



# **Board and Committee Charters**

CPT Global Limited

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## 1. INTRODUCTION

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CPT Global Limited (ASX: CGO) (“the Company”) listed on the Australian Securities Exchange (“ASX”) in 2000.

CPT is an established and proven specialist IT consultancy company based on core offerings of Technical Consulting Services (IT Optimisation), Test Strategy and Test Management Services (IT Assurance), and IT Management Consulting Services (IT Transformation).

The Board of CPT Global Limited (“Board”) has the ultimate responsibility to its shareholders for the strategy and performance of the Company.

The Board Charter outlines the Company’s approach for best practice governance defining the roles, responsibilities and authorities of the Board, the CEO, the Company Secretary and (as required) senior managers. It establishes guidelines within which the Directors and CEO of the Company are to operate.

The Board Charter has four major sections:

- Part A – Governance Roles
- Part B – Board Processes
- Part C – Key Board Functions
- Part D – Continuing Improvement

The Charter will be regularly reviewed and updated to reflect changes in the legal and regulatory framework within which the Company operates and amendments and improvements in Company policies and procedures. It is the responsibility of the Company Secretary to ensure that the Charter is kept current, that the Board is consulted and approves any changes and updates to the Charter. All Board members will be provided with the current version of the Charter.

Nothing in this Charter is intended to conflict with the Company’s Constitution (“Constitution”). If such a conflict occurs, the Constitution shall prevail.

Any reference to gender in this Charter should be interpreted as applicable to both males and females.

## PART A – GOVERNANCE ROLES

### 2. THE ROLE OF THE BOARD

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The Board is ultimately responsible for all matters relating to the running of the Company and in so doing, the Directors must always act in the best interests of the Company as a whole.

It is the role of the CEO and senior managers to manage the Company in accordance with the directions and delegations of the Board. The Board will oversee the activities of management in carrying out these directed and delegated duties.

The Board is responsible for and has the authority to determine all matters relating to the policies, practices, management and operations of the Company. In its governance role, the Board must drive the performance of the Company within its contractual, statutory and any other legal obligations, including the requirements of any relevant regulatory body.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- providing leadership to the Company by:
  - guiding the development of an appropriate culture and values through the establishment and review of policies, procedures and guidelines; and
  - always acting in an ethical manner consistent with the Company's Code of Conduct;
- setting the Company's strategic objectives including overseeing the development and implementation of appropriate strategies by:
  - working with the CEO and senior managers ("management") to ensure that an appropriate strategic direction is defined and strategic objectives are in place;
  - regularly reviewing and updating the Company's strategic direction and objectives;
  - ensuring that appropriate internal controls are implemented and reviewed regularly;
  - overseeing business planning activities including the development of strategies, annual plans and annual budgets including operating budgets, capital expenditure budgets and cash flow budgets;
  - regularly reporting on the progress and performance of the Company in meeting the plans and budgets set by the Board;
- ensuring the Company operates within its defined purpose as defined in the Company's Constitution;
- ensuring the Company makes timely and balanced disclosures of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- ensuring accountability to shareholders through effective shareholder communication;
- overseeing the control and accountability systems that ensure the Company is progressing towards achieving the strategic objectives set by the Board and is in line with the Company's purpose, corporate strategy, annual budgets, legislative and regulatory requirements and shareholder expectations;
- ensuring robust risk management, compliance and control systems (including legal and regulatory compliance) are in place and operating effectively;

- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board and as required, challenging management and holding management to account for their performance;
- satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- being responsible for the Company's officers, including -
  - directly managing, the performance of the CEO including appointing and remunerating the CEO, providing advice and counsel to the CEO including formal reviews and feedback on his or her performance; and overseeing the development or removal of the CEO where necessary;
  - ratifying the appointment, the terms and conditions of the appointment and, where appropriate, removal of the CFO and/or Company Secretary;
  - ensuring that appropriate succession plans for the CEO, CFO and Company Secretary are in place;
  - ensuring appropriate human resource systems (including WHS systems) are in place to ensure the well-being and effective contribution of all employees and contractors;
- delegating appropriate powers to Board committees, the CEO and senior managers to ensure the efficient day-to-day management of the business and the monitoring of the exercise of those powers;
- instilling and reinforcing the values of the Company to ensure that management is leading the performance of the Company's business operations within those values and in accordance with all strategies, budgets and the risk appetite set by the Board and the policies of the Company;
- making all decisions outside the scope of delegated powers including:
  - appointment of the Board Chair and the appointment of a Director to fill a Board vacancy or as an additional Director;
  - establishment of Board Committees, their membership, Charters/terms of reference and any delegated authorities;
  - approval/declaration of dividends;
  - calling meetings of shareholders (subject to Corporations Act requirements);
  - approving all operational expenditures in excess of \$100,000;
  - approving the details of all items of capital expenditure in excess of \$100,000;
  - approving all property disposals in excess of \$100,000;
  - approving all mergers, acquisitions;
  - monitoring the progress of approved major capital expenditure, acquisitions, mergers and disposals ; and
- any other specific matters monitoring the effectiveness of the Company's governance processes as directed by the Board from time to time.

## 3. BOARD STRUCTURE

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### 3.1 Number of Directors and Quorum for Directors' Meetings

The Company's Constitution provides as follows:

- that the minimum number of Directors is 3 with a maximum of 12 unless the Company in general meeting determines otherwise; and
- that a quorum for a Directors' meeting is 2 Directors entitled to vote or such other greater number as determined by the Board.

### 3.2 Independence

To the extent practicable, the majority of the Directors of the Company must be independent, non-executive Directors at all times.

The Board will regularly assess, at least annually, the independence of each Director, including each non-executive Director.

When assessing the independence of the Directors, the Board will consider the factors set out in Box 2.3 of the ASX Corporate Governance Council's Principles and Recommendations (4th Edition). If a Director has an interest, position, affiliation or relationship of the type described in Box 2.3, the Board will determine that Director not to be independent unless it is clear that the matter is not material and will not interfere with the Director's capacity to make an independent judgement.

In the case of a change in a non-executive Director's interests, positions, affiliation or relationships, an assessment should be made as soon as is practicable after the Board becomes aware of the change.

### 3.3 Expertise

To the extent practicable, the Board will use reasonable endeavors to ensure that it collectively has the appropriate range of expertise to properly fulfil its responsibilities, including:

- accounting and finance;
- commercial and marketing;
- the Company's industry and relevant technical skills;
- legal skills;
- CEO-level experience; and
- Board governance skills.

Directors should bring specific skills and experience that add value to the Company. The balance of skills and experience of the Board is to be regularly reviewed by the Board.

When considering the potential reappointment of an existing Director, the Board will consider the individual's capabilities as well as the skills and experience mix required by the Board into the future.

The processes for the reappointment of an existing Director and filling Director casual vacancies are set out in the Company's Constitution.

## 4. THE ROLE OF INDIVIDUAL DIRECTORS

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### 4.1 Director's Responsibilities

Directors each have a responsibility to ensure that the Board is undertaking its functions and duties as set out in Section 2 of this Charter.

The Company's Directors and CEO of the Company:

- will act honestly, in good faith and in the best interests of the Company overall;
- owe a fiduciary duty to the Company as a whole;
- have a duty to use due care and diligence in fulfilling the functions of office or role and exercising the powers attached to their office;
- will undertake diligent analysis of all proposals placed before the Board;
- will act with a level of skill expected from Directors of a publicly listed company;
- will use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- will demonstrate commercial reasonableness in decision making;
- will not make improper use of information acquired as Directors;
- will not disclose non-public information except where disclosure is authorised or legally mandated;
- will keep confidential information received in the course of the exercise of their duties;
- will not take improper advantage of the position of Director or use their position for personal gain or to compete with the Company;
- will protect and ensure the efficient use of the Company's assets for legitimate business purposes;
- will not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company;
- have an obligation to be independent in judgment and actions and Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- will make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its objectives;
- will not engage in conduct likely to bring discredit upon the Company;
- will encourage fair dealing by all staff with the Company's customers, suppliers, competitors and other staff;
- will actively promote ethical behaviour and protection for those who report violations in good faith;
- will give their specific expertise generously to the Company; and
- will act in a manner consistent at all times with the Company's Code of Conduct (Policy A1).

The Company will require Directors to sign a letter of appointment and may require Directors to enter a deed of indemnity, access and insurance with the Company.

## 4.2 Expectations of Directors in Board Process

All Directors will behave in a manner consistent with generally accepted procedures for the conduct of meetings at all meetings of the Board. This will include, but not be limited to:

- addressing issues in a businesslike manner;
- acting in accordance with the Constitution and all Company policies;
- preparing thoroughly for each Board or Board Committee meeting or event;
- minimising irrelevant conversation and remarks;
- ensuring that others are given a reasonable opportunity to put forward their views;
- refraining from interruption or interjection when another Director is speaking.

Directors are expected to be forthright in Board meetings and have a duty to question, request information, raise any issue, and fully canvas all aspects of any issue confronting the Company and to cast their vote on any resolution according to their own judgment.

However, outside the boardroom Directors will support the letter and spirit of Board decisions in discussions with all stakeholders including any shareholders, special interest groups, customers, staff, suppliers and any other parties.

Directors will keep confidential all Board discussions and deliberations.

## 4.3 Conflict of Interest and Related Party Transactions

### 4.3.1 Conflicts of Interest

Each Director must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company at any time a conflict or potential conflict arises or may arise.

The Board can request a Director to take reasonable steps to remove any conflict of interest. If that Director cannot, or is unwilling to, remove a conflict of interest that Director must absent himself or herself from the room when discussion and voting occurs on matters to which the conflict relates. The entry and exit of the Director concerned will be minuted by the Company Secretary. Directors do not have to absent themselves when either (a) a conflict of interest relates to an interest common to all Company members/shareholders, or (b) the Board passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

### 4.3.2 Related Party Transactions

Related party transactions include any financial transaction between a Director, the CEO or senior manager and the Company and will be reported in writing to the Board and recorded in the minutes.

In general, the *Corporations Act* requires related party transactions to be approved by the shareholders, and the Board cannot approve these transactions. An exemption to this requirement occurs where the financial benefit is provided by the Company at arm's length terms.

Where any transactions involve a related party to a Director of the Company, then the Director or officer shall exclude himself/herself from any approval process.

A "related party" for this process is defined in the Corporations Act and includes:

- (a) a spouse or de facto spouse of the Director or officer; or
- (b) a parent, son or daughter of the Director or officer or their spouse or de facto spouse; or
- (c) an entity over which the Director or officer or a related party defined in (a) or (b) has a controlling interest.

#### **4.4 Emergency Contact Procedures**

As there is the occasional need for urgent decisions, all Directors must advise the Company Secretary of their contact details at all times, such that all Directors can be contacted within 24 hours for the purposes of a written resolution or other business.

## **5. THE ROLE OF THE CHAIRMAN**

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There are two main functions to the Chairman's role - inside the boardroom and outside the boardroom.

### **5.1 Inside the Boardroom**

Inside the boardroom, the role of the Chairman is to:

- establish the agenda for Board meetings in consultation with the CEO;
- chair Board meetings;
- be clear on what the Board has to achieve, both in the long and short term;
- provide guidance to other Board members about what is expected of them;
- ensure that Board meetings are effective in that:
  - the right matters are considered during the meeting (for example, strategic and priority issues);
  - matters are considered carefully and thoroughly;
  - all Directors are given the opportunity to effectively contribute;
  - the Board comes to clear decisions; and
  - all resolutions are noted in the minutes;
- brief all Directors in relation to issues arising at Board meetings;
- ensure that the decisions of the Board are properly implemented with the CEO and senior managers (as needed);
- ensure that the Board conducts itself in accordance with its Code of Conduct; and
- initiate an annual process of performance reviews of the Board and Directors.

### **5.2 Outside the Boardroom**

Outside the boardroom, the role of the Chairman is to:

- undertake appropriate public relations activities (in conjunction with the CEO);
- be the spokesperson for the Company at the annual general meeting and in the reporting of performance and profit figures;
- be the major point of contact between the Board and the CEO;
- be kept fully informed of current events by the CEO on all matters of relevance to the Board;
- regularly review with the CEO, and senior managers' progress on important initiatives and significant issues facing the Company;
- provide mentoring for the CEO; and
- initiate and oversee the CEO evaluation process.

## 6. THE ROLE OF THE COMPANY SECRETARY

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The Company Secretary is responsible for the Company's corporate governance processes and must ensure the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, through the Chairman and reports directly to the Chairman. The Company Secretary is appointed and dismissed by the Board. All Directors have a right of access to the Company Secretary.

The responsibilities of the Company Secretary include:

### 6.1 Meetings and Minutes

- notifying the Directors in writing in advance of a meeting of the Board as specified in the Constitution;
- working with the CEO and senior managers to ensure the agenda and Board papers are prepared and forwarded to Directors at the agreed times prior to Board and Board Committee meetings, including the annual general meeting and any other meetings of the Company;
- recording, maintaining and distributing the minutes of all Board and Board Committee meetings including the annual general meeting and any other meetings of the Company; and
- maintaining an accurate and complete set of Board and Committee agenda, minutes and all supporting documents and papers at all times on the Company's designated location.

### 6.2 Compliance

- ensuring all relevant Company legislative obligations are met;
- ensuring all requirements of ASIC, the ASX and any other regulatory body are fully met; and
- providing counsel and recommendations on corporate governance principles and Director liability.

### 6.3 Governance Administration

- maintaining a Register of Ongoing Conflict of Interest and a Register of Related Party Transactions;
- maintaining a Register of Company Policies as approved by the Board and ensure these are stored on the Company's designated location;
- maintaining, updating and ensuring that all Directors have an up-to-date copy of the Board Charter and all other governance documentation; and

- as required, any other services the Chairman or Board may require.

## 7. THE ROLE OF THE CEO

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The Chief Executive Officer (CEO) is responsible for achieving the Company's objectives in accordance with the strategies, plans, initiatives and performance requirements approved by the Board. The CEO reports directly to the Board.

The CEO manages the Company's overall operations day to day and is expected to develop new and creative ways of winning business and delivering services to clients.

The CEO manages a team of senior managers responsible for all functions of the Company.

The CEO's specific responsibilities include:

- defining and developing, in conjunction with the Board, an appropriate strategic direction and strategic objectives for the Company;
- the achievement of and the Company's strategic objectives;
- implementing and monitoring the effectiveness of the agreed corporate strategies and plans to achieve the Company's strategic objectives and reporting/presenting to the Board on current and future initiatives;
- preparation of detailed business plans with senior managers including the development of sales strategies and sales plans, annual plans and annual budgets operating budgets, capital expenditure budgets and cash flow budgets;
- regularly reporting the progress and performance of the Company in meeting the plans and budgets set by the Board;
- advising the Board on the most effective organisational structure and business systems and ensuring their proper implementation;
- assessing business opportunities of potential benefit to the Company;
- overseeing proposals for major capital expenditure ensuring alignment with corporate strategy and justification on economic grounds;
- sustaining competitive advantage through knowledge of current technologies, market awareness of opportunities, hiring outstanding staff, partnerships, training, and by encouraging staff commitment and loyalty;
- establishing and maintaining effective and positive relationships with Directors, shareholders, senior managers and clients;
- being an effective Company spokesperson, particularly with clients;
- recommending initiatives to the Board in relation to a range of organisational issues including delegations of authority, corporate policies, performance incentives, and staff appraisal processes;
- meeting statutory, legal and regulatory requirements;
- ensuring compliance with corporate policies and standards;
- ensuring appropriate risk management practices are in place;
- selecting and appointing direct reports and other senior managers; and
- developing and motivating direct reports and their respective teams.

## PART B – BOARD PROCESSES

### 8. BOARD MEETINGS

Board meetings are a fundamental component of governance processes, enabling Directors to:

- obtain and exchange information with the CEO and senior managers;
- obtain and exchange information with each other; and
- make decisions.

The Board meeting agenda is equally important because it shapes the information flow and subsequent discussion at meetings.

#### 8.1 Meeting Frequency

The Board will generally meet monthly at times it determines but no less than eight times per year. Committees will generally meet on a half-yearly basis unless otherwise agreed. Board meetings will usually be held at the Company's head office commencing at 9.00am unless otherwise agreed, depending on the agenda of each individual meeting, the availability of key participants and any other relevant factors at that time.

#### 8.2 Meeting Cycle

For efficiency, the Board has adopted meeting cycle set out in the following table:

ITEM	DAY
Draft agenda prepared by the Company Secretary	-14
Company Secretary updates actions arising from the previous meeting as soon as practicable following the previous meeting and updates this information in consultation with relevant management	-14
Company Secretary reviews the proposed agenda & draft papers with relevant management	-10
Board papers are provided to the Company Secretary	-7
All Board papers are circulated to Board meeting attendees	-5
Board meeting	0
Draft minutes sent to the Chair	5
Minutes are finalised and approved and sent to Board meeting attendees	7

The indicative cycle gives Board members time to seek clarification or further information in advance and to generally prepare for the meeting.

#### 8.3 Conduct of Meeting

In addition to any responsibilities set out in the Constitution of the Company, the Chair will

determine the degree of formality required at each meeting and ensure the required business outcomes are achieved. Specifically, the Chair will:

- ensure that all members are heard;
- maintain adequate control to ensure that the authority of the Chair is recognised and the meeting progresses smoothly;
- ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached; and
- take care that the decisions are fully understood and properly minuted.

#### **8.4 Quorum at Meetings**

For a decision of the Board to be valid, a quorum of Directors must be present as required by section 8.10 of the Company's Constitution.

### **9. BOARD MEETING AGENDA**

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#### **9.1 Agenda Content**

An agenda will be prepared for each Board and Committee meeting. It must contain the following items together with any other items the Board from time to time determines:

1. Opening & Apologies
2. Minutes from Previous Meeting & Correspondence
3. Actions From Previous Meetings
4. MD Report
5. Finance Report
6. Other Business

#### **9.2 Agenda Preparation**

The Company Secretary, in consultation with the Chairman, the CEO and relevant senior managers is responsible for preparing an agenda for each Board meeting. However, any Director may request items to be added to the agenda. When finalised, the Company Secretary will then circulate the agenda to all Directors with the Board papers at least five days prior to the meeting.

### **10. BOARD CALENDAR**

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If necessary, the Board may adopt a twelve-month Board Calendar to identify in advance key dates including all scheduled Board and Committee meetings, major corporate and Board activities such as the Company's Annual Meeting, all proposed strategic planning sessions and the Board's and CEO's performance reviews. The Board Calendar (if adopted) will be updated and approved prior to the start of each calendar year or otherwise as the Board determines.

## **11. COMMITTEES**

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The Board currently has established two Board committees:

- the Audit and Risk Committee; and
- the Remuneration Committee.

Additional Board Committees may be established by the Board at any time to assist the Board in the discharge of its responsibilities, where the Board resolves to establish a new Board Committee it must include in any such resolution a Charter for the Committee defining the name and purpose of the Committee, its membership, Chair, its quorum, the minimum number of meetings to be held annually, a detailed description of the Committee's responsibilities and any other matters the Board deems appropriate.

## **PART C – KEY BOARD FUNCTIONS**

### **12. THE BOARD AND STRATEGY**

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Each year the Board will approve a formal strategic planning process that articulates the respective roles and levels of involvement of the Board, CEO, senior managers and other employees as appropriate, and will review and approve the annual strategic plans for the Company.

### **13. HOSPITALITY AND GIFTS**

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The Company recognises the need from time to time to give or accept customary business courtesies in accordance with ethical business practices,

However, Directors will not solicit such courtesies and will not accept gifts, services, benefits or hospitality that might influence, or appear to influence, the Directors' conduct in representing the Company.

### **14. MONITORING**

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The Board will monitor the performance of the Company in implementing its strategic plans and the overall operational performance. Each Board meeting will allocate time to discuss the status reports prepared by the CEO and senior managers.

### **15. COMPLIANCE**

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The Board is responsible for overseeing, reviewing and ensuring the integrity and effectiveness of the Company's compliance systems. The Board has established an Audit and Risk Committee to oversee the Company's compliance systems and report to the Board on the operation of those systems.

### **16. RISK MANAGEMENT**

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The CEO is responsible for ensuring appropriate risk management processes are implemented within the Company, covering operational risk, financial risk and compliance risk. Functions within these processes may be delegated to senior managers.

Risk management is a key governance and management function. The primary objectives of risk management at the Company are to ensure:

- all major sources of potential opportunity for, and harm to, the Company, both existing and potential, are identified, analysed and treated appropriately;
- business decisions throughout the Company balance the risk and reward trade-off;
- regulatory compliance and integrity in reporting are achieved; and
- the Board, the CEO, senior managers, all understand the agreed risk profile of the Company.

The Company's risk management systems should at all times comply with Recommendation 7.2 of the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*.

## 17. DELEGATION OF AUTHORITY

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Directors are responsible for all delegations of their responsibilities with regard to the Company's operations. As such, the Board determines the authorities delegated to either specific Directors, the CEO or senior managers and as appropriate, the controls required to ensure the proper operation of these delegated powers.

## PART D – CONTINUING IMPROVEMENT

### 18. DIRECTOR PROTECTION

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#### 18.1 Information Seeking Protocol

Directors will adhere to the following protocols when seeking information:

1. Approach the CEO/Company Secretary to request the required information
2. If the information cannot be obtained, approach the Chairman;
3. If the information is still not obtained, write to all Board members and the CEO detailing the information that is required, purpose of the information, and who the Director intends to approach in order to obtain the information; and
4. As a last resort, employ the provisions of the *Corporations Act*.

#### 18.2 Access to Professional Advice

A Director of the Company is expected to exercise considered and independent judgment on the matters before them. To discharge this expectation, a Director may from time to time need to seek independent, expert opinion on such matters. All Directors have the individual authority to commit the Company to up to \$5,000 per annum in professional advice.

However, prior to seeking professional advice a Director shall inform the Chairman about the nature of the opinion or information sought, the reason for the advice, the terms of reference for the advice and the estimated cost of the advice. Where more than one Director is seeking advice about a single issue, the Chairman shall coordinate the provision of the advice.

If the cost of professional advice is likely to exceed \$5,000, the Director shall seek authority from the Chairman prior to engaging an external expert. The Chairman has delegated authority to

authorise expenditures up to \$30,000 per issue. If the Chairman withholds authorisation, the Director has the right to seek authority from the Board at the next Board meeting.

If the cost of professional advice is likely to exceed \$30,000 per issue, then the Board must approve the engagement of an external expert.

Advice so received should be received on behalf of the Board as a whole.

### **18.3 Access to Board Papers**

The Directors have the right to access all Board documents as granted by the *Corporations Act*.

### **18.4 Insurance**

The Company must at all times hold Directors and Officers insurance in accordance with clause 10.4 of the Constitution of the Company.

## **19. BOARD AND SENIOR EXECUTIVE EVALUATION**

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### **19.1 Board and Director Evaluations**

The Board will undertake an annual evaluation of its own and its Committee's performances, as well as that of the Chair and each Director individually against the duties and responsibilities set out in this Charter. These evaluations will be undertaken in the manner the Board determines as appropriate for each.

At the start of each financial year, the Board will set out the expectations of its itself and its Committees. These expectations are derived after considering the results of previous reviews, an assessment of the Company's current and future needs, and a review of this Charter and each Committee's Charter or purpose. As a result of this review, the Board may amend or revoke any Charter.

At the end of each financial year, the Board will review the performance of the Committees against these expectations. Based upon the review, the Board and each Committee (both as individuals and collectively) will receive feedback on their performance. The results of the review are a key input into the expectations to be set by the Board for the following year.

### **19.2 CEO Evaluation**

The Board will undertake a half-yearly review of the CEO's performance against the duties and responsibilities set out in this Charter, the CEO's Job Description and any other performance expectations reasonably advised to the CEO which the Board determines from time to time to be necessary. The Board may also undertake more frequent reviews of the CEO's performance if it deems necessary. All such reviews will be undertaken in the manner the Board determines as appropriate.

Based upon these performance reviews, the CEO will receive feedback on his or her performance from the Board via the Chair. The results of the review are a key input into the expectations of the CEO by the Board for the following year.

### **19.3 Senior Managers Evaluations**

All senior managers of the Company are subject to half yearly performance evaluations. In the month prior to the start of each financial year, all senior managers will establish a set of performance targets with the CEO or their direct manager as appropriate. These targets must be aligned to the Company's business objectives and the Company's requirements of the position. In the case of the CEO, these targets are negotiated between the CEO and the Remuneration Committee and signed off by the whole Board. In the case of the CEO'S direct reports, these targets are negotiated with the CEO but approved by the Remuneration Committee.

A performance review of each senior manager's performance against the agreed targets will take place each half year by the CEO (or the appropriate direct manager). More frequent reviews of a senior manager's performance may be undertaken if the CEO deems it necessary. Based upon these reviews, each senior manager will receive feedback on his or her performance. The results of the review are a key input into the expectations of each senior manager for the following year and their performance incentives (if any).

## **20. NON-EXECUTIVE DIRECTOR REMUNERATION**

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All fees paid to non-executive Directors are paid from the maximum aggregate amount approved by shareholders for the remuneration of non-executive Directors. This aggregate amount is inclusive of superannuation and any other statutory costs. The fee each non-executive Director is paid is determined by the Remuneration Committee from time to time, including any additional fees paid for participation on Board Committees. All fees payable to Non-Executive Directors, including the Chair, will be paid monthly in arrears. Non-executive Directors do not receive performance-based bonuses unless, for specific purposes, the Board decides otherwise.

Non-executive Directors will have indemnity insurance paid by the Company.

## **21. DIRECTOR DEVELOPMENT**

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The Company supports the continuing development of its Directors and the CEO. With this commitment, there is an expectation that all Directors and the CEO will commit to at least 2 days of professional development each year as approved by the Board from time to time.

## **22. DIRECTOR INDUCTION**

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New Directors will be given a full briefing on the Company. This will include meetings with other Directors, the CEO and senior managers, a visit to the Company's premises, an induction pack containing key Company documents together with any other information the new Director has requested.

## **ATTACHMENTS**

Attachment A - Audit and Risk Committee Charter

Attachment B - Remuneration Committee Charter

## ATTACHMENT A - AUDIT AND RISK COMMITTEE CHARTER

### **Constitution**

The Audit and Risk Committee has been established by resolution of the Board.

### **Membership**

The Audit and Risk Committee will consist of not less than three members. Where possible, the majority of members will be appointed by the Board from amongst the non-executive Directors.

### **Chairman**

The Board will appoint an independent Director, other than the Chair of the Board, to be the Chair of the Audit and Risk Committee.

### **Secretary**

The Company Secretary will be the Secretary of the Audit and Risk Committee.

### **Other Attendees**

The CEO and CFO as well as other members of senior managers may be invited to be present for all or part of the meetings of the Audit and Risk Committee but will not be members of the Committee.

Representatives of the external auditor are expected to attend each meeting of the Audit and Risk Committee at least once a year. The Committee will meet with the external auditor without any management staff or executives present.

### **Quorum**

A quorum will be two members.

### **Meetings**

Audit and Risk Committee meetings will be held not less than two times a year. In addition, the Chair is required to call a meeting of the Audit and Risk Committee if requested to do so by any member of the Audit and Risk Committee, the CEO, or the external auditor.

### **Authority**

The Audit and Risk Committee is authorised by the Board to investigate and make recommendations regarding any activity within its responsibilities as defined in its Charter. The Audit and Risk Committee will have access to management and the auditors with or without management present and has the right to seek explanations and additional information. It is authorised to seek any information it requires from any employee and all employees are required to cooperate with any request made by the Audit and Risk Committee.

The Audit and Risk Committee is authorised by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The costs of such external advice must not exceed the Board Chairman's delegated authority set out in clause 18.2 of the Board's Charter. If the Chairman withholds authorisation, the Chair of the Audit and Risk Committee has the right to seek authority for the costs of the proposed external advice to be incurred from the Board at the next Board meeting.

### **Reporting Procedures**

The Audit and Risk Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chair of the Audit and Risk Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Audit and Risk Committee meeting along with any recommendations of the Committee.

## **Responsibilities of the Audit Committee**

The Audit and Risk Committee is responsible for reviewing the integrity of the Company's financial reporting. In particular, the Audit and Risk Committee has the following duties:

### **Accounting Practices and External Reporting**

- To review the audited half-yearly and annual financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;
  - compliance with accounting policies and standards; and
  - compliance with legal requirements.
- To monitor and review the propriety of any related party transactions.
- To oversee management's appointment of the Company's external auditor and to recommend to the Board the appointment of the external auditor. Each year review the appointment, the audit fee, and any questions of resignation or dismissal.
- To review the evaluation by management of factors related to the independence of the Company's external auditor and to assist them in the preservation of such independence.
- To discuss with the external auditor before the audit commences the nature and scope of the audit, and to ensure coordination between the Company's accounting and finance functions and the external auditor.
- To meet privately with the external auditor on at least an annual basis.
- To determine that no management restrictions are being placed upon the external auditor.
- To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).
- To review the external auditor's management letter and management's response.
- To review any regulatory reports on the Company's operations and management's response.
- Providing, through regular meetings, a forum for communication between the Board, senior financial management staff involved in internal control procedures and the external auditors.
- To evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies.

### **Oversight of the Risk Management Process**

- To oversee the establishment and implementation by management of the Company's approach for identifying, assessing, monitoring and managing material risk throughout the Company. This approach will include the Company's internal compliance and control processes.
- To review at least annually the Company's risk management processes to ensure exposure to the various categories of risk are minimised prior to endorsement by the Board.
- To evaluate the Company's exposure to fraud and monitor the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest.
- To identify and direct any special projects or investigations deemed necessary.

- To ensure a safe working culture is sustained in the workforce.
- To determine the Company's risk profile describing the material risks, including both financial and non- financial matters, facing the Company.
- To regularly review and update the risk profile.

## ATTACHMENT B - REMUNERATION COMMITTEE CHARTER

### Constitution

The Remuneration Committee has been established by resolution of the Board.

### Membership

The Remuneration Committee shall be appointed by the Board from among the non-executive Directors of the Company and shall consist of not less than three members with the majority being independent Directors.

### Chair

The Remuneration shall appoint an independent Director as the Chair of the Committee.

### Secretary

The Company Secretary shall be the Secretary of the Remuneration Committee.

### Quorum

A quorum shall be two members.

### Meeting Frequency

Remuneration Committee meetings will be held not less than twice a year.

### Other Attendees

Senior managers may be invited to be present for all or part of the meetings of the Remuneration Committee but will not be members of the Committee.

### Authority

The Remuneration Committee is authorised by the Board to investigate and make recommendations regarding any activity within its responsibilities as defined in its Charter. The Committee will have access to senior managers and has the right to seek explanations and additional information.

The Remuneration Committee is authorised by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The costs of such external advice must not exceed the Board Chair's delegated authority set out in clause 18.2 of the Board's Charter. If the Chairman withholds authorisation, the Chair of the Audit Committee has the right to seek authority for the costs of the proposed external advice to be incurred from the Board at the next Board meeting.

### Reporting Procedures

The Secretary shall circulate the minutes of the meetings of the Remuneration Committee to all members of the Committee for comment and change before being signed by the Chair of the Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the committee meeting along with any recommendations of the Remuneration Committee.

### Responsibilities of the Remuneration Committee

#### 1. Remuneration Policies and Review

The Remuneration Committee is responsible for:

- Assisting the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and policies including incentive policies for senior managers.
- Assessing the market to ensure that the CEO and senior managers are being rewarded commensurate with their responsibilities and performance, with the CEO making recommendations to the Board on any proposed increases.
- Obtaining advice on establishing target market remuneration levels for employees.

- Setting policies for senior managers' remuneration.
- Agreeing appropriate mix of base salary, STI and LTI.
- Recommending LTI hurdles to the Board.
- Proposing, for Board approval, the terms and conditions of employment for the CEO.
- Annually reviewing for Board approval, the CEO's performance, including setting with the CEO metrics for the coming year and reviewing at least quarterly progress in achieving those metrics.
- Reviewing the Company's recruitment, retention and termination policies and procedures for senior managers.
- Reviewing and make recommendations to the Board on the Company's incentive programs.
- Reviewing the remuneration of both executive and non-executive Directors and making recommendations to the Board on any proposed changes.

## **2. Board Membership, Structure and Succession Planning**

The Remuneration Committee also makes recommendations for Board review in relation to:

- Developing and regularly reviewing the policy on Board structure.
- Developing criteria for Board membership.
- Identifying and screening specific candidates for nomination.
- Ensuring there is an appropriate induction program in place.
- Making recommendations to the Board for Committee membership.
- Ensuring there is an appropriate Board succession plan in place.
- Overseeing management's succession planning including the CEO and his or her direct reports.
- Assisting the Chairman in advising Directors about their performance and possible retirement, as well as formally evaluating Board performance and effectiveness.

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