

## BOARD CHARTER

This policy sets out the major principles used by the Board to manage its affairs and enable it to discharge its responsibilities.

### Responsibilities and Functions of the Board

The Board of Directors is responsible for setting the strategic direction of the Company and for overseeing and monitoring its businesses and affairs. Directors are accountable to the shareholders for the Company's performance.

The Board reviews and approves the Company's business plans and guiding policies. Day to day management of the Company's affairs and implementation of its strategy and policy initiatives are delegated to the Managing Director and senior executives.

The functions of the Board include:

- Setting overall financial goals for the Company.
- Approving strategies and plans for SKILLED's businesses to achieve these goals.
- Approving financial plans and annual budgets.
- Monitoring business performance and results.
- Overseeing the Company's sustainability and diversity.
- Approving key management recommendations (such as major capital expenditure, acquisitions, divestments, restructuring and funding).
- Appointing and reviewing the performance of the Managing Director and senior management.
- Reporting to shareholders on the Company's direction and performance.
- Overseeing the management of occupational health and safety and environmental performance.
- Determining that satisfactory arrangements are in place for auditing and reporting the Company's financial affairs.
- Considering and making declarations in relation to distributions to shareholders.
- Meeting statutory and regulatory requirements and overseeing the way in which business risks and SKILLED's assets are managed.

In fulfilling these functions, Directors seek to enhance shareholder value.

### Composition of the Board

The composition of the Board is determined using the following principles:

- The Board is comprised of such number of directors so as to be within the minimum and maximum number as provided for in the Company's constitution.
- The Chairman of the Board is a Non-Executive Director.
- The Board consists of at least as many Non-Executive Directors as there are Executive Directors.

## **Appointment of Directors**

- The Chairman and Managing Director will regularly review the composition of the Board and if it is considered appropriate to appoint new Directors to the Board, will arrange for the matter to be discussed at a full Board meeting. The Board will then, with the assistance of the Nomination Committee if required, determine any special qualifications, experience or other prerequisites for the new Director, and the manner of selecting such a Director.
- It is acknowledged that the Board should have a broad range of expertise and diversity characteristics.
- The Company does not have a policy with regard to establishing a maximum term for the appointment of a Director.

## **Board Meetings**

- Board meetings are generally held on a monthly basis with at least one meeting each year held at an interstate site. All Directors are expected to prepare fully for all Board meetings, and to attend as many Board meetings as is reasonably practicable.
- The Board meeting agenda and relevant papers will be distributed to all Directors at least four days prior to the meeting.
- Board meetings are planned as an all day activity and Directors are expected to be available for the full duration of the meeting.
- The Board has established a number of Board committees to assist in the execution of its responsibilities. In addition to these permanent committees, it is the practice of the Board to establish ad hoc sub committees on an as needed basis. All Directors are expected to be available for membership of these committees, to prepare fully for relevant committee meetings, and to attend as many meetings of Board committees and sub-committees, of which they are a member, as is reasonably practicable. The agenda and papers for Board committee meetings will be distributed at least four days prior to the meeting.
- In addition to formal Board and committee meetings, Directors are also required to attend functions and activities on behalf of the Company. This may include client visits, tool box meetings with staff, etc. All Directors are expected to make themselves available for these functions and activities.

## **Remuneration of Directors**

- Executive Directors receive no extra remuneration for their service on the Board beyond their executive salary package.
- Remuneration of Non-Executive Directors is determined in maximum aggregate by the shareholders, and is allocated by the Board on the recommendation of the Remuneration Committee. The Remuneration Committee will take independent advice in respect to Directors fees on an as needed basis.
- Directors fees are paid on a gross fees basis (except GST where applicable). There is no separate payment made for attendance at Board committee meetings, etc. Directors do have the option of packaging their fees on the same basis as executives (eg: superannuation, motor vehicles in lieu of cash).
- Directors are not required to hold shares in the Company as part of their appointment.
- The reasonable expenses incurred by a Director in discharging their obligations, attending Board meetings, etc, will be reimbursed by the Company, consistent with Company policies which are established from time to time.

## **Directors Other Interests**

- Directors other interests, which are likely to conflict with the interests of the Company, are declared by the relevant Director at the time the interest arises or the potential conflict becomes apparent. If a conflict actually arises, the Director concerned will absent himself from the meeting at which the issue is discussed and will abstain from voting on the issue.
- Each Director is required to provide details of other interests (employment, directorships, potential conflicts of interest, interests in contracts to which the Company is party, related party transactions, etc) both at the time of appointment and updated for any changes.

## **Independent Professional Advice**

- With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil his or her duties and responsibilities as a Director.

## **Agreement re Provision of Information to ASX**

SKILLED is required, under the Listing Rules of the Australian Securities Exchange ("ASX") to disclose to ASX details of Directors interests in securities, and in contracts relevant to the securities. SKILLED is also required to enter into an agreement with Directors under which Directors are obliged to provide the necessary information to SKILLED.

All Directors are required to enter into such an agreement and to provide the specified information within the agreed timeframe.

## **Continuous Disclosure**

The Board is aware of its obligations in respect to continuous disclosure of material information, and embraces the principle of providing access to that information to the widest audience of investors.

A Board policy "Disclosures to the Investment Community" has been issued and all Directors are required to comply with that policy.

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| <b>ISSUED DATE:</b>  | September 2002                             |
| <b>LAST UPDATED:</b> | September 2011                             |
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| <b>APPROVED BY:</b>  | Company Secretary<br>Skilled Group Limited |