

Corporate Governance Charter

Michael Hill International Limited ACN 610 937 598 (**Company**)

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Definitions

Annual Report means the annual report of the Company.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited ABN 98 008 624 691.

ASX Listing Rules or Listing Rules means the Official Listing Rules of the ASX as amended or replaced from time to time.

Audit and Risk Management Committee means the Committee charged with determining, implementing and assessing controls for financial management, financial reporting and risk management generally for the Company.

Board means board of Directors of the Company.

Chairperson means the chairperson of the Board.

Charter means the charter adopted from time to time with respect to each Committee, as applicable to that Committee.

Chief Executive Officer means the person (if any) engaged by the Company in the role of the chief executive officer of the Company.

Chief Financial Officer means the person (if any) engaged the Company in the role of the chief financial officer of the Company.

Committee means a committee created by the Board under this Corporate Governance Charter including without limitation, the Audit and Risk Management Committee, and the People Development and Remuneration Committee.

Company means Michael Hill International Limited ACN 610 937 598.

Company Secretary means a person appointed by the Company to be the company secretary.

Constitution means the constitution of the Company.

Corporate Ethics Policy means the policy set out in Section 5 setting out directors' duties given their position with the Company, obligations with respect to trading in securities and general disclosure obligations.

Corporate Governance Principles and Recommendations means the *Corporate Governance Principles and Recommendations Third Edition* issued by the ASX Corporate Governance Council in 2014 as amended or replaced from time to time.

Corporate Governance Statement means the statement referred to in Listing Rule 4.10.3 which discloses the extent to which the Company has followed the Corporate Governance Principles and Recommendations.

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

Director means a director of the Company.

Diversity includes, but is not limited to, matters of gender, age, disability, ethnicity, marital or family status, sexual orientation, gender identity and religious or cultural background.

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Diversity Policy means the policy set out in Section 6 developed from time to time by the Board establishing measurable objectives for achieving Diversity.

Guidance Note means the Guidance Notes published by the ASX as amended or replaced from time to time.

Independent Director means a Director who has a sufficient level of independence to the Company, determined in accordance with subclause 1.1(c) of this document.

Listing Rules Official Listing Rules of the ASX as amended or replaced from time to time.

Management means the executive Directors and senior management of the Company.

Managing Director means the Director (if any) engaged by the Company in the role of the managing director of the Company.

Non-Independent Director means a Director who is not an Independent Director.

People Development and Remuneration Committee means the Committee charged with, among other things, reviewing remuneration levels for Directors and senior management.

Securities has the meaning given in section 92 of the Corporations Act.

Standing Rules means the general and procedural rules of each Committee set out in Section 4 of this Corporate Governance Policy.

Trading Policy means the policy set out in Section 7 developed from time to time by the Board setting out the procedure for trading in Securities of the Company by Directors, managerial staff, employees and any other persons who may be associated with the Company.

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Section 1 Principles of Corporate Governance

1.1 Board of Directors

(a) General

This document sets out the main principles adopted by the Board of Directors of the Company to implement and maintain a culture of good corporate governance both internally and in its dealings with outsiders.

The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The matters set out in this document are subject to the Corporations Act, the Constitution and the ASX Listing Rules.

The purpose of preparing and disclosing the matters set out in this document is to:

- (1) formalise procedures to ensure the Company and the Board act in a transparent and appropriate manner in their respective internal and external dealings;
- (2) ensure that appropriate checks, balances and procedures are in place to monitor the operations of the Company and those charged with its management; and
- (3) provide shareholders with a transparent method to evaluate the performance of the Company from a corporate governance perspective.

In preparing and implementing these strategies, the Company and the Board are mindful of the Corporate Governance Principles and Recommendations.

(b) Functions, powers and responsibilities of Board

Generally, the powers and obligations of the Board are governed by the Corporations Act and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

- (1) ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all other relevant laws;
- (2) providing leadership and developing, implementing and monitoring strategic operational and financial objectives for the Company and the overall performance of the Company;
- (3) appointing appropriate staff, consultants and experts to assist in the Company's operations;
- (4) ensuring appropriate financial and risk management controls are implemented;
- (5) setting, monitoring and ensuring appropriate accountability and a framework for remuneration of Directors and executive officers;

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- (6) establishing and overseeing the Company's process for making timely and balanced disclosure of all material information in accordance with the ASX Listing Rules;
- (7) implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;
- (8) implementing and overseeing the Company's risk management framework to enable risk to be identified, assessed and managed and to set the risk appetite the Board expects Management to operate within;
- (9) appointing the Chairperson;
- (10) appointing and removing the Chief Executive Officer and Company Secretary;
- (11) approving the appointment and, where appropriate, removal of members of Management;
- (12) contributing to and approving Management's development of corporate strategy and performance objectives;
- (13) monitoring Management's implementation of strategy and performance generally, and ensuring appropriate resources are available to Management;
- (14) monitoring the effectiveness of the Company's governance practices;
- (15) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- (16) approving the annual budget;
- (17) liaising with the Company's external auditors;
- (18) approving and monitoring financial and other reporting systems of the Company (including external audit) and the integrity of these systems; and
- (19) appointing and overseeing Committees where appropriate to assist in the above functions and powers.

(c) **Structure of Board**

The structure of the Board is determined in accordance with the following principles:

- (1) to aim for, so far as is practicable given the size and the nature of the operations of the Company, a majority of the Board being Independent Directors;
- (2) to aim for, so far as is practicable given the size and the nature of the operations of the Company, a Chairperson who is not the chief executive officer;
- (3) to aim for, so far as is practicable given the size and the nature of the operations of the Company, a Board comprising members with diverse backgrounds; and
- (4) to have a minimum of three Directors.

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In assessing the independence of Directors, the Company has regard to Principle 2 of the Corporate Governance Principles and Recommendations and regards an Independent Director as a non-executive Director (that is, not a member of management) who:

- (1) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (2) within the last three years has not been employed in an executive capacity by the Company or another group member;
- (3) within the last three years has not been a partner, director or senior employee of a provider of material professional services to the Company or another group member;
- (4) within the last three years has not been in a material business relationship (by example, as a supplier or customer) with the Company or other group member, or an officer of, or otherwise associated with, someone in such a relationship;
- (5) has no material contractual relationship with the Company or another group member other than as a Director;
- (6) does not have close family ties with any person who falls within any of categories (1) - (5) described above; and
- (7) 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 or otherwise compromise their independence.

When considering whether a Director is an Independent Director, the materiality of such interest, position, association or relationship must be assessed to determine whether it might influence, or might reasonably be perceived to influence, in a material respect, the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

A Director must advise the Chairperson (or, in the case of the Chairperson, another member of the Nominations Committee) if there is a change in his or her interests, positions, associations or relationships that could bear on his or her independence at the earliest opportunity.

In an effort to ensure that the Board comprises members with a broad range of experience, expertise and skills relevant to the Company, the Board may establish a Nominations Committee or will otherwise consider the guidelines set out under the Nominations Committee Charter in Section 4.

1.2 Chairperson

The Chairperson is responsible for leadership of the Board, for efficient organisation and conduct of the Board's function and the briefing of all Directors in relation to issues arising at Board meetings. The Chairperson is also responsible for shareholder communication and arranging Board performance evaluation.

1.3 Chief Executive Officer/Managing Director

The Chief Executive Officer or Managing Director (if any) is responsible for running the day to day affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board, within the risk appetite determined by the Board. In carrying out his or her responsibilities, the Chief Executive Officer or Managing Director must

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report to the Board in a timely manner and ensure that all reports to the Board are clear and accurate and present a true and fair view of the Company's financial position and operating results.

The Chief Executive Officer or Managing Director (if any) (together with the Chief Financial Officer, if there is one) will be required to state in writing to the Board that the financial records of the Company have been properly maintained and that the financial reports of the Company comply with relevant accounting standards and represent a true and fair view, in all material respects, of the Company's financial position and performance.

1.4 Company Secretary

The role of the Company Secretary is to support the effectiveness of the Board and the Committees. In carrying out his or her responsibilities, the Company Secretary is accountable directly to the Board in the performance of this role which includes, without limitation:

- (a) advising the Board and the Committees of governance matters;
- (b) monitoring compliance with Board and Committee policy and procedures;
- (c) coordinating the timely completion and despatch of Board and Committee papers;
- (d) ensuring that the business at Board and Committee meetings is accurately recorded in the minutes; and
- (e) helping to organise and facilitate the induction and professional development of Directors.

1.5 Induction of New Directors and Ongoing Director Education

On their first appointment, Directors will have the benefit of an induction program aimed at deepening their understanding of the Company, its activities and the business, environment and markets in which the Company operates. As part of the program Directors will receive a manual of essential Board and Company information and will be given briefings by Management.

As part of the induction process new Directors may complete a self assessment of their capabilities and competencies to determine areas where further development will be beneficial in contributing to the Board's performance. Development in these areas will then be considered and discussed with the new Director by the Nomination Committee (if established) or the Chairperson.

Directors are expected to be responsible for their own ongoing education and development. It is desirable for all Directors to complete the Australian Institute of Company Directors Course (or equivalent) and related formal assessment.

Directors are also expected to keep themselves abreast of changes and trends in the Company's business, environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally. Directors are expected to have an appropriate base level of understanding on accounting matters. Additional development and training in this area can be discussed with the Nomination Committee (if established) or the Chairperson by a Director. The Company will also provide briefings on developments in accounting standards.

Directors are each expected to visit a minimum of 5 of the Company's retail outlets per year and engage with the respective store managers and staff, to endeavour to gain a greater understanding of the Company's retail format and the "Michael Hill system of retailing".

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1.6 Independent Advice

A Director may seek independent advice, including legal advice, where he or she believes it is necessary to properly discharge his or her duties as a Director. The Company will pay for the reasonable cost of this advice provided that the Director has obtained the prior written approval of the Chairperson (including for the cost of the advice).

If the Chairperson wishes to seek independent advice and wishes for the Company to pay for the reasonable costs of that advice, the Chairperson must obtain the prior written approval (including for the cost of the advice) of the chairperson of the Audit and Risk Management Committee or other applicable Committee.

Where a Director's request in respect of independent advice is approved as set out above, the Director and the Chairperson should agree who will provide instructions to the independent adviser. If the Chairperson has requested the advice, the Director who provided the approval to obtain the advice should undertake this role.

Where a Director's request in respect of independent advice is approved as set out above, a copy of the advice obtained will be provided to all Directors together with an explanation as to why the advice was obtained unless the Chairperson determines that this is not appropriate or that a different approach should be taken.

The other Directors will be advised if the Chairperson approves or declines a request to obtain independent advice unless the Chairperson determines such notification is not appropriate or that a different approach should be taken.

1.7 Corporate Ethics

The Company has adopted, under Section 5, a Corporate Ethics Policy which has been agreed to by each member of the Board setting out, in addition to these principles, the obligations of integrity and honesty on each member of the Board and his or her obligations with respect to trading in Securities in the Company (which is more comprehensively dealt with in the Trading Policy) and disclosure to the ASX.

In addition to the Corporate Ethics Policy, the Company also adheres to the following statement of principles and responsibilities with respect to both its internal dealings with employees and consultants, and external dealings with shareholders and the community at large.

1.8 Corporate Code of Conduct

(a) Introduction

This code of conduct sets out the standard which the Board, Management and employees of the Company are encouraged to comply with when dealing with each other, shareholders and the broader community.

(b) Commitment of Board and Management to Code of Conduct

The Board and Management approve and endorse this code of conduct. The Board and Management are committed to not only complying with the Company's legal obligations but also to acting ethically and responsibly.

The Board and Management encourage all employees to consider the principles of the code of conduct and use them as a guide to determine how to respond when acting on behalf of the Company.

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(c) **Responsibilities to shareholders and financial community generally**

The Company aims:

- (1) to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community;
- (2) to comply with systems of control and accountability which the Company has in place as part of its corporate governance; and
- (3) to act with honesty, integrity and fairness.

(d) **Responsibilities to clients, customers and consumers**

The Company will comply with all legislative and common law requirements which affect its business. Any transgression from the applicable legal rules is to be reported to the Chairperson or Managing Director (or Chief Executive Officer) as soon as a person becomes aware of such a transgression.

(e) **Employment practices**

The Company will seek to employ the best available staff, both male and female, and from diverse backgrounds with the skills required to carry out their roles. The Company will establish measurable objectives for achieving gender diversity.

The Company is committed to the ideal of equal employment opportunity, to providing a workplace that is free of harassment and discrimination and to respecting the human rights of its employees. The Company will ensure a safe workplace and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities. To this end, the Company will observe the rule and spirit of the legal and regulatory environment in which the Company operates.

(f) **Responsibility to community and environment**

The Company will recognise, consider and respect legal requirements affecting its operations and comply with all applicable legal requirements.

The Company will act with honesty, integrity and fairness in all dealings with the community and will act responsibly towards the environment.

(g) **Responsibility to individuals**

The Company recognises and respects the rights of individuals and, to the best of its ability, will comply with the applicable legal rules regarding privacy, privileges, private and confidential information.

The Company and the Board will maintain the Company's and its shareholders', customers' and suppliers' information confidentiality unless required to be disclosed by law.

(h) **Obligations relative to fair trading and dealing**

The Company will deal with others in a way that is honest and fair and will not engage in deceptive practices. The Company is committed to complying with the laws and regulations of the countries in which its businesses operate and acting in an ethical manner, consistent with the principles of honesty, integrity, fairness and respect.

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The Company believes that a fraudulent or corrupt act could significantly impact on the confidence of the Company's stakeholders and significantly diminish the Company's reputation. Accordingly, the Company has a zero tolerance policy to fraud and corruption and will thoroughly investigate and apply the full force of the law where sufficient evidence is obtained.

The Board may implement a fraud prevention and corruption control framework that addresses fraud and corruption prevention planning, resourcing, prevention, detection, response and reporting procedures.

All Directors, Management and employees of the Company and group members must exercise reasonable care and diligence in the prevention of fraud or corruption by or against the Company.

All Directors and employees of the Company or group members must:

- (1) understand and comply with this Code of Conduct;
- (2) not give, offer, accept or request bribes, facilitation payments, secret commissions or other prohibited payments or engage in money laundering or cause any of them to be given, offered, accepted or requested;
- (3) not approve any offers, or make, accept or request an irregular payment or other thing of value, to win business or influence a business decision in favour of the Company or the group members;
- (4) comply with any reporting and approval processes for gifts, entertainment or hospitality implemented by the Board from time to time;
- (5) obtain required approvals for donations and sponsorship; and
- (6) immediately report to the Chairperson or the Managing Director (or Chief Executive Officer) if they uncover or suspect an incident of fraud or corruption.

The Company will comprehensively investigate all suspected incidents of fraud or corruption using the principles of independence, objectivity and the rules of natural justice. The Company is committed to ensuring no one suffers detrimental treatment as a result of refusing to take part in conduct that may constitute fraud or corruption or raises a genuine concern in respect of any such conduct.

(i) **Conflicts of interest**

The Board, Management and employees of the Company must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interests of the Company (excluding those matters which may be subject to legal professional privilege). Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairperson in the case of a Director or the Managing Director (if any), the Managing Director or Chief Executive Officer in the case of a member of Management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner for all concerned.

(j) **Compliance with Code of Conduct**

Any breach of compliance with this code of conduct is to be reported directly to the Chief Executive Officer, Managing Director or Chairperson, as appropriate. Non-compliance with this code of conduct may result in disciplinary action.

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(k) **Periodic review of Code of Conduct**

The Company will monitor compliance with this code of conduct periodically by liaising with the Board, Management and staff especially in relation to any areas of difficulty which arise from the code of conduct and any other ideas or suggestions for improvement of the code of conduct. Suggestions for improvements or amendments to the code of conduct can be made at any time.

(l) **Code of Conduct for Directors, employees and contractors**

The Company will endeavour to ensure that the above principles in this code of conduct are implemented and adopted by Directors, employees and contractors of the Company by importing the following principles into the terms of such engagements. Specifically, Directors, employees and contractors will be encouraged and expected to:

- (1) act in the best interests of the Company;
- (2) actively promote the highest standards of ethics and integrity in carrying out their duties for the Company and act honestly;
- (3) comply with the laws and regulations that apply to the Company and its operations;
- (4) not knowingly participate in any illegal or unethical activity;
- (5) disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and not enter any arrangement or participate in any activity that would conflict with the Company's best interest or which they believe could compromise in any way the reputation or performance of the Company;
- (6) respect confidentiality of all information of a confidential nature which is acquired in the course of the Company's business and not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated;
- (7) deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates;
- (8) protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these is used for personal gain or to compete with the Company; and
- (9) report any breach of this code of conduct to Management, who will treat reports made in good faith of such violations with respect and in confidence.

1.9 Communications with investors

The Company aims to ensure that shareholders are kept informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company communicates information regularly to shareholders through a range of forums and publications.

The Company's website is one of its key communication tools and the Company endeavours to keep its website up-to-date, complete and accurate. The Company's website also contains

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a facility for shareholders to direct inquiries to the Company and to elect to receive communications from the Company via email.

The Company uses its annual general meeting (**AGM**) as an opportunity to further engage with its shareholders and seek their input on the management of the Company. The Company undertakes a number of steps to seek to maximise shareholders' ability to participate in the AGM process by:

- (a) making a selection of Directors, members of Management and the external auditor available at the AGM;
- (b) allowing shareholders in attendance at the AGM a reasonable opportunity to ask questions regarding the items of business, including questions to the external auditor regarding the conduct of the audit and the preparation and content of the auditor's report; and
- (c) providing shareholders who are unable to attend the AGM with an opportunity to submit questions in advance of the AGM.

1.10 Selection of external auditor and rotation of audit engagement partner

(a) Responsibility

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next AGM of the Company.

(b) Selection criteria

(1) Mandatory criteria

Candidates for the position of external auditor of the Company must be able to demonstrate independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

(2) Other criteria

Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

(c) Review

The Audit and Risk Management Committee will review the performance of the external auditor on an annual basis.

1.11 Committees

- (a) As set out in subclause 1.1(b), one of the functions of the Board is to form and monitor any special purpose Committees established to review certain aspects of the operations of the Company, having regard to the principles under this Section 1.
- (b) The Company has established the following Committees for this purpose:
 - (1) People Development and Remuneration Committee; and

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- (2) Audit and Risk Management Committee.
- (c) The Charters of each of these Committees are set out in this document.

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Section 2 Audit and Risk Management Committee Charter

2.1 Committee members

- (a) The Board has established an Audit and Risk Management Committee, the initial members of which are:
 - Gary Smith (Chairperson);
 - Rob Fyfe; and
 - Janine Allis.
- (b) The Audit and Risk Management Committee (in this Section, **Committee**) will ideally consist of the following:
- (c) a minimum of three members;
- (d) only non-executive Directors (if the Company has three or more non-executive Directors, otherwise the Board may appoint executive Directors to the Committee);
- (e) a majority of Independent Directors; and
- (f) an Independent Director as the chairperson who is not the Chairperson of the Board.
- (g) Each member of the Audit and Risk Management Committee is to be financially literate and at least one member of the Committee is to have accounting or related financial management experience. The members of the Audit and Risk Committee should, between them, have the accounting and financial expertise, technical knowledge and a sufficient understanding of the industry in which the Company operates, to discharge the Charter.
- (h) The Company Secretary, Chief Financial Officer, any accounting personnel for the Company and any representatives of the auditors may be invited to form part of the Committee or to attend meetings of the Committee from time to time.

2.2 Purpose

- (a) The Audit and Risk Management Committee Charter (in this Section, **Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the Committee.
- (b) Key features of the Charter will be outlined in the Corporate Governance Statement, Annual Report or on the Company's website. The Charter is available to shareholders of the Company on the Company's website.

2.3 Definition and objectives of Committee

- (a) The Committee is a committee of the Board.
- (b) The Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by:
 - (1) **Audit related**
 - (A) reviewing and making recommendations to the Board in relation to whether the Company's financial statements reflect the understanding

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of the members of the Committee, and otherwise provide a true and fair view of the financial position and performance of the Company;

- (B) reviewing and making recommendations to the Board in relation to the appropriateness of the accounting judgments or choices exercised by Management in preparing the Company's financial statements;
- (C) ensuring that the quality of financial controls is appropriate for the business of the Company;
- (D) reviewing the scope, results and adequacy of external and internal audits;
- (E) requiring the external auditors to report to the Committee;
- (F) monitoring corporate conduct and business ethics and ongoing compliance with laws and regulations;
- (G) maintaining open lines of communication between the Board, Management and the external auditors, thus enabling information and points of view to be freely exchanged;
- (H) reviewing matters of significance affecting the financial welfare of the Company;
- (I) ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate and making recommendations in this regard;
- (J) reviewing the Company's internal financial control system;
- (K) considering and making recommendations regarding the appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- (L) monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements and the performance of the external auditor;
- (M) developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provisions of non-audit services by the external audit firm and making recommendations on any proposal by the external auditor to provide non-audit services; and
- (N) where the Company has an internal audit function, reviewing and making recommendations regarding:
 - (i) the appointment or removal of the head of internal audit;
 - (ii) the scope and adequacy of the internal audit work plan; and
 - (iii) the objectivity and performance of the internal audit function.

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(2) Risk related

- (A) reviewing and making recommendations to the Board in relation to the adequacy of the Company's processes for managing risks, including:
 - (iv) in relation to any incident involving fraud or other break down of the Company's internal controls; and
 - (v) in relation to the Company's insurance program, having regard to the Company's business and the insurable risks associated with the business;
 - (B) ensuring the development of an appropriate risk management policy framework that will provide guidance to Management in implementing appropriate risk management practices throughout the Company's operations, practices and systems and overseeing this framework;
 - (C) defining and periodically reviewing risk management as it applies to the Company and clearly identifying all stakeholders;
 - (D) ensuring the Committee clearly communicates the Company's risk management philosophy, policies and strategies to Directors, Management, employees, contractors and appropriate stakeholders;
 - (E) ensuring that the Board and Management establish a risk aware culture which reflects the Company's risk policies and philosophies;
 - (F) reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews;
 - (G) making informed decisions regarding business risk management, internal control systems, business policies and practices and disclosures; and
 - (H) considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authorities.
- (c) Membership of the Committee will be disclosed in the Corporate Governance Statement, the Annual Report or the Company's website, together with details of the relevant experience and qualifications of members of the Committee.

2.4 Reporting

- (a) Proceedings of all meetings are minuted by the Company Secretary and signed by the chairperson of the Committee (in this Section, **Committee Chairperson**).
- (b) The Committee, through the Committee Chairperson, is to report to the Board at the earliest possible Board meeting after each Committee meeting regarding the determinations and conclusions of the Committee at its meetings. Minutes of all Committee meetings (and circular resolutions of the Committee) are to be at first instance prepared and circulated to the Board. The report will include but is not limited to:
 - (1) the minutes of the Committee and any formal resolutions;
 - (2) information about the audit process including the results of internal and external audits;

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- (3) recommendations for the appointment or removal of an auditor;
 - (4) any determination by the Committee relating to the performance and independence of the external auditor and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
 - (5) information about its assessment of any material exposure of the Company to economic, environmental and social sustainability risks (if any) and how it proposes that these risks may be managed;
 - (6) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval or action; and
 - (7) at least annually, a review of the Company's risk management policy framework and of the formal written Charter and their continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter.
- (c) In addition, the Committee Chairperson must submit an annual report to the Board (at the Board meeting at which the year end financial statements are approved) summarising the Committee's activities during the year including:
- (1) a summary of the Committee's main authority, responsibilities and duties;
 - (2) biographical details of the Committee's members, including expertise, appointment, dates and terms of appointment;
 - (3) member and related party dealings with the Company;
 - (4) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;
 - (5) explanation of any departures from recommendations 4.1, 7.1, 7.2, 7.3 and 7.4 of the Corporate Governance Principles and Recommendations;
 - (6) details of any change to the independent status of each member during the relevant period, if applicable; and
 - (7) details of any determination by the Committee regarding the external auditor's independence.

2.5 Risk management policies

The Committee will ensure that the necessary controls are in place for an appropriate risk management framework to be maintained by:

- (a) devising a means of analysing the effectiveness of risk management and internal compliance and control systems and of the effectiveness of their implementation; and
- (b) reviewing the Company's risk management framework at least annually to satisfy the Committee that it continues to be sound.

2.6 Attendance at meetings

- (a) Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which an act or

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omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.

- (b) Notwithstanding subclause 2.6(a), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

2.7 Access

- (a) The Committee will have unlimited access to the external and internal auditors, and to senior management of the Company and any group member. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees will be instructed by the Board to co-operate fully in provision of such information. The Committee will also have the ability to interview Management and internal and external auditors (with or without Management present).
- (b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

2.8 Application of Standing Rules

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

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Section 3 People Development and Remuneration Committee Charter

3.1 Committee members

The Board has established the People Development and Remuneration Committee, the initial members of which are:

Rob Fyfe (Chairperson);

Gary Smith; and

Emma Hill.

3.2 Purpose

- (a) The People Development and Remuneration Committee Charter (in this Section, **Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the People Development and Remuneration Committee (in this Section, **Committee**).
- (b) Key features of the Charter will be outlined in the Corporate Governance Statement, the Annual Report or the Company's website. The Charter is available to shareholders of the Company on the Company's website.

3.3 Definition and objectives of Committee

- (a) The Committee is a committee of the Board which will ideally be comprised of:
 - (1) a minimum of three members;
 - (2) only non-executive Directors (if the Company has three or more non-executive Directors, otherwise the Board may appoint executive Directors to the Committee);
 - (3) a majority of Independent Directors; and
 - (4) an Independent Director as the chairperson.

If the Committee includes an executive Director, the executive Director should not be involved in deciding his or her own remuneration and should be cognisant of any potential conflict of interest if he or she is involved in setting remuneration for other executives that may indirectly affect his or her own remuneration.
- (b) In developing the structure for executive remuneration, consider matters including that:
 - (1) Management should be remunerated by an appropriate balance of fixed remuneration and performance based remuneration;
 - (2) levels of fixed remuneration should be reasonable and fair, relative to the scale of the Company's business, and should reflect core performance requirements and expectations;
 - (3) any performance based remuneration should be clearly linked to specific performance targets which are aligned to the Company's short and long term performance objectives. Such targets should be appropriate to the Company's circumstances, goals and risk appetite;

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- (4) equity based remuneration may include, among other things, options or share rights. Such remuneration should include appropriate hurdles that are aligned to the Company's longer term performance objectives and should be structured in a manner so as to ensure they do not lead to a short term focus or the taking of undue risks; and
 - (5) any termination payments for Management should be agreed in advance and should not be applied in the case of removal for misconduct. Consideration will be given as to whether shareholder approval will be required for any termination payments.
- (c) The Committee is responsible for reviewing the remuneration, personnel and succession policies and practices (including the Diversity Policy) of the Company and making recommendations to the Board in relation to:
- (1) Management remuneration and incentive plans including, but not limited to:
 - (A) pension and superannuation rights and compensation payments and any amendments to that policy proposed from time to time by Management;
 - (B) reviewing the on-going appropriateness and relevance of the Management remuneration policy and other Management benefit programs;
 - (C) considering whether to seek shareholder approval of the Management remuneration policy;
 - (D) overseeing the implementation of the remuneration policy; and
 - (E) reviewing and approving the total proposed payments from each member of Management,and in respect of such Management remuneration, reviewing the competitiveness of the Company's Management compensation programmes to ensure:
 - (F) the programmes are attractive, with a view to ensuring the retention of the Company's Management;
 - (G) the motivation of the Company's Management to achieve the Company's business objectives; and
 - (H) the alignment of the interests of key leadership with the long term interests of the Company's shareholders;
 - (2) remuneration packages for Management including, but not limited to:
 - (A) considering and making recommendations to the Board on the entire specific remuneration for each individual of Management (including fixed remuneration, performance based remuneration, equity based remuneration, termination benefits, retirement rights, service contracts and superannuation), having regard to the Management remuneration policy; and
 - (B) considering whether shareholder approval will be required;
 - (3) non-executive Director remuneration including, but not limited to:

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- (A) the Company's remuneration framework for non-executive Directors, including the process by which any pool of non-executive Directors' fees approved by shareholders are allocated to non-executive Directors;
- (B) in developing the structure, considering matters including that:
 - (i) non-executive Directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits or superannuation contributions);
 - (ii) levels of fixed remuneration for non-executive directors should reflect the time commitment and responsibilities of the role;
 - (iii) non-executive Directors should not receive performance based remuneration;
 - (iv) non-executive Directors may receive Securities as part of their remuneration, however, they should not receive options with performance hurdles attached or share rights as part of their remuneration; and
 - (v) non-executive directors should not be provided with retirement benefits (other than statutory superannuation),
- (C) ensuring that the fees for non-executive members of the Board are within the aggregate amount approved by shareholders; and
- (D) providing, in the Corporate Governance Statement, any departures from recommendation 8.2 if necessary;
- (4) the people strategy of the Company including organisation structure, performance and succession planning strategies;
- (5) the Company's recruitment, retention and termination policies and procedures for senior management;
- (6) incentive plans (equity and cash based) including, but not limited to:
 - (A) reviewing and approving the design of all equity based plans;
 - (B) keeping all plans under review in light of legislative, regulatory and market developments;
 - (C) for each equity-based plan, determining each year whether awards will be made under that plan;
 - (D) ensuring that the equity-based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders;
 - (E) reviewing and approving total proposed awards under each plan;
 - (F) in addition to considering awards to executive Directors and direct reports to the Managing Director, reviewing and approving proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and

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- (G) reviewing, approving and keeping under review performance hurdles for each equity-based plan;
- (7) superannuation arrangements;
- (8) remuneration of members of other Committees of the Board;
- (9) whether there is any gender or other inappropriate bias in remuneration for Directors, Management or other employees of the Company; and
- (10) whether there is appropriate Diversity in the Board and senior executive group.

3.4 Approval

- (a) The Committee must approve the following prior to implementation:
 - (1) changes to the remuneration or contract terms of Executive Directors and Management;
 - (2) the design of new, or amendments to current, equity plans or Management cash-based incentive plans;
 - (3) the total level of compensation proposed from equity plans or executive cash-based incentive plans; and
 - (4) termination payments to executive Directors or Management, including consideration of early termination, except for removal for misconduct.

3.5 Reporting

- (a) Proceedings of all meetings of the Committee are to be minuted by the Company Secretary and signed by the Chairperson.
- (b) The Committee, through the chairperson of the Committee (in this Section, **Committee Chairperson**), is to report to the Board at the earliest possible Board meeting after the Committee meeting regarding the determinations and conclusions of the Committee at its meetings. Minutes of all Committee meetings (and circular resolutions of the Committee) are to be prepared, at first instance by the Company Secretary and circulated to the Board. The report should include but is not limited to:
 - (1) the minutes of the Committee and any formal resolutions;
 - (2) information about the review process undertaken by the Committee;
 - (3) an assessment of:
 - (A) Management remuneration and incentive plans;
 - (B) remuneration packages for Management;
 - (C) non-executive Director remuneration;
 - (D) the Company's recruitment and retention and termination policies and procedures for Management;
 - (E) incentive plans (equity and cash based);
 - (F) superannuation arrangements; and

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- (G) remuneration of members of other Committees of the Board;
 - (4) recommendations for setting remuneration levels for Directors, Management and Committees;
 - (5) any matter that in the opinion of the Committee should be brought to the attention of the Board and any recommendation requiring Board approval or action; and
 - (6) providing details of the Company's policies and practices for the deferral of performance based remuneration and the reduction, cancellation or claw back of performance based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.
- (c) In addition, if requested by the Board the Committee Chairperson must submit an annual report to the Board (at the Board meeting at which the year end financial statements are approved) providing details necessary for the Company's reporting requirements.

3.6 Meetings

- (a) Despite the Standing Rules, there is no requirement that the Committee meet a set number of times or intervals during a year. Rather, the Committee will meet at such intervals as required to fulfil its obligations.
- (b) In addition, the Committee Chairperson is required to call a meeting of the Committee if requested to do so by any Committee member, the internal or external auditors, the Chairperson of the Board or any other Board member.
- (c) The Committee may also seek input from individuals on remuneration policies but no individual should be directly involved in deciding his or her own remuneration.

3.7 Attendance at meetings

Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which the remuneration of that Director or a related party of that Director is being discussed.

3.8 Access

- (a) The Committee will have access to employees of the Company and appropriate external advisers. The Committee may meet with these external advisers without Management being present. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees will be instructed by the Board to co-operate fully in provision of such information. The Committee will have the ability to interview Management where considered necessary or appropriate.
- (b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

3.9 Application of Standing Rules

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

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Section 4 Standing Rules of Committees

4.1 Application

These Standing Rules apply to, and are deemed to be incorporated into the Charter of each Committee, except where the terms of these Standing Rules conflict with those of the relevant Charter.

4.2 Composition

- (a) The composition of each Committee will be determined in accordance with the following principles:
 - (1) each Committee will aim to have membership which comprises only non-executive Directors, save where there is not a sufficient number of non-executive Directors or the Board considers that to do so for a particular Committee would be unnecessary or desirable, in which case, the Board may appoint one or more executive Directors to the Committee;
 - (2) each Committee will aim to have a majority of its members being Independent Directors (where appropriate, given the size of the Company and the Board);
 - (3) provided the Committee includes at least one Independent Director, the chairperson of the Committee will be an Independent Director; and
 - (4) the Committee will comprise at least three members.
- (b) Membership of each Committee will be disclosed in the Corporate Governance Statement, the Annual Report or the Company's website.
- (c) Committee members are appointed by the Board.
- (d) The term of appointment as a member is for a period of no more than one year, with Committee members generally being eligible for re-appointment for so long as they remain Directors. The effect of ceasing to be a Director is the automatic termination of that individual's appointment as a member of each Committee.
- (e) Membership of each Committee should be confirmed annually by the Board at the Board's first meeting following its annual shareholder meeting.
- (f) Each Director may attend Committee meetings but will have no voting rights unless he or she is a member of the relevant Committee.

4.3 Chairperson

- (a) The chairperson of each Committee is selected by the Board.
- (b) Should the chairperson be absent from a meeting and no acting chairperson has been appointed, the members of the relevant Committee present at the meeting have authority to choose one of their number to be chairperson for that particular meeting.

4.4 Meetings

- (a) Each Committee will meet at such intervals as required to fulfil its obligations but must meet at least three times annually, unless otherwise specified in the Charter applicable to that Committee.

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- (b) In addition, the chairperson of a Committee is required to call a meeting of that Committee if requested to do so by any member of that Committee, the external auditors, the internal auditors, the Chairperson or another Board member.
- (c) The chairperson of each Committee will appoint an executive or the Company Secretary to act as secretary to that Committee who will be responsible:
 - (1) in conjunction with the chairperson, for drawing up the agenda, supported by explanatory documentation, and circulating it to the relevant Committee members prior to each meeting; and
 - (2) for keeping the minutes of each meeting of that Committee and circulating them to Committee members and to the other members of the Board.
- (d) A quorum will consist of two members.
- (e) The chairperson of each Committee will report to the Board following each meeting of that Committee on the decisions made by the Committee.
- (f) Meetings may be held in any location and may be held by means of teleconference or videoconference.

4.5 Fees

A member of each Committee is entitled to receive remuneration as determined from time to time by the People Development and Remuneration Committee.

4.6 Review of Charter

- (a) Each Charter is to be reviewed annually by the relevant Committee to ensure it remains consistent with that Committee's authority, objectives and responsibilities.
- (b) Significant changes to the Charter must be recommended by the relevant Committee and approved by the Board.

4.7 Duties and responsibilities

- (a) The duties and responsibilities of a member of each Committee are in addition to those duties set out for a Director of the Board.
- (b) The duties and responsibilities of a member of each Committee are set out in each Charter.

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Section 5 Corporate Ethics Policy

5.1 Introduction

Directors are subject to certain stringent legal requirements regulating their conduct, both in terms of their internal conduct as Directors and in their external dealings with third parties both on their own behalf and on behalf of the Company.

To assist Directors in discharging their duty to the Company in compliance with the relevant laws to which they are subject, the Company has adopted a Corporate Ethics Policy (**Policy**).

This Policy sets out rules binding Directors in respect of:

- (a) a Director's legal duties as an officer of the Company;
- (b) a Director's obligations to make disclosure to the ASX and the market generally; and
- (c) dealings by Directors in shares in the Company.

5.2 Directors' powers and duties

Each Director is required to comply strictly with the legal, statutory and equitable duties as an officer of the Company. Broadly, these duties are:

- (a) to act in good faith and in the best interests of the Company;
- (b) to act with due care and diligence;
- (c) to act for proper corporate purposes;
- (d) to avoid conflicts of interest or duty; and
- (e) to refrain from making improper use of information gained through the office of Director, or taking improper advantage of the office of Director.

5.3 General

Directors owe a variety of duties to the Company which may affect the appropriateness of their attendance at, and participation in, meetings of the Board. These duties arise as a result of the general law and also under the Corporations Act.

The Directors should be aware that if they breach their fiduciary duties to the Company, they may be liable to account to the Company for any profit they derive or to indemnify the Company against any loss their breach has caused.

Breaches of the Corporations Act duties may also give rise to an action for damages, fines and penalties or disqualification.

(a) Common law fiduciary duties

A director is said to be in a fiduciary, as opposed to an arm's length, relationship with the Company. As such a Director will owe various fiduciary duties to the Company which underlie matters relating to the conduct of a Director, including attendance at, and participation in, meetings. The positive duties of a Director include the duty to act in good faith in the best interests of the Company, to act for proper corporate purposes to give adequate consideration to matters for decision and to keep discretions unfettered.

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(b) **Corporations Act**

A Director will also be subject to duties imposed by the Corporations Act. They include the duty to exercise care and diligence, to exercise their powers in good faith and for a proper purpose and not to misuse their position or information obtained from their position to gain an advantage for themselves or others or cause detriment to the Company.

5.4 **General duties of Directors**

(a) **General law duty - to act for proper corporate purposes**

The duty to act for proper corporate purposes requires Directors to exercise the powers granted to them for the purpose for which they were given, not for collateral purposes.

(b) **General law duty - to give adequate consideration and duty not to fetter a director's discretion**

The duty to give adequate consideration to matters for decision and to keep discretions unfettered requires Directors to give adequate consideration to matters when exercising their discretion. They must take positive steps to inform themselves about matters and not simply acquiesce in the decision making process.

(c) **Care and diligence**

(1) **General law and Corporations Act duty - to act with a reasonable degree of care and diligence in exercising a director's powers and discharging a director's duties**

Under the Corporations Act, a Director must exercise the Director's powers and discharge the Director's duties with the degree of care and diligence that a reasonable person would exercise if that person:

- (A) was a director of a company in the same circumstances as the Company; and
- (B) occupied the same office and had the same responsibilities as the Director.

Case law on these provisions illustrates that the scope of the obligation of care and diligence will depend on the nature of the director's role and his or her position with the Company. For instance, generally executive directors will be subject to a higher standard of care and it has been held that a chairperson of a company who is also chairperson of the company's audit and risk management committee may have a higher duty of care than a mere non-executive director.

Apart from the Corporations Act obligation, a failure of a Director to act with a reasonable degree of care and diligence is also likely to be considered negligent.

(2) **Business Judgment Rule**

The Corporations Act provides for a mechanism for a Director to avoid a breach of the Director's duty of care and diligence where certain parameters are met. This is known as the "business judgment rule". All Directors are expected to be familiar with this rule.

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In summary, a Director who makes a business judgment is taken to meet the duty of care and diligence (whether under statute or the general law) if the Director:

- (A) makes the judgment in good faith and for a proper purpose;
- (B) does not have a material personal interest in the subject matter of the judgment;
- (C) informs himself or herself about the subject matter of the judgment to the extent he or she reasonably believes to be appropriate; and
- (D) rationally believes that the judgment is in the best interests of the corporation.

The Director's belief that the judgment is in the best interests of the Company is a rational one unless that belief is one that no reasonable person in the Director's position would hold.

A "business judgment" is any decision to take or not take action in respect of a matter relevant to the business operations of the Company.

While the business judgment rule assists Directors to avoid a breach of their duty of care and diligence under both the Corporations Act or under the general law, it does not relieve breaches of the other duties of Directors, whether under the Corporations Act or otherwise, described above.

(d) **Act in good faith**

There are general law and Corporations Act duties:

- (1) to act in good faith in the best interests of the Company;
- (2) to act for a proper purpose;
- (3) not to improperly use the Director's position; and
- (4) not to improperly use information obtained by virtue of the Director's position.

The duty to act in good faith in the best interests of the Company requires Directors to use their discretion honestly and with reasonable care and diligence for the purposes for which it was conferred. A Director must not promote his or her personal interest by making or pursuing a gain in circumstances in which there is a conflict, or a real possibility of a conflict, between his or her personal interests and those of the Company. Additionally, a Director must not act to promote the interest of a third person where there is a conflict, or a real possibility of conflict, between their fiduciary duties to the Company and any duties owed to the third person.

5.5 Avoiding conflicts

(a) **Attending and participating in Board meetings**

The duties in relation to conflict are of particular importance when a Director is considering whether or not he or she should attend and participate in Board meetings.

This rule requires a Director to avoid situations in which there is a "real and sensible possibility" of conflict between the Director's personal interests and the Company's interests. This duty is also of particular significance where Directors hold multiple

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directorships. While merely holding multiple directorships, even in competing companies, is not a breach of the rule against conflict, the rule will be breached if the Director discloses confidential information which the Director has gained as a result of their directorship of the other company.

Consequently, if a Director has a conflicting personal interest, whether direct or indirect, in a matter to be discussed at a meeting of the Board, they should first disclose this matter to the Board and then consider whether participating in the matter would result in a breach of their fiduciary duties.

(b) **Material personal interest**

A Director who has a material personal interest in a matter that relates to the affairs of the Company is required to disclose this to the Company.

Directors who have a material personal interest in a matter generally must not attend a meeting of the Board while that matter is being considered or vote on the matter. However, a Director may do these things if a resolution of the Board is passed to this effect or if ASIC has given its consent.

Despite this, the same caution must be exercised as discussed above if the other Directors consent to the conflicted Director participating in the meeting. The conflicted Director should ensure that participation won't be in breach of his or her fiduciary duties or the duties imposed by the Corporations Act.

(c) **Common directorships**

These duties become particularly relevant where companies have directors in common and a decision involving a potential conflict of interest is required to be taken by one of the companies. In this case, it will generally be prudent for a director who is on the board of both companies not to participate in the decision making process of either company on that matter.

(d) **Directors providing services to Company**

To capitalise on the professional/technical expertise or experience of the Directors from time to time (other than in their capacity as Directors), the Company may engage the services of a Director (or a firm associated with the Director) **only** on the following terms and conditions:

- (1) the scope of the consultancy (or other services) is identified, together with a schedule of estimated costs and charge-out rates to be incurred with the Director or their firm;
- (2) (where considered necessary or appropriate) the Board seeks additional quotations for the same services; and
- (3) the consultancy services are approved by the Board.

5.6 Confidentiality

The Directors will have access to any information which the Directors may consider necessary to perform their responsibilities and exercise their independent judgment when making decisions. All information received by a Director in these circumstances must be considered confidential and at all times remains the property of the Company.

Any confidential information of the Company acquired by a Director during the Director's appointment must not be disclosed by the Director, or the Director must not allow it to be

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disclosed, to any other person unless the disclosure is authorised by the Chairperson or is required by law or regulatory body (including a relevant stock exchange).

5.7 Independence

The Board is required to regularly (and in any event, at least annually) assess the independence of Directors to ensure that Directors do not have any relationship or interest that interferes with their unfettered and independent judgment, or could reasonably give the impression that the Director's independence has been compromised.

Directors are required to co-operate fully with any assessment process and give all reasonable information requested.

Directors are also required to fully and frankly tell the Board about anything that:

- (a) may lead to an actual or potential conflict of interest or duty;
- (b) may lead to a reasonable perception of an actual or potential conflict of interest or duty;
- (c) interferes with a Director's unfettered and independent judgment; or
- (d) could reasonably give the impression that a Director's independence has been compromised.

Directors are also required to tell the Company about any interest which they may have in Securities of the Company (or of a related body corporate) or interest in any contract relating to those Securities. This is discussed in greater detail below.

5.8 Dealings by Directors in Securities of Company

The Company has adopted the Trading Policy set out in Section 7 which is designed to ensure that Directors and others associated with the Company do not deal in Securities of the Company at inappropriate times or in inappropriate circumstances.

5.9 Notification to ASX of Directors' interests

Directors must also be aware that pursuant to the provisions of the Corporations Act they are obliged to provide the ASX with appropriate notifications of their interests in the Company.

Pursuant to section 205G of the Corporations Act, Directors must notify the ASX of their:

- (a) relevant interests in Securities of the Company or of a related body corporate; and
- (b) contracts:
 - (1) to which the Director is a party or under which the Director is entitled to a benefit; and
 - (2) that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate.

Directors must also ensure that the ASX is notified of the above interests in accordance with Listing Rule 3.19A. This Rule requires the Company, not the particular Director, to notify the ASX of the above interests.

Accordingly, the Company will enter into an agreement with each Director under which each Director will be obliged to provide the necessary information to the Company. An agreement

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of this nature recognises that much of the information required by the ASX, under section 205G, is held by each Director, by virtue of their position and role within the Company. By entering into a formal agreement, the Company ensures that each Director has been notified of his or her disclosure obligations under the Corporations Act and each Director authorises the Company to give the information provided by him or her to the ASX on his or her behalf and as his or her agent.

In particular, Listing Rule 3.19A provides that:

- (c) when a Director is appointed - the Company must notify the ASX of the above interests within five business days after the appointment (the appropriate form is ASX appendix 3X). Accordingly, each Director must provide the following information as at the date of his or her appointment as a Director:
 - (1) details of all Securities registered in his or her name, including the number and class of the Securities;
 - (2) details of all Securities not registered in the Director's name but in which he or she has a relevant interest within the meaning of section 9 of the Corporations Act, including the number and class of the Securities, the name of the registered holder and the circumstances giving rise to the relevant interest; and
 - (3) details of all contracts to which the Director is a party or under which the Director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate, including the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of the Director's interest under the contract.
- (d) where a change in the above interests of a Director occurs - the Company must advise the ASX of the change in the Director's interests no more than five business days after the change occurs (the appropriate form is ASX appendix 3Y). Directors will need to provide to the Company on an on-going basis, as soon as reasonably possible after the date of the change and, in any event, no later than three business days after the date of the change:
 - (1) details of changes in Securities registered in the Director's name, including the following:
 - (A) the date of the change;
 - (B) the number and class of Securities held before and after the change;
 - (C) the nature of the change (eg, on-market, off-market);
 - (D) the consideration paid or received in connection with the change; and
 - (E) if an off-market transaction, the value of the Securities that are the subject of the change;
 - (2) details of changes in Securities not registered in the Director's name but in which he or she has a relevant interest within the meaning of section 9 of the Corporations Act, including the following:
 - (A) the date of the change;
 - (B) the number and class of Securities held before and after the change;

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- (C) the name of the registered holder before and after the change;
 - (D) the circumstances giving rise to the relevant interest;
 - (E) the nature of the change (eg, on-market, off-market);
 - (F) the consideration paid or received in connection with the change; and
 - (G) if an off-market transaction, the value of the Securities that are the subject of the change; and
- (3) details of all changes to contracts to which the Director is a party or under which the Director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate, including the following:
- (A) the date of the change;
 - (B) the number and class of the shares, debentures or interests to which the interest relates before and after the change;
 - (C) the name of the registered holder if the shares, debentures or interests have been issued; and
 - (D) the nature of the Director's interest under the contract; and
- (e) where a Director ceases to be a Director - the Company must notify the ASX of the interests of the Director at the time the Director ceases to be a Director, no more than five business days after the director ceases to be a Director (the appropriate form is ASX appendix 3Z). Directors must supply to the Company as soon as reasonably possible after the date of ceasing to be a Director and, in any event no later than three business days after the date of ceasing to be a Director, the following information:
- (1) details of all Securities registered in the Director's name, including the number and class of the Securities;
 - (2) details of all Securities not registered in the Director's name but in which he or she has a relevant interest within the meaning of section 9 of the Corporations Act, including the number and class of the Securities, the name of the registered holder and the circumstances giving rise to the relevant interest; and
 - (3) details of all contracts to which the Director is a party or under which he or she is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of the Director's interest under the contract.

Directors should also be aware of the substantial shareholder provisions contained in section 671B of the Corporations Act which require certain notices to be served on the Company and the ASX when a shareholder has a relevant interest in at least 5% of the issued shares in the Company and any changes of more than 1% to that relevant interest.

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5.10 Company's obligation of disclosure

(a) ASX Listing Rules

As a listed entity, the Company must comply with certain continuous disclosure obligations imposed by the Corporations Act and the ASX Listing Rules. Chapter 3 of the ASX Listing Rules requires the Company to provide the ASX with immediate notice of certain material information.

The general disclosure rule imposed on the Company is contained in Listing Rule 3.1 of the ASX Listing Rules:

"3.1 Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information."

ASX Listing Rule 3.1A provides that Listing Rule 3.1 does not apply to particular information while each of the requirements of Listing Rule 3.1A are satisfied (see subclause 5.10(f) below).

There is also the "false market"/"rumours" disclosure rule in Listing Rule 3.1B as follows:

"3.1B If ASX considers that there is or is likely to be a false market in an entity's securities and asks the entity to give it information to correct or prevent a false market, the entity must immediately give ASX that information."

The provisions of chapter 3 are reinforced by chapter 6CA of the Corporations Act. In particular, section 674(2) provides that if:

- (1) provisions of the listing rules of a listing market in relation to an entity require an entity to notify the market operator of information about specified events or matters as they arise for the purpose of the operator making that information available to participants in the market;
- (2) the entity has information that those provisions require the entity to notify to the market operator; and
- (3) that information:
 - (A) is not generally available; and
 - (B) is information that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of securities of the entity,

the entity must notify the market operator of that information in accordance with those provisions.

It is therefore essential that Directors acquaint themselves not only with their personal obligations of disclosure, but also the disclosure obligations imposed on the Company.

(b) The disclosure obligation

Under the provisions of Listing Rule 3.1, the Company is required to immediately notify the ASX of any information concerning the Company of which it is, or becomes, aware,

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and which a reasonable person would expect to have a material effect on the price or value of the Company's shares.

(1) **When is the Company aware of information?**

The Listing Rules provide that the Company is aware of information if a Director or executive officer has, or ought reasonably to have, come into possession of the information in the course of the performance of his or her duties as a Director or executive officer of the Company.

An "executive officer" of the Company means a person who is concerned in, or takes part in, management of the Company. A person can be an executive officer regardless of his or her designation, and irrespective of whether or not the person is a Director.

(2) **The meaning of immediately**

The ASX has issued a guidance note that provides guidance on how ASX interprets the word "immediately" in the context of disclosure. The guidance note provides that the word "immediately" should not be read as meaning instantaneously, but rather as meaning promptly and without delay. Doing something promptly and without delay means doing it as quickly as it can be done in the circumstances (acting promptly) and not deferring, postponing or putting it off to a later time (acting without delay).

ASX recognises that the following circumstances may dictate how quickly an entity can give an announcement of particular information to ASX and will take them into consideration when assessing whether an entity has complied with its disclosure obligations:

- (A) where and when the information originated;
- (B) the forewarning (if any) the entity had on the information;
- (C) the amount and complexity of the information concerned;
- (D) the need in some cases to verify the accuracy or bone fides of the information;
- (E) the need for an announcement to be carefully drawn so it is accurate, complete and not misleading;
- (F) the need for an announcement to comply with specific legal or listing rule requirements, such as the requirement for an announcement that relates to mining or oil and gas activities to comply with chapter 5 of the Listing Rules; and
- (G) the need in some cases for an announcement to be approved by the entity's board or disclosure committee.

(3) **What information has a material effect on price?**

The effect of information on the price or value of the Company shares is to be judged by the expectations of a "reasonable person". A reasonable person would expect information to have a material effect on the price or value of the Company shares if the information would, or would be likely to, influence investors who commonly invest in shares in deciding whether or not to deal in the Company shares.

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ASX Guidance Note 8 states that an officer faced with a decision on whether information needs to be disclosed under Listing Rule 3.1 may find it helpful to ask two questions in deciding whether information is information that a reasonable person would expect to be disclosed:

- (A) Would this information influence my decision to buy or sell securities at their current market value?
- (B) Would I feel exposed to an action for insider trading if I were to buy or sell securities in the entity at their current market price, knowing this information had not been disclosed to the market?

If the answer to either question is “yes”, then that should be taken to be a cautionary indication that the information may be market sensitive and, if the carve-out from immediate disclosure in Listing Rule 3.1A does not apply, may need to be disclosed under Listing Rule 3.1.

The Company and each Director should be aware of ASX policy with respect to the disclosure of material information relating to the:

- (C) financing arrangements of the Company; and
- (D) existence and terms of any finance arrangements that may be in place in relation to a Director’s shareholdings (for example margin loans).

(4) **Trading halts**

Where the Company is or will be trading at any time after it first becomes obliged to give market sensitive information to ASX under Listing Rule 3.1 and before it can give an announcement with that information to ASX for release on the market, the Company should consider requesting a trading halt to ensure its Securities are not being traded on an uninformed basis.

The Chairperson and the Managing Director (or Chief Executive Officer) are authorised to make a decision to request a trading halt. In the absence of the Chairperson or the Managing Director (or Chief Executive Officer), the Chief Financial Officer, the Company Secretary or a Director are each authorised to make a decision to request a trading halt. An authorised person will endeavour to consult with the Chairperson and as many Board members as practicable regarding the decision to request a trading halt. No other employees are authorised to request a trading halt or suspension on behalf of the Company.

The Company will have a template letter requesting ASX to grant a trading halt ready for use at all times. The Company will ensure that ASX can always contact someone who can speak on behalf of the Company.

(5) **Finance arrangements**

Where the Company has in place or enters into new material financing arrangements or alters existing material financing arrangements which include terms that may be activated on the occurrence of certain events (particularly those beyond the control of the Company, such as market events) disclosure may be required under Listing Rule 3.1 at the time of entry or alteration on the time any such term is activated or becomes likely to be activated.

The disclosure required may include the nature and terms of the arrangements, the trigger event, any other material information such as any impact that triggering of the term may have on the Company’s relationship with its bankers,

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or financial position or financial performance. It may also be appropriate in some circumstances for the Company to request a trading halt if the Company is unable to immediately release the information.

(6) **Employment Contracts**

Listing Rule 3.16.1 requires the Company to immediately tell ASX of a change of Chairperson, Director, Chief Executive Officer (or equivalent), or Company Secretary. In addition, Listing Rule 3.16.4 requires the Company to immediately disclose the material terms of any employment, service or consultancy agreement (or any variation to such agreement) it or a related entity enters into with its Chief Executive Officer, Directors or a related party of its Chief Executive Officer or any Director.

(7) **Margin loans**

Listing Rule 3.19A and 3.19B require the Company to disclose the notifiable interests of a Director within five business days of the appointment or resignation of the Director or a change occurring to the notifiable interests. Information about shareholders and their shareholdings can be material under Listing Rule 3.1 and require immediate disclosure.

A Director must disclose to the Company any financial arrangements or margin loan the Director has entered into in respect of any Securities which the Director holds in the Company. Such disclosure by the Director should be on entering into the arrangements and should include key terms of the arrangements, including the number of Securities involved, the trigger points, any right of the lender to sell unilaterally and any other material details.

Where a Director has entered into a margin loan or similar funding arrangements, the Company may be under an obligation under Listing Rule 3.19A to disclose the key terms of the arrangements, including the detail of the contract, the nature of the interest, the interest acquired and disposed, and the value/consideration.

In certain circumstances a margin loan may be required to be immediately disclosed under Listing Rule 3.1. Determining whether a margin loan arrangement is material and requires immediate disclosure is a matter which the Company must decide having regard to the nature of its operations and the particular circumstances of the Company.

(c) **Ramifications of failing to comply**

The ramifications of failing to comply with the continuous disclosure obligations under Listing Rule 3.1 are extremely serious, and may result in the following actions being taken:

(1) **Removal from the ASX**

The ASX may at any time remove the Company from the Official List of the ASX if the Company breaks a Listing Rule.

(2) **Criminal liability**

Under the Corporations Act, a failure to make a disclosure under Listing Rule 3.1, intentionally or recklessly, amounts to a criminal offence, and may result in a fine of \$180,000 for a corporation (as at the date of adoption of this Policy).

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In addition, individuals who are “involved” in the contravention (who would include officers or advisers who aid, abet, counsel, procure or are knowingly concerned in the contravention) are also liable. The maximum penalty for individuals is \$36,000, or imprisonment for five years, or both (as at the date of adoption of this Policy).

A negligent failure to make a disclosure under Listing Rule 3.1 is a contravention of the Corporations Act, but will not amount to a criminal offence.

(3) **Civil liability**

Civil liability arises if the failure to disclose is intentional, reckless or negligent and may result in a fine of up to \$1,000,000 (as at the date of adoption of this Policy). Alternatively, ASIC may, by administrative action, issue an infringement notice of up to \$100,000 (as at the date of adoption of this Policy).

Officers who are involved in the breach may also face fines of up to \$200,000 (as at the date of adoption of this Policy).

A person who suffers loss or damage as a result of such failure may recover that loss or damage from the Company, or against “any person involved in the contravention”. This could include the Directors or executive officers of the Company.

(d) **Exemption from disclosure**

The Listing Rules provide that the Company does not need to disclose information under Listing Rule 3.1A if **each** of the following is satisfied:

- (1) one or more of the following applies (Listing Rule 3.1A.1):
 - (A) it would be a breach of a law to disclose the information;
 - (B) the information concerns an incomplete proposal or negotiation;
 - (C) the information comprises matters of supposition, or is insufficiently definite to warrant disclosure;
 - (D) the information is generated for internal management purposes of the Company; or
 - (E) the information is a trade secret;
- (2) the information is confidential (Listing Rule 3.1A.2); and
- (3) a reasonable person would not expect the information to be disclosed (Listing Rule 3.1A.3).

It must be noted that the above exemption from the requirement to make disclosure only operates while all three elements are satisfied. If any of the requirements cease to be satisfied, the Company must disclose the information immediately.

By way of example, if information that has not been disclosed by relying on the exemption becomes known in some way to participants in the market, then it **must** be given to the ASX for release to the market, as it would no longer satisfy the confidentiality requirement. It does not matter how the matter became known in the market.

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Looking at each of the three elements that must be established for information to be exempt from disclosure:

(1) **One of the elements in Listing Rule 3.1A.1**

One of the five elements in Listing Rule 3.1A.1 must also be established. These elements are:

- (A) it would be a breach of the law to disclose the information;
- (B) the information concerns an incomplete proposal or negotiation;
- (C) the information comprises matters of supposition, or is insufficiently definite to warrant disclosure;
- (D) the information is generated for internal management purposes of the Company; or
- (E) the information is a trade secret.

(2) **Confidentiality (Listing Rule 3.1A.2)**

Listing Rule 3.1A.2 has two components: (1) the information must be confidential; and (2) ASX has not formed the view that the information has ceased to be confidential.

The word confidential in the context of Listing Rule 3.1A.2 means “secret”. Information will be confidential for the purposes of that Listing Rule if:

- (A) it is known to only a limited number of people;
- (B) the people who know the information understand it is to be treated in confidence and only used for permitted purposes; and
- (C) those people abide by that understanding.

The mere fact that a confidentiality agreement has been entered into will not automatically satisfy this element. When negotiating a potentially market sensitive transaction the Company should be monitoring market prices of the Company and other parties involved in the transaction, newspapers, investor blogs and other social media for signs that the transaction may no longer be confidential and have a draft letter to ASX requesting a trading halt and a draft announcement about the negotiations ready to send ASX to cater for that eventuality. Any unusual activity in the Company’s shares may also suggest that the information is no longer confidential, in which case, an announcement should be released or the Company should request an immediate trading halt.

(3) **A reasonable person would not expect the information to be disclosed (Listing Rule 3.1A.3)**

A reasonable person would not expect information to be disclosed if the result would be to cause unreasonable prejudice to the Company. Similarly, a reasonable person would not expect disclosures of an inordinate amount of detail.

As a general rule, information that falls within the prescribed categories in Listing Rule 3.1A.1 and that meets the confidentiality requirements in Listing Rule 3.1A.2 will also satisfy the reasonable person test in Listing Rule 3.1A.3.

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(e) **Applying the exemption in practice**

The exemption from disclosure would apply, for example, to information which is confidential, which a reasonable person would not expect to be disclosed, and which falls within any one of the categories of Listing Rule 3.1A.3 which may include matters such as:

- (1) proposed acquisitions or disposals or other commercial arrangements in the process of negotiation;
- (2) internal budgets and forecasts;
- (3) management accounts;
- (4) business plans;
- (5) internal market intelligence;
- (6) information prepared for lenders; or
- (7) dispute settlement negotiations.

It is possible to foresee, however, matters which are commercially sensitive, the disclosure of which would be detrimental to the Company, which may be required to be disclosed because they do not fall within the exemptions. For example:

- (8) a serious claim against the company prior to the commencement of proceedings;
- (9) an investigation or allegation by a regulatory body (that is not being disputed by the Company);
- (10) information about a “complete” proposal;
- (11) terms of settlement of a dispute which the parties wish to keep confidential, and which is not supported by a Court order of confidentiality; or
- (12) material terms of a trading agreement with a major supplier.

Whether these sorts of matters will fall within any of the exceptions will depend on, and require, an assessment of the particular facts.

The Listing Rules and accompanying Guidance Notes issued by the ASX provide a number of examples of matters that may require disclosure.

(f) **ASX policy**

The ASX has issued Guidance Note 8 in relation to continuous disclosure under Listing Rules 3.1 - 3.1B. Although not necessarily binding on ASX, the Guidance Note gives some insight into the factors ASX will take into consideration when determining if a Company has complied with its continuous disclosure obligations and provides worked examples of the operation of Listing Rule 3.1.

(1) **Prime importance**

The ASX states that timely disclosure of relevant information is of prime importance to the operation of an efficient market. The fundamental principle under which the Listing Rules operate is that “*timely disclosure of market*”

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sensitive information is essential to maintaining and increasing the confidence of investors in Australian markets, and to improving the accountability of company management.”

(2) **Continuous disclosure practice**

The Listing Rules make it clear that all Listing Rules (including Listing Rule 3.1A) must be complied with in the “spirit” of continuous disclosure. The ASX states that the Listing Rules are not intended to be interpreted in a legalistic or restrictive manner.

(3) **Market speculation**

The ASX notes that from time to time it may be necessary to respond to speculation (whether this be a report or rumour) in order for the market to remain properly informed.

The ASX states that it does not expect companies to respond to all comments made in the media, or to respond to all market speculation. However, when the comment or speculation appears to be based on credible market sensitive information (whether that information is accurate or not) and the market moves in a way that appears to reference the comment or speculation, the Company should make a statement in response to ensure the market remains properly informed.

It is ASX policy that whatever the information, and however much it might otherwise have been reasonable not to disclose it, the information should be released to the whole market once it becomes known to any part of the market.

(4) **ASX review**

In considering whether information is sufficiently material to require disclosure, it is important to bear in mind the test the ASX will apply when analysing the Company’s actions after the disclosure might have otherwise been made.

In particular, if information is announced later than when the ASX thinks it should have been and the trading in the lead up to, and shortly after, the announcement suggests that it has moved the market price of the Company’s Securities (relative to other Securities in the same sector) by:

- (A) 10% or more, ASX will generally regard that as confirmation that the information was market sensitive; or
- (B) 5% or less, ASX will generally regard that as confirmation that the information was not market sensitive.

The ASX has also set out in the notes to Listing Rule 3.1 a number of specific circumstances that may require disclosure under Listing Rule 3.1.

(5) **Disclosure of information to brokers and the media**

Listing Rule 15.7 has the effect that the Company must not release information which is for release to the market to any person (including the media, even on an embargoed basis) until it has given the information to the ASX, and has received an acknowledgement that the ASX has released it to the market.

With respect to analysts, the ASX states that a company must only disclose public information in answering analysts’ questions, or reviewing analysts’ draft

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reports. The ASX states that it is inappropriate for a question to be answered, or a report corrected, if doing so involves providing material information that is not public. The ASX states that when analysts visit a company, care should be taken to ensure that they do not obtain material information that is not public.

(g) **Information disclosure program procedures**

As will be apparent from the above, it is essential for the Company to design a disclosure system to ensure:

- (1) a breach of Listing Rule 3.1A does not occur; and
- (2) that information is made available to all investors equally.

(h) **Directors and executive officers**

Each of the following personnel (**Reporting Group**) will need to participate in the “continuous disclosure” system, because information in their possession will need to be considered to comply with the continuous disclosure obligation:

- (1) the Directors;
- (2) Managing Director or Chief Executive Officer; and
- (3) Chief Financial Officer and Company Secretary.

(i) **Overseeing and co-ordinating disclosure**

The Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary will individually and collectively be responsible for:

- (1) ensuring the Company complies with its continuous disclosure obligations (ie, market sensitive material);
- (2) overseeing and co-ordinating disclosure of information to the ASX;
- (3) reviewing information to be provided to analysts, brokers, the media and the public, to be able to ensure any market sensitive material has been released to the ASX;
- (4) overseeing and co-ordinating any request for a trading halt for the purpose of dealing with a potential disclosure issue; and
- (5) educating Directors, Management and employees on the Company’s disclosure policy and raising awareness of the principles underlying continuous disclosure.

(j) **Information collecting procedures to ensure Listing Rule 3.1A (market sensitive information) is identified**

The responsibilities of each member of the Reporting Group are:

- (1) to ensure all notifiable (market sensitive) information is kept confidential within the Reporting Group;
- (2) to collect and forward to the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary, as the case may be, all information

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which is, or may be required to be disclosed and consult with them if in doubt;
and

- (3) to make senior personnel within his or her area of responsibility aware of the Company's disclosure obligations to ensure that all relevant information is provided to them.

(k) **Releasing information to the ASX**

The system for releasing information to the ASX for the Company is as follows:

- (1) As soon as an employee becomes aware of information which they believe may need to be disclosed on the basis of the principles described in this Policy, he or she must immediately notify a member of the Reporting Group.
- (2) When any member of the Reporting Group becomes aware of information which he or she believes may need to be disclosed on the basis of the principles described in this Policy, they should immediately contact and give full details to the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary, as the case may be.
- (3) Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary, as the case may be, will take the following steps in relation to information forwarded to them:
 - (A) assess whether disclosure is required and as part of this, when circumstances require, consider whether it is necessary to call a trading halt;
 - (B) consult the Chairperson and, as necessary other Directors and advisers (including the ASX);
 - (C) inform the Managing Director (or Chief Executive Officer);
 - (D) prepare a market release for submission to the ASX and have this reviewed and approved by the Chairperson and the Managing Director (or Chief Executive Officer), or if one of them is not available, another Director in their place;
 - (E) forward the release to the ASX once appropriate approval for the release has been obtained; and
 - (F) post the market release on the Company's website once confirmation is received from the ASX that it has been released to the market.
- (4) Prior to each meeting of the Board, the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary should contact the executive members of the Reporting Group to confirm that there is no material requiring disclosure.
- (5) The Board papers for each meeting should include an agenda item entitled "Continuous Disclosure". In this item, the Chairperson, Managing Director or Chief Executive Officer and Company Secretary should either:
 - (A) confirm that there was no material brought to his or her attention requiring disclosure for the preceding month; or
 - (B) outline material which has been disclosed.

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(l) **Company spokespersons**

To maintain control over disclosures, only the following persons will be authorised to speak on the Company's behalf to analysts, brokers and institutional investors, and to respond generally to shareholder queries:

- (1) Chairperson;
- (2) Managing Director (or Chief Executive Officer);
- (3) Chief Financial Officer;
- (4) Company Secretary; and
- (5) where appropriate, non-executive Directors nominated by the Chairperson.

To safeguard against inadvertent disclosure of non-public information to brokers, investors, analysts and institutions prior to it being disclosed to the ASX, the spokesperson must make contact with the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary prior to making contact with these persons in order that they can be briefed on what has been disclosed by the Company to the ASX.

Any person speaking on behalf of the Company should only discuss information that has been released to the ASX or is not of a material nature. They should decline to respond, or take on notice, any question the answer to which would require disclosure of material information until the information has been disclosed to the ASX.

(m) **Discussions with analysts or investors**

The following guidelines apply in relation to briefings or other conferences with analysts or investors:

- (1) information which is, or may be market sensitive, that has not been announced to ASX and the market must not be disclosed at these briefings, either verbally or in writing;
- (2) the Company will not selectively release information to any investor, analyst or journalist and all employees involved in conducting briefings or attending conferences shall take appropriate steps to ensure that no selective information release occurs;
- (3) if a question raised during the briefing or conference can only be answered by disclosing market sensitive information which has not previously been disclosed to ASX, the employee must decline to answer the question and take the question on notice;
- (4) a review of the content of briefings and discussions with analysts shall be undertaken promptly after the briefing or discussion by an employee of the Company or Director who was present, to check if any market sensitive information that was not previously disclosed may have been inadvertently disclosed;
- (5) if an employee of the Company or a Director present at a briefing or a conference considers that market sensitive information that was not previously disclosed may have been inadvertently disclosed during the briefing, he or she must immediately notify a member of the Reporting Group; and

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(6) a copy of all presentation material will be disclosed through ASX prior to the briefing and placed on the Company's website after the briefing.

(n) **Authorising disclosures in advance**

Again, to avoid an inadvertent breach of the continuous disclosure obligations, materials to be presented and issues to be discussed at any external presentation must be discussed with the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary prior to the presentation in order that the presenter can confirm that no non-public material information is being disclosed.

(o) **Maintenance of released material**

The Company Secretary will maintain a register of information disclosed to the ASX.

(p) **Company website**

Information released to the ASX should also be disclosed on the Company's website. In addition, it is good practice to include on the Company's website other materials presented to analysts and institutions.

(q) **Handling rumours, leaks and inadvertent disclosures**

It should be noted that any unauthorised leak of information may place the Company in breach of the Listing Rules and could expose persons to allegations of insider trading.

If external contact is made seeking clarification of a rumour in the market place, the inquiry should be referred to the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary. The recommended response to such inquiries is that "the Company does not respond to market rumours". Consideration will then be given by the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary as to whether a public announcement is required.

The Reporting Group should notify the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary of any unauthorised disclosure of information (even if not regarded as publicly sensitive). Consideration will then be given to the need to make disclosure to the ASX.

(r) **Reviewing discussions**

To ensure no price sensitive material has been inadvertently disclosed, the Chairperson, Managing Director (or Chief Executive Officer) and Company Secretary should be kept apprised of the contents of any substantive contact with analysts, brokers and institutional investors.

(s) **Draft reports**

Typically, analysts will seek to obtain a review of draft analyst reports from the Chief Financial Officer (or Chief Executive Officer). It is permissible to comment on errors in factual information and underlying assumptions, but comment on price sensitive information should be avoided. In addition any response should be given in a way that avoids suggesting that the Company's or the market's projections are incorrect.

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Section 6 Diversity Policy

6.1 General purpose and principle

- (a) The Company respects and values the competitive advantage of Diversity (which includes but is not limited to gender, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity), and the benefit of its integration throughout the Company to enrich the Company's perspective, improve corporate performance, increase shareholder value and maximise the probability of achievement of the Company's goals. The Company acknowledges that Diversity is important to the Company's ability to attract, retain and motivate employees from the widest possible pool of available talent and the Company is committed to Diversity at all levels (**Principle**).
- (b) In furtherance of the Company's commitment to the Principle, the Board wishes to give effect to recommendation 1.5 of the Corporate Governance Principles and Recommendations. The Company will in broad terms put the Principle into practice in the following manner:
- (1) strategically and operationally, by:
 - (A) being attuned to diverse strategies to deliver the Company's objectives with respect to Diversity;
 - (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) above;
 - (2) through management, by:
 - (A) adding to, nurturing and developing the collective relevant skills, and diverse experience and attributes of personnel within the Company; and
 - (B) ensuring that the Company's culture and management systems are aligned with and promote the attainment of the Principle.
- (c) In addition, the Company will put the Principle into practice in the following specific ways:
- (1) the Company will ensure that recruitment and selection practices at all levels are appropriately structured so that a diverse range of candidates are considered and that there are no conscious or unconscious biases that might discriminate against certain candidates. To hire the best person for the job, there needs to be a consideration of a broad and diverse pool of talent;
 - (2) the Company will identify, implement and develop strategies, initiatives and programs to develop a broader and more diverse pool of skilled and experienced employees with a view to preparing those employees over time, for senior management positions and to increase the representation of women in management roles;
 - (3) the Company will not tolerate discrimination, harassment, vilification or victimisation of any employee of the Company or group member;

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- (4) the Company will foster an inclusive culture, involving both women and men and Diversity at all levels of the organisation; and
- (5) the Company will ensure equal pay for equal work across its workforce, with strategies in place to manage pay equity.
- (a) Management will monitor, review and report to the Board (including via the People Development and Remuneration Committee) on the achievement of Diversity with respect to the matters referred to in paragraph 6.1(b)(2)(B), the Company's progress under this Policy.

6.2 Responsibility for Policy

Although the Board retains ultimate accountability for this Policy, the Board has delegated responsibility for implementation of this Policy to the People Development and Remuneration Committee.

6.3 Measurable objectives, targets and key performance indicators - gender diversity

With respect to gender diversity, Management will:

- (a) develop, for approval by the Board (or the People Development and Remuneration Committee), as appropriate:
 - (1) measurable objectives for achieving gender diversity including concerning the strategies, initiatives and programs referred to in subclause 6.1(c); and
 - (2) targets or KPI's to verify progress towards attainment of those measurable objectives;
- (b) measure performance against those targets and KPI's; and
- (c) report from time to time (at least annually) on the measurable objectives and the progress of the matters referred to in paragraphs 6.3(a) and 6.3(b) above.

6.4 Compliance requirements

- (a) The Company will meet its obligations with respect to the issue of Diversity, as required under the Corporate Governance Principles and Recommendations and other regulatory requirements (if any), including by:
 - (1) establishing this Policy as a compliant policy under recommendation 1.5 of the Corporate Governance Principles and Recommendations by:
 - (A) establishing measurable objectives for achieving gender diversity. This may include setting specific numerical targets for the proportion of women employed by the Company in senior executive roles and on the Board; and
 - (B) the Board assessing annually the measurable objectives for achieving gender diversity and the progress towards achieving them;
 - (2) disclosing this Policy or a summary of it on the Company's website; and
 - (3) disclosing at the end of each reporting period:
 - (A) the measurable objectives for achieving gender diversity set by the Board in the terms of this Policy;

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- (B) the progress from time to time towards achieving the measurable objectives; and
 - (C) the respective proportions of men and women in the Company in the following positions:
 - (i) employees;
 - (ii) senior executives (including how the Company has defined “senior executive” for this purpose);
 - (iii) Directors; and
 - (iv) across the whole Company.
- (b) The Company Secretary will assume line responsibility to ensure that the Company meets its compliance and reporting obligations referred to in this clause 6.4, including by collecting and collating all relevant data and ensuring that management processes and systems are adequate and effective for such reporting obligations to be met.

6.5 Communication

The Company commits to the communication of this Policy within the Company and to its shareholders and the market, including via its website:

- (a) by way of transparency and accountability; and
- (b) to better promote the prospects of attainment of the Principle.

6.6 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 Nominations Committee will report to the Board on progress towards attainment of the Principle, and otherwise to facilitate the Board in meeting its Compliance Requirements under clause 6.4.

6.7 Addenda to this Policy

The following constitute addenda to this Policy (as they are adopted by the Board from time to time) as if set out in this Policy:

- (a) approved strategies, initiatives and programs and measurable objectives referred to in subclause 6.1(c); and
- (b) approved measurable objectives, targets and KPI's referred to in clause 6.3 as may apply from time to time.

6.8 Overriding caveat

Nothing in this Policy shall be interpreted so as to endorse any of the following matters:

- (a) the principal criteria for selection and promotion of people to work within the Company being other than their overall relative prospect of adding value to the Company and enhancing the probability of achievement of the Company's objectives, taking into account matters such as the nature of the industry in which the Company operates;

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- (b) any discriminatory behaviour by or within the Company contrary to the law, or any applicable codes of conduct or behaviour for the Company and its personnel; and
- (c) any existing person within the Company 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.

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Section 7 Trading Policy

7.1 Purpose of this policy

- (a) This trading policy (**Policy**) is intended to ensure that persons who are discharging managerial responsibilities including but not limited to Directors, do not misuse, and do not place themselves under suspicion of misusing Inside Information that they may be thought to have, especially in periods leading up to an announcement of the Company.
- (b) The Policy sets out the procedure for trading in Securities of the Company and aims to provide Directors and Employees and any other persons who may be associated with the Company, with guidance on how and when trades in the Company's Securities may take place and when trading of the Company's Securities is strictly prohibited.
- (c) For the avoidance of doubt, nothing in this Policy sanctions a breach of the market misconduct or insider trading provisions of the Corporations Act. A person who possesses Inside Information about an entity's securities is generally prohibited from trading in those securities under the insider trading provisions of the Corporations Act and this applies even where the trade occurs as permitted within the operation of this policy.
- (d) References to the Company in this Policy are references to the Company and its subsidiaries.
- (e) Defined terms are set out in clause 7.21 of this Policy.

7.2 Who this policy applies to

This policy applies to Restricted Persons.

7.3 Dealing by Restricted Persons

- (a) A Restricted Person must not Deal in any Securities of the Company unless:
 - (1) a clearance to Deal is obtained in accordance with clause 7.4 of this Policy; or
 - (2) the Dealing is an Permitted Dealing.
- (b) Notwithstanding that a clearance to Deal may be granted by the Company (even in exceptional circumstances) or that a Dealing may be an Permitted Dealing, a Restricted Person must not Deal in Company Securities where clauses 7.7 (Inside Information), 7.14 (short-term selling), 7.15 (short selling) and 7.16 (hedging transactions) of this Policy are applicable.

7.4 Clearance to Deal

- (a) All Restricted Persons (except those who are Directors, the Chief Executive Officer or the Company Secretary) must not Deal in any Securities of the Company (unless the Dealing is an Permitted Dealing) without first notifying the Company Secretary and a Director designated by the Board for this purpose and receiving clearance to Deal from the designated Director or the Company Secretary.
- (b) A Director (other than the Chairperson or a Managing Director) must not Deal in any Securities of the Company (unless the Dealing is an Permitted Dealing) without first notifying the Chairperson (or a Director designated by the Board for this purpose) and the Company Secretary and receiving clearance to Deal from the Chairperson (or the designated Director) (or the Company Secretary on their behalf).

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- (c) The Chairperson must not Deal in any Securities of the Company (unless the Dealing is an Permitted Dealing) without first notifying a senior independent Director, the Audit & Risk Management Committee or another officer of the Company nominated for that purpose by the Audit & Risk Management Committee, and receiving clearance to Deal from that Director, committee or officer (or the Company Secretary on their behalf).
- (d) The Chief Executive Officer (or Managing Director, as applicable) must not Deal in any Securities of the Company (unless the Dealing is an Permitted Dealing) without first notifying the Chairperson and the Company Secretary and receiving clearance to Deal from the Chairperson (or the Company Secretary on their behalf) or, if the Chairperson is not readily available, without first notifying the senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Chairperson, and receiving clearance to Deal from that Director, committee or officer (or the Company Secretary on their behalf).
- (e) If the role of Chairperson and Chief Executive Officer (or Managing Director, as applicable) are combined, that person must not Deal in any Securities of the Company (unless the Dealing is an Permitted Dealing) without first notifying the Board and the Company Secretary and receiving clearance to Deal from the Board (or the Company Secretary on its behalf).
- (f) The Company Secretary must not Deal in any Securities of the Company (unless the Dealing is an Permitted Dealing) without first notifying the Chairperson and receiving clearance to Deal from the Chairperson (or another officer of the Company nominated for that purpose by the Chairperson) or if the Chairperson is not readily available, without first notifying the senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Chairperson, and receiving clearance to Deal from that Director, committee or officer.
- (g) The Company reserves the right of a Clearance Officer to:
 - (1) give or refuse a request for a clearance to Deal at its sole discretion and without giving any reasons; or
 - (2) withdraw a clearance to Deal if there is a change in circumstances or new information becomes available.
- (h) A response to a request for a clearance to Deal must be given to the relevant Restricted Person within two Business Days of the request being made.
- (i) The Company must maintain a record of the response to a request for a clearance to Deal made by a Restricted Person and of any clearance given. A copy of the response and clearance (if any) must be given to the Restricted Person concerned.
- (j) A Restricted Person who is given a clearance to Deal in accordance with this clause 7.4 must deal as soon as possible in any event within five Business Days of clearance being received by the Restricted Person.
- (k) The grant of a clearance to Deal by the Company is not an endorsement of the Dealing by the Company. The person seeking the clearance to Deal is solely responsible for the investment decision to Deal in Securities in the Company and compliance with insider trading laws.
- (l) The grant of a clearance to Deal by the Company does not relieve a Restricted Person from their legal obligations under the insider trading provisions of the Corporations Act. The person granted the clearance to Deal should carefully consider whether or not they are in possession of Inside Information that might preclude them from trading in

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those Securities and if they are in possession of Inside Information (including if they come into possession of Inside Information after obtaining a clearance to Deal), then they must not trade despite having received the clearance.

- (m) Before a Restricted Person Deals in the Company's Securities (even if it is an Permitted Dealing), they should consider carefully whether they are in possession of any Inside Information that might preclude them from trading at that time and, if in any doubt, they should not trade.
- (n) A refusal by a Clearance Officer to give a clearance to Deal is final and binding on the person seeking the clearance.
- (o) Where the Company refuses to give a clearance to Deal, this information is confidential between the Company and the person seeking the clearance and must not be disclosed to any other person.

7.5 Circumstances for refusal

A Restricted Person must not be given clearance to Deal in any Securities of the Company during a Prohibited Period unless an exceptional circumstance arises in accordance with clause 7.6 of this Policy.

7.6 Dealing in exceptional circumstances

- (a) A Restricted Person, who is not in possession of Inside Information in relation to the Company, may be given clearance to Deal during a Prohibited Period if that person is in severe financial difficulty or there are other exceptional circumstances. Clearance may be given for such a person to sell (but not purchase) Securities of the Company when that person would otherwise be prohibited by this Policy from doing so. The determination of whether the person in question is in severe financial difficulty or whether there are other exceptional circumstances can only be made by the Clearance Officer designated by the Board for this purpose under clause 7.4.
- (b) A person may be in severe financial difficulty if that person has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Securities of the Company. A liability of a person to pay tax would not normally constitute severe financial difficulty unless the person has no other means of satisfying the liability. A circumstance will be considered exceptional if the person in question is required by a court order to transfer or sell the Securities of the Company or there is some other overriding legal requirement to do so.
- (c) If required by the Listing Rules, the Company should consult the ASX at an early stage regarding any application by a Restricted Person to deal in exceptional circumstances.

7.7 Prohibition on Insider Trading

No Restricted Person may Deal in Company Securities at any time (including a Prohibited Period), if that person is or could reasonably be expected to be in possession of Inside Information.

7.8 Communicating Inside Information

A Restricted Person in possession of Inside Information must not, directly or indirectly, communicate the information, or cause the Inside Information to be communicated, to another person if the Restricted Person knows, or ought reasonably to know, that the other person would be likely to Deal in the Company's Securities.

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7.9 Dealing by persons and entities associated with Restricted Persons

- (a) A Restricted Person must take all reasonable steps to prevent an Associate, Related Person or Related Entity of the Restricted Person from Dealing in the Company's Securities during a Prohibited Period.
- (b) A Restricted Person must take reasonable steps to advise any Associate, Related Person or Related Entity of the Restricted Person that:
 - (1) they are a Restricted Person of the Company; and
 - (2) of the Prohibited Periods during which the Associate, Related Person or Related Entity cannot Deal in the Company's Securities.
- (c) A Restricted Person must immediately notify a Clearance Officer if he or she becomes aware of or suspects an Associate, Related Person or Related Entity of Dealing in the Company's Securities during a Prohibited Period.

7.10 Disclosure of Dealings by Directors and substantial shareholders

- (a) In accordance with section 250G of the Corporations Act and ASX Listing Rule 3.19A, Directors must notify ASX of any Dealings (whether in a Prohibited Period or otherwise) in the Company's Securities within five Business Days of such Dealing.
- (b) To the extent required to do so under the Listing Rules, the Company will disclose to the market when a Restricted Person has been given a clearance to Deal during a Prohibited Period.
- (c) In accordance with section 671B of the Corporations Act, a Restricted Person must notify the Company and ASX if he or she:
 - (1) has obtained a Substantial Holding in the Company;
 - (2) already holds a Substantial Holding - if he or she increases or decreases that Substantial Holding by 1% or more of the Company's shares; or
 - (3) ceases to hold a Substantial Holding,such notice to be provided within two Business Days of becoming aware of that information.

7.11 Dealings in Securities of other companies

- (a) A Restricted Person who has Inside Information about another Third Party Listed Entity as a result of his or her position in the Company is prohibited from:
 - (1) dealing in any Securities of that Third Party Listed Entity unless a clearance to Deal is obtained in accordance with clause 7.4 of this Policy; or
 - (2) communicating the Inside Information.

Examples (without being exhaustive) of how Inside Information about a Third Party Listed Entity may be obtained are as follows:

- (3) during the course of a proposed transaction;
- (4) during the course of due diligence investigations;

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- (5) Board deliberations;
- (6) negotiations; or
- (7) information provided by others during the ordinary course of business.

7.12 Penalties

- (a) There are penalties under the Corporations Act for a breach of Insider Trading provisions under the Corporations Act. As at the date of adoption of this Policy, the maximum penalties under the Corporations Act are:
 - (1) in the case of a natural person imprisonment of ten years or a fine the higher of:
 - (A) 4,500 penalty units; and
 - (B) if the Court can determine the total value of the benefits the person obtained, which are reasonably attributable to the commission of the offence - three times that total value;
 - (2) in the case of a body corporate, a fine the greatest of the following:
 - (A) 45,000 penalty units;
 - (B) if the Court can determine the total value of the benefits that have been obtained and are reasonably attributable to the commission of the offence - three times that total value; and
 - (C) if the Court cannot determine the total value of those benefits - 10% of the body corporate's annual turnover during the 12 month period ending at the end of the month in which the body corporate committed, or began committing, the offence; and
 - (3) unlimited civil penalties.
- (b) A breach of this Policy will also be regarded as serious misconduct which may lead to disciplinary action, up to and including dismissal.

7.13 Policy on Margin Loan Arrangements

- (a) A Restricted Person may enter into a margin loan or similar funding arrangement in respect of any Company Securities (**Funding Arrangements**) but must disclose the existence, nature and terms of the Funding Arrangements to a Clearance Officer who will notify the Board.
- (b) The Company and its Board will disclose any Funding Arrangements which would require disclosure under Listing Rule 3.1.
- (c) Without limiting subclause 7.13(b), where a Restricted Person's Funding Arrangement involves 5% or more of the Company's shares, the Board and Company Secretary will make appropriate disclosure to the market of any key terms of the Funding Arrangements.

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7.14 Policy on Short-term trading

A Restricted Person must not Deal in any Securities of the Company where the Dealing involves the short-term trading of Securities in the Company, being instances where trading in and out of Securities occurs within a period of less than one month.

7.15 Policy on Short Selling

A Restricted Person must not Deal in any Securities of the Company where the Dealing involves the short selling of Securities in the Company.

7.16 Hedging Transactions

The Corporations Act prohibits Key Management Personnel and a closely related party of Key Management Personnel from entering into an arrangement if the arrangement would have the effect of limiting the exposure of the member to risk relating to an element of the members remuneration that has not vested or has vested but remains subject to a holding lock. Key Management Personnel of the Company and their closely related parties should not Deal in Securities in the Company which may infringe this prohibition under the Corporations Act nor should any other Restricted Person enter into hedging transactions to limit his or her exposure in respect of any unvested entitlement to Securities he or she receives under any equity based remuneration scheme of the Company.

7.17 What is Inside Information?

Inside Information is Information that is not Generally Available and, if it were Generally Available, a reasonable person would expect it to have a Material Effect on either the price or the value of the Company's Securities.

7.18 When is Information Generally Available?

Information is Generally Available if:

- (a) it consists of readily observable matter;
- (b) where the Information has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in Securities, a reasonable period for it to be disseminated among such persons has elapsed (for example, it has been released to the ASX or published in an annual report or prospectus); or
- (c) it may be deduced, inferred or concluded from the Information referred to above.

7.19 What is a Material Effect?

- (a) Material Effect, in relation to Inside Information, is where that Information would, or would be likely to, influence persons who commonly acquire Securities in deciding whether or not to acquire or dispose of Securities of that nature.
- (b) Examples of information, that may have a Material Effect on the price or value of Securities when it becomes Generally Available, include:
 - (1) revenue;
 - (2) profit forecasts;
 - (3) inventory levels;

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- (4) forecasts;
- (5) items of major capital expenditure;
- (6) borrowings;
- (7) liquidity and cashflow information;
- (8) management restructuring;
- (9) changes in distribution arrangements;
- (10) litigation;
- (11) impending mergers and acquisitions, reconstructions or takeovers;
- (12) major asset purchases or sales;
- (13) exploration results; or
- (14) new product and technology.

7.20 What is Dealing in Securities?

Dealing in Securities means:

- (a) applying for, acquiring or disposing of Securities;
- (b) entering into an agreement to apply for, acquire or dispose of Securities; or
- (c) Procuring another person to:
 - (1) apply for, acquire or dispose of Securities; or
 - (2) enter into an agreement to apply for, acquire or dispose of Securities.

7.21 Definitions

In this Trading Policy Section 7:

Associate has the same meaning as set out in the Corporations Act.

ASX means the Australian Securities Exchange owned and operated by ASX Limited.

Blackout Period means:

- (a) for each Financial Year end, the period starting 10 days prior to that Financial Year end and ending immediately after the close of trading on the Trading Day after the release of the ASX appendix 4E and full year financial report to ASX;
- (b) for each first Half Year, the period starting 10 days prior to that Half Year end and ending immediately after the close of trading on the Trading Day after the release of the ASX appendix 4D and half year financial report to ASX;
- (c) for the first and third quarters, the period starting on the first day of the next quarter and ending immediately after the close of trading on the Trading Day after the release of the quarterly sales results to ASX;

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- (d) the period commencing from the release of information to the ASX which a reasonable person would expect to have a Material Effect on either the price or the value of the Company's Securities and ending immediately after the close of trading on the Trading Day after the release of such information to the ASX; and
- (e) any other period determined by the Directors in their absolute discretion.

Board means board of Directors.

Business Day means a day, other than a Saturday or Sunday, on which banks are open for general banking business in Brisbane.

Chairperson means the chairperson of the Board.

Chief Executive Officer means the person (if any) engaged by the Company in the role of the chief executive officer of the Company.

Clearance Officer means:

- (a) the Company Secretary;
- (b) the Chairperson;
- (c) the Managing Director or Chief Executive Officer; or
- (d) a Director designated by the Board for the purposes of clause 7.4.

Company means Michael Hill International Limited ACN 610 937 598.

Company Secretary means a person appointed by the Company to be the company secretary.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the relevant court of law holding jurisdiction over the determination of insider trading matters under the Corporations Act.

Dealing has the meaning set out in clause 7.20 of this Policy. **Deal** has the corresponding meaning.

Director means a director of the Company.

Employee means an individual who works for the Company (or its subsidiary) under a contract of employment.

Financial Year means the financial year of the Company as nominated by the Company, which will generally be the period commencing on the Monday immediately preceding the first Sunday in July and concluding on the last Sunday in the following June.

Generally Available has the meaning given in clause 7.18 of this Policy.

Half Year means the half year of the Company as nominated by the Company, which will generally be: in respect of the first Half Year, the period commencing on the first day of the Financial Year and ending on the Sunday of week 26 of that Financial Year; and, in respect of the second Half Year, the period commencing on the Monday of week 27 of the Financial Year and ending on the last day of the Financial Year.

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Information includes:

- (a) matters of supposition and other matters that are insufficiently definite to warrant being made to the public; and
- (b) matters relating to the intentions, or likely intentions, of a person.

Inside Information has the meaning given in clause 7.17 of this Policy.

Key Management Personnel has the definition given in the Accounting Standard AASB 124 *Related Party Disclosure* as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity'.

Listing Rules means the Official Listing Rules of the ASX as amended or replaced from time to time.

Managing Director means the Director (if any) engaged by the Company in the role of the managing director of the Company.

Material Effect has the meaning given in clause 7.19 of this Policy.

Permitted Dealings means:

- (a) dealing where the beneficial interest in the relevant Security does not change;
- (b) transfers of Securities in the Company between a Restricted Person and someone closely related to the Restricted Person (such as a spouse, minor child, family company, family trust or superannuation fund) or by a Restricted Person to their superannuation fund, in respect of which prior clearance has been provided in accordance with this Policy;
- (c) if the Restricted Person is a trustee of a trust but is not a beneficiary of the trust, trading in the Company's Securities by that trust provided any decision to trade during a Blackout Period is taken by the other trustees or investment manager independently of the Restricted Person;
- (d) the exercise of an option or right under an incentive scheme or the conversion of a convertible security, where the final date for the exercise or conversion falls during a Blackout Period and the Restricted Person could not reasonably have been expected to exercise or convert the Security at a time when it was entitled to, due to the Company having an exceptionally long Blackout Period or a number of consecutive Blackout Periods;
- (e) bona fide gifts to a Restricted Person by a third party.
- (f) a disposal of Securities arising from the acceptance of a takeover offer, scheme of arrangement or equal access buy-back;
- (g) a disposal of rights acquired or an acquisition of Securities in the Company under a pro rata issue;
- (h) an acquisition of Securities in the Company under a security purchase plan or a dividend or distribution reinvestment plan where:
 - (1) the Restricted Person did not commence or amend their participation in the plan during a Blackout Period; and

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- (2) the Policy does not permit the Restricted Person to withdraw from the plan during a Blackout Period other than in exceptional circumstances;
- (i) the obtaining by a Director of a share qualification;
- (j) acquiring Securities in the Company under an employee incentive scheme or the cancellation or surrender of an option or other right under an employee incentive scheme;
- (k) where a Restricted Person is the trustee of an employee incentive scheme, an acquisition of Securities in the Company by the Restricted Person in his or her capacity as a trustee of the scheme;
- (l) an acquisition or disposal of Securities in the Company under a pre-determined investment or divestment plan for which prior clearance has been provided in accordance with the Policy and where:
 - (1) the Restricted Person did not enter into or amend the plan during a Prohibited Period;
 - (2) the plan does not permit the Restricted Person to exercise any discretion over how, when, or whether to acquire or dispose of Securities; and
 - (3) the Policy does not allow for the cancellation of the plan during a Blackout Period other than in exceptional circumstances;
- (m) indirect and incidental trading that occurs as a consequence of a Restricted Person dealing in Securities issued by a managed investment scheme, listed investment company, exchange-traded fund or similar investment vehicle that is managed by a third party and that happens to hold as part of its portfolio Securities in the Company; and
- (n) an involuntary disposal of Securities in the Company that results from a margin lender or financier exercising its rights under the arrangement.

Procuring means to incite, induce or encourage an act or omission by another person.

Prohibited Period means:

- (a) any Blackout Period; or
- (b) any period where any matter exists which could constitute Inside Information in relation to the Company.

Restricted Person means:

- (a) any persons or entities discharging managerial responsibilities for the Company including, but not limited to:
 - (1) the Directors;
 - (2) the Company Secretary;
 - (3) Key Management Personnel;
 - (4) the Executive Management Team and their direct reports;
 - (5) the Retail General Managers and the Regional Managers;

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- (6) any Employee, contractor or consultant who receives regular trading data or information of the Company (including any summary thereof); or
- (7) any Employee who, depending on their individual circumstances, Chief Executive Officer (or Managing Director, as applicable) specifies from time to time to be a Restricted Person;
- (b) other persons specified from time to time by the Chief Executive Officer (or Managing Director, as applicable); or
- (c) any Related Person or Related Entity (or an Associate of a Related Person or Related Entity) of a person referred in paragraphs (a)(1) and (b) above.

Related Entity of a Restricted Person means an entity which:

- (a) the Restricted Person is a director or secretary of; or
- (b) the Restricted Person otherwise controls or has a position of influence.

Related Person of a Restricted Person means a parent, spouse or child of the Restricted Person.

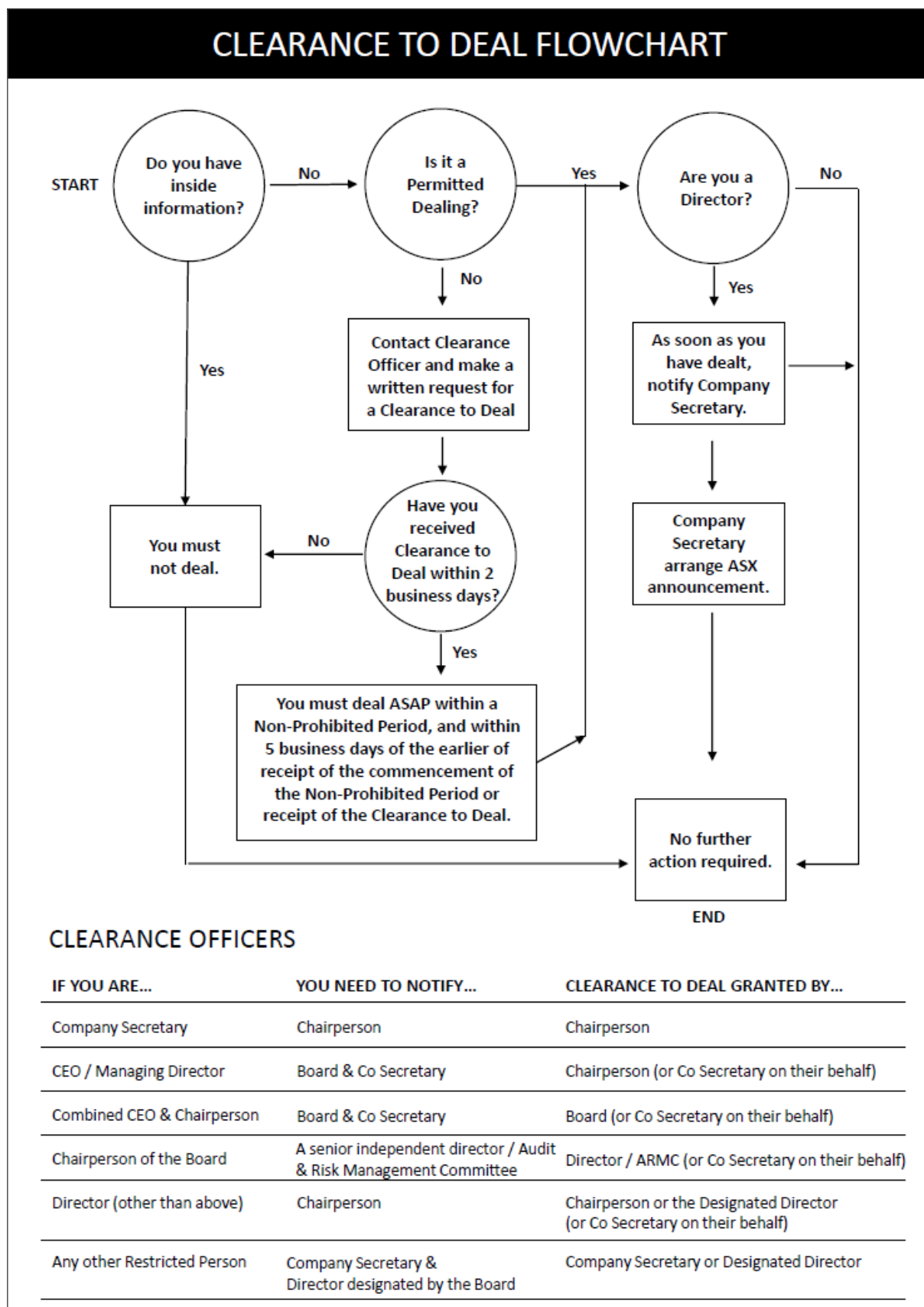
Securities means:

- (a) shares;
- (b) debentures;
- (c) legal or equitable interests in a security covered by paragraph (a) or paragraph (b) above;
- (d) options to acquire, by way of issue, a security covered by paragraph (a) or paragraph (b) above; and
- (e) rights (whether existing or future and whether contingent or not) to acquire, by way of issue, the following under a rights issue:
 - (1) a security covered by paragraph (a) or paragraph (b) above; or
 - (2) an interest or right covered by section 764A(1)(b) or section 764A(1)(ba) of the Corporations Act.

Substantial Holding has the meaning given in section 9 of the Corporations Act (which, at the date of adoption of this Policy, includes where a person or entity (and their associates) has total votes attached to voting shares in the Company representing 5% or more of the total number of votes attaching to voting shares in the Company).

Third Party Listed Entity means any company, other than the Company, which is listed on the ASX or other recognised exchange or otherwise has Securities which are traded in an open market.

Trading Day has the meaning given in the Listed Rules.



Note: Additional disclosure may be required under the Listing Rules (for example if the Listing Rules require disclosure of all clearances) and the Corporations Act (for example if the person is a substantial shareholder).