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## **CORPORATE GOVERNANCE COMPLIANCE MANUAL**

### **1. Corporate Code of Conduct**

The Company has adopted a formal code of conduct which is attached in Appendix A to guide compliance with legal and other obligations.

### **2. Corporate Governance Committee**

The Corporate Governance Committee is responsible for implementing and monitoring the ethical standards of the company and its Corporate Code of Conduct, ensuring a socially acceptable process is adopted as an Equal Opportunity Employer, and that the company is an upstanding corporate citizen. The Corporate Governance Committee detailed terms of reference are set out in Appendix B.

### **3. Audit Committee**

The Board of the Company has established an Audit Committee (Committee). The purpose for which the Committee has been established and the powers of the Committee are set out in the Audit Committee Charter which is attached in Appendix C.

### **4. Diversity Policy**

The Company recognises that people are its most important asset, and it is committed to the maintenance and promotion of workplace diversity. The Board of the Company has approved a Diversity Policy which is attached in Appendix D.

### **5. Continuous Disclosure**

Under the Corporations Act, a failure to make a disclosure under Listing Rule 3.1A, intentionally or recklessly, amounts to a criminal offence, and may result in a substantial fine for a corporation. 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 and may be subject to penalty or imprisonment, or both. A negligent failure to make a disclosure under Listing Rule 3.1A is a contravention of the Corporations Act, but will not amount to a criminal offence. A civil liability arises if the failure to disclose is intentional, reckless or negligent. A person who suffers loss or damage as a result of such failure may recover that loss or damage from BRC, or against “any person involved in the contravention”. This could include the directors or executives officers of BRC.

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

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

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 entity must disclose the information immediately. 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.

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

- **A reasonable person would not expect the information to be disclosed** (Listing Rule 3.1A.1)

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

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

Listing Rule 3.1A.2 requires that the information that is not to be disclosed be confidential. “Confidential” in this context has the sense of secret, and generally implies control by BRC of the use that can be made of the information.

The mere fact that a confidentiality agreement has been entered into will not automatically satisfy this element. Confidential means that no one in possession of the information is entitled to trade in BRC’s shares. Unusual activity in BRC’s shares may suggest that the information is no longer confidential.

The ASX accepts that confidentiality is not breached if information is given to BRC’s advisers, a person with whom BRC is negotiating, or other regulatory authorities, if it is given on a basis which restricts its use to the stated purpose.

- **One of the Elements in Listing Rule 3.1A.3**

One of the five elements in Listing Rule 3.1A.3 must also be established. These elements are:

- It would be a breach of the law to disclose the information;
- The information concerns an incomplete proposal or negotiation;
- The information comprises matters of supposition, or is insufficiently definite to warrant disclosure;
- The information is generated for internal management purposes of BRC; or

- The information is a trade secret.

### **BRC's Policy**

All share price sensitive information will be released to the market as soon as practicable. Executive directors will discuss corporate developments and ensure that the market is fully informed. Any significant matters that arise from which questions on whether or when disclosure to the ASX should be made are to be considered by the executive directors, the Chairman of the Audit and Risk management Committee and the Company Secretary. Messrs Segal and Hinzack will monitor the BRC share price and trading volumes and bring any unusual patterns to the attention of the other parties mentioned above and to the Board if necessary.

### **ASX Policy – Guidance Note**

The ASX has issued a Guidance Note in relation to Listing Rule 3.1A. The ASX states that the guidance note is only a guide as to ASX practice, and that entities should contact the ASX to discuss their particular circumstances and the application of the Listing Rules.

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.

- **Disclosure of Information to Brokers and Press**

Listing Rule 15.7 has the effect that BRC 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 reports. The ASX states that it is inappropriate for a question to be answered, or a report corrected, of doing so involves providing material information that is not public. The ASX states that when analysts visit the company, care should be taken to ensure that they do not obtain material information that is not public.

- **Internal Disclosure**

Employees will have access to information that is confidential. The employees with such access should be made aware of its confidential nature. The ASX notes that companies should ensure that confidential information does not find its way into "in house" publications.

### **Insider Trading and "Tipping"**

The Corporations Act prohibits the following conduct:

- A person (the "insider") trading in shares while in possession of information that is not "generally available" to the market, but which if it became "generally available", could reasonably be expected to materially affect the price of BRC's shares.
- A person communicating non-public price sensitive information to another person who is likely to trade in BRC's shares. An offence is committed even if the person to whom the information is provided is told not to trade in the shares until a public announcement is made, if it is thought likely that the person will disregard that instruction.

The Corporations Act provides that the information becomes "generally available" once it has been published and enough time has elapsed for it to be disseminated in the market.

The prohibition on insider trading and tipping applies not only to company directors and staff, but also to anyone outside BRC who has non-public information which may affect the price of BRC shares. In addition, it is possible that BRC employees could be aware of non-public price sensitive information relating to other listed companies which, if shares in that company were purchased, could breach the insider trading restrictions (for example, a company with which BRC is considering entering into a major contract).

### **Analyst and Institutional Briefings**

The 1999 ASIC issued its draft Guidance Paper dealing with the selective disclosure of information to institutional investors and analysts.

This Guidance Paper addresses ASIC's concern that "ordinary" shareholders have a perception that significant information is disclosed by listed companies to analysts and institutions such that they can profit by trading on that information at the expense of the "ordinary" shareholders. ASIC is concerned that this perception could cause "ordinary" shareholders to lose trust in the fairness of the market place.

In this regard, ASIC notes that documents lodged with the ASX are often supplemented with more comprehensive background information provided to analysts and institutions at private briefings.

To this end, ASIC suggests:

- Information disclosed to the ASX be added to the releasing company's web site (following ASX acknowledgement of receipt and release to the market);
- Non-material information and supplementary material made available to institutions and analysts to be made available to shareholders and the wider investment community on the disclosing company's web site.

ASIC's focus is on giving investors access to all significant information disclosed to analysts or institutions that is not already publicly available, regardless of whether it is considered price sensitive. ASIC considers it is good practice to provide shareholders with access to all significant background information that is provided to analysts and institutions.

### **Information Disclosure Programme Procedures**

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

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

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## CORPORATE CODE OF CONDUCT

### 1. Introduction to the code

This BRC code of conduct sets out the standards which its Board, management and employees are encouraged to comply with when dealing with each other, shareholders, and the broader community.

### 2. Board and Management role in Corporate Code of Conduct

The BRC Board and management have prepared, reviewed and endorse this code of conduct. The Board and management encourage all staff to consider the code and use it to determine how to respond when acting on behalf of the Company.

### 3. Responsibilities to Shareholders and the Financial Community Generally

The Company aims to enhance shareholder value within bounds which safeguard the rights and interests of the Company's shareholders and the financial community and comply with systems of control and accountability which BRC has in place as part of its corporate governance and to act with honesty, integrity and fairness.

### 4. Responsibilities to Clients, Customers and Consumers

The Company is to comply with all legislative and common law requirements which affect its activities. Any transgression from the applicable legal rules is to be reported to the CEO/Managing Director as soon as a director or employee becomes aware of such a transgression.

### 5. Employment Matters

BRC will employ the best available staff with skills required to carry out their roles. The Company will ensure a safe work place and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities.

### 6. Responsibility to the Community

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

The Company will recognise, consider and respect environmental issues which arise in relation to the Company's activities and comply with all applicable legal requirements.

### 7. Responsibility to the Individual

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.

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

### 8. Obligations Relative to Fair Trading and Dealing

The Company will deal with others in a way that is fair and will not engage in deceptive practices.

### 9. Management of any Conflicts of Interest

The Board, management and employees must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest 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 Chairman in the case of a board member, the CEO/Managing Director in the case of a member of management and a direct supervisor in the case of other employees, so that it may be considered and dealt with in an appropriate manner for all concerned.

**10. Compliance with the Code**

Any breach of compliance with this code is to be reported directly to a Senior Executive, CEO/Managing Director or Chairman, as appropriate.

**11. Periodic Review of Code**

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

**12. Incorporation of Code of Conduct for employee and contractors**

The Code of Conduct for employee and contractors forms part of this Corporate Code of Conduct. It provides as follows:

- The Company is committed to the ideal of equal employment opportunity and to providing a workplace that is free of harassment and discrimination. To this end the Company will observe the rule and spirit of the legal and regulatory environment in which the Company operates.
- 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.
- Actively promote the highest standards of ethics and integrity in carrying out their duties for the Company.
- 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.
- Report any breach of this code of conduct to senior management, who will treat reports made in good faith of such violations with respect and in confidence.
- 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 are used for personal gain or to compete with the Company.
- Disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company.

## **CORPORATE GOVERNANCE COMMITTEE**

### **TERMS OF REFERENCE**

#### **Membership**

- 1.1 Members of the Corporate Governance Committee will be no less than two (2) non-executive directors and an executive director.
- 1.2 The chairman of the committee shall be a non-executive director of the company.
- 1.3 Members of the committee shall be appointed for an initial three-year term of office after which their appointment may be subject to annual review and probable rotation.

#### **2. Secretarial and Meetings**

- 2.1 The company secretary is to attend all meetings as minute secretary. The secretary in conjunction with the chairman shall draw up an agenda which shall be circulated at least two full working days prior to each meeting to the members of the committee.
- 2.2 The chairman will call a meeting of the Corporate Governance Committee if so requested by any committee member, the managing director or company secretary.
- 2.3 Meetings shall be held at least once each half year or as required.

#### **3. Reporting**

- 3.1 The chairman of the Corporate Governance Committee shall report the findings and recommendations of the committee to the Board after each committee meeting. The minutes of all committee meetings shall be circulated to members of the Board. The chairman may submit an annual report to the Board summarising the committee's activities during the year and the related significant results and findings.
- 3.2 The Corporate Governance Committee shall have no executive powers with regard to its findings and recommendations.

#### **4. Responsibilities**

- 4.1 The Corporate Governance Committee is responsible for implementing and monitoring the ethical standards of the company, its Code of Conduct, environmental policy, ensuring a socially acceptable process is adopted as an Equal Opportunity Employer, and that the company is an upstanding corporate citizen. In addition, the Corporate Governance Committee shall examine any other matters referred to it by the Board.
- 4.2 The work of the Corporate Governance Committee will draw on relevant best practice principles particularly those issued by the ASX Corporate Governance Council in March 2003.
- 4.3 The duties of the Corporate Governance Committee are as follows:
  - establish and periodically review the corporate code of conduct, as well as procedures to ensure compliance;
  - supervise special investigations as directed by the Board;
  - review policies on sensitive issues or practices such as environmental issues;

- review policies to avoid conflicts of interest and reviewing past or proposed transactions between the corporation and members of management;
- monitor the company's Equal Opportunity Policy.

## **5. Other**

- 5.1 The Corporate Governance Committee shall have the authority to seek any information it requires from any officer or employee of the company or its subsidiary companies and such officers or employees shall be instructed by the Board of the company employing them to respond to such enquiries.

## **Appendix C**

### **Audit Committee Charter**

The Board of Brain Resource Limited (BRC or Company) has established an Audit Committee (Committee). The purpose for which the Committee has been established and the powers of the Committee are set out in this document. The policies below are to be implemented over time as BRC grows and has the financial and operational ability to comply with all of the best practice principles.

#### **1 Membership**

The Committee shall be members of, and appointed by, the Board of Directors and shall comprise at least two Directors that have diverse, complementary backgrounds. The Committee chair shall be an independent director and shall not be the Chairman of the Board of Directors. Also, the Committee chair shall have leadership experience and a strong finance, accounting and/or business background or understanding. All Committee members shall be financially literate, or become

financially literate within a reasonable period of time after appointment. Furthermore, at least one member shall have accounting and/or related financial management expertise as determined by the Board of Directors.

Members of the Committee shall be considered independent so long as they do not have any relationship with the Company that may interfere with the exercise of independent judgment. This means they shall not accept any consulting, advisory, or other compensatory fee from the Company and are not an affiliated person of the Company or its related entities. They should also meet the definition of what constitutes an “independent director” as set out in the Australian Securities Exchange Corporate Governance Council’s definition described in its publication “Principles of Good Corporate Governance and Best Practice Recommendations”. The only compensation shall be directors’ fees for services provided to the Committee.

## **2 Meetings**

The Committee shall meet at least twice each annum.

The purpose of these meetings shall be to:

- Review and approve audit plans;
- Review and approve the half-year financial report;
- Update the audit plans; and
- Review and approve the annual financial report.

## **3 Purpose**

The Committee shall provide assistance to the Board of Directors in fulfilling its corporate governance and oversight responsibilities in relation to the Company’s financial reporting, internal control structure, risk management systems, and audit functions. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee the auditors (if applicable), and management of the Company. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

## **4 Duties and Responsibilities**

### **4.1 Understanding the business**

The Committee shall ensure it understands the Company’s structure, controls, and types of transactions in order to adequately assess the significant risks faced by the Company in the current environment.

### **4.2 Financial reporting**

The primary responsibility of the Committee is to oversee the Company’s financial reporting process on behalf of the Board and report the results of its activities to the Board.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits.

The Board of Directors is responsible for the Company’s financial reports including the appropriateness of the accounting policies and principles that are used by the Company. The auditors are responsible for auditing the Company’s financial reports and for reviewing the Company’s unaudited interim financial reports.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to set the overall corporate “tone” for quality financial reporting, sound business risk practices, and ethical behavior. The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

#### **4.3 Assessment of accounting, financial and internal controls**

The Committee shall discuss with management and the auditors, the adequacy and effectiveness of the accounting and financial controls, including the Company’s policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programmes (including the Company’s Code of Conduct). Any opinion obtained from the auditors on the Company’s choice of accounting policies or methods should include an opinion on the appropriateness and not just the acceptability of that choice or method.

The Committee shall periodically meet separately with management and the auditors to discuss issues and concerns warranting Committee attention, including but not limited to its assessments of the effectiveness of internal controls and the process for improvement. The Committee shall provide sufficient opportunity for the auditors to meet privately with the members of the Committee. The Committee shall review with the auditor any audit problems or difficulties and management’s response.

The Committee shall review all representation letters signed by management to ensure that the information provided is complete and appropriate. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the auditors under generally accepted auditing standards.

The Committee shall review the declaration by the Managing Director and Financial Controller required under the Corporations Act and ASX Listing Rules in relation to the accounts to ensure it is complete.

The Committee shall receive regular reports from the auditor on the critical policies and practices of the Company, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.

#### **4.4 Appointment of auditors**

The Committee shall be directly responsible for making recommendations to the Board of Directors on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of the effectiveness, and independence of the auditors, including resolution of disagreements between management and the auditor regarding financial reporting. The Committee shall pre-approve all audit and non-audit services provided by the auditors and shall not engage the auditors to perform any non-audit/ assurance services that may impair or appear to impair the auditor’s judgment or independence in respect of the Company. The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.

#### **4.5 Assessment of the audit**

The Committee, at least on an annual basis, shall obtain and review a report by the auditors describing (or meet, discuss and document the following with them):

- The audit firm's internal quality control procedures;
- Any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
- All relationships between the auditor and the Company (to assess the auditor's independence). In addition, the Committee shall set clear hiring policies for employees or former employees of the auditor in order to prevent the impairment or perceived impairment of the auditor's judgment or independence in respect of the Company.

#### **4.6 Independence of the auditors**

The Committee shall review and assess the independence of the auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the auditor's judgment or independence in respect of the Company. Furthermore, the Committee shall draft an annual statement for inclusion in the Company's annual report of whether the Committee is satisfied the provision of non-audit services is compatible with auditor independence.

#### **4.7 Scope of the audit**

The Committee shall discuss with the auditors the overall scope of the audit, including identified risk areas and any additional agreed-upon procedures. In addition, the Committee shall also review the auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level.

#### **4.8 Communications with stakeholders**

The Committee shall review the full year financial report, and half-year financial report, prior to the lodgment of these with ASX. Also, the Committee shall discuss the results of the half-year review and any other matters required to be communicated to the Committee by the auditors under generally accepted auditing standards. The chair of the Committee may represent the entire Committee for the purposes of this review.

The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Committee shall receive corporate legal reports of evidence of a material violation of the Corporations Act, the ASX Listing Rules or breaches of fiduciary duty.

**Appendix D****Diversity Policy****Overview**

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The Board of Directors of **Brain Resource Ltd** (the Company) is responsible for the overall management of the Company, including guidance as to strategic direction, ensuring best practice corporate governance and oversight of management. The Company recognises that people are its most important asset, and is committed to the maintenance and promotion of workplace diversity.

The Company believes that the pursuit of diversity in the workplace increases its ability to attract, retain and develop the best talent available, creates an engaged workforce, delivers the highest quality services to its customers, enhances individual work-life balance, encourages personal achievement, improves co-operation and assists in the optimisation of organisational performance. Diversity in the workplace mirrors the diversity of the broader community, encompassing age, gender, ethnicity, cultural and other personal factors. The Company respects the diversity of all employees, consultants and contractors, and cultivates an environment of fairness, respect and equal opportunity.

The Remuneration Committee has developed, and the Board has formally approved, a Diversity Policy that describes the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Company performance. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees. It outlines the process by which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity, within the Company. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

**Scope**

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The Company's vision for diversity incorporates a number of different factors, including gender, ethnicity, disability, age and educational experience. At a Board and senior management level, gender has been identified as a key area of focus for the Company. Accordingly, the primary focus of this Policy is achieving, over a reasonable transition period, adequate representation of women in senior management positions and on the Board.

The strategies outlined below aim to achieve the objectives of this Policy by:

- setting measurable objectives relating to gender at all senior management and leadership levels;
- broadening the field of potential candidates for senior management and Board appointments;
- increasing the transparency of the Board appointment process; and

- embedding the extent to which the Board has achieved the objective of this Policy in the evaluation criteria for the annual Board performance evaluation.

## Promoting Diversity

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In order to facilitate greater diversity in management and leadership roles, the Company will:

- introduce and supplement the measures outlined in this Policy;
- implement policies that address impediments to diversity in the workplace (including parental leave and flexible working arrangements that assist employees to fulfil their domestic responsibilities), and review these policies to ensure that they are available to, and utilised at, senior management levels; and
- monitor the effectiveness of, and continue to expand on, existing initiatives designed to identify, support and develop talented women / employees from a diverse range of backgrounds.

It is the responsibility of the Board to foster an environment where:

- individual differences are respected;
- access to employment, rewards and training opportunities is based on performance, skill and merit; and
- inappropriate attitudes, behaviours and stereotypes are confronted and eliminated.

## Measurable Objectives

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It is the Company's objective to provide a fair and equitable workplace, free from discrimination related to age, gender, ethnic, cultural or other personal factors, in which diversity enhances Company performance and shareholder value. The Company encourages diversity at all levels of the organisation as a means of facilitating an appropriate mix of skills and talent to conduct its business. Active management of diversity in the workplace involves recognising and valuing the unique contribution people can make because of their individual backgrounds, different skills, experiences and perspectives.

Each year the Board will set measurable objectives with a view to progressing towards a balanced representation of women at a Board and senior management level. Performance against these objectives will be reviewed annually by the Remuneration Committee, as part of its annual review of the effectiveness of this Policy.

Subject to the size and operations of the Company, the Board is committed to setting measurable objectives for the long-term goal of improving gender representation across all levels of the organisation. The Board will include in the Annual Report each year:

- a summary of the Company's progress towards achieving the measurable objectives set under this Policy for the year to which the Annual Report relates; and
- details of the measurable objectives set under this Policy for the subsequent financial year.

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## Gender Representation Review

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On an annual basis, the Remuneration Committee will review the proportion of women who are employed by the Company as a whole in senior management positions and who are on the Board. The Remuneration Committee will submit a report to the Board outlining its findings. The Company will disclose in its Annual Report the proportion of women employees in the Company as a whole, in senior management and on the Board.

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## Recruitment, Selection and Succession Planning

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The Company will provide equal opportunities in respect to employment and employment conditions, including:

- **Hiring:** The Board will ensure that appropriate selection criteria, based on diverse skills, experience and perspectives, are used when recruiting new staff and Directors. Job specifications, advertisements, application forms and contracts will not contain any direct or inferred discrimination.
- **Training:** All internal and external training opportunities will be based on merit, and Company and individual needs. The Board will consider senior management training and executive mentoring programmes to develop skills and experience to prepare employees for senior management and Board positions.
- **Career Advancement:** All decisions associated with career advancement, including promotions, transfers, and other assignments, will meet the Company's needs, and be determined on skill and merit.
- **Work Environment:** The Company will ensure that all officers, employees, consultants and contractors have access to a work environment that is free from harassment and unwanted conduct in relation to personal circumstances or characteristics. Directors, managers and supervisors will ensure that complainants or reports of sexual, racial or other harassment, are treated seriously, confidentially and sympathetically by the Company.

The Remuneration Committee is responsible for the development and succession planning process for the Managing Director and the Managing Director's direct reports. In discharging this responsibility, the Remuneration Committee will have regard to diversity criteria.

Whilst skills such as leadership and previous experience as a chief executive, chair or board member of a large organisation with international operations have traditionally been prerequisites to appointment as a director, the Board recognises that other skills gained from experience in the following areas are key skills and experience that the Board as a whole should comprise:

- marketing and sales;
- policy and regulatory development and reform;
- health, safety and environment and social responsibility; and
- human resources.

The Board will develop and disclose a board appointment process, which includes selection criteria having regard to the skills and experience outlined above, and the selection process for senior management positions.

The Remuneration Committee is responsible for identifying qualified individuals for appointment to the Board. In identifying candidates, the Remuneration Committee will have regard to the selection criteria set out in the board appointment process, which will include:

- skills, expertise and background that add to and complement the range of skills, expertise and background of the existing Directors;
- diversity; and
- the extent to which the candidate would fill a present need on the Board.

### **Compliance with Policy**

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The Board will proactively monitor Company performance in meeting the standards and policies outlined in this Policy. This will include an annual review of the diversity objectives set by the Board, and its progress in achieving them. The Board will consider setting key performance indicators for the Board, the Managing Director and senior executives that are linked to the achievement of the diversity objectives set by the Board.

It is the responsibility of all Directors, officers, employees, consultants and contractors to comply with the Company's Diversity Policy, and report violations or suspected violations. Any breach of compliance with this Diversity Policy is to be reported directly to the Managing Director, Chairman or to the Report and Investigation Officer, as appropriate. Anyone breaching this Diversity Policy may be subject to disciplinary action, including termination.

### **Disclosure of Policy**

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A summary of this Policy and the Company's achievement of the Policy's objectives will be disclosed in the Annual Report.

### **Review of Policy**

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The Remuneration Committee is responsible for the review and oversight of this Policy. In executing this role, the Remuneration Committee will, with the appropriate support and input from management:

- review on an annual basis:
  1. the effectiveness of this Policy, its objective and the strategies outlined above, which aim to achieve the objective; and
  2. the division of responsibilities and accountability for developing and implementing diversity initiatives across the organisation; and
- report to the Board on the outcomes of its review, including any recommendations for changes to those strategies or the way in which they are implemented.