
Corporate Governance Charter

Mackay Sugar Limited

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Corporate Governance Charter

Mackay Sugar Limited ACN 057 463 671

Definitions and interpretation

1.1 Definitions

In this document:

Term	Definition
AGM	means the annual general meeting of the Company.
AFRM Committee	means the Audit and Financial Risk Management Committee.
ASIC	means the Australian Securities and Investments Commission.
Audit and Financial Risk Management Committee or AFRM Committee	means the Committee responsible for internal controls, risk management and oversight of financial management and financial matters generally, as set out in section 5.
Board	means the board of Directors.
Board Charter	means the charter of corporate governance in relation to the Board, set out in section 2.
Chairman	means the chairman of the Board.
CEO	means the executive officer (by whatever title known, whether chief executive officer, managing director or otherwise) with sole responsibility for the strategic and operational management of the Group.
Code for Securities Transactions	means the code of conduct for transactions in Securities set out in section 4.
Code of Conduct	means the code of conduct set out in section 3.
Committee	means a committee of the Board.
Constitution	means the constitution of the Company.
CFO	means the chief financial officer or equivalent officer of the Company (by whatever title known).
Company	means Mackay Sugar Limited ACN 057 463 671.
Corporations Act	means Corporations Act 2001 (Cth).
Director	means a director of the Company.
Grower Director	Means a Director who is a Representative Grower and who is appointed or elected in accordance with rule 15.3 of the Constitution.
Group	means the Company and its controlled entities.
Group Operating Policies and Procedures	means the policy and procedures applicable to the Group from time to time, adopted by the Board.
Non-Executive Director	is a member of the Board of Directors who does not form part of the Executive Management Team. He or she is not an employee of the company.

Term	Definition
Non-Grower Director	<p><i>a Director who is not a member of management i.e. a Non-Executive Director and who:</i></p> <p>(a) is not a substantial Shareholder of the Company, or an officer of a substantial Shareholder, and is not otherwise associated, directly or indirectly, with a substantial Shareholder of the Company;</p> <p>(b) has not, within the last three years:</p> <ul style="list-style-type: none"> (i) been employed in an executive capacity by the Company or another Group member; or (ii) been a Director after ceasing employment in an executive capacity for the Company or another Group member; <p>(c) has not, within the last three years, been a principal of a professional advisor to the Company or another Group member or an employee materially associated with the service provided, except where the advisor might be considered to be independent due to the fact that fees payable by the Company to the advisor's firm represent an insignificant component of the advisor's firm overall revenue;</p> <p>(d) is not:</p> <ul style="list-style-type: none"> (i) a material supplier or customer of the Company or another Group member; or (ii) an officer of or associated, directly or indirectly, with a material supplier or customer; <p>(e) has no material contractual relationship with the Company or another Group member other than as a Director;</p> <p>(f) is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and</p> <p>(g) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.</p>
Price Sensitive Information	<p>is information that:</p> <p>(a) relates to the financial affairs of the Company or the Group;</p> <p>(b) may give the person proposing to deal in Securities an advantage over other persons holding or dealing in Securities; and</p> <p>(c) if it were generally available, would be likely to materially affect the price of the Securities in question.</p> <p>Information such as material changes in turnover, current or prospective profit figures, proposed action in the form of dividends, bonus issues or other new share issues, proposed major disposals or acquisitions of assets and proposed major contracts beyond the size and nature of contracts normally undertaken by the Company, is price sensitive information.</p> <p>Information about the Company or the Group and related to any of the following subjects, is also price sensitive information:</p>

Term	Definition
	<p>(a) proposed changes in capital structure;</p> <p>(b) information to be disclosed under the Corporations Act;</p> <p>(c) proposed changes to the Board other than filling a casual vacancy or a retirement due to ill health or similar situation;</p> <p>(d) proposed changes in the general character or nature of the business;</p> <p>(e) information regarding changes in the holdings of substantial Shareholders;</p> <p>(f) proposed significant changes in the holdings of any Director;</p> <p>(g) appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt, borrowing or securities held by it or any of its child entities;</p> <p>(h) a recommendation or declaration of a dividend or distribution;</p> <p>(i) a recommendation or declaration that a dividend or distribution not be declared;</p> <p>(j) undersubscriptions or oversubscriptions to an issue;</p> <p>(k) a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company's consolidated assets;</p> <p>(l) a claim against the Company or any other company in the Group for which the excess or damages (or both) payable by it is a significant proportion of the written down value of the Company's consolidated assets;</p> <p>(m) an agreement or option to acquire an interest in land;</p> <p>(n) information about the beneficial ownership of securities obtained under part 6C.2 Corporations Act;</p> <p>(o) giving or receiving a notice of intention to make a takeover; or</p> <p>(p) an agreement between the Company (or a related party or subsidiary) and a Director (or a related party of the Director)</p>
Remuneration and Nominations Committee	means the Committee responsible for ensuring that the Company has fair and responsible remuneration policies and practices to attract and retain Directors, Senior Executives and employees who will create value to Shareholders, and to review Board composition, performance and succession planning.
Representative Grower	has the meaning set out in the Constitution.
Secretary	means the secretary of the Company.
Security	has the meaning set out in section 4.10.
Senior Executives	means the senior management team (excluding Board members), being those who have the opportunity to materially influence the integrity, strategy and operation of the Company, and its financial performance.
Shareholder	means a holder of shares in the Company.

Term	Definition
Trade	has the meaning set out in section 4.3.
Trader	means a Director or officer of the Company who wishes to Trade Securities.

1.2 Interpretation

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

2 Board Charter

2.1 Introduction

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

2.2 Guiding principle

Each Director has an overriding responsibility to act in good faith and in the best interests of the Company. In assessing the Company's best interests the Board may however, have regard to the interests of:

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

2.3 Function

The Board's broad function is to:

- (a) Set the strategic direction and policy, and the financial targets for the Group with the aim of increasing Shareholder value;
- (b) monitor the implementation and execution of strategy and performance against financial targets; and
- (c) appoint and oversee the performance of the CEO,

and generally to take an effective leadership role in relation to the Group. The Board is accountable to shareholders for the overall performance of the Group.

2.4 Responsibilities of the Board

The Board has other responsibilities, these include responsibility for:

- (a) ensuring that there is an effective framework to balance the role of management in operating the Company and the role of the Board in monitoring, guiding and providing oversight;

- (b) delegating responsibility for the day to day operation and management of the Company to the Chief Executive Officer and senior management.
- (c) the composition of the Board including appointment and retirement or removal of Directors;
- (d) board succession planning to ensure an appropriate mix of skills, experience and diversity (subject to the influence of Voting Shareholders to elect Grower Directors at the Annual General Meeting);
- (e) oversight of the Company including its control and accountability systems;
- (f) appointment and removal of the CEO or equivalent;
- (g) where appropriate, ratifying the appointment and the removal of Senior Executives;
- (h) approving and reviewing succession planning for the CEO and senior executives;
- (i) approval of the overall remuneration policy, including any incentive plans upon the recommendation from the Remuneration and Nominations Committee;
- (j) reviewing, ratifying and assessing the integrity of the Company's systems of risk management and internal control, codes of conduct, and legal compliance;
- (k) monitoring the Chief Executive Officer's implementation of strategy, and ensuring appropriate resources are available;
- (l) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and sales;
- (m) approving and monitoring annual and half year reports, statements as to future financial performance or changes to the policy or strategy of the Company;
- (n) monitoring industry developments relevant to the Company and its business;
- (o) having input in and granting final approval of corporate strategy and performance objectives developed by management;
- (p) the overall corporate governance of the Company including its strategic direction and goals for management, and monitoring the achievement of these goals;
- (q) disclosure of information in accordance with the Corporations Act to ensure shareholders and other stakeholders are informed of all material developments affecting the Company;
- (r) oversight of Committees.

The Board is accountable to shareholders for the overall performance of the Group.

2.5 The role of management

The Board has delegated the day to day management of the Company to the CEO supported by the management team. This includes responsibility for:

- (a) managing the day to day operations of the Company in accordance with the strategic plan and policies approved by the Board;
- (b) recommending the Company's annual budget for approval of the Board and implementation of the budget;

- (c) identifying and management of operational and other risks, including internal compliance and control mechanisms;
- (d) recommending to the Board significant capital expenditure, acquisitions or divestments; and
- (e) identification of information which may have the potential to have a material impact on the Company, its financial performance or its securities, and making recommendations to the Board or the relevant subcommittee of the Board in relation to disclosure of information in accordance with the Corporations Act (referred to above set out at 2.4(q) above).

2.6 Board Composition

- (a) The Chairman must be a Non-Executive Director. The Chairman is responsible for leadership of the Board and for the efficient organisation and conduct of the Board.
- (b) The Chairman should facilitate the effective contribution by all Directors and promote constructive and respectful relations between Directors, and between the Board and the Senior Executives.
- (c) The Board must comprise:
 - (i) members with a broad range of experience, expertise, skills, diversity and contacts relevant to the Company and its business;
 - (ii) no less than seven Directors, at least two of whom must be Non-Grower Directors; and
 - (iii) not more than nine Directors, at least five of whom must be Grower Directors, and the balance to be Non-Grower Directors where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified.

2.7 Independence of Non-Grower Directors

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

2.8 Appointment and retirement

- (a) The appointment and election of Grower Directors will be in accordance with Rule 15.2 of the Constitution.
- (b) When a vacancy arises for a Non-Grower Director or where the Board decides a new Director is required with particular skills, the Remuneration and Nominations Committee must prepare a list of candidates considering:
 - (i) what may be appropriate for the Company and the Group;
 - (ii) the skills, expertise and experience required;
 - (iii) the mix of those skills, expertise and experience with those of the existing Directors; and
 - (iv) the perceived compatibility of the candidates with the Group and with the existing Directors.

- (c) Potential candidates to be appointed as Non-Grower Directors are considered by the Board, with advice from an external consultant if this is considered by the Board to be appropriate. The Board then appoints the most suitable candidates who have consented to act as Non-Grower Directors. The appointed candidates will be required to have his or her appointment confirmed by resolution of the shareholders at the first general meeting of shareholders following the appointment of the Non-Grower Director. They are not taken into account in determining the number of Directors to retire by rotation at the AGM.
- (d) The terms and conditions of the appointment of all new Non-Grower Directors must be specified in a letter of appointment. The letter of appointment may refer to the Constitution and to this document.
- (e) Under the Constitution at least one-third of the Grower Directors, being the longest serving Directors, must retire at each AGM. Grower Directors, must also retire if a third AGM falls during the period in which they have held office. Retiring Grower Directors are eligible to be re-elected.

2.9 Directors' Performance review and evaluation

- (a) The performance of all other Directors is reviewed and assessed every two years by the Chairman, and the performance of the Chairman is reviewed and assessed every two years by the other Directors.
- (b) The evaluation criteria and process to be followed is the same in each case.
- (c) The Chairman determines the evaluation criteria and process.
- (d) A member of the Board whose performance is unsatisfactory may be asked to retire.
- (d) An external assessment of the Board's policies and procedures, and its effectiveness generally must be conducted by independent professional consultants at intervals of three years.

2.10 Board review of Chief Executive Officer

- (a) The Board is responsible for establishing key performance indicators applicable to the CEO.
- (b) A performance review of the CEO is conducted on an annual basis.
- (c) The Remuneration and Nominations Committee undertakes the initial evaluation of the performance of the CEO on behalf of the Board.
- (d) The Remuneration and Nominations Committee report to the Board the outcome of their initial review and recommend the remuneration of the CEO for the ensuing financial year for Board approval.

2.11 Training and advice

- (a) Directors must be provided with information about the Company before accepting the appointment and complete an induction after their appointment, in each case appropriate for them to discharge their responsibilities in office.
- (b) Directors must be given access to continuing education in relation to the Company, extending to its business, the industry in which it operates, and other information required by them to discharge the responsibilities of their office.

- (c) Each Director may seek independent legal or other professional advice at the Company's expense. Prior approval from the Chairman is required but may not be unreasonably withheld or delayed.

2.12 Meetings

- (a) Board meetings are normally held monthly, and must occur not less than ten times in any year.
- (b) Board meetings will be scheduled at appropriate venues at the Company's sites from time to time and include a site visit and presentations co-ordinated by management to aid Directors understanding of the business.
- (c) Papers for Board and Committee meetings must be circulated, where practical, at least five days before the relevant meeting.
- (d) Draft minutes of Board and Committee meetings (for consideration and approval at the next relevant meeting) must be circulated within ten days following each meeting.
- (e) The Directors must meet at least once each financial year with the CEO for a private discussion of management issues.

2.13 Secretary

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

- (a) monitoring this policy and any Committee charter, to ensure they are followed; and
- (b) will ensure the timely completion and despatch of:
 - (i) Board and Committee agenda and briefing materials;
 - (ii) draft minutes of meetings of the Board and all Committees for approval at the next meeting;
 - (iii) maintenance of the share registry; and
 - (iv) meeting statutory reporting and record keeping requirements in accordance with the relevant legislation.

2.14 Committees

- (a) The Board may establish Committees to assist the Board to carry out its functions effectively and efficiently. The Board will adopt a Charter for each Committee setting the scope of its responsibility and relevant administrative and procedural arrangements.
- (b) The Committees established at the date of this document are the following:
 - (i) Audit and Finance Committee
 - (ii) Compliance Committee;
 - (iii) Remuneration and Nominations Committee;
 - (iv) Cane Supply Strategy Committee;
 - (v) Milling Operations Strategy Committee; and

- (vi) Other Committees on a short term basis from time to time as required.

2.15 Ethical standards and values

- (a) All Directors and all officers of the Company and each other company in the Group must act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.
- (b) The Directors must comply with the Code of Conduct in the exercise of their duties.

2.16 Dealings in Securities

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

2.17 Business risks

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

2.18 Communication with Shareholders

- (a) The Board must inform Shareholders of all major developments affecting the Group's state of affairs in accordance with the Company's obligations at law.
- (b) The Company's continuous disclosure obligations are reviewed as a standing item on the agenda for each regular meeting of the Board. Directors are required at every meeting to provide details of any matter within their knowledge that might require disclosure to the market.

- (c) The annual report is distributed to all Shareholders on request or via the Company's website. The Board ensures that the annual report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group, and details of future developments in addition to the other disclosures required by the Corporations Act.
- (d) The Shareholders at an AGM vote on:
 - (i) proposed major changes in the Group which may impact on share ownership rights; and
 - (ii) the removal and appointment of Directors.
- (e) If resolutions are required to be put to Shareholders before the next AGM, a general meeting will be called with at least 28 days' notice in accordance with the Corporations Act. The Board encourages the full participation of Shareholders at the AGM and at other general meetings to ensure a high level of accountability and identification with the Group's strategy and goals.
- (f) The half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The report is lodged with ASIC. It is also sent to any Shareholder who requests it from the Company.
- (g) Company announcements are made in a factual, timely, clear, and objective manner, and include any information material to decisions of Shareholders and potential investors in the Company.
- (h) Information concerning the Company and the Group, including copies of announcements made through ASIC and the annual report and half-yearly report, is made available to Shareholders and prospective investors in the Company on the Company's website. The Company has a continuing commitment to electronic communication with Shareholders and stakeholders generally including through its website.

2.19 Recognition of interests of stakeholders

- (a) Directors must recognise that their responsibility is to Shareholders as a whole to continue to build sustainable value for Shareholders. Directors have a responsibility to ensure the Company adheres to appropriate standards and that proper policies are developed to ensure the health and safety of its people and the environment.

3 Code of conduct

3.1 Objective

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

3.2 Obligation to comply with code and law

- (a) A Director is obliged, at all times, to comply with this code as well as the law.
- (b) A Board position involves important legal and ethical responsibilities and a commitment to upholding the values of good corporate citizenship, in both individual conduct and corporate actions. No person should accept a Board position if they have any doubt about their ability to comply with this code.

3.3 General duties

- (a) Directors must:
 - (i) act in good faith, make decisions in the best interests of the Company and for a proper purpose;
 - (ii) avoid any potential conflict of interest or duty;
 - (iii) exercise a reasonable degree of care and diligence;
 - (iv) not make improper use of information; and
 - (v) not make improper use of their position.
- (b) Breaches of these duties under the Corporations Act and at common law may expose Directors to potential liability in damages, fines, disqualification and imprisonment.
- (c) A Director, in the exercise of his or her powers, and in the discharge of his or her duties, must exercise the degree of care and diligence that a reasonable person would exercise if he or she were a Director:
 - (i) in the circumstance prevailing;
 - (ii) occupying the same position; and
 - (iii) with the same responsibilities within the Company as the Director.
- (d) A Director has fiduciary responsibilities and must act with fidelity and trust in Company matters. The Board has been appointed to manage the affairs of the Company on behalf of the Shareholders and is responsible not only to Shareholders but to other third parties including creditors, regulators and the community.
- (e) All Board members are required to attend at least one educational seminar a year to remain fully informed of matters relevant to their position as a Director.
- (f) The Company maintains a directors' and officers' liability insurance. Directors should be aware of the terms of this insurance to ensure that whatever actions they take are covered by the Policy.

3.4 Independent decision making and soundness of decisions

- (a) A Director must be independent in his or her judgement and actions, and must take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- (b) To satisfy this requirement a Director must:
 - (i) make a reasonable effort to become and remain familiar with the affairs of the Group;
 - (ii) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
 - (iii) commit the necessary time and energy to Board matters.
- (c) Directors should rely on advice relating to the Company or the Group or their affairs only where that advice is given or prepared by:

- (i) an employee whom the Director believes on reasonable grounds to be reliable and competent in the relevant subject;
 - (ii) a professional adviser or expert in a subject the Director believes on reasonable grounds to be within the person's professional or expert competence;
 - (iii) another Director or officer on the subject within that Director's or officer's authority; or
 - (iv) a Committee (on which the Director did not serve) on a subject within the Committee's authority.
- (d) Directors should only rely on information or advice if the Director's reliance was made in good faith, after independently assessing the information and advice, considering the Director's knowledge of the Company and Group and the complexity of their structure and operations.

3.5 Confidentiality of Board matters and other information

- (a) Directors must keep confidential any Board matters and all confidential information received by the Directors in the course of the exercise of their duties.
- (b) All information received by a Director to carry out Board duties must be regarded as confidential and is the property of the Company. Confidential information includes Price Sensitive Information and information that is not Price Sensitive Information but might reasonably be of use or of interest to competitors or other parties.
- (c) A Director may not disclose information, or allow it to be disclosed, to any other person unless disclosure is authorised by the Company or the information is required by law to be disclosed.
- (d) All discussions and resolutions of the Board must also be kept confidential and their content must not be disclosed, or allowed to be disclosed to persons who are not Directors except in cases where disclosure:
 - (i) has been authorised by the Company; or
 - (ii) is required by law.
- (e) Authorisation by the Company is presumed to the extent the Board or Committee minutes state or imply that it is intended that disclosure should be made to third parties.
- (f) Any Director in any doubt as to his or her obligations of confidentiality or in relation to any matter of disclosure should consult with the Chairman prior to making any disclosure. A Director may also seek independent advice under section 2.11(c) of this document.

3.6 Improper use of information

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

3.7 Cooperation

- (a) Directors must observe solidarity with the resolutions of the Board and cooperate in their implementation.

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

3.8 Personal interests and conflicts

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

3.9 Conduct of Directors

- (a) A Director must not engage in conduct likely to discredit the Company or the Group.
- (b) Each Director must be aware of and observe, any standing orders adopted by the Board from time to time for the conduct of Board and Committee meetings.
- (c) Directors must at all times comply with the spirit as well as the letter of the law and with the principles of this code.
- (d) Directors should conduct themselves at all times in a sober, polite, lawful and restrained manner in carrying out their duties, at both Board and Committee meetings, at Company functions and meetings, and where otherwise dealing with matters concerning or involving the Company.

3.10 Board Performance

- (a) The Board will undertake a performance evaluation to review the performance of the Board against the requirements of this charter every two years.
- (b) The Board, with the assistance of the Remuneration and Nominations Committee, will determine the scope of the performance evaluation and how it is carried out.

3.11 Complaints procedure

- (a) In the event Directors are approached by Shareholders, employees or other persons who have a complaint about a matter relating to the Company or the Group, any such complaint must be handled under the relevant procedure in the Group Operating Policies and Procedures.

4 Code of conduct for transactions in securities

4.1 Need for securities code of conduct

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

4.2 Legal constraints

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

4.3 General

- (a) It is desirable that Grower-Directors of the Company hold Securities. Traders who wish to buy or sell (**Trade**) Securities must consider both the legal constraints and this code. They must abide by the spirit of this code as well as the letter of the law.
- (b) Traders in possession of Price Sensitive Information must not Trade in Securities, either for short-term speculative gain or otherwise.
- (c) Trading is prohibited, other than in accordance with sections 4.4 to 4.7, whether carried out personally by a Trader or through a related party. For public companies, a related party is defined in section 228 Corporations Act as:
 - (i) any entity that controls the public company;
 - (ii) each of the following:
 - (A) a director of the public company;
 - (B) a director of an entity that controls the public company;
 - (C) each of the persons making up the entity that controls the public company (which is not itself a body corporate); and

- (D) spouses and de facto spouses of the persons referred to in sections 4.3(c)(ii)(A), 4.3(c)(ii)(B) and 4.3(c)(ii)(C);
- (iii) parents and children of any of the persons referred to in section 4.3(c)(ii);
- (iv) any entity controlled by any of the above related parties;
- (v) an entity that was a related party within the previous six months;
- (vi) an entity that believes or has reasonable grounds to believe that it is likely to become a related party in the future; and
- (vii) any entity acting in concert with a related party on the understanding that the related party will receive a financial benefit if the Company gives the entity a financial benefit.

4.4 Permitted trading

- (a) Subject to sections 4.4(b), 4.5, 4.6 and 4.7, Traders are permitted to Trade in Securities during a four week period starting immediately after the announcement to ASIC of the half-yearly and annual results and after the conclusion of the AGM if:
 - (i) the Trader is not in possession of Price Sensitive Information; and
 - (ii) the trading is not for short term or speculative gain.
- (b) No Trader can sell more than \$50,000 worth of Securities to any party unless, before entering into discussions for the potential sale of those Securities, written approval from the Chairman is obtained, covering the form of and timing of the sale, and the management of its public disclosure.

4.5 Prohibited trading

- (a) Trading in Securities by any Trader is prohibited at all times other than those specified in section 4.4 unless written approval is obtained under section 4.6 and section 7.
- (b) Permission may be given for trading under section 4.6 and 4.7 if the approving person is satisfied that the transaction would not be:
 - (i) contrary to law;
 - (ii) for speculative gain;
 - (iii) to take advantage of insider knowledge; or
 - (iv) seen by the public, press, or other Shareholders as unfair.
- (c) For example, approval to Trade may be given if Securities are to be sold to realise cash in a time of need or where Securities are transferred from one member of a family or trust to another and to delay the transaction to the next permitted period would be detrimental to the family's affairs.
- (d) Approval could only be given under exceptional circumstances where trading would occur in the period between 31 May and the announcement of final results for the year and between 30 November and the announcement of the interim results for the half-year.

4.6 Prohibited Trading Exception

Subject to section 4.7, the Chairman shall at all times retain the discretion to approve the trading in Securities by a Trader if, prior to the commitment to any transaction involving Securities, the Chairman is satisfied:

- (a) that the Company is not in possession of any Price Sensitive Information; and
- (b) by production of a statutory declaration or other evidence acceptable to the Chairman, the intending Trader in Securities satisfies the Chairman that he or she does not have any knowledge of Price Sensitive Information;

in which case the Chairman may give written approval to the entry into and completion of any intended transactions so notified to the Chairman for approval under this section and within any approved timeframes which the Chairman may impose.

4.7 Authority to Trade

Written authority to Trade, referred to in section 4.5 and section 4.6 must be obtained:

- (a) in the case of any proposed Trade by the Chairman - from another Non-Executive Director;
- (b) in the case of any proposed Trade by any Director other than the Chairman - from the Chairman or, in the absence of the Chairman, a Non-Executive Director nominated by the Chairman for the purpose; and
- (c) in the case of a proposed Trade by any other person - from the CEO or, in the absence of the CEO, a Non-Executive Director nominated by the CEO for the purpose.

4.8 Informing the Company

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

4.9 Persons covered by this code

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

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

4.10 Securities covered by this code

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

4.11 Families and trusts

Persons to whom this code applies must not Trade through any member of their family, or through any other entity, in circumstances where they would have been prohibited from trading in their own name.

4.12 Other companies' securities

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

4.13 Trustees

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

5 Standing rules of Committees

5.1 Application

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

5.2 Composition

- (a) Each Committee must consist of only non-executive Directors.
- (b) Membership of Statutory Committees is no fewer than three members, and for Ad Hoc Committees no fewer than two members.
- (c) Committees are appointed by the Board and serve as determined by the Board.
- (d) The Board appoints one member of any Committee to act as its Chairman.

5.3 Role

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

5.4 Proceedings

- (a) Any meeting may be held by means of conference call or any other means of communication that may, under the Corporations Act or the Constitution, be used for Board meetings.
- (b) The quorum for a Committee meeting is any two members.

- (c) A Director may attend (but not vote at) a meeting of a Committee of which that Director is not a member, as determined by the Committee, for discussion of any particular matter relevant to that Director or in relation to which that Director may have a special contribution to make.
- (d) A Committee may delegate any specific task to one of its members or to a sub-committee consisting of two or more of its members.
- (e) The procedural provisions of section 5.4 of this document apply in relation to any sub-committee of a Committee.

5.5 Reporting

Each Committee must report to the Board after each Committee meeting, and provide a copy of the minutes.

5.6 Secretary

The Secretary is accountable to the Board, through the Chairman, on all corporate governance matters and is responsible for monitoring compliance with this charter, and for coordinating the completion and despatch of Committee agenda and briefing materials, as well as draft minutes of meetings of each Committee for approval at the next meeting.

5.7 Performance review and evaluation

- (a) The same procedures apply as for the Board (section 2.9 of this document) subject only to the role of the Chairman being taken by the Chairman of the Committee and any other necessary changes.
- (b) Review and evaluation are conducted against the Committee charter and any criteria determined by the Chairman.
- (c) The Committee must report to the Board on the conduct and results of its review and evaluation and make recommendations it considers appropriate.