

## BOARD POLICY FOR ASSESSMENT OF INDEPENDENCE OF DIRECTORS

A Director is considered to be independent for the purposes of service on the Board and Board Committees of Skilled Group Limited ("SKILLED") if the Director satisfies the standards set out below.

The fundamental premise of the standards is that to qualify as being "independent", a Director must, in the opinion of the Board, be independent of management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of his/her unfettered and independent judgement.

An independent Director is a Non-Executive Director (i.e. is not a member of management) and;

1. Is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company (a substantial shareholder is a shareholder holding 5% or more of the issued shares in SKILLED)
2. Within the last three years has not been employed in an executive capacity by the company or another group member, or been a Director after ceasing to hold any such employment
3. Within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided
4. Is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
5. Has no material contractual relationship with the company or another group member other than as a Director of the company
6. 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
7. 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.

Note: Materiality in respect to items 3, 4 and 5 above is to be assessed from the perspective of both the company and from the perspective of the relevant individual, supplier, customer, consultant, adviser or other third party.

The Board does not believe that length of tenure as a Director necessarily interferes with a Director's independence. This is a matter for assessment on a case by case basis. Notwithstanding this, each independent Director who is seeking re-election for a fourth or more term is formally assessed to determine whether he/she continues to satisfy the criteria as an independent director.

Directors are required to disclose family ties or cross directorships that may be relevant in considering continuing independence.

The Board will conduct a regular review of the independence of each of the Directors, based on information provided to it by the Directors. Directors are expected to volunteer information as and when changes occur.

SKILLED will identify those Directors the Board considers to be independent in its Annual Report.

**ISSUED DATE:** September 2004

**LAST UPDATED:**

**VERSION NO:** Version 1

**APPROVED BY:** Company Secretary  
Skilled Group Limited