

CORPORATE GOVERNANCE CHARTER

Pacific Environment Limited

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**Pacific Environment
Limited** 

Applied Science and Technology

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1. Definitions

1.1 Definitions

In this document

Term	Definition
AGM	means the annual general meeting of the Company.
ARM Committee	means the Audit and Risk Management Committee.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691.
Board	means the board of Directors.
Board Charter	means the charter of corporate governance in relation to the Board, set out in section 2.
Chairman	means the chairman of the Board.
CEO	means the executive officer (by whatever title known, whether chief executive officer, managing director or otherwise) with sole responsibility for the strategic and operational management of the Group.
Code for Securities Transactions	means the code of conduct for transactions in Securities set out in section 4.
Code of Conduct	means the code of conduct set out in section 3.
Committee	means a committee of the Board.
Constitution	means the constitution of the Company.
CFO	means the chief financial officer or equivalent officer of the Company (by whatever title known).
Company	means Pacific Environment Limited ACN 122 919 948.
Corporations Act.	means Corporations Act 2001 (Cth)
Director	means a director of the Company.
Group	means the Company and its controlled entities.
Group Operating Policies and Procedures	means the policy and procedures applicable to the Group from time to time, adopted by the Board.
Independence	has the meaning set out in section 2.6.
Independent Director	has the meaning set out in section 2.6.
Price Sensitive	has the meaning set out in section 4.4.
Price Sensitive Information	has the meaning set out in section 4.4.
Secretary	means the secretary of the Company.
Security	has the meaning set out in section 4.10.
Senior Executives	means the senior management team as distinct from the board, being those who have the opportunity to materially influence the integrity, strategy and operation of the company and its financial performance.
Shareholder	means a holder of shares in the Company.
Trade	has the meaning set out in section 4.3.
Trader	means someone who wishes to Trade Securities.

1.2 Interpretation

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

2. Board Charter

2.1 Introduction

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

2.2 Guiding principle

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

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

2.3 Function

The Board's broad functions are to:

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

2.4 Powers

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

- a. the composition of the Board including appointment and retirement or removal of Directors;
- b. oversight of the Group including its control and accountability systems;
- c. appointing and removing the CEO or equivalent;
- d. where appropriate, ratifying the appointment and the removal of Senior Executives;
- e. reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance;
- f. monitoring senior executive's 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.** monitoring industry developments relevant to the Group and its business;
- k.** developing suitable key indicators of financial performance for the Group and its business;
- l.** having input in and granting final approval of corporate strategy and performance objectives developed by management;
- m.** the overall corporate governance of the Group including its strategic direction and goals for management, and monitoring the achievement of these goals; and
- n.** oversight of Committees.

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

2.5 Composition

The chair is responsible for leadership of the board and for the efficient organisation and conduct of the board's functioning.

The chair should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between board and management.

The Board should comprise:

- a.** members with a broad range of experience, expertise, skills and contacts relevant to the Group and its business;
- b.** no less than three Directors, half of whom must be non-executive Directors;
- c.** more than three Directors where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified; and
- d.** a majority of Independent Directors.

The Directors will seek to reflect the above board composition over time however it is acknowledged that while the company is transitioning through certain periods the board may not comprise the prescribed mix above in regard to the ratio of non-executive and independent Directors

2.6 Independence

The Board has adopted the following definition of an Independent Director:

An Independent Director is a Director who is not a member of management i.e. a non-executive Director and who:

- a.** *is not a substantial shareholder of the Company, or an officer of a substantial shareholder, and is not otherwise associated, directly or indirectly, with a substantial shareholder of the Company;*
- b.** *has not, within the last three years:*
 - i.** *been employed in an executive capacity by the Company or another Group member; or*

- ii. been a Director after ceasing employment in an executive capacity for the Company or another Group member;*
- c. has not, within the last three years, been a principal of a professional advisor to the Company or another Group member or an employee materially associated with the service provided, except where the advisor might be considered to be independent due to the fact that fees payable by the Company to the advisor's firm represent an insignificant component of the advisor's firm overall revenue;*
- d. is not:*
 - i. a material supplier or customer of the Company or another Group member; or*
 - ii. an officer of or associated, directly or indirectly, with a material supplier or customer;*
- e. has no material contractual relationship with the Company or another Group member other than as a Director;*
- f. is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and*
- g. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.'*

The Board must regularly assess whether each Director remains an Independent Director in the light of the interests disclosed by them, and each Director must provide the Board with all relevant information for this purpose. The independence of Directors will be disclosed in the annual report. Where a Director ceases to be an Independent Director, this must be immediately disclosed to the market.

2.7 Appointment and retirement

- a.** When a vacancy arises for any reason or where the Board decides a new Director is required with particular skills, the Nominations Committee must prepare a list of candidates considering:
 - i.** what may be appropriate for the Company and the Group;
 - ii.** the skills, expertise and experience required;
 - iii.** the mix of those skills, expertise and experience with those of the existing Directors; and
 - iv.** the perceived compatibility of the candidates with the Group and with the existing Directors.
- b.** Potential candidates to be appointed as Directors are considered by the Board with advice from an external consultant if this is considered by the Board to be appropriate. The Board then appoints the most suitable candidates who have consented to act as Directors. The appointed candidate continues in office only until the next AGM and is 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.

2.8 Performance review and evaluation

- a.** The performance of all other Directors and Senior Executives is reviewed and assessed each year by the Chairman, and the performance of the Chairman is reviewed and assessed each year by the other Directors.

- b. The evaluation criteria and process to be followed is the same in each case.
- c. The Chairman determines the evaluation criteria and process.
- d. A member of the Board whose performance is unsatisfactory will be asked to retire.
- e. An external assessment of the Board's policies and procedures, and its effectiveness may be conducted by independent professional consultants at the discretion of the board.

2.9 Training and advice

- a. Directors must be provided with information about the Company and the Group before accepting the appointment and complete an induction course after their appointment, in each case appropriate for them to discharge their responsibilities in office.
- b. Directors must be given access to continuing education in relation to the Group, extending to its business, the industry in which it operates, and other information required by them to discharge the responsibilities of their office.
- c. Each Director may seek independent legal or other professional advice at the Company's expense. Prior approval from the Chairman is required but may not be unreasonably withheld or delayed.

2.10 Meetings

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

2.11 Secretary

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

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

2.12 Committees

- a. The Board may establish Committees to assist the Board to carry out its functions effectively and efficiently. The Board will adopt a charter for each Committee setting the scope of its responsibility and relevant administrative

and procedural arrangements.

- b.** The Committees established at the date of this document are the following:
 - i.** Audit and Risk Management Committee; and
 - ii.** Remuneration and Nominations Committee.

2.13 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 Conduct in the exercise of their duties.

2.14 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.

2.15 Business risks

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

2.16 Communication with Shareholders

The Board must inform Shareholders of all major developments affecting the Group's state of affairs. Communication to

Shareholders is achieved by the following methods:

- 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 regular 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 Corporations Act.
- c. The Shareholders at an AGM vote on:
 - i. proposed major changes in the Group which may impact on share ownership rights; and
 - ii. the removal and appointment of Directors. 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 half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The report is lodged with and available from the ASX and ASIC. It is also sent to any Shareholder who requests it from the Company.
- e. Company announcements are made in a factual, timely, clear, and objective manner, and include any information material to decisions of Shareholders and potential investors in the Company.
- f. Information concerning the Company and the Group, including copies of announcements made through the ASX, ASIC and the annual report and half-yearly report, are made available to Shareholders and prospective investors in the Company on the Company's website. The Company has a continuing commitment to electronic communication with Shareholders and stakeholders generally including through its website.

2.17 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 through its website.

3. Code of conduct

3.1 Objective

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

3.2 Obligation to comply with code and law

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

A Board position involves important legal and ethical responsibilities as well as committing 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 which binds Directors to adhere to this code for effective operation of the Board. No person should accept a Board position if they have any doubt about their ability to meet their obligation to comply with the requirements of this code.

3.3 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 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.

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:

- a. in the circumstance prevailing;
- b. occupying the same position; and
- c. with the same responsibilities within the Company as the Director.

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

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

A Director who is appointed but fails to acquire and maintain a reasonable level of competence may be considered negligent. All Board members are required to attend at least one educational seminar a year to remain fully informed of matters relevant to their position as a Director.

The Company maintains a directors' and officers' liability insurance. Directors must be fully aware of the terms of this insurance to qualify for protection under it.

3.4 Business judgment rule

- a. 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 is satisfied where the director:
 - i. (good faith and proper purpose) makes a decision in good faith and for a proper purpose.
 - A. This duty requires an honest exercise of powers in the best interests of the company, using an objective view.
 - B. This duty requires an honest exercise of powers in the best interests of the company, using an objective view. Decisions which would allow some directors or shareholders to gain an

advantage over others indicate an improper purpose – even where the decision does not result in damage to the company.

- ii. **(no material personal interest)** has no material personal interest in the subject matter of the decision made. Conflict of interests must be avoided.
 - iii. **(reasonable effort to be informed)** is informed about the subject matter of the decision 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. **(decision believed to be in best interest)** rationally believes the decision to be in the best interest of the Company. It is assumed this requirement is met unless no reasonable person in the director's position would have made that decision
- c. The business judgment rule:
- iv. relates only to decisions about the ordinary business operations of the Company; and
 - v. 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 relating to the business operations of the company; it does not apply to any failure to make a decision.

3.5 Independent decision making and soundness of decisions

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

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 contributing their best endeavours in performing their duties for the benefit of the Group without relying too much on other Directors to fulfil those duties.

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

- d. an employee whom the Director believes on reasonable grounds to be reliable and competent in the relevant subject;
 - e. a professional adviser or expert in a subject the Director believes on reasonable grounds to be within the person's professional or expert competence;
 - f. another Director or officer on the subject within that Director's or officer's authority; or
 - g. a Committee (on which the Director did not serve) on a subject within the Committee's authority.
- h. Directors should only rely on such information or advice if:
- i. the Director's reliance was made in good faith, after independently assessing the information and advice,

considering the Director's knowledge of the Company and Group and the complexity of their structure and operations; and

- j. it was determined to be reasonable to rely on it in proceedings brought to determine whether the Director performed his or her duties under the Corporations Act or the common law.

3.6 Confidentiality of Board matters and other information

Directors must keep confidential any 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 to carry out Board duties must be regarded as confidential and is the property of the Company. Confidential information includes Price Sensitive information and information that is not Price Sensitive but might reasonably be of use or of interest to retail investors.
- b. A Director may not disclose information, or allow it to be disclosed, to any other person unless disclosure is authorised by the Company or the information is required by law to be disclosed.

All discussions and resolutions of the Board must also be kept confidential and their content must not be disclosed, or allowed to be disclosed to persons who are not Directors except in cases where disclosure:

- i. has been authorised by the Company; or
 - ii. is required by law.
- c. Authorisation by the Company is presumed to the extent the Board or Committee minutes state or imply that it is intended that disclosure should be made to third parties.
 - 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 2.9(c) of this document.

3.7 Improper use of information

A Director must not make improper use of information acquired as a Director to gain, directly or indirectly, any personal advantage or any advantage for any other person detrimental to the Company or the Group. A Director may also seek independent advice in accordance with section 2.9(c).

3.8 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. They must work cooperatively with the Chairman and other Directors and with management. Directors must therefore observe solidarity regarding the resolutions of the Board or any Committee. Directors must not speak against a resolution of the Board or any Committee to any person other than fellow Directors. Directors must also support Board resolutions by providing assistance and cooperation in their implementation.

3.9 Personal interests and conflicts

A Director must not take improper advantage of their position as a Director.

No Director may allow any personal interest, or the interest of any associated person, to influence or prejudice the Director's conduct or any Board or Committee decision.

A Director has a duty to avoid any conflict between:

- a. the best interests of the Company and the Group; and
- b. their own personal interests or the interests of any third party.

Every Director must be aware of both actual and potential conflicts of interest. The law requires that a Director with a conflict of interest should refrain from voting, or entering into any discussion, at, or even being present during, relevant Board discussions. A Director who has any material personal interest in a matter must not be present at a meeting while the matter is being considered and must not vote on the matter. A personal interest may be either direct or indirect and either pecuniary or otherwise. Papers relevant to any matter on which there is a known conflict of interest, or in relation to which there is a material personal interest, will not be provided to any Director concerned.

3.10 Conduct

A 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.

3.11 Performance and review

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

Effectiveness of the Board's performance may from time to time be conducted by an independent expert appointed by the Board.

The Board is accountable not only to Shareholders, but to other third parties, including creditors, regulators and the community. It is not practical for any of these interest groups to regularly review Board performance, and nor would such appraisal be appropriate as it would be difficult for a particular interest group to be impartial or objective. The Board must satisfy itself that its performance is efficient so that all Directors meet their obligations and are not exposed to any legal liability. Each Director must cooperate fully with any review or assessment of performance, whether:

- a. collective or individual; and
- b. whether conducted by:
 - i. the Chairman;
 - ii. any other Director; or
 - iii. any independent third party externally appointed for the purpose.

3.12 Complaints procedure

Directors are bound by the complaints procedure determined by the Board.

The Board develops and formulates and implements strategy and policy. Management carries strategy and policy into effect.

Directors may be approached by shareholders, staff or other persons who have a complaint about a matter relating to the Company or the Group. Any such complaint must be handled under the relevant procedure in the Group Operating Policies and Procedures.

4. Code of conduct for transactions in securities

4.1 Need for code of conduct

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

4.2 Legal constraints

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

4.3 General

- a. It is desirable that Directors, executives and other employees of the Company or the Group hold Securities. Traders who wish to buy or sell (trade) Securities must consider both the legal constraints and this code. They must abide by the spirit of this code as well as the letter of the law.
- b. Traders in possession of Price Sensitive Information must not Trade in Securities, either for short-term speculative gain or otherwise.
- c. Trading is prohibited, whether carried out personally by a Trader or through a related party. For public companies, a related party is defined in section 228 Corporations Act as:
 - i. any entity that controls the public company;
 - ii. each of the following:
 - A. a director of the public company;
 - B. a director of an entity that controls the public company;
 - C. each of the persons making up the entity that controls the public company (which is not itself a body corporate); and
 - D. spouses and de facto spouses of the persons referred to in sections 4.3(c)(ii)(A), 4.3(c)(ii)(B) and 4.3(c)(ii)(C);
 - iii. parents and children of any of the persons referred to in section 4.3(c)(ii);

- iv. any entity controlled by any of the above related parties;
- v. an entity that was a related party within the previous six months;
- vi. an entity that believes or has reasonable grounds to believe that it is likely to become an a related party in the future; and
- vii. any entity acting in concert with a related party on the understanding that the related party will receive a financial benefit if the Company gives the entity a financial benefit.

4.4 Price Sensitive Information

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

‘Price sensitive information is information that:

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

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

Information concerning the Company or the Group related to to any of the following subjects are also examples of price sensitive information:

- a. *proposed changes in capital structure;*
- b. *information to be disclosed under the Corporations Act;*
- c. *proposed changes to the Board other than filling a casual vacancy or a retirement due to ill health or similar situation;*
- d. *proposed changes in the general character or nature of the business;*
- e. *information regarding changes in the holdings of substantial shareholders;*
- f. *proposed significant changes in the holdings of any Director;*
- g. *appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by it or any of its child entities;*
- h. *a recommendation or declaration of a dividend or distribution;*
- i. *a recommendation or declaration that a dividend or distribution will not be declared;*
- j. *undersubscriptions or oversubscriptions to an issue;*
- k. *a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company’s consolidated assets;*

- l. a claim against the Company or any other company in the Group for which the excess or damages (or both) payable by it is a significant proportion of the written down value of the Company's consolidated assets;*
- m. an agreement or option to acquire an interest in a mining tenement;*
- n. information about the beneficial ownership of securities obtained under part 6C.2 Corporations Act;*
- o. giving or receiving a notice of intention to make a takeover; or*
- p. an agreement between the Company (or a related party or subsidiary) and a Director (or a related party of the Director).'*

4.5 Permitted trading

- a.** Subject to section 4.5(b), Traders are permitted to Trade in Securities during a four week period starting immediately after the announcement to the ASX and ASX of the half-yearly and annual results and after the conclusion of the AGM if:
 - i.** the Trader is not in possession of Price Sensitive Information; and
 - ii.** the trading is not for short term or speculative gain; and
 - iii.** the trading is not otherwise prohibited by law.
- b.** No Trader can sell more than \$50,000 worth of Securities to any party unless approval from the Board is obtained, covering the form of and timing of the sale, and the management of its public disclosure.

4.6 Prohibited trading

- a.** Trading in Securities by any Trader is prohibited at all times other than those specified in section 4.5 unless the authority of the Board is obtained under section 4.7.
- b.** Permission may be given for trading under section 4.7 if the Board is satisfied that the transaction would not be:
 - i.** contrary to law;
 - ii.** for speculative gain;
 - iii.** to take advantage of insider knowledge; or
 - iv.** seen by the public, press, other shareholders or ASX as unfair.
- c.** Approval could only be given under exceptional circumstances where trading would occur in the period between 30 June and the announcement to the ASX of final results for the year and between 31 December and the announcement to the ASX of the interim results for the half-year.

4.7 Authority to trade

Authority to Trade, referred to in section 4.6, must be obtained:

- a.** in the case of any proposed Trade by the CEO and any Director - from the Board; and
- b.** in the case of any proposed Trade by any other person - from the CEO or, in the absence of the CEO, a non executive Director nominated by the CEO for the purpose.

4.8 Informing the Company

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

4.9 Persons covered by this code

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

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

4.10 Securities covered by this code

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

4.11 Families and trusts

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

4.12 Other companies' securities

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

4.13 Trustees

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

4.14 Unvested Options and Performance Shares

Hedging of unvested options and unvested performance share rights is prohibited at all times.

5. Diversity

5.1 General Purpose and Principle

- a. The Group respects and values the competitive advantage of “diversity”, and the benefit 1527260v5 | Corporate governance charter 18 of its integration throughout the Group, in order to enrich the Group’s perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Group’s objectives (“Principle”).
- b. This Principle will manifest itself in the following areas:
 - i. strategic and operational:
 - A. being attuned to diverse strategies to deliver the Group’s objectives;
 - B. being attuned to diverse corporate, business and market opportunities; and
 - C. being attuned to diverse tactics and means to achieve those strategies in (A) and to take advantage of those opportunities in (B); and
 - ii. management:
 - A. adding to, nurturing and developing the collective relevant skills, and diverse experience and attributes of personnel within the Group; and
 - B. ensuring the Group’s culture and management systems are aligned with and promote the attainment of the Principle.

[Note: in the context of this paragraph 5.1(b)(ii) “Diversity” constitutes people at relevant levels within the Group (including board, senior executive, management and otherwise) with a diverse blend of skills, experiences, perspectives, styles and attributes gained from life’s journey, including on account of their culture, gender, age or otherwise.]

- c. Management will monitor, review and report to the Board on the Group’s progress under this Policy.

5.2 Commitment

- a. The Group is committed to employing and retaining the best technical and non-technical staff based on their capacity to perform well for the Group.
- b. All employment decisions within the Group will be based upon choosing the best person for the position irrespective of race, religion, gender, age, or any other irrelevant point of difference.
- c. All advancement and reward decisions within the Group will be based upon what is best for each individual person taking into account the needs of the Company, irrespective of race, religion, gender, age, or any other irrelevant point of difference.

5.3 Responsibility for Policy

Although the Board retains ultimate accountability for this Policy, the Board has delegated responsibility for Policy implementation to the CEO.

5.4 Measurable Objectives – Diversity

- a. The Board has resolved that:

- i.** it is satisfied that current employment, advancement and reward decisions regarding staff within the Group are made irrespective of race, religion, gender, age, etc, therefore no measureable objectives have been put in place at this time 1527260v5 | Corporate governance charter 19 to specifically change or increase staff diversity, and;
 - ii.** since gender is one of the twelve key attributes that the Board considers when appointing new Directors and with a small Board at present no measureable objectives are to be put in place at this time to specifically change or increase gender diversity on the Board.
- b.** The Board has also resolved that it will review paragraphs 5.4(a)(i) and (ii) regularly, and:
 - i.** if there is any noticeable decrease in diversity of staff at any level across the Company, or;
 - ii.** the size of the Board increases to five or more members, then measureable diversity objectives will be put in place.

5.5 Accountability

- a.** Reporting and accountability in the terms of this Policy will be a periodic item on the Board Agenda.
- b.** At least annually the CEO will report to the Board on progress towards attainment of the Principle with respect to the matters referred to in paragraph 5.1(b).
- c.** Based upon data reported by the CEO, the Board will annually review the resolution in paragraph 5.4(a)(i) and if necessary put in place measureable objectives with respect to staff diversity.
- d.** The Board will review the resolution in paragraph 5.4(a)(ii) annually and if the Board size is five or more members, put in place specific measureable objectives with respect to gender diversity on the Board.

5.6 Overriding Caveat

Nothing in this Policy shall be taken, interpreted or construed so as to endorse:

- a.** the principal criteria for selection and promotion of people to work within the Group being other than their overall relative prospect of adding value to the Group and enhancing the probability of achievement of the Group's objectives;
- b.** any discriminatory behaviour by or within the Group contrary to the law, or any applicable codes of conduct or behaviour for the Group and its personnel; or
- c.** any existing person within the Group in any way feeling threatened or prejudiced by this Policy in their career development or otherwise, merely because their Diversity attributes at any time may be more, rather than less, common with others.