

TERMS OF REFERENCE

BOARD NOMINATION COMMITTEE

1. General Scope and Authority

- 1.1 The Board Nomination Committee is a Committee of the Board of Skilled Group Ltd ("SKE") and is established in accordance with the authority provided in Article 81 of the Company's Constitution. The Board has resolved to establish this Committee and to adopt these Terms of Reference to govern the proceedings and meetings of the Committee.
- 1.2 The primary purpose of the Board Nomination Committee is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is appropriately structured and comprised of individuals who are best able to discharge the responsibilities of directors by:
- Assessing the size, composition and skills required by the Board having regard to the Company's current and proposed scope of activities.
 - Assessing the extent to which the required skills are represented on the Board.
 - Establishing processes for the identification of suitable candidates for appointment to the Board.
 - Establishing processes for the review of the performance of individual directors and the Board as a whole.
 - Assessing the terms of appointment and remuneration arrangements for non-Executive Directors.

2. Composition

- 2.1 The Committee consists of a minimum of two Directors of the Board. The Chairman of the Board and the Managing Director are ex officio members of the Committee. Other members of the Committee are appointed by the Board. The effect of ceasing to be a Director of the Board is the automatic termination of appointment as a member of the Committee.
- 2.2 The Chairman of the Board acts as the Chairman of the Board Nomination Committee. Should the Chairman be absent from a meeting and no Acting Chairman has been appointed, the members of the Committee present at the meeting have authority to choose one of their number to be Chairman for that particular meeting.
- 2.3 The Company Secretary will act as Secretary of the Committee.

3. Meetings

- 3.1 The Committee shall meet as frequently as required.
- 3.2 Any Committee members or the Secretary may call a meeting of the Committee.

- 3.3 A Notice of Meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee in the week prior to the date of the meeting. The Notice of Meeting will include relevant supporting papers for the agenda items to be discussed.
- 3.4 The quorum for a meeting is two members or any greater number determined by the Committee from time to time.
- 3.5 Other Board Directors, SKE executives and/or parties external to SKE may attend Committee meetings but only at the invitation of the Chairman.
- 3.6 The Committee may conduct meetings without all Committee members being involved in the meeting in the physical presence of one another provided that all Committee members involved in the meeting are able to participate in discussion.
- 3.7 The Chairman of the Committee, or delegate, shall report to the Board following each meeting.
- 3.8 Minutes of proceedings and resolutions of Committee meetings shall be kept by the Secretary. Minutes will be distributed to all Committee members after preliminary approval has been given by the Committee Chairman.

4. Authority

- 4.1 The Committee has the authority to seek any information it requires to carry out its duties from any officer or employee of any entity of SKE and such officers or employees shall be instructed by the Board of the entity employing them to cooperate fully in the provision of such information.
- 4.2 The Committee also has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.
- 4.3 The Committee discharges its responsibilities by making recommendations to the Board. The Committee does not have any executive powers to commit the Board or Management to their implementation. The Committee is not responsible for supervising the performance of executives and does not become involved in day-to-day operations, management functions or decision making.

5. Duties and Responsibilities

- 5.1 The Committee shall periodically assess the skills required to competently discharge the Boards' duties, having regard to the strategic direction of the Company, and report the outcome of that assessment to the Board.
- 5.2 The Committee shall, as and when it considers appropriate, but in any event on each occasion on which an existing director retires, assess the skills represented on the Board by the directors and determine whether those skills meet the required skills as identified.
- 5.3 The Committee shall make recommendations to the Chairman of the Board on means by which skill levels of existing directors can be enhanced.
- 5.4 Having regard to the skills required and the skills represented, the Committee shall implement a process for the identification of suitable candidates for appointment to the Board.

- 5.5 In determining the process for the identification of suitable candidates, the Committee will ordinarily ensure that a search is undertaken by an appropriately qualified independent third party acting on a brief prepared by the Committee which identifies the skills sought;
- 5.6 The Committee shall make recommendations to the Board on candidates it considers appropriate for appointment.
- 5.7 The Committee shall inform the Board of the names of directors who are retiring in accordance with the provisions of the Constitution and will make recommendations to the Board as to whether the Board should support the re-nomination of that retiring director. In making such recommendations, the Committee will undertake a process of review of the retiring director's performance during the period in which the director has been a member of the Board, and in so doing will conduct that review by whatever means it consider appropriate including assessment of performance by peers and self.
- 5.8 A member of the Committee shall not participate in the review of his or her own performance.
- 5.9 In carrying out all of its functions the Committee will have due regard to the 'Principles of Good Corporate Governance and Best Practice Recommendations' issued by the ASX Corporate Governance Council.

6. Fees & Expenses

- 6.1 Committee members are not entitled to receive any additional remuneration for their role as members of this Committee. Director's fees are set to include membership of Board Committees.
- 6.2 The reasonable expenses incurred by Committee members in discharging their obligations, attending Committee meetings etc will be reimbursed by the Company, consistent with Company policies which are established from time to time.

7. Review of Terms of Reference

- 7.1 The Board Nomination Committee Terms of Reference is reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities. Significant changes to the Terms of Reference are recommended by the Committee and approved by the Board.

8. Distribution of Terms of Reference

- 8.1 Key features of the Board Nomination Committee Terms of Reference are included in the Corporate Governance section of the Annual Report. The complete Terms of Reference are publicly available on the Company's website.

ISSUED DATE:	October 2003
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APPROVED BY:	Company Secretary Skilled Group Limited