



BOARD STRUCTURE AND ROLES

1. THE ROLE OF THE BOARD

The Board is ultimately responsible for all matters relating to the running of the Company.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of Senior Management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of Management in carrying out these delegated duties. Thus, except when dealing with specific management delegations of individual Directors (particularly Executive Directors), it is misleading to refer to the management function of the Board.

The Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any 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 for the Company through the establishment and review of Codes of Conduct,ⁱ rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods;
 - Always acting in a manner consistent with the Company's culture and Code of Conduct;
- Overseeing the development and implementation of an appropriate strategy by:
 - Working with the Senior Management Team to ensure that an appropriate strategic direction and array of goals are in place;
 - Regularly reviewing and amending or updating the Company's strategic direction and goals;
 - Ensuring that an appropriate set of internal controls are implemented and reviewed regularly;

- Overseeing planning activities including the development and approval of strategic plans, annual plans; annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets;
- Reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis;
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at General Meetings and, through the Chairman, being the key interface between the Company and its shareholders;
- Overseeing the control and accountability systems that ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations;
- Ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively;
- Being responsible for the Company's Senior Management and Personnel 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;
 - overseeing the development or removal 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 an appropriate succession plan for the CEO, CFO and Company Secretary is in place, where appropriate;
 - Ensuring appropriate human resource systems (including OH&S systems) are in place to ensure the well-being and effective contribution of all employees; and
 - Establishing and maintaining appropriate remuneration levels and policies, including incentive policies for Directors, Senior Executives and Employees.
- Ensuring that Board membership and structure is suitable to the current circumstances of the Company; having in place effective succession planning procedures and evaluating performance where possible.
- Reviewing the integrity of the Company's financial reporting and overseeing the independence of the external Auditors (or by delegation to a Committee)
- Delegating appropriate powers to the CEO, Management and Committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers; and
- Making all decisions outside the scope of these delegated powers including:

- Approving the details of all items of capital expenditure in excess of \$100,000; and
- Approving all operational expenditures more than 10% outside the approved budget and
- Approving all mergers, acquisitions or property disposals in excess of \$100,000; and
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures.

The detail of some Board functions will be handled through Board Committees. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

2. BOARD STRUCTURE

2.1 Number of Directors

The Board has determined that, consistent with the size of the Company and its activities, the Board shall be comprised of at least 3 Directors, with the intention of appointing over time such number of independent Directors that is appropriate to provide proper non-executive influence for decision making purposes.

The Board's long term policy is that the majority of Directors shall be independent, Non-executive Directors, depending on the future needs of the Company, its ability to identify and attract suitable candidates and to financially be able to afford such a structure in light of finite financial resources. This ensures that all Board discussions or decisions have the benefit of outside views and experience.

Subject to the above, the Board has adopted the definition of independence set out in the ASX Corporate Governance Council *Principles of Good Corporate Governance and Best Practice Recommendations* (2003).

The independence of the Company's Non-executive Directors will be assessed on an ongoing basis.

In the opinion of the Board, all 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 Nomination Committee (or full Board in the absence of a Nomination Committee).

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

When considering vacancies, the Board will take into account a candidate's capacity to enhance the mix of skills and experience of the Board.

2.2 Appointment of Directors

The Directors may at any time appoint a person to be Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of

Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following General Meeting and is then eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Any person seeking election as a Director (other than a Director seeking re-election) may submit their application and signed nomination at least 6 weeks before the General Meeting, to the Registered Office of the Company. All nominations shall then be treated as in regards to the Company's Constitution.

2.4 Skills Required on the Board

The Board, through the Nomination Committee (or full Board in the absence of a Nomination Committee), will maintain a regularly reviewed capabilities matrix.

This matrix shall include technical skills, director capabilities and personal attributes. It will normally review the Board's composition against this matrix and recommend any changes in Board composition on at least an annual basis. An essential component of this matrix is the time availability of Directors.

2.5 Duration of Appointment

In the interest of ensuring a continual supply of new talent to the Board, Directors will serve for as long as the Director's skill base and contribution is considered beneficial to the Company.

2.6 Vacation of Office

It is envisaged that Directors shall remain on the Board until required to vacate the office by law or as detailed in the Constitution. The terms and conditions for Directors are contained in their Letter of Appointment.

3. THE ROLE OF INDIVIDUAL DIRECTORS

As members of the peak decision-making body in the Company, Directors share ultimate responsibility for the Company's overall success. Therefore, Directors have an individual responsibility to ensure that the Board is undertaking its responsibilities as set out in its Statement of Board Functions. Directors need to ensure that the Board is providing:

- leadership to the Company, particularly in the areas of ethics and culture;
- a clear and appropriate strategic direction;
- accountability to key stakeholders, particularly shareholders;
- oversight of policies;
- oversight of all control and accountability systems including all financial operations and solvency, risk management and compliance;
- an effective Senior Management Team and appropriate personnel policies; and
- timely and effective decisions on matters reserved to it.

3.1 Directors' Code of Conduct

In accordance with legal requirements and agreed ethical standards, Directors and key Executives of the Company:

- will act honestly, in good faith and in the best interests of the whole Company;*
- 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 and exercising the powers attached to that office;*
- will undertake diligent analysis of all proposals placed before the Board;
- will act with a level of skill expected from Directors and key Executives 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 and key Executives;*
- 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 and such information remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law;*
- will not take improper advantage of the position of Director* or use the position for personal gain or to compete with the Company;†
- will not take advantage of Company property or use such property 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 interest 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 goals;
- will not engage in conduct likely to bring discredit upon the company;*
- will encourage fair dealing by all employees with the Company's customers, suppliers, competitors and other employees;†
- will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith;†

- will give their specific expertise generously to the company;
- have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code;

(*From the *AICD Code of Conduct*)

(*From the ASX Corporate Governance Council's *Principles of Good Corporate Governance*)

3.2 Expectations of Directors in Board Process

Since the Board needs to work together as a group, Directors need to establish a set of standards for Board Meetings. At the Company, it is expected that Directors shall, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Board. This will include, but not be limited to:

- behaving in a manner consistent with the letter and spirit of the Corporate Code of Conduct;
- acting in a businesslike manner;
- acting in accordance with the Constitution and Board policies;
- addressing issues in a confident, firm and friendly manner;
- preparing thoroughly for each Board or Committee event;
- using judgment, commonsense and tact when discussing issues;
- minimising irrelevant conversation and remarks;
- ensuring that others are given a reasonable opportunity to put forward their views;
- refraining from interruption or interjection when a speaker has the floor; and
- being particularly sensitive in interpreting any request or direction from the Chairman that aims to ensure the orderly and good-spirited conduct of the meeting.

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 cast their vote on any resolution according to their own judgment.

Outside the boardroom, however, 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. Similarly, all confidential information received by a Director in the course of the exercise of the Director's duties remains the property of the Company and is not to be discussed outside the boardroom. It is improper to disclose it, or allow it to be disclosed, unless that disclosure without appropriate authorisation.

3.3 Conflict of Interest and Related Party Transactions

3.3.1 Conflicts of Interest

Directors 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. Whether an interest is material or not will vary depending on individual circumstances. Directors are expected to know when a matter is material and accordingly would declare any material conflict. On appointment, Directors will have an opportunity to declare any such interests and they will be entered into the Company's Register of Ongoing Conflicts of Interests.

Directors should update this disclosure by notifying the Company Secretary in writing as soon as they become aware of any conflicts. Directors are also expected to indicate to the Chairman any actual or potential conflict of interest situation as soon as it arises. To ensure Directors have an opportunity to disclose new conflicts of interest, the first Agenda item for each Board Meeting will be the disclosure of any conflicts of interest. Any amendments to disclosures are to be tabled at this time and entered into the Register of Ongoing Conflicts of Interest.

The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot or is unwilling to remove a conflict of interest then the Director must absent himself or herself from the room when discussion and voting occur 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) 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.

3.3.2 Related Party Transactions

Related party transactions include any financial transaction between a Director or Officer and the Company and will be reported in writing to each Board Meeting.

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

To assist the Board in showing that a financial benefit, such as the awarding of a contract to a company in which a Director is a partner, is given on arm's length terms, the process outlined below (Potential Related Party Transaction) will be followed. The Board has also resolved that where applications are made by a related party to a Director or Officer of the Company then the Director or Officer shall exclude himself/herself from the approval process.

Related party for this process means:

- (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.

The Company Secretary will maintain a Register of Related Parties Transactions as well as the Register of Ongoing Conflicts of Interests.

4. THE ROLE OF THE CHAIRMAN

The Chairman's role is a key one within the Company. The Chairman is considered the "lead" Director and utilises his/her experience, skills and leadership abilities to facilitate the governance processes.

There are two main aspects to the Chairman's role. They are the Chairman's role within the boardroom and the Chairman's role outside the boardroom.

4.1 Inside the Boardroom - The role of the Chairman is to:

1. Establish the Agenda for Board Meetings in consultation with the CEO;
2. Chair Board Meetings. If the Chairman is not present within 15 Minutes after the time appointed for the holding of the meeting, a Director chosen by a majority of Directors shall assume the role:
3. Be clear on what the Board has to achieve, both in the long and short term;
4. Provide guidance to other Board members about what is expected of them;
5. Ensure that Board Meetings are effective in that:
 - the right matters are considered during the meeting (for example, strategic and important issues);
 - matters are considered carefully and thoroughly;
 - all Directors are given the opportunity to effectively contribute; and
 - the Board comes to clear decisions and resolutions are noted;
6. Brief all Directors in relation to issues arising at Board Meetings;
7. Ensure that the decisions of the Board are implemented properly;
8. Ensure that the Board behaves in accordance with its Code of Conduct; and
9. Commence the annual process of Board and Directors' Evaluations.

4.2 Outside the Boardroom - the role of the Chairman is to:

1. In conjunction with the CEO, undertake appropriate public relations activities;
2. Be the spokesperson for the Company at the AGM and in the reporting of performance and profit figures;
3. Be the major point of contact between the Board and the CEO;
4. Be kept fully informed of current events by the CEO on all matters which may be of interest to Directors;

5. Regularly review with the CEO, and such other senior officers as the CEO recommends, progress on important initiatives and significant issues facing the Company;
6. Provide mentoring for the CEO; and
7. Initiate and oversee the annual CEO evaluation process.

5. THE ROLE OF THE COMPANY SECRETARY

The Company Secretary is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board. The Company Secretary is appointed and dismissed by the Board and all Directors have as of right access to the Company Secretary.

The tasks of the Company Secretary shall include:

Meetings and Minutes

- notifying the Directors in writing in advance of a meeting of the Board as specified in the Constitution;
- ensuring that the Agenda and Board papers are prepared and forwarded to Directors prior to the Board Meeting as set out in the Board Policy Manual;
- recording, maintaining and distributing the Minutes of all Board and Committee Meetings as required;
- maintaining a complete set of Board Papers at the Company's main office.
- preparing for and attending all Annual and Extraordinary General Meetings of the Company; and
- recording, maintaining and distributing the Minutes of all General Meetings of the Company.

Compliance

- overseeing the Company's Compliance Program and ensuring all Company legislative obligations are met;
- ensuring all requirements of ASIC, the ATO and any other regulatory body are fully met; and
- providing counsel on Corporate Governance Principles and Directors' liability.

Governance Administration

- maintaining the Register of Ongoing Conflicts of Interests and the Register of Related Party Transactions;
- maintaining a Register of Company Policies as approved by the Board;
- maintaining, updating and ensuring that all Directors have an up-to-date copy of the Board Charter and associated Governance documentation;
- maintaining the complete list of the Delegations of Authority;

- reporting at each Board Meeting the documents executed under a Power of Attorney, documents executed in accordance with section 127 of the *Corporations Act*, and reporting on the use of the seal register; and
- any other services the Chairman or Board may require.

6. THE ROLE OF THE CEO

The Chief Executive Officer (CEO) is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies, policies, programs and performance requirements approved by the Board. The position reports directly to the Board.

The CEO's primary objective is to ensure the ongoing success of the Company through being responsible for all aspects of the management and development of the Company. The CEO is of critical importance to the Company in guiding the Company to develop new and imaginative ways of winning and conducting business. The CEO must have the industry knowledge and credibility to fulfil the requirements of the role.

The CEO will manage a team of Executives responsible for all functions contributing to the success of the Company.

The CEO's specific responsibilities will include:

- Develop, in conjunction with the Board, the Company's vision, values, and goals;
- Responsibility for the achievement of corporate goals and objectives;
- Development of short, medium and long term corporate strategies and planning to achieve the Company's vision and overall business objectives;
- Preparation of business plans and reports with the Senior Management; developing with the Board the definition of ongoing corporate strategy; implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;
- Advise the Board regarding the most effective organisational structure and oversee its implementation;
- Assessment of business opportunities of potential benefit to the Company;
- Responsibility for proposals for major capital expenditure to ensure their alignment with corporation strategy and justification on economic grounds;
- Sustain competitive advantage through maximising available resources, encouraging staff commitment and strategically aligning the corporate culture with the organisation's goals and objectives;
- Establish and maintain effective and positive relationships with Board members, shareholders, customers, suppliers and other government and business liaisons;
- Undertake the role of key company spokesperson;
- Recommend policies to the Board in relation to a range of organisational issues including delegations of authority, consultancies and performance incentives;

- Ensure statutory, legal and regulatory compliance and comply with corporate policies and standards;
 - Ensure appropriate risk management practices and policies are in place;
 - Develop and motivate direct reports and their respective teams;
 - Select and appoint key staff (direct reports); and
 - Ensure there is an appropriate staff appraisal system in place in the Company.
-