate management action to address any internal control weaknesses identified; and
  - (v) reviewing of draft budget prepared by management for the following year.

- (g) At the August meeting the agenda items include:
  - (i) reviewing related party transactions;
  - (ii) reviewing the Group's main corporate governance practices and considering the content of the corporate governance statement for inclusion in the annual report;
  - (iii) considering and approving the pro forma preliminary final statement;
  - (iv) reviewing the results and findings of the annual audit;
  - (v) considering the adequacy of internal financial controls and the possible need for the implementation of new controls;
  - (vi) reviewing the financial statements; and
  - (vii) considering internal audit reports arising from activities for the quarter and ensuring appropriate management action to address any internal control weaknesses identified.

## **7 Remuneration Committee charter**

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### **7.1 Standing rules**

The standing rules for Committees (section 5) apply to the Remuneration Committee subject to this charter.

### **7.2 Purpose**

- (a) The Remuneration Committee is established by the Board to assist, and to report to, the Board.
- (b) The role of the Remuneration Committee is to advise on remuneration and issues relevant to remuneration policies and practices, including for senior executives and non-executive Directors.

### **7.3 Scope of responsibility**

- (a) The Remuneration Committee is responsible for:
  - (i) reviewing and evaluating market practices and trends for remuneration relevant to the Group;
  - (ii) reviewing and making recommendations to the Board for the Group's remuneration policies;
  - (iii) reviewing and making recommendations to the Board for 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 for 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 about remuneration matters.
- (b) Remuneration includes not only monetary payments (salary and wages) but all other monetary and non monetary compensation for services 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.

#### **7.4 Powers**

The Remuneration Committee has an advisory role, to assist the Board about the things set out in section 7.3. The Remuneration Committee cannot commit the Board to any recommendation or decision made by it but may consult independent external experts to perform its function, and charge the costs to the Company or other Group company.

#### **7.5 Proceedings**

- (a) Meetings are held at least three 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 Remuneration Committee.

## **8 Nominations Committee Charter**

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### **8.1 Standing rules**

The standing rules for Committees (section 5) apply to the Nominations Committee (if one is resolved to be established) subject to this charter.

### **8.2 Purpose**

- (a) A Nominations Committee may be established by the Board to assist, and to report to, the Board.
- (b) The role of the Nominations Committee will be to assist the Board and make recommendations to it about the appointment of new Directors (both executive and non-executive) and of the CEO and CFO and, to the extent delegated to it by the Board, other members of senior management.

### **8.3 Scope of responsibility**

The Nominations Committee, if established, will be responsible for:

- (a) developing suitable criteria (about experience, expertise, skills, qualifications, contacts or other qualities) for Board candidates;

- (b) identifying individuals who, by virtue of their experience, expertise, skills, qualifications, contacts or other qualities, are suitable candidates for appointment to the Board or to any relevant management position;
- (c) recommending individuals for consideration by the Board;
- (d) recommending to the Chairman procedures for the proper supervision of the Board and management; and
- (e) ensuring that the performance of each Director, and of all members of senior management, is reviewed and assessed each year in accordance with procedures adopted by the Board.

#### **8.4 Powers**

The Nominations Committee will have an advisory role, and does not have any power to commit the Board to any recommendation or decision made by the Nominations Committee but may consult independent external experts to perform its function and charge the costs to the Company or Group company.

#### **8.5 Proceedings**

Meetings are to be held at least twice during each year and more often as required.