



CORPORATE GOVERNANCE CHARTER

Silver Chef Limited

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DEFINITIONS

Act	<i>Corporations Act 2001 (Cth)</i>
AGM	annual general meeting of the Company
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited ACN 98 008 624 691
Audit & Risk Management Committee (ARM)	Committee responsible for internal controls and oversight of financial management and financial matters generally, and for risk management, across the Group as detailed in its Charter
Board	board of Directors
Board Charter	charter of corporate governance in relation to the Board contained in section 1 of this document
Chairman	chairman of the Board
Charter	Board Charter or (according to context) the charter of any Committee contained (in each case) in this document
CEO	the executive officer or executive officers (whether or not a Director or Directors, and by whatever title known, whether chief executive officer, managing director, or otherwise) with sole or joint responsibility for the strategic and operational management of the Company and the Group
Code for Securities Transactions	the code of conduct for transactions in Securities applicable to the Company contained in section 3 of this document
Code of Ethics	Ethics the code of ethics and values applicable to the Company contained in section 2 of this document
Committee	a committee established by the Board and comprised of such people as the committee itself may determine from time to time.
Constitution	constitution of the Company
CFO	chief financial officer or equivalent officer (whether or not a Director and by whatever title known) of the Company
Company	Silver Chef Limited ACN 011 045 828
Director	director of the Company
Group	Company and its controlled entities
Group Operating Policies & Procedures	policy and procedures applicable to the Group from time to time adopted by the Board
Independence	independence within the meaning of section 1.6 of this document
Independent Director	independent within the meaning of section 1.6 of this document
Nominations Committee	Committee responsible for nominations and related matters as detailed in its Charter
Price-Sensitive	price-sensitive within the meaning of section 3.4 of this document
Price-Sensitive Information	price-sensitive information within the meaning of section 3.4 of this document

Remuneration Committee	Committee responsible for remuneration and related matters as detailed in its Charter
Secretary	secretary of the Company
Security	equity, debt or other security of any kind of the Company
Senior Executives	means the senior management team(excluding Board Members) being those who have the opportunity to materially influence the integrity, strategy and operation of the company, and its financial performance
Shareholder	holder of shares in the Company

Interpretation

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

BOARD CHARTER

1.1. Introduction

This policy outlines the main corporate governance practices that are in place for the Company and to which the both the Board collectively and the Directors individually are committed.

The conduct of the Board is also governed by the Constitution, and, to the extent that the terms of the Constitution are inconsistent with this document, the Constitution is to prevail.

1.2. Guiding principle

The Board will, in carrying out its function and exercising its powers, at all times fulfill its overriding responsibility to act honestly, conscientiously and fairly, in accordance with the law, in the interests of:

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

1.3. Function

The Board's broad function is to:

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

1.4. Powers

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

- (a) composition of the Board itself including appointment and retirement or removal of Directors;
- (b) oversight of the Group including its control and accountability systems;
- (c) appointing and removing the CEO;

- (d) ratifying the appointment and, where appropriate, the removal of the CFO and the secretary;
- (e) reviewing and overseeing the operation of systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and regulatory compliance;
- (f) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- (g) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (h) approving and monitoring financial and other reporting;
- (i) performance of investment and treasury functions;
- (j) monitor industry developments relevant to the Group and its business;
- (k) developing suitable key indicators of financial performance for the Group and its business;
- (l) input into and final approval of management's development of corporate strategy and performance objectives;
- (m) the overall corporate governance of the Group including the strategic direction, establishing goals for management and monitoring the achievement of these goals; and
- (n) oversight of Committees.

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

1.5. Composition

The Chairman must be a non-executive Director. The Chairman is responsible for leadership of the Board and for the efficient organization and conduct of the Board.

The Chairman should facilitate the effective contribution by all Directors and promote constructive and respectful relations between Directors, and between the Board and the Senior Executives.

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

- (a) the Board must comprise members with a broad range of experience, expertise, skills and contacts relevant to the Group and its business;
- (b) there must be no less than three and no more than ten Directors;
- (c) the number of Directors may be increased where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified.

Best practice recommendations issued by the ASX recommend that a majority of the board should be 'independent'. An independent director is defined in clause 1.6.

The Board has reviewed the independence of each Director. While, at the date of adoption of this Corporate Governance Charter, a majority of the Board members are not independent, the Board will consider appointing another independent Director in the future.

1.6. Independence

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

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

- (a) is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;*
- (b) has not, within the last three years, been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;*
- (c) is not a principal of a professional advisor to the Company or another Group member or another Group member, or an employee materially associated with the service provided, except in circumstances where the adviser might be considered to be independent notwithstanding their position as a professional advisor due to the fact that fees payable by the Company to the advisor's firm represent an insignificant component of its overall revenue;*
- (d) is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;*

- (e) has no significant contractual relationship with the Company or another Group member other than as a Director;*
 - (f) is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and*
 - (g) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.'*
- (b) The Board will regularly assess the Independence of each Director in the light of the interests disclosed by them, and each Director will provide the Board with all relevant information for this purpose. The Independence of Directors will be disclosed in the annual report. Where the Independence of a Director is lost, this will be immediately disclosed to the market.

1.7. Appointment and retirement

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

- (d) Under the Constitution at least one third of all Directors, being the longest serving Directors, must retire at each AGM. Directors, excluding the CEO (if a Director), must also retire if a third AGM falls during the period in which they have held office. Retiring Directors are eligible to be re-elected.

1.8. Performance review and evaluation

- (a) The performance of all other Directors is reviewed and assessed each year by the Chairman.
- (b) The performance of the Chairman is reviewed and assessed each year by the other Directors.
- (c) The evaluation criteria and process to be followed is the same in each case.
- (d) The Chairman determines the evaluation criteria and process.
- (e) Members of the Board whose performance is unsatisfactory are asked to retire.
- (f) An external assessment of the Board's policies and procedures, and its effectiveness generally, is conducted by independent professional consultants at intervals determined by the Board as appropriate from time to time.

1.9. Training and advice

- (a) Directors are provided with proper information in relation to the Company and the Group before accepting appointment, and also with a proper induction course on accepting appointment, in each case appropriate for them to discharge their responsibilities in office.
- (b) Directors are provided with access to continuing education in relation to the Group extending to its business, the industry in which it operates, and generally information required by them to discharge the responsibilities of their office.
- (c) Each Director has the right to seek independent legal or other professional advice concerning any aspect of the Company's operations or undertakings in order to fulfill their duties and responsibilities as Directors, at the Company's expense. Prior approval from the Chairman is required but may not be unreasonably withheld or delayed.

1.10. Meetings

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

1.11. Secretary

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

1.12. Committees

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

1.13. Ethical standards and values

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

1.14. Dealings in Securities

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

1.15. Business risks

- (a) The Board is responsible for the strategy of the Company which includes the identification of significant business risks. This responsibility is fulfilled by the Audit & Risk Management Committee which reviews the major risks affecting each business segment and develops strategies to mitigate these risks reports to the Board following each meeting.
- (b) The risks of the Company's and the Group's business are reviewed by the Board following each report by the Audit & Risk Management Committee. This report is a specific agenda item at each regular meeting of the Board. Once a risk is identified, an action plan is instigated, and the Audit & Risk Management Committee (and, through it, the Board) is informed of the action plan proposed by management. The Audit & Risk Management Committee must approve the action plan. Corrective action is taken as soon as practicable. Major business risks arise from such matters as actions by competitors, changes in government policy and use of information systems.
- (c) The Group Operating Policies & Procedures, which are provided to all staff and with which they are required to comply, contains risk management procedures that aim to address risk management issues including the risk that professional indemnity claims may be made against the firm.
- (d) The CEO and CFO must each provide a statement to the Board with any financial report to the effect that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

1.16. Communication with Shareholders

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

- (a) The Company's continuous disclosure obligations are reviewed as a standing item on the agenda for each regular meeting of the Board. Each Director is required at every such meeting to confirm details of any matter within his knowledge that might require disclosure to the market.

- (b) The annual report is distributed to all shareholders. The Board ensures that the annual report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group, and details of future developments in addition to the other disclosures required by the Act. To assist shareholders in communicating issues to the Board, reply paid question cards may be issued with the annual report when considered appropriate.
- (c) Proposed major changes in the Group which may impact on share ownership rights and the removal and appointment of Directors are submitted to a vote of shareholders at an AGM. If resolutions are required to be put to Shareholders before the next AGM, a general meeting will be called with at least 28 days' notice in accordance with the Constitution. The Board encourages the full participation of Shareholders at the AGM and at other general meetings to ensure a high level of accountability and identification with the Group's strategy and goals.
- (d) The external auditors will be requested to attend the AGM and be available to answer questions by Shareholders on the conduct of the audit and the preparation and content of the audit report.
- (e) The half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The report is lodged with and available from the ASX. It is also sent to all Shareholders of the Company.
- (f) Company announcements are made in a manner which is factual, timely, clear, and objective manner, and so as not to omit any information material to decisions of Shareholders and potential investors in the Company.
- (g) Information concerning the Company and the Group, including copies of announcements made through the ASX and the annual report and half-yearly report, is made available to Shareholders and prospective investors in the Company on the Company's website. The Company has a continuing commitment to electronic communication with Shareholders and stakeholders generally including via its website.

1.17. Recognition of interests of stakeholders

- (a) Directors must recognise that their primary responsibility is to Shareholders as a whole however, the Company must function within, and operate with a sense of responsibility to, the wider community as well as to Shareholders. It is the Company's belief that this sense of responsibility to stakeholders generally is an

essential part of its role within the broad community and represents not only sound ethics but also good business sense and commercial practice.

- (b) As part of this broad responsibility the Company welcomes constructive feedback on its contribution to and role within the community at AGMs and via its website.

2. CODE OF ETHICS AND VALUES

2.1. Objective

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

2.2. Obligation

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

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

2.3. General duties

Directors must:

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

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

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

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

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

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

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

2.4. Business judgment rule

(a) Each Director should be familiar with the business judgment rule set out in this section.

(b) A director's duty to act with care and diligence will be taken to be satisfied where the director:

(i) Makes a judgment in good faith and for a proper purpose

(A) This requires an honest exercise of powers in the best interests of the company on the basis of an objective view.

(B) Decisions which would allow some directors or shareholders to gain an advantage over others may be indicative of those made for improper purposes – even where the decision does not result in damage to the company.

(ii) Has no material personal interest in the subject-matter of the judgment made

This requires the avoidance of any conflict of interest.

(iii) Is informed about the subject-matter of the judgment to the extent the director reasonably believes to be appropriate

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

(iv) Rationally believes the judgment to be in the best interest of the Company

This requirement is presumed to be satisfied unless no reasonable person in the director's position would have made that judgment.

(c) The business judgment rule:

(i) relates only to decisions about the ordinary business operations of the Company;

and

(ii) does not relieve a director from other fiduciary duties (over and above those owed as a director) such as to act in good faith, not to misuse the position of director, not to make improper use of confidential information, and to prevent insolvent trading.

(d) A business judgment is any decision to take or not to take action in respect of a matter relevant to the business operations of the company; it does not apply to any failure to take a decision.

2.5. Decision-making

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

In order to satisfy this requirement a Director must:

(a) make a reasonable effort to become and remain familiar with the affairs of the Group;

(b) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and

- (c) commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Group without placing undue reliance on other Directors to fulfill those duties.

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

- (a) an employee whom the Director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional adviser or expert in relation to matters that the Director believes on reasonable grounds to be within the person's professional or expert competence;
- (c) another Director or officer in relation to matters within that Director's or officer's authority; or
- (d) a Committee (on which the Director did not serve) in relation to matters within the Committee's authority;

Directors should only rely on such information or advice if:

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

2.6. Confidentiality

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

- (a) All information received by a Director in the course of fulfilling Board duties must be regarded as confidential and remains the property of the Company. Confidential information is not limited to information that may be regarded as Price-Sensitive and extends to (by way of example only) information that is not Price-Sensitive as such but might reasonably be considered of use or of interest to retail investors.

- (b) A Director may not disclose information, or allow it to be disclosed, to any other person unless that disclosure has been authorised by the Company or is required by law to be disclosed.

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

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

2.7. Improper use of information

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

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

2.8. Co-operation

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

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

2.9. Personal Interests and Conflicts

- a. A Director must not take improper advantage of their position as a Director.
- b. No Director may allow any personal interest, or the interest of any associated person, to influence or prejudice their conduct or any Board or Committee decision.
- c. A Director has a duty to avoid any conflict between:
 - i. the best interests of the Company and the Group: and
 - ii. their own personal interests or those of any third party.
- d. Every Director must be aware of both actual and potential conflicts of interest. The law requires that a Director with a conflict of interest should refrain from voting, or entering into any discussion, at, or even being present during, relevant Board discussions. A Director who has any material personal interest in a matter must not be present at a meeting while the matter is being considered and must not vote on the matter. A personal interest may be either direct or indirect and either pecuniary or otherwise. Papers relevant to any matter on which there is a known conflict of interest, or in relation to which there is a material personal interest, will not be provided to any Director concerned.

2.10. Conduct

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

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

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

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

2.11. Performance and review

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

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

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

2.12. Complaints procedure

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

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

3. CODE OF CONDUCT FOR TRANSACTIONS IN SECURITIES

3.1. Need for code of conduct

- (a) The legal duties placed on Directors and certain others in relation to transactions in the securities of the Company and certain other companies are onerous. Heavy sanctions apply if these duties are breached. The major issue concerns information that is Price-Sensitive or otherwise confidential.
- (b) In view of this, and because of the difficulty in determining whether information is Price-Sensitive, the Board has adopted this code governing dealings in Securities and the securities of certain other companies by Directors and certain others as detailed in this code.

3.2. Legal constraints

- (a) Legal constraints applicable to directors and officers of a listed company dealing in securities in the company concerned arise from the following sources:
 - (i) common law;
 - (ii) the Act; and
 - (iii) ASX Listing Rules.
- (b) As regards Price-Sensitive Information, if a Director or an officer is in possession of any such information which has not been publicly disclosed, there are a number of general and some specific legal constraints on dealings in securities.
- (c) Price-Sensitive Information is not easy to define and must be regarded as being very broad in scope.

3.3. General

- (a) Whilst it is desirable that Directors, executives and other employees of the Group should hold Securities, such persons to whom this code applies who wish to trade (buy or sell) Securities must have regard to both to applicable legal constraints and to this code and abide by the spirit of this code as well as the letter of the law.
- (b) No such person may trade in Securities, either for short-term speculative gain or otherwise, whilst in possession of Price-Sensitive Information.
- (c) Such trading is prohibited, whether concluded personally by a person to whom this code applies (as referred to in section 3.9 below) or through a related party within the meaning of section 228 of the Act which applies to public companies and, for

convenience and in summary, specifies the following as related parties in relation to the Company:

- (i) any entity that controls the Company;
- (ii) each of the following:
 - (A) any Director;
 - (B) any director of any entity that controls the Company;
 - (C) each of the persons making up any entity that controls the Company but is not itself a body corporate; and
 - (D) any spouse or de facto spouse of any of those persons;
- (iii) parents and children of any of those persons;
- (iv) any entity controlled by any of the above related parties;
- (v) Any entity that was, at any material time, any of the above related parties at any time within the previous six months;
- (vi) any entity that, at any material time, believes or has reasonable grounds to believe that it is likely to become any of the above related parties at any time in the future; and
- (vii) any entity acting in concert with any of the above related parties on the understanding that the related party will receive a financial benefit if the Company gives the entity a financial benefit.

3.4. Price-Sensitive Information

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

'Price-sensitive information can be regarded as information that relates to the financial affairs of the Company or the Group the knowledge of which may give the person proposing to deal in Securities an advantage over other persons holding or dealing in Securities and, if it were generally available, would be likely to materially affect the price of the Securities in question.

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

Information concerning the Company or the Group related to any of the following subjects could also be regarded as price-sensitive information:

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

3.5. Share Trading Guidelines.

a) Selling

Selling is permitted during the four weeks after announcements to the ASX of half-year and yearly profit announcements and Annual General Meeting (subject to C below)

b) Purchasing

Purchasing is permitted throughout the year except for the six week periods running up to ASX announcements of half-year and yearly profits (subject to (C) below)

c) Price Sensitive Information

Both the above are subject to the person not being in possession of price sensitive information and the buying not being for short term or speculative gain

d) Trading Limits

In no circumstances should any person sell more than \$50,000 worth of securities, unless prior to entering discussion, they have written approval from the Chairman as to the form and timing of the sale and the management of its public disclosure.

e) Review of Trading Guidelines

In special circumstances, the Chairman can review trading beyond the above guidelines

3.6. Persons covered by this Code

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

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

3.7. Securities covered by this Code

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

3.8. Families and trusts

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

3.9. Other companies' securities

Trading by persons to whom this code applies in the securities of other corporations in which the Company has a substantial investment interest (10% or more) are subject to the same approval procedures as for Securities.

3.10. Trustees

A person to whom this code applies, and who is a joint trustee or a trustee of a deceased estate, should advise his co-trustees or trust beneficiaries, as the case may be, of his relationship with the Company and the consequential restrictions on his ability to give advice in respect of Securities.

4. STANDING RULES OF COMMITTEES

4.1. Application

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

4.2. Composition

Best practice recommendations issued by the ASX recommend that:

- (a) Each Committee must consist (only) of non-executive Directors the majority of whom are also Independent; and
- (b) the Chairman must be a member of each Committee unless not Independent.

Due to the size of the Board at the time of adoption of this Corporate Governance Charter, these recommendations have not been implemented. It is anticipated that this policy will be reviewed in future years as the size of the Company and the Board increases. In the interim, the following policies apply:

- (a) Each Committee must consist of no fewer than two members.
- (b) Committees are appointed by the Board and serve as determined by the Board. The Board appoints one member of any Committee to act as its chairman.

4.3. Role

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

4.4. Proceedings

- (a) Any meeting may be held by means of conference call or any other means of communication that may, under the Act or the Constitution, be used for Board meetings.
- (b) The quorum for any meeting is two members whether or not including the Chairman.
- (c) Any Director may attend (but not vote at) a meeting of a Committee of which that Director is not a member, as determined by the Committee, for discussion of any particular matter relevant to that Director or in relation to which that Director may have a special contribution to make.

- (d) Any Committee may delegate any specific task to one of its members or to a sub-committee consisting of two or more of its members.
- (e) The procedural provisions of this section 4.4 apply in relation to any sub-committee of a Committee.

4.5. Reporting

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

4.6. Secretary

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

4.7. Performance review and evaluation

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

5. AUDIT AND RISK MANAGEMENT (ARM) COMMITTEE CHARTER

5.1. Standing rules

The standing rules for Committees (section 4 of this document) apply to the Audit and Risk Management Committee, subject to this charter.

5.2. Purpose

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

5.3. Scope of responsibility

The ARM Committee has responsibility for:

- (a) ensuring an appropriate Board and Committee structure so as to facilitate a proper review function by the Board;
- (b) monitoring the establishment and the performance of an appropriate internal control framework, including management information systems, and its operation and considering enhancements;
- (c) assessing corporate risk and ensuring compliance with internal controls;
- (d) overseeing business continuity planning and risk mitigation arrangements;
- (e) reviewing reports on any material misappropriations, frauds and thefts from the Group;
- (f) reviewing reports on the adequacy of insurance coverage;
- (g) monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Secretary in relation to those requirements;
- (h) reviewing material transactions which are not a normal part of the Group's business;
- (i) reviewing the nomination, performance and independence of the external auditors, including recommendations to the Board for the appointment or removal of any external auditor;

- (j) liaising with the external auditors and ensuring that the annual audit is conducted in an effective manner that is consistent with ARM Committee members' information and knowledge and is adequate for shareholder needs;
- (k) reviewing management processes supporting external reporting;
- (l) reviewing financial statements and other financial information distributed externally;
- (m) assessing the adequacy of external reporting for the needs of shareholders;
- (n) preparing and recommending for approval by the Board the corporate governance statement for inclusion in the annual report or any other public document;
- (o) reviewing the effectiveness of the audit function, including reviewing the performance and independence of the external auditors;
- (p) reviewing external audit functions to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management; and
- (q) reviewing and monitoring compliance with the Code of Ethics.

5.4. Powers

- (a) The ARM Committee has an advisory role, to assist the Board in relation to the matters with referred to in section 5.3, and does not have any power to commit the Board to any recommendation or decision made by it except:
 - (i) for matters relating to the appointment, oversight, remuneration and replacement of the external auditors; and
 - (ii) where and to the extent that (in other respects) it has express delegated authority from the Board.
- (b) The ARM Committee has unrestricted access to management as well as to the external auditors to carry out its functions.

5.5. Internal control framework

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

(b) **Risk issues are addressed by:**

- (i) The Committee identifying significant business risks, reviewing the major risks affecting each business segment, developing strategies to mitigate these risks and reporting to the Board following each ARM committee meeting.
- (ii) The Committee approving any action plan approved by the Board and ensuring corrective action is taken as soon as practicable.
- (iii) The Group Operating Policies & Procedures, which are provided to all staff and with which they are required to comply, contains risk management procedures that aim to address risk management issues including the risk that professional indemnity claims may be made against the firm.
- (iv) The CEO and CFO providing a statement to the Board with any financial report to the effect that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

(c) **Financial reporting**

- (i) The External auditors are selected according to criteria set by the ARM Committee which include :
 - i. the lack of any current or past relationship with the Company or with any member of senior management that could impair, or risk impairing, the independent external view they are required to take in relation to the Company and the Group;
 - ii. their general reputation for independence and probity and professional standing within the business community; and
 - iii. their knowledge of the industry within which the Company and the Group operate.
- (ii) Audit staff employed by the external audit partner, (including the partner or other principal with overall responsibility for the engagement), are required to be rotated periodically, and in any event at intervals not exceeding five years, so as to avoid any risk of impairing the independent external view that the external auditors are required to take in relation to the Company and the Group.
- (iii) An annual budget must be prepared by management, reviewed and commented on by the Committee is approved by the Board. Actual results, including both profit and loss statement and cash flow statement, are reported on a monthly basis against budget, and revised forecasts for the year are prepared regularly. The Group provides half-yearly financial reports.

- (iv) Price-Sensitive Information, and other information reasonably required by an investor to make an informed assessment of the Company and Group's activities and results, must be reported to the ASX in accordance with continuous disclosure requirements. This is considered as a standing agenda item at each regular meeting of the Committee as well as of the Board.
- (v) Each of the CEO and CFO must state in writing to the Board, when providing it with financial reports, that the Company's financial reports:
 - i. Have been properly maintained:
 - ii. present a true and fair view, in all material respects, of the Company's financial conditions and operational results;
 - iii. are in accordance with relevant accounting standards; and
 - iv. are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
- (vi) Without limiting relevant matters of which the Board should be informed, the CEO is also primarily responsible for:
 - i. making decisions concerning whether a matter is required to be disclosed in accordance with the Company's continuous disclosure obligations;
 - ii. ensuring that the Company complies with those obligations;
 - iii. notifying the Board of such matters;
 - iv. monitoring and promoting an understanding within the Company of compliance;
 - v. acting as the contact for media and comment, including analyst briefings and responses to shareholder questions; and
 - vi. Keeping the Board informed of other relevant matters

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

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

(e) **Capital Expenditure**

The Group has clearly defined guidelines for capital expenditure. This policy includes annual budgets, levels of authority and approval procedures.

(f) **Operating unit controls**

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

(g) **Functional specialty reporting**

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

5.6. Audit planning

The Committee reviews the performance of the external auditors throughout the year:

(a) **During the year the committee meets with the external auditor to:**

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

(b) **Prior to announcement of Company's results, the committee meets with the external auditor to:**

- (i) Review the pro-forma half-yearly and pro-forma preliminary final report prior to lodgment of those documents with the ASX, and any significant adjustments required as a result of the audit.
- (ii) Make the necessary recommendation to the Board for the approval of these documents.
- (iii) Review the results and findings of the audit, the adequacy of accounting, financial and operating controls, and to monitor the implementation of any recommendations made.
- (iv) Review the draft financial report and the audit report and to make the necessary recommendation to the Board for the approval of the financial report.

5.7. Proceedings

- (a) Meetings are held at least four times during each year and more often as required.
- (b) The external auditor, the CEO and the CFO are invited to attend meetings, or specific parts of meetings, at the discretion of the Committee.
- (c) Business is considered as the Committee may determine, with additional items of business considered as appropriate, according to the following broad agenda:

(i) **First meeting - November**

- (a) Review of the activities of the previous year for preparation of the annual report and the activities of the previous year.
- (b) Review of charter and plans for the coming year.
- (c) Presentation of insurance plan for the current year.
- (d) Consideration of matters raised by the external auditors in their management letter and management's response and of the possible need for implementation of new controls.
- (e) Review of policies on sensitive issues or practices such as environmental issues.
- (f) Consideration of internal audit reports arising from activities for the quarter and ensuring appropriate management action to address any internal control weaknesses identified.

(ii) **Second meeting - February**

- (a) Reviewing the operation and effectiveness of internal controls.
- (b) Consideration and assessment of the performance of financial management.
- (c) Consideration and approval of the half-yearly profit announcement in conjunction with the CFO and external auditors.
- (d) Review of the results and findings of the half-yearly audit/review.
- (e) Consideration of the adequacy of internal financial controls and the possible need for the implementation of new controls in consequence.
- (f) Review of the half-year financial statements.
- (g) Consideration of internal audit reports arising from activities for the quarter and ensuring appropriate management action to address any internal control weaknesses identified.

(iii) Third meeting - April

- (a) Reviewing business risks facing the Group, and of the Group's business continuity plan, and assessment of the adequacy of internal controls.
- (b) Presentation by senior management on the adequacy of systems of internal control.
- (c) Consideration of financial issues relevant to the annual report.
- (d) Review of draft budget prepared by management for the following year.
- (e) Meet with the external auditors to discuss next year's audit plan and budget.

(iv) Fourth meeting - August

- (a) Reviewing related party transactions.
- (b) Review of the Group's main corporate governance practices and consideration of the content of the corporate governance statement for inclusion in the annual report.
- (c) Consideration and approval of the pro-forma preliminary final statement in conjunction.
- (d) Review of the results and findings of the annual audit.
- (e) Consideration of the adequacy of internal financial controls and the possible need for the implementation of new controls in consequence.
- (f) Review of the financial statements.
- (g) Consideration of internal audit reports arising from activities for the quarter and ensuring appropriate management action to address any internal control weaknesses identified.

6. REMUNERATION COMMITTEE CHARTER

6.1. Establishment of Committee

Best practice recommendations issued by the ASX recommend the establishment of a formal remuneration Committee to ensure that remuneration policies for senior management and non-executive Directors are designed to meet the needs of the Company and enhance corporate and individual performance.

Given the size of the Board, a separate remuneration committee has not been established, and the responsibility for this issue rests with the Board. The remuneration policy adopted by the Board is as follows:

Non-executive Directors

The Company's non-executive Directors will receive only fees for their services and the reimbursement of reasonable expenses. The fees are competitively set to attract and retain appropriately qualified and experienced Directors.

The Directors' fees available to non-executive Directors have been set at a maximum of \$75,000 per annum.

Executive Directors and Senior Executives

The Company's remuneration policy aims to ensure that remuneration rates across the Company are competitive so that the Company is able to attract, motivate and retain high quality employees and achieve levels of performance necessary to create sustained growth and shareholder value.

7. NOMINATIONS COMMITTEE CHARTER

7.1. Establishment of a Committee

Best practice recommendations issued by the ASX recommend the establishment of a separate nominations committee to assist the Board and make recommendations to it in relation to the appointment of new Directors (both executive and non-executive) and senior management.

However, given the size of the Board, a separate nominations Committee has not been established, and the responsibility for this issue rests with the Board.