



**COSOL Limited (ACN 635 371 363)**

**Corporate Governance Plan**

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As approved by the COSOL Limited Board on 10 December 2019.

**CONTENTS**

**SCHEDULE 1 ABOUT THIS PLAN..... 3**

**SCHEDULE 2 KEY DEFINITIONS ..... 4**

**SCHEDULE 3 BOARD CHARTER ..... 5**

**SCHEDULE 4 CORPORATE CODE OF CONDUCT .....14**

**SCHEDULE 5 TRADING POLICY .....19**

**SCHEDULE 6 AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER .....26**

**SCHEDULE 7 NOMINATION AND REMUNERATION COMMITTEE CHARTER.....31**

**SCHEDULE 8 CONTINUOUS DISCLOSURE POLICY.....37**

**SCHEDULE 9 SHAREHOLDER COMMUNICATIONS POLICY .....39**

**SCHEDULE 10 DISCLOSURE – RISK MANAGEMENT .....41**

**SCHEDULE 11 DIVERSITY POLICY .....43**

**ANNEXURE A DEFINITION OF INDEPENDENCE.....45**

## SCHEDULE 1. ABOUT THIS PLAN

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### 1.1. Purpose

In carrying out the functions and exercising the powers set out in this Corporate Governance Plan (**Plan**), the Board of the Company will at all times act to protect and enhance shareholder value, to conduct the Company's business ethically and in accordance with the law. The Company will practise the highest standards of corporate governance in the interests of shareholders, employees, creditors, customers and the communities in which it operates that are appropriate for the size and maturity of the Company.

### 1.2. ASX Corporate Governance Principles and Recommendations

The ASX Corporate Governance Council has established Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition, March 2014) (**Principles and Recommendations**) and it is a requirement of ASX-listed companies to analyse and report their compliance with such in their annual report. Should there be instances of non-compliance then reasons for such must be reported.

The ASX Corporate Governance Principles and Recommendations are:

- (a) lay solid foundations for management and oversight;
- (b) structure the Board to add value;
- (c) act ethically and responsibly;
- (d) safeguard integrity in corporate reporting;
- (e) make timely and balanced disclosure;
- (f) respect the rights of security holders;
- (g) recognise and manage risk; and
- (h) remunerate fairly and responsibly.

### 1.3. Aim of this Plan

The aim of this Plan is to ensure the Board has developed robust and compliant policies, procedures and guidelines to ensure that an appropriate and optimal level of corporate governance is put in place, and these are disclosed in this document. The changing nature of the organisation as it evolves necessitates ongoing review of corporate governance requirements and associated changes where required.

The Plan will come into effect from 10 December 2019 and is available on the Company's website at [www.cosol.com.au](http://www.cosol.com.au).

## SCHEDULE 2. KEY DEFINITIONS

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In this Plan unless the context otherwise requires:

**Affiliate** means any person or organisation with which a Director, Officer or Employee of the Company has a business or close personal relationship.

**Associate** has the meaning given in the Corporations Act.

**ASX** means ASX Limited (ACN 008 624 691) operating as the Australian Securities Exchange.

**Board** means the board of Directors of the Company.

**Chairman** means the person appointed by the Board to chair the Board.

**Company** means COSOL Limited (ACN 635 371 363) and includes its Related Bodies Corporate.

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended from time to time.

**Director** means a director of the Company.

**Employee** means an employee of the Company.

**Listing Rules** means the ASX Listing Rules as amended from time to time.

**Officer** means an officer of the Company.

**Related Bodies Corporate** has the meaning given in the Corporations Act.

**Secretary** means the secretary of the Company.

## **SCHEDULE 3. BOARD CHARTER**

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### **3.1. Functions and Responsibilities of the Board**

- (a) The Board is ultimately responsible for the overall management of the Company and for directing its strategic goals, with the aim of creating and delivering shareholder value through maximising the performance of the Company's businesses.
- (b) In performing its role, the Board's specific responsibilities include:
  - (i) endorsement of the strategic direction for the Company's business strategies and objectives;
  - (ii) approving policies covering the management of business risks, safety and occupational health, community and environmental issues;
  - (iii) monitoring the Company's operational and financial position and performance;
  - (iv) identifying the principal risks faced by the Company and ensuring that appropriate control and monitoring systems are in place to manage the impact of these risks;
  - (v) ensuring that the Company's financial and other reporting mechanisms result in adequate, accurate and timely information being provided to the Board;
  - (vi) approving processes, procedures and systems to ensure that financial results are appropriately and accurately reported on a timely basis;
  - (vii) ensuring that shareholders and the financial market as a whole are fully informed of all material developments in relation to the Company and its businesses;
  - (viii) approving appointments to the Board, and ensuring that the Board is of an appropriate size and composition and maintains an appropriate balance of skills and experience;
  - (ix) appointing (or where necessary removing) the Chief Executive Officer or Managing Director, Secretary and other key executive appointments and planning for executive succession;
  - (x) overseeing and evaluating the performance of the Chief Executive Officer or Managing Director and key executives in the context of the Company's strategies and objectives;
  - (xi) ensuring processes and procedures are in place for evaluating the performance of the Board and each Director;
  - (xii) reviewing and approving executive remuneration and general salary and bonus policy;
  - (xiii) approving the Company's budgets and business plans and monitoring the progress of major capital expenditures, capital management and

acquisitions and divestitures;

- (xiv) reviewing and approving the Company's internal compliance and control systems and codes of conduct;
- (xv) approving processes, procedures and systems to ensure the Company's compliance with all laws, governmental regulations and accounting standards;
- (xvi) approving processes, procedures and systems to ensure that the Company conducts its business openly and ethically in accordance with the Company's Code of Conduct; and
- (xvii) fostering a culture of open and ethical behaviour, and compliance with applicable laws, regulations and Company policies.

### 3.2. **Constitution**

- (a) The Board is constituted by the Constitution, under which it is vested with the power to manage the Company. The Board may delegate certain of its powers to the Chief Executive Officer or Managing Director, Board Committees and other persons. The Board retains ultimate responsibility for the management of the Company.
- (b) The Constitution governs the regulation of meetings and proceedings of the Board.

### 3.3. **Authority Delegated to Executive Management**

The Board has delegated to the Chief Executive Officer or Managing Director authority over the day-to-day management of the Company and its operations. This delegation of authority includes responsibility for:

- (a) developing business plans, budgets and strategies for the Company for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- (b) operating the Company's businesses within the parameters set by the Board from time to time, and keeping the Board informed of material developments in the Company's businesses;
- (c) where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- (d) identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses, formulating strategies for managing these risks for consideration by the Board;
- (e) managing the Company's current financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively;
- (f) ensuring that the Board is provided with sufficient information on a timely basis in regard to the Company's businesses, and in particular with respect to the

Company's performance, financial condition, operating results and prospects, to position the Board to fulfil its governance responsibilities;

- (g) implementing the policies, processes and codes of conduct approved by the Board; and
- (h) implementing policies, processes and procedures for the management, health, safety and development of the Company's employees.

**3.4. The Balance of Responsibility between Chief Executive Officer/Managing Director and Chairman**

- (a) The Chief Executive Officer or Managing Director has responsibility for the following functions:
  - (i) managing the Company;
  - (ii) recommending policy and strategic direction for Board approval; and
  - (iii) conducting the day-to-day operation of the Company.
- (b) The Chairman, or in the absence of a Chairman, the Board collectively will be responsible for the following functions:
  - (i) leadership of the Board, for ensuring that the Board functions effectively, and for communicating the views of the Board to the public;
  - (ii) choosing a Director to chair the meetings of the Board;
  - (iii) ensuring that Board members receive accurate, timely and clear information;
  - (iv) ensuring constructive relations between executive and non-executive Directors;
  - (v) ensuring Directors continually update their skills and experience and knowledge of the Company necessary to fulfil their role on the Board and any Board Committees;
  - (vi) understanding Board meeting rules and procedures;
  - (vii) ensuring that Board meetings are conducted in accordance with Board meeting rules and procedure and the rules and procedures of any relevant regulatory authority and in a proper manner;
  - (viii) preserving the order of Board meetings including regulating discussion within the scope of the meetings;
  - (ix) deciding whether proposed motions and amendments and points of order are in order;
  - (x) formulating for discussion and decision, questions which have been moved for the consideration of the Board;
  - (xi) handling all matters in an impartial manner and ensuring the effective

contribution of non-executive Directors;

- (xii) the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices; and
- (xiii) fostering a culture of open and ethical behaviour, and compliance with all applicable laws, regulations and Company policy.

### 3.5. Board Structure

#### (a) Composition

- (i) The composition of the Board is to be reviewed regularly against the Company's board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.
- (ii) In appointing new members to the Board, consideration will be given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.
- (iii) Where practical, the majority of the Board is comprised of non-executive Directors.
- (iv) Where practical, at least 50% of the Board will be independent. An independent Director is a director who is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the Company as a whole rather than those of an individual security holder or other party. Independent Directors should meet the definition of what constitutes independence as set out in the Principles and Recommendations and detailed in Annexure A.
- (v) Directors must disclose their interests, positions, associations or relationships. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them.
- (vi) The Board must disclose the independence of each Director as determined by the Board.
- (vii) Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest.
- (viii) Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.
- (ix) No member of the Board may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders.
- (x) The board must disclose the length of service of each Director.

- (xi) Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the Nomination Committee to ensure that they continue to contribute effectively to the Board.
  - (xii) The Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.
  - (xiii) The Board must disclose the relevant qualifications and experience of each Board Member.
- (b) **Formality of appointment**
- (i) Directors should be appointed pursuant to formal agreements.
  - (ii) The expectations for time to be committed, and involvement in Committees and other activities of the Company should be set out in writing.
  - (iii) An induction process should be provided to new Directors including information in relation to the Company's businesses, structure, constituent documents, financial position and strategic and business plans.

### 3.6. **Independent Directors**

- (a) The need for access to supporting equity and skills as required, and a flexible cost structure are greater imperatives for the Company as an IT and digital business services company, than the concept of independence, which is much more relevant to larger companies with substantial workforces.
- (b) However, as the Company moves to become a leading digital services provider, the concept of independence may become more relevant. Whilst the Company will progressively increase the independence of its Directors over time, compliance with the best practice in this area is considered important but not a current imperative, due to the additional direct cost of employing such Directors, the view that there would not be an increase in Board skills (only independence), and the risk that inefficiency will occur in the Board decision making process whilst the independent Directors become familiar with the Company's business.
- (c) All assessments as to whether a Director is independent shall be made by the Board who shall consider that an independent Director is a non-executive director who, in addition to not having an interest, position or relationship detailed in Annexure A, also:
  - (i) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
  - (ii) within the last 3 years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
  - (iii) within the last 3 years has not been a principal of a material professional

- adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provider;
- (iv) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
  - (v) has no material contractual relationship with the Company or another group member other than as a director of the company;
  - (vi) has not served on the Board for a period that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
  - (vii) is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

### 3.7. **Role of Non-Executive Directors Collectively**

Non-Executive Directors should collectively:

- (a) challenge executive management and contribute to the development of strategy;
- (b) scrutinise the performance of executive management against agreed objectives and strategies;
- (c) monitor the quality, quantity and efficiency of internal and external reporting of Company performance;
- (d) review independently and challenge the proposals presented by executive management, requesting additional information where they consider the information provided is not sufficiently detailed to support informed decision-making; and
- (e) take reasonable and proper steps to satisfy themselves that financial information released to the markets and shareholders is accurate, and that there are adequate and proper financial controls and systems of risk management and that the controls are maintained and the systems robust.

### 3.8. **Role of Non-Executive Directors Individually**

Non-Executive Directors should individually:

- (a) take the time to ensure they are properly informed about the subject matter of all decisions they are called upon to make as Directors of the Company;
- (b) monitor their own performance, taking into account their other time commitments, state of health, potential conflicts of interest, and personal circumstances, to determine whether they can properly discharge their duties and responsibilities as a Director of the Company, and provide quality assistance to enable the Company to achieve its objectives; and
- (c) undertake ongoing education to maintain appropriate skill levels, and attend site visits (where applicable) to the Company to assist with the need to remain familiar

with the Company's business activities.

### 3.9. **Annual Review of Non-Executive Directors**

Board composition should be reviewed annually to ensure that the non-executive Directors between them bring the range of skills, knowledge and experience necessary to direct the Company in the future, taking into account its current operations and expectations for changes in the nature and scope of its activities.

### 3.10. **Disclosure of Interests**

- (a) A Director must disclose to the Board or to the Chairman:
  - (i) any material personal interest that they or any associate may have in a matter that relates to the affairs of the Company; and
  - (ii) any other interest or relationship that may affect the Director's independence.
- (b) Unless the Board decides otherwise, the Director should be absent from any discussion and decision on that transaction or matter.
- (c) The Board should ensure that the Company has in place effective disclosure policies and procedures so that shareholders and the financial market are fully informed to the extent required by the applicable disclosure rules and legislation on matters that may influence the share price of the Company or any listed debt securities.

### 3.11. **Compliance with Legislation and Board Policy**

Directors must comply with the relevant legislation impacting on their activities as Directors, and with all policies established by the Board.

### 3.12. **Board Committees**

- (a) Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish the following committees, each with written terms of reference.
  - (i) Audit and Risk Committee.
  - (ii) Remuneration Committee.
  - (iii) Nomination Committee.
- (b) The charters of the Committees are approved by the Board and reviewed following any applicable regulatory changes.
- (c) The Board will ensure that the Committees are sufficiently resourced to enable them to fulfil their roles and discharge their responsibilities.
- (d) Members of Committees are appointed by the Board. The Board may appoint additional Directors to Committees or remove and replace members of Committees by resolution.
- (e) The Board must disclose the members and Chairman of each Committee.

- (f) The minutes of each Committee meeting shall be provided to the Board at the next occasion the Board meets following approval of the minutes of such Committee meeting.
- (g) The Board must disclose, in relation to each reporting period relevant to a Committee, the number of times each Committee met throughout the period and the individual attendances of the members at those Committee meetings.
- (h) Where the Board does not consider that the Company will gain any benefit from establishing a particular committee, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee.

### 3.13. **Board Performance and Evaluation**

- (a) The Board has a process for reviewing its performance and that of its individual Directors, committees and executive management. The Board meets annually to review the outcome of this process.
- (b) The annual procedure for Board performance evaluation will be to:
  - (i) review its performance against the terms of the Plan;
  - (ii) review the performance of any committees against the terms of their charters;
  - (iii) review the contribution of each Director; and
  - (iv) review the changes that may be required to any of the Company's Policies, taking into account the developments in the Company and its businesses over the preceding year, and in corporate governance practices.

### 3.14. **Indemnity and Insurance**

- (a) Each Director has entered into an agreement with the Company in which the Company has agreed to:
  - (i) indemnify the Director against the liability arising out of the discharge of the Director's duties;
  - (ii) provided cover can be obtained at reasonable rates and on reasonable terms, to maintain an insurance policy for the Director against liability incurred in their capacity as a Director; and
  - (iii) provide access to Company material as required for proper purposes.
- (b) Unless the Board otherwise determines, it is intended that each new Director will enter into a similar deed with the Company.

### 3.15. **Company Secretary**

The Secretary of the Company is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The role of the Secretary includes the following.

- (a) The Secretary will assist to facilitate the flow of information to the Board, between the Board and its Committees, and between senior executives and non-executive Directors.
- (b) The Secretary is to facilitate and monitor the implementation of Board policies and procedures.
- (c) The Secretary is to provide advice and guidance to the Board on corporate governance matters, the application of the Company's Constitution, the Listing Rules and applicable other laws.
- (d) All Directors have access to the advice and services provided by the Secretary.
- (e) The Board has the responsibility for the appointment (and where necessary the removal) of the Secretary.

3.16. **Independent Professional Advice**

If a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, provided the Director first obtains approval for incurring such expense from the Chairman (which approval will not be unreasonably withheld), the Company will pay the reasonable expenses associated with obtaining such advice.

## SCHEDULE 4. CORPORATE CODE OF CONDUCT

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### 4.1. Purpose

- (a) The Corporate Code of Conduct (**Code**) has been prepared as a separate document (as distinct from this Plan) to help stakeholders understand the Company's standards of ethical and business practice and to prescribe the Company's policies with respect to trading in its securities.
- (b) The principles set out in this Code describe how Directors, Officers and Employees should behave. In every business decision the Company makes, it must follow the ethics and compliance principles set forth in this Code.

### 4.2. Fair Dealings with Stakeholders

All Directors, Officers and Employees should strive to be honest and fair in all dealings with customers, business partners, investors, suppliers and communities (**Business Associates**).

#### (a) Business Associates

The Company's relationship with its Business Associates is central to its success.

All Directors, Officers and Employees must ensure they treat Business Associates of the Company fairly. Directors, Officers and Employees must not discriminate against nor harass work colleagues or businesses on the basis of attributes such as gender, colour, nationality, disability, age, pregnancy, or marital status. Anti-discrimination laws protect the Company's Business Associates as well as its employees.

#### (b) Business Guidelines

Directors, Officers and Employees are expected to conduct daily activities for the Company in compliance with all Company policies, legal obligations and contractual obligations. This includes complying with:

- (i) company policies, procedures, rules, regulations and its contracts with its business associates;
- (ii) applicable legislation;
- (iii) contracts of employment;
- (iv) all reasonable and legal instructions of managers;
- (v) occupational health and safety requirements; and
- (vi) the Company's prohibition on sexual or other unlawful harassment or discrimination in the workplace.

### 4.3. Accountabilities

#### (a) Managers and Supervisors

Managers and supervisors are responsible and accountable for:

- (i) undertaking their duties and behaving in a manner that is consistent with the provisions of this Code;
- (ii) the effective implementation, promotion and support of this Code in their areas of responsibility; and
- (iii) ensuring employees under their control understand and follow the provisions outlined in this Code.

(b) **Employees**

All employees are responsible for:

- (i) undertaking their duties in a manner that is consistent with the provisions of this Code;
- (ii) reporting suspected unethical, illegal or corrupt conduct; and
- (iii) reporting any departure from this Code by themselves or others.

4.4. **Personal and professional behaviour**

When carrying out your duties, you should:

- (a) behave honestly and with integrity and report other employees who are behaving dishonestly;
- (b) carry out your work with integrity and to a high standard and in particular, commit to the Company's policy of producing quality goods and services;
- (c) operate within the law at all times;
- (d) act in the best interests of the Company;
- (e) follow the policies of the Company; and
- (f) act in an appropriate business-like manner when representing the Company in public forums.

4.5. **Conflict of interest**

Potential for conflict of interest arises when it is likely that you could be influenced, or it could be perceived that you are influenced by a personal interest when carrying out your duties. Conflicts of interest that lead to biased decision making may constitute corrupt conduct.

- (a) Some situations that may give rise to a conflict of interest include situations where you have:
  - (i) financial interests in a matter the Company deals with or you are aware that your friends or relatives have a financial interest in the matter;
  - (ii) directorships/management of outside organisations;
  - (iii) membership of boards of outside organisations;
  - (iv) personal relationships with people the Company is dealing with which go

beyond the level of a professional working relationship;

- (v) secondary employment, business, commercial, or other activities outside of the workplace which impacts on your duty and obligations to the Company;
  - (vi) access to information that can be used for personal gain; and
  - (vii) received an offer of an inducement.
- (b) You may often be the only person aware of the potential for conflict. It is your responsibility to avoid any conflict from arising that could compromise your ability to perform your duties impartially. You must report any potential or actual conflicts of interest to your manager.
- (c) If you are uncertain whether a conflict exists, you should discuss that matter with your manager and attempt to resolve any conflicts that may exist.
- (d) You must not submit or accept any bribe, or other improper inducement. Any such inducements are to be reported to your manager.

#### 4.6. **Public and media comment**

- (a) Individuals have a right to give their opinions on political and social issues in their private capacity as members of the community.
- (b) Employees must not make official comment on matters relating to the Company unless they are:
  - (i) authorised to do so by the Chief Executive Officer or Managing Director;
  - (ii) giving evidence in court; or
  - (iii) otherwise authorised or required to by law.
- (c) Employees must not release unpublished or privileged information unless they have the authority to do so from the Chief Executive Officer or Managing Director.
- (d) The above restrictions apply except where prohibited by law, for example in relation to “whistleblowing” (refer to the Company’s Whistleblowing Policy).

#### 4.7. **Use of company resources**

Requests to use Company resources outside core business time should be referred to management for approval.

If employees are authorised to use Company resources outside core business times, they must take responsibility for maintaining, replacing, and safeguarding the property and following any special directions or conditions that apply.

Employees using Company resources **without** obtaining prior approval could face disciplinary and/or criminal action. Company resources are not to be used for any private commercial purposes.

#### 4.8. **Security of Information**

Employees are to make sure that confidential and sensitive information cannot be accessed by unauthorised persons. Sensitive material should be securely stored overnight or when unattended. Employees must ensure that confidential information is only disclosed or discussed with people who are authorised to have access to it. It is considered a serious act of misconduct to deliberately release confidential documents or information to unauthorised persons, and may incur disciplinary action.

#### 4.9. **Intellectual property/copyright**

Intellectual property includes the rights relating to scientific discoveries, industrial designs, trademarks, service marks, commercial names and designations, and inventions (including computer implemented innovations and software designs and applications) and is valuable to the Company.

The Company is the owner of intellectual property created by employees in the course of their employment unless a specific prior agreement has been made. Employees must obtain written permission to use any such intellectual property from the Chairman before making any use of that property for purposes other than as required in their role as employee.

#### 4.10. **Discrimination and harassment**

Employees must not harass, discriminate, or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender.

Such harassment or discrimination may constitute an offence under legislation. Managers should understand and apply the principles of equal employment opportunity.

#### 4.11. **Corrupt conduct**

Corrupt conduct involves the dishonest or partial use of power or position which results in one person/group being advantaged over another. Corruption can take many forms including, but not limited to:

- (a) official misconduct;
- (b) bribery and blackmail;
- (c) unauthorised use of confidential information;
- (d) fraud; and
- (e) theft.

Corrupt conduct will not be tolerated by the Company. Disciplinary action up to and including dismissal will be taken in the event of any employee participating in corrupt conduct.

#### 4.12. **Occupational health and safety**

It is the responsibility of all employees to act in accordance with occupational health and

safety legislation, regulations and policies applicable to their respective organisations and to use security and safety equipment provided.

Specifically, all employees are responsible for safety in their work area by:

- (a) following the safety and security directives of management;
- (b) advising management of areas where there is potential problem in safety and reporting suspicious occurrences; and
- (c) minimising risks in the workplace.

#### 4.13. **Legislation**

It is essential that all employees comply with the laws and regulations of the countries in which we operate. Violations of such laws may have serious consequences for the Company and any individuals concerned. Any known violation must be reported immediately to management.

#### 4.14. **Fair dealing**

The Company aims to succeed through fair and honest competition and not through unethical or illegal business practices. Each employee should endeavour to deal fairly with the Company's suppliers, customers and other employees.

#### 4.15. **Insider trading**

All employees must observe the Company's "*Trading Policy*". In conjunction with the legal prohibition on dealing in the Company's securities when in possession of undisclosed price sensitive information, the Company has established specific time periods when Directors, management and employees are permitted to buy and sell the Company's securities.

#### 4.16. **Responsibilities to investors**

The Company strives for full, fair and accurate disclosure of financial and other information on a timely basis.

#### 4.17. **Breaches of this Code**

Employees should note that breaches of certain sections of this Code may be punishable under legislation.

Breaches of this Code may lead to disciplinary action. The process for disciplinary action is outlined in Company policies and guidelines, relevant industrial awards and agreements.

#### 4.18. **Reporting matters of concern**

Employees are encouraged to raise any matters of concern in good faith with the head of their business unit or with the Company Secretary/Group Legal Counsel, without fear of retribution.

## SCHEDULE 5. TRADING POLICY

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### 5.1. Introduction

These guidelines set out the policy on the sale and purchase of securities in the Company by its Key Management Personnel.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of that Company.

The Company has determined that its Key Management Personnel are its Directors, Chief Executive Officer and those employees directly reporting to the Chief Executive Officer or Managing Director.

Key Management Personnel are encouraged to be long-term holders of the Company's securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.

The purpose of these guidelines is to assist Key Management Personnel to avoid conduct known as 'insider trading' which is illegal under the *Corporations Act 2001* (Cth). In some respects, the Company's policy extends beyond the strict requirements of the Corporations Act.

### 5.2. What types of transactions are covered by this policy?

This policy applies to both the sale and purchase of any securities of the Company and its subsidiaries on issue from time to time.

### 5.3. What is insider trading?

#### (a) Prohibition

Insider trading is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- (i) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities (ie information that is 'price sensitive'); and
- (ii) that person:
  - A. buys or sells securities in the Company; or
  - B. procures someone else to buy or sell securities in the Company; or
  - C. passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

#### (b) Examples

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to materially affect the price of the Company's securities:

- (i) the Company considering a major acquisition;
- (ii) the threat of major litigation against the Company;
- (iii) the Company's revenue and profit or loss results materially exceeding (or falling short of) the market's expectations;
- (iv) a material change in debt, liquidity or cash flow of the Company;
- (v) a significant new development proposal (eg new product, service or technology);
- (vi) the grant or loss of a major customer contract;
- (vii) a management or business restructuring proposal; or
- (viii) a share issue proposal.

(c) **Dealing through third parties**

- (i) The insider trading prohibition applies not only to Directors, Officers and Employees but to any person who possesses inside information of the Company. This includes Directors, Officers, Employees, Affiliates, Associates, contractors, suppliers, customers, professional acquaintances, family members and friends.
- (ii) The insider trading prohibition extends to dealings by individuals through third parties such as nominees, agents or other associates, such as family members, family trusts and family companies.

(d) **Information however obtained**

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute inside information.

(e) **Employee share schemes**

The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

#### 5.4. **Guidelines for trading in the Company's securities**

(a) **General rule**

No person may deal in the Company's securities if that person is in possession of price sensitive information.

Key Management Personnel must not, except subject to an exception detailed in paragraph 5.4(e)(i) or in exceptional circumstances with prior written approval pursuant to paragraph 5.5, deal in securities of the Company during the following periods:

- (i) two weeks prior to, and 48 hours after the release of the Company's annual financial report;
- (ii) two weeks prior to, and 48 hours after the release of the Company's consolidated interim financial report of the Company; and
- (iii) two weeks prior to, and 48 hours after the release of the Company's quarterly reports,

(together the **Closed Periods**).

The Company may at its discretion vary this rule in relation to a particular Closed Periods by general announcement to all Key Management Personnel either before or during the Closed Periods. However, if a Key Management Personnel is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at **any** time.

(b) **No short-term trading in the Company's securities**

Key Management Personnel should never engage in short-term trading of the Company's securities except for the exercise of options where the shares will be sold shortly thereafter.

(c) **Equity based remuneration plans**

If the Company has implemented an equity based remuneration plan, participants in such a plan are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in that plan.

(d) **Securities in other companies**

Buying and selling securities of other companies with which the Company may be dealing is prohibited where an individual possesses information which is not generally available to the market and is 'price sensitive'. For example, where an individual is aware that the Company is about to sign a major agreement with another company, they should not buy securities in either the Company or the other company.

(e) **Exceptions**

- (i) Key Management Personnel may at any time:
  - A. acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
  - B. acquire Company securities under a bonus issue made to all holders of securities of the same class;
  - C. acquire Company securities under a dividend reinvestment, or

top-up plan that is available to all holders or securities of the same class;

- D. acquire, or agree to acquire or exercise options under an employee incentive scheme (as that term is defined in the Listing Rules);
- E. withdraw ordinary shares in the Company held on behalf of the Key Management Personnel in an employee incentive scheme (as that term is defined in the Listing Rules) where the withdrawal is permitted by the rules of that scheme;
- F. acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
- G. transfer securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- H. make an investment in, or trade in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- I. where a restricted person is a trustee, trade in the securities of the Company by that trust, provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
- J. undertake to accept, or accept, a takeover offer;
- K. trade under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- L. dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;
- M. exercise (but not sell securities following exercise) an option or a right under an employee incentive scheme, or convert a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period or the Company has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so; or

- N. trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy.

If any dealing in the circumstances detailed above were to occur at a time when the person possessed inside information, then that dealing in Company securities may be a breach of insider trading laws, even though the person's decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale. Where Company securities are provided to a lender as security by way of mortgage or charge, a sale that occurs under that mortgage or charge as a consequence of default may not breach insider trading laws.

(f) **Notification of periods when Key Management Personnel are not permitted to trade**

The Company Secretary will endeavour to notify all Key Management Personnel of the times when they are not permitted to buy or sell the Company's securities as set out in paragraph 5.4(a).

5.5. **Approval and notification requirements**

(a) **Approval requirements**

- (i) Any Key Management Personnel (other than Directors and the Chief Executive Officer) wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Chief Executive Officer or Managing Director before doing so.
- (ii) Any Director (other than the Chairman) or Chief Executive Officer wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Chairman before doing so.
- (iii) If the Chairman wishes to buy, sell or exercise rights in relation to the Company's securities, the Chairman must obtain the prior written approval of the Board before doing so.

(b) **Approvals to buy or sell securities**

- (i) All requests to buy or sell securities as referred to in paragraph 5.5(a) must include the intended volume of securities to be purchased or sold and an estimated time frame for the sale or purchase.
- (ii) All requests for written approval to buy, sell or exercise rights in relation to the Company's securities must be communicated to the relevant approver through the Company Secretary.

(c) **Notification**

Subsequent to approval obtained in accordance with paragraph 5.4, any Key Management Personnel who personally or through a third party including Affiliates and Associates buys, sells, or exercises rights in relation to Company securities **must** notify the Company Secretary in writing of the details of the transaction within five (5) business days of the transaction occurring. This notification obligation **operates at all times** but does not apply to acquisitions of shares or options by employees

made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme.

(d) **Key Management Personnel sales of securities**

Key Management Personnel need to be mindful of the market perception associated with any sale of Company securities and possibly the ability of the market to absorb the volume of shares being sold. With this in mind, the management of the sale of any significant volume of Company securities (ie a volume that would represent a volume in excess of 10% of the total securities held by the seller prior to the sale, or a volume to be sold that would be in excess of 10% of the average daily traded volume of the shares of the Company on the ASX for the preceding 20 trading days) by a Key Management Personnel needs to be discussed with the Board and the Company's legal advisers prior to the execution of any sale. These discussions need to be documented in the form of a file note, to be retained by the Company Secretary.

(e) **Exemption from Closed Periods restrictions due to exceptional circumstance**

Key Management Personnel who are not in possession of inside information in relation to the Company, may be given prior written clearance by the Chairman or by all other members of the Board in the case of the Chairman to sell or otherwise dispose of Company securities in a Closed Period where the person is in severe financial hardship or where there are exceptional circumstances as set out in this policy.

(f) **Severe financial hardship or exceptional circumstances**

The determination of whether a Key Management Personnel is in severe financial hardship will be made by the Chairman or by all other members of the Board in the case of the Chairman.

A financial hardship or exceptional circumstances determination can only be made by examining all of the facts and if necessary, obtaining independent verification of the facts from banks, accountants or other like institutions.

(g) **Financial hardship**

Key Management Personnel may be in severe financial hardship if they have a pressing financial commitment that cannot be satisfied other than by selling the securities of the Company.

In the interests of an expedient and informed determination by the Chairman or all other members of the Board as the context requires, any application for an exemption allowing the sale of Company securities in a Closed Period based on financial hardship must be made in writing stating all of the facts and be accompanied by copies of relevant supporting documentation, including contact details of the person's accountant, bank and other such independent institutions (where applicable).

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

(h) **Exceptional circumstances**

Exceptional circumstances may apply to the disposal of Company securities by a Key Management Personnel if the person is required by a court order, a court enforceable undertaking for example in a bona fide family settlement, to transfer or sell securities of the Company, or there is some other overriding legal or regulatory requirement to do so.

Any application for an exemption allowing the sale of Company securities in a Closed Period based on exceptional circumstances must be made in writing and be accompanied by relevant court and/or supporting legal documentation (where applicable).

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

**5.6. ASX notification for directors**

The Listing Rules require the Company to notify the ASX within 5 business days after any dealing in securities of the Company (either personally or through a third party including an Affiliate or Associate) which results in a change in the relevant interests of a Director in the securities of the Company. The Company has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by the ASX.

**5.7. Effect of compliance with this policy**

Compliance with these guidelines for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.

## **SCHEDULE 6. AUDIT AND RISK COMMITTEE CHARTER**

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### **6.1. Role and purpose**

The role of the Audit and Risk Committee is to assist the Board to discharge its corporate governance responsibilities and to exercise due care, diligence and skill in relation to:

- (a) the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
- (b) compliance with all applicable laws, regulations and company policy;
- (c) the effectiveness and adequacy of internal control processes;
- (d) the performance of the Company's external auditors and their appointment and removal;
- (e) the independence of the external auditor and the rotation of the lead engagement partner;
- (f) the identification and management of business, economic, environmental and social sustainability risks; and
- (g) the review of the Company's risk management framework at least annually to satisfy itself that it continues to be sound.

This Charter defines the Audit and Risk Committee's function, composition, mode of operation, authority and responsibilities.

### **6.2. Composition**

Where practical, the composition of the Audit and Risk Committee will be in accordance with the following parameters.

- (a) The Committee must comprise at least three members, all of whom are non-executive directors.
- (b) A majority of the members of the Committee must be independent Directors.
- (c) The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.
- (d) All members of the Committee must be able to read and understand financial statements.
- (e) The Chairman of the Committee must not be the Chairman of the Board of Directors and must be independent.
- (f) The Chairman shall have leadership experience and a strong finance, accounting or business background.
- (g) The external auditors, the other Directors, the Chief Executive Officer or Managing Director, Chief Financial Officer, Secretary and senior executives, may be invited to Committee meetings at the discretion of the Committee.
- (h) Committee membership is to be reviewed annually.

### 6.3. **Duties and responsibilities of the Committee**

The duties and responsibilities of the Committee are set out below.

#### (a) **Review of financial reports**

- (i) Review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company's financial reporting.
- (ii) Oversee the financial reports and the results of the external audits of those reports.
- (iii) Assess whether external reporting is adequate for shareholder needs.
- (iv) Assess management processes supporting external reporting.
- (v) Establish procedures for treatment of accounting complaints.
- (vi) Review the impact of any proposed changes in accounting policies on the financial statements.
- (vii) Review the quarterly, half yearly and annual results.
- (viii) Ensure that before the Board approves the Company's financial statements for a financial period, the Chief Executive Officer or Managing Director and Chief Financial Officer have declared that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### (b) **Relationship with external auditors**

- (i) Recommend to the Board procedures for the selection and appointment of external auditors and for the rotation of external auditor partners.
- (ii) Review performance, succession plans and rotation of lead engagement partner.
- (iii) Approve the external audit plan and fees proposed for audit work to be performed.
- (iv) Discuss any necessary recommendations to the Board for the approval of quarterly, half yearly or annual reports.
- (v) Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.
- (vi) Meet with the external auditors at least twice in each financial period without management being present and at any other time the Committee considers appropriate.

- (vii) Provide pre-approval of audit and non-audit services that are to be undertaken by the external auditor.
  - (viii) Ensure adequate disclosure as may be required by law of the Committee's approval of all non-audit services provided by the external auditor.
  - (ix) Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the company.
  - (x) Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act.
  - (xi) Ensure that the external auditor attends the Company's annual general meeting and is available to answer any questions from security holders relevant to the audit.
- (c) **Internal audit function**
- (i) Monitor the need for a formal internal audit function and its scope.
  - (ii) Assess the performance and objectivity of any internal audit procedures that may be in place.
  - (iii) Review risk management and internal compliance procedures.
  - (iv) Monitor the quality of the accounting function.
  - (v) Review the Internal Control Reports on a quarterly basis.
- (d) **Risk management**
- (i) The level of risk management will be consistent with the Company's overall business objectives and risk appetite and tolerance.
  - (ii) Risk management and control will be incorporated into property protection, health, safety and environmental audits using either self-assessment or outside auditors as the Company deems appropriate.
  - (iii) The Board also monitors risks and controls through its financial reporting and audit process and regular operating reports from management which include safety, health and environmental aspects.
  - (iv) Oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.
  - (v) Assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate).
  - (vi) Review the Company's risk management framework at least annually to satisfy itself that it continues to be sound.
  - (vii) Review reports by management on the efficiency and effectiveness of the

Company's risk management framework and associated internal compliance and control procedures.

(e) **Other**

- (i) The Committee will oversee the Company's environmental risk management and occupational health and safety processes.
- (ii) The Committee will oversee procedures for whistleblower protection.
- (iii) Monitor related party transactions.

6.4. **Meetings**

- (a) The Committee will meet at least once in each financial quarter. Additional meetings may be held as the Committee or Chairman determines. Any Committee member may call a meeting of the Committee.
- (b) Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals and recommendations can be implemented by a circular written resolution or conference call.
- (c) A quorum shall consist of two members of the Committee. In the absence of the Chairman of the Committee or their nominees, the members shall elect one of their members as Chairman of that meeting.
- (d) Decisions will be based on a majority of votes with the Chairman having a casting vote.
- (e) The Committee Chairman, through the Secretary, will prepare a report of the actions of the Committee to be included in the Board papers for the next Board meeting.
- (f) Minutes of each meeting are included in the papers for the next full Board meeting after each Committee meeting.

6.5. **Secretary**

- (a) The Secretary or their nominee shall be the Secretary of the Committee and shall attend meetings of the Committee as required.
- (b) The Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to the other members of the Board.
- (c) The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

6.6. **Reliance on information or professional or expert advice**

Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;

- (b) a professional advisor or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- (c) another Director or Officer in relation to matters within the Director's or Officer's authority.

**6.7. Access to Advice**

- (a) Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members.
- (b) Members of the Committee may meet with the auditors, both internal and external, without management being present.
- (c) Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chairman. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

**6.8. Review of Charter**

- (a) The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner, and will update the Charter as required or as a result of new laws or regulations.
- (b) The Charter shall be made available to members on request, to executive management, to the external auditor and to other parties as deemed appropriate and will be posted to the Company's website.

**6.9. Report to Board**

- (a) The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities.
- (b) The Committee must brief the Board promptly on all urgent and significant matters.

## **SCHEDULE 7. NOMINATION AND REMUNERATION COMMITTEE CHARTER**

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### **7.1. Scope and authority**

- (a) The Nomination and Remuneration Committee is a Committee of the Board. This Charter may be subject to review by the Board at any time.
- (b) The primary purpose of the Nomination and Remuneration Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by:
  - (i) maintaining a Board that has an appropriate mix of skills and experience to be an effective decision-making body;
  - (ii) ensuring that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance;
  - (iii) reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
  - (iv) ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
  - (v) recommending to the Board the remuneration of executive directors;
  - (vi) fairly and responsibly rewarding executives having regard to the performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;
  - (vii) reviewing the Company's recruitment, retention and termination policies and procedures for executive management;
  - (viii) reviewing and approving the remuneration of Directors, the Chief Executive Officer or Managing Director, direct reports to the Chief Executive Officer, Managing Director or other executive Directors, and as appropriate for other senior executives;
  - (ix) ensuring disclosure of the Company's policies and practices regarding the remuneration of non-executive directors, executive directors and senior executives; and
  - (x) reviewing and approving any equity-based plans and other incentive schemes.
- (c) The Committee has the right to seek any information it considers necessary to fulfil its duties, which includes the right to obtain appropriate external advice at the Company's expense.

### **7.2. Composition**

Where practical, the composition of the Audit and Risk Committee will be in accordance with the following parameters.

- (a) The Committee will comprise at least three Directors, a majority of whom are

independent Directors.

- (b) The Committee will be chaired by an independent Director who will be appointed by the Board.
- (c) The Board may appoint such additional non-executive Directors to the Committee or remove and replace members of the Committee by resolution.

### 7.3. **Secretary**

- (a) The Secretary or their nominee shall be the Secretary of the Committee, and shall attend meetings of the Committee as required.
- (b) The Secretary will be responsible for keeping the minutes of meeting of the Committee and circulating them to Committee members and to the other members of the Board.
- (c) The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

### 7.4. **Meetings**

- (a) The Committee will meet at least once per year and additionally as circumstances may require.
- (b) Meetings are called by the Secretary as directed by the Board or at the request of the Chairman of the Committee.
- (c) A quorum shall comprise any two members of the Committee. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their members as Chairman.
- (d) Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals may be held or concluded by way of a circular written resolution or conference call.
- (e) Decisions will be based on a majority of votes with the Chairman having the casting vote.
- (f) The Committee may invite any executive management team members or other individuals, including external third parties, to attend meetings of the Committee, as they consider appropriate.

### 7.5. **Access**

- (a) Members of the Committee have rights of access to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- (b) The Committee may consult independent experts to assist it in carrying out its duties and responsibilities. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

## 7.6. Duties and Responsibilities

- (a) As at the date of adoption of this Charter, the Company has not created a Nomination and Remuneration Committee.
- (b) The Nomination and Remuneration Committee shall periodically review and consider the structure and balance of the Board and make recommendations regarding appointments, retirements and terms of office of Directors. In particular, the Committee is to:
  - (i) identify and recommend to the Board candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company;
  - (ii) undertake appropriate checks before appointing a candidate, or putting forward to security holders a candidate for election, as a Director;
  - (iii) ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment;
  - (iv) prepare and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve);
  - (v) approve and renew induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities;
  - (vi) assess and consider the time required to be committed by a non-executive Director to properly fulfil their duty to the Company and advise the Board;
  - (vii) consider and recommend to the Board candidates for election or re-election to the Board at each annual shareholders' meeting, and disclose all material information in its possession relevant to a decision whether or not to elect or re-elect a Director;
  - (viii) review Directorships in other public companies held by or offered to Directors and senior executives of the Company;
  - (ix) review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board;
  - (x) arrange an annual performance evaluation of the Board, its Committee, senior executives, and individual Directors;
  - (xi) make recommendations to the Board on the appropriate size and composition of the Board; and
  - (xii) make recommendations to the Board on the terms and conditions of appointment to, and removal and retirement from, the Board.

## 7.7. **Reviews**

- (a) The Committee will arrange a performance evaluation of the Board, its Committees, individual Directors and senior executives on an annual basis. To assist in this process, an independent advisor may be used.
- (b) Each year the Committee will meet with each senior executive (as designated by the Board), and discuss the individual performance of and possible areas of improvement for that senior executive.
- (c) Each year the Board undertakes the following activities with respect to the performance review of each Director and of the Board.
  - (i) All Directors, other than the Director whose performance is being reviewed, meet to review and discuss the individual performance of, and possible areas of improvement for the Director being reviewed.
  - (ii) One of the Directors then meets with the Director being reviewed and discusses the results and outcomes of the performance review referred to in point 7.7(c)(i) above.
  - (iii) The Board as a whole discusses and analyses its own performance during the year including suggestions for change or improvement.
- (d) The Committee will conduct an annual review of the role of the Board, assess the performance of the Board over the previous 12 months and examine ways of assisting the Board in performing its duties more effectively. This review will include:
  - (i) comparing the performance of the Board with the requirements of its Charter;
  - (ii) examination of the Board's interaction with management;
  - (iii) the nature of the information provided to the Board by management; and
  - (iv) management's performance in assisting the Board to meet its objectives.
- (e) The Committee must disclose whether or not the relevant annual performance evaluations have been conducted.

## 7.8. **Remuneration Policy Responsibilities**

In order to fulfil its Remuneration Policy responsibilities to the Board, the Committee shall do the following.

- (a) **Executive Remuneration Policy**
  - (i) Review and approve the Company's recruitment, retention and termination policies and procedures for senior executives to enable the Company to attract and retain executives and Directors who can create value for shareholders.
  - (ii) Review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs.

- (iii) Ensure that remuneration policies fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and prevailing remuneration expectations in the market.
- (b) **Executive Directors and Executive Management**
- (i) Consider and make recommendations to the Board on the remuneration for each executive Director (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy.
  - (ii) Review and approve the proposed remuneration (including incentive awards, equity awards and service contracts) for the direct reports of the Chief Executive Officer or Managing Director. As part of this review the Committee will oversee an annual performance evaluation of the executive team. This evaluation is based on specific criteria, including the business performance of the Company, whether strategic objectives are being achieved and the development of management and personnel.
- (c) **Executive Incentive Plan**
- (i) Review and approve the design of any executive incentive plans.
- (d) **Equity Based Plans**
- (i) Review and approve any equity based plans (“**Equity Plans**”) that may be introduced in the light of legislative, regulatory and market developments.
  - (ii) For each Equity Plan, determine each year whether awards will be made under that Equity Plan.
  - (iii) Review and approve total proposed awards under each Equity Plan.
  - (iv) In addition to considering awards to executive Directors and direct reports to the Chief Executive Officer or Managing Director, review and approve proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee.
  - (v) Review, approve and keep under review performance hurdles for each Equity Plan.
  - (vi) Review, manage and disclose the policy (if any) under which participants to an Equity Plan may be permitted (at the discretion of the Company) to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Equity Plan.
- (e) **Other**
- (i) The Committee shall perform other duties and activities that it or the Board considers appropriate.

- (ii) Disclose the policies and practices regarding the remuneration of non-executive directors, executive directors and other senior executives.

#### 7.9. **Approvals**

The Committee must approve the following prior to implementation:

- (a) changes to the remuneration or contract terms of executive Directors and direct reports to the Chief Executive Officer or Managing Director;
- (b) the Plans or amendments to current equity plans or executive cash-based incentive plans;
- (c) total level of awards proposed from equity plans or executive cash-based incentive plans; and
- (d) termination payments to executive Directors or direct reports to the Chief Executive Officer or Managing Director. Termination payments to other departing executives should be reported to the Committee at its next meeting.

## **SCHEDULE 8. CONTINUOUS DISCLOSURE POLICY**

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### **8.1. Purpose**

- (a) The Company is committed to:
  - (i) complying with its continuous disclosure obligations contained in the Listing Rules and the Corporations Act;
  - (ii) preventing the selective or inadvertent disclosure of material price sensitive information; and
  - (iii) ensuring that shareholders and other market participants and interested parties are provided with equal and timely access to material information about the Company.
- (b) This policy outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its market communications practices.

### **8.2. Procedures**

- (a) The general rule, in accordance with Listing Rule 3.1, is that once the Company becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price of value of the Company's securities, the Company must immediately disclose that information to the ASX.
- (b) Price sensitive information is publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants is also managed through disclosure to the ASX.
- (c) Directors and executive management must immediately notify the Chief Executive Officer or Managing Director and/or the Secretary upon becoming aware of any information that may be market sensitive.
- (d) All announcements (and media releases) must be:
  - (i) prepared in compliance with Listing Rules' continuous disclosure requirements;
  - (ii) factual and not omit material information; and
  - (iii) expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions.
- (e) The Company's protocol in relation to the review and release of ASX announcements (and media releases) is as follows.
  - (i) All key announcements at the discretion of the Chief Executive Officer or Managing Director are to be circulated to and reviewed by all members of the Board.
  - (ii) All members of the Board are required to provide to the Chief Executive Officer or Managing Director (or in his/her absence, the Secretary) with

verbal or written contribution of each announcement, prior to its release.

- (iii) Any relevant parties named in the announcement should also be given the opportunity to review the announcement prior to its release, to confirm all information is factually correct.
- (iv) The Chief Executive Officer or Managing Director and the Chairman, with consultation with the Board where practical, are given the final signoff before release to the ASX of the announcement.
- (v) Information must be disseminated by channels prescribed by laws and other channels which the Company considers to be fair, timely and cost-efficient.

### 8.3. **Market Speculation and Rumours**

- (a) The Company's general practice is not to comment on market speculation or rumours, unless required to do so by law or ASX or where the speculation or rumours contain material errors, which the Company considers could materially adversely impact on the Company.
- (b) The Board will decide if a comment is to be made in response to market speculation or rumours. Any personnel who receives a request for comment on the Company's affairs from an external third party must refer the enquiry to the Chief Executive Officer or Managing Director.

### 8.4. **Trading Halts**

At times it may be necessary for the Company to request a trading halt from ASX to prevent the emergence of a false or uninformed market for the Company's securities and to manage disclosure issues. Any decision to request a trading halt will be made by the Chief Executive Officer or Managing Director and Chairman, with consultation with the Board and the Secretary, where practical.

### 8.5. **Breach of this Policy**

Strict compliance with this policy is mandatory. Breaches will be taken seriously and may be subject to disciplinary action, up to and including termination of a person's employment or appointment.

## **SCHEDULE 9. SHAREHOLDER COMMUNICATIONS POLICY**

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### **9.1. Introduction**

- (a) The Board is responsible for ensuring shareholder communications are adequate and appropriate and based on transparency and sound corporate governance principles.
- (b) These principles form the basis of the Company's Shareholder Communications Policy with the objective of providing shareholders with important information in a timely manner through written and electronic communication. However, they should be read in conjunction with the Company's Continuous Disclosure Policy in SCHEDULE 8.
- (c) The Company promotes direct communications with shareholders and encourages them to direct questions or requests for information through its website or by contacting the Company.

### **9.2. Written Information**

- (a) The Company's annual report is the main communication document provided to shareholders following the end of each financial year. In addition to meeting all statutory requirements set by the Corporations Act and Listing Rules, the annual report contains information that assists shareholders to understand how the Company's operational and financial results were achieved, the nature of the industry in which it operates, and the Company's outlook in relation to its product offering and market trends.
- (b) The annual report will be made easily available to shareholders and other stakeholders in a timely manner in both print and online versions.
- (c) An interim report will be provided to shareholders following the end of the financial half year. In accordance with Listing Rules, the Company adheres to the continuous disclosure requirements as specified in its Continuous Disclosure Policy, and will promptly release to the ASX all communications of material information, including but not limited to financial results announcements, media releases, presentations, speeches and statements of importance.

### **9.3. Electronic Communications**

The Company is aware of the efficiencies and effectiveness of communicating to shareholders electronically. With this in mind, the Company maintains a website from which its financial reports and presentations can be freely downloaded and which reflects information released to the ASX. The Company's preference is to communicate with shareholders electronically through its website and by email rather than in print and by mail.

The Company encourages all shareholders to consent to receiving communications from, and sending communications to, the Company and its share registry, including notices of general meeting and financial reports, by way of email.

### **9.4. Annual General Meetings**

Shareholders are encouraged to participate at all Annual General Meetings ("**AGM**") and Extraordinary General Meetings ("**EGM**") of the Company. Prior to the AGM or EGM, shareholders will be provided with an explanatory memorandum to accompany the agenda

and notice of meeting. All materials relating to the AGM or EGM will be lodged with ASX and placed on the Company website.

**9.5. Access to Directors, Management and Auditors**

Shareholders may at any time direct questions or requests for information to Directors or management through the Company's website or by contacting the Company. At each AGM or EGM held, the shareholders will expressly be given the opportunity by the Chairman of the meeting to ask questions of the Directors and the external auditor (who the Company shall ensure is in attendance at each AGM of the Company) relating to the business and the conduct of the audit respectively.

**9.6. Shareholder engagement**

The Company encourages shareholder engagement and facilitates such engagement by:

- (a) providing time at the AGM or any EGM for shareholders to ask questions about or make comments on the management of the Company;
- (b) providing time at the AGM for shareholders to ask questions of the Company's auditor about the financial statements and the conduct of the audit;
- (c) conducting all voting at the AGM or any EGM on resolutions regarding the Listing Rules by way of a poll;
- (d) where practical, having Directors or senior executives meet with shareholders upon request; and
- (e) responding to shareholder enquiries in a timely manner, subject to compliance with applicable laws and policies including with respect to the Company's continuous disclosure obligations.

**9.7. Referral to Continuous Disclosure Policy**

The Company's Shareholder Communication Policy is linked with, and should be read and used in conjunction with the Company's Continuous Disclosure Policy.

## **SCHEDULE 10. DISCLOSURE – RISK MANAGEMENT**

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The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The Board has not yet appointed members to the Audit and Risk Committee. The responsibilities and duties of this Committee are taken up by the Board at his point in time. The small size and the hands on approach of the Board enable it to handle particular issues relevant to verifying and safeguarding the integrity of the company's financial reporting with the same efficiency as an Audit and Risk Management Committee.

When the Company has matured to a point where the Board believes it is appropriate to appoint members to a separate Audit and Risk Committee it will do so. The Audit and Risk Committee, or the Board fulfilling the role of the Committee will have responsibility for implementing the risk management system as outlined below

The Audit and Risk Committee will submit particular matters to the Board for its approval or review. Among other things it will:

- (a) oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
- (b) assist management to determine whether it has any material exposure to economic, environmental and/or social sustainability risks (as those terms are defined in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations) and, if it does, how it manages, or intends to manage, those risks;
- (c) assist management to determine the key risks to the businesses and prioritise work to manage those risks; and
- (d) review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

The Company's process of risk management and internal compliance and control includes:

- (a) identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- (c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practises are in place that are directed towards achieving the following objectives:

- (a) compliance with applicable laws and regulations:
  - (i) preparation of reliable published financial information; and
  - (ii) implementation of risk transfer strategies where appropriate eg insurance.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back quarterly to the Audit and Risk Committee.

The Board will review assessments of the effectiveness of risk management and internal compliance and control at least annually.

## SCHEDULE 11. DIVERSITY POLICY

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### 11.1. Purpose

The Company and all its Related Bodies Corporate are committed to workplace diversity.

The Company recognises the benefits arising from Employee and Board diversity, including a broader pool of high quality Employees, improving Employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The Diversity Policy does not form part of an Employee's contract of employment with the Company, nor gives rise to contractual obligations.

However, to the extent that the Diversity Policy requires an Employee to do or refrain from doing something and at all times subject to legal obligations, the Diversity Policy forms a direction of the Company with which an Employee is expected to comply.

### 11.2. Objectives

The Diversity Policy provides a framework for the Company to achieve:

- (a) a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- (b) a workplace culture characterised by inclusive practices and behaviours for the benefit of all Company staff;
- (c) improved employment and career development opportunities for women;
- (d) a work environment that values and utilises the contributions of Employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- (e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity,

(collectively, the “**Objectives**”).

The Diversity Policy does not impose on the Company, its Directors, Officers, or Employees any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction.

### 11.3. Responsibilities

#### The Board's commitment

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Board.

The Board is responsible for developing measurable objectives and strategies to meet the Objectives of the Diversity Policy (“**Measurable Objectives**”) and monitoring the progress of the Measurable Objectives through the monitoring, evaluation and reporting mechanisms

listed below. The Board shall annually assess the Measurable Objectives, and the Company's progress (if any) towards achieving them.

The Board may also set Measurable Objectives for achieving gender diversity and monitor their achievement.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

### **Strategies**

The Company's diversity strategies include:

- (a) recruiting from a diverse pool of candidates for all positions, including executive management and the Board;
- (b) reviewing succession plans to ensure an appropriate focus on diversity;
- (c) identifying specific factors to take account of in recruitment and selection processes to encourage diversity;
- (d) developing programs to develop a broader pool of skilled and experienced executive management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development;
- (e) developing a culture which takes account of domestic responsibilities of employees; and
- (f) any other strategies the Board develops from time to time.

#### **11.4. Monitoring and evaluation**

The Chairman will monitor the scope and currency of this policy.

The Company is responsible for implementing, monitoring and reporting on the Measurable Objectives. Measurable Objectives as set by the Board will be included in the annual key performance indicators for the Chief Executive Officer/Managing Director and senior executives. In addition, the Board will review progress against the Objectives as a key performance indicator in its annual performance assessment.

#### **11.5. Reporting**

The Board will include in the Annual Report each year:

- (a) the Measurable Objectives, if any, set by the Board;
- (b) the Company's progress against the Objectives; and
- (c) the proportion of women Employees in the whole organisation, at executive management level and at Board level.

## **ANNEXURE A DEFINITION OF INDEPENDENCE**

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### **1.1. Principles and Recommendations – Independence of a Director**

As the per Principles and Recommendations, an independent Director is a non-executive Director (i.e. is not a member of management) and:

- (a) holds less than 5 percent of the voting shares of the Company and is not an Officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5 percent of the voting shares of the Company;
- (b) within the last three years has not 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) within the last three years has not been a partner, director or senior employee of a material professional adviser or a material consultant to the Company or another group member, or an Employee materially associated with the service provided;
- (d) within the last three years has not been in a material business relationship, is not a material supplier or customer of the Company or other group member, or an Officer of or otherwise associated directly or indirectly with someone with such a relationship;
- (e) has no material contractual relationship with the Company or another group member other than as a Director of the Company;
- (f) has close family ties with any person who falls within any of the categories described above;
- (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; and
- (h) 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.

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

The Company will set out when it considers a Director to be independent when it is relevant to do so, either through the Company website or in the Company's notice of AGM when a Director is eligible for re-election under the Company's Constitution.