

AUSTOCK GROUP LTD

BOARD CHARTER

1. PURPOSE OF CHARTER

The Board charter sets out the role, composition and responsibilities of the Board of Austock Group Limited (“Austock”) within the governance structure of Austock.

The conduct of the Board is also governed by the Constitution of Austock.

2. MEMBERSHIP AND TERM

The Austock Constitution provides for a minimum of 4 directors and a maximum of 9 directors. The Board has adopted a policy to have a minimum of 4 directors comprising at least 1 independent non-executive director.

An independent director is a non-executive director and:

- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- 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;
- 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;
- 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 has no material contractual relationship with the company or another group member other than as a director of the company;
- 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;
- 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.

The Board has adopted AASB standard 1031 to determine levels of materiality. A relationship is presumed immaterial when it generates less than 5%, and presumed material when it generates more than 10%, of revenue over a twelve-month period in the absence of evidence or convincing argument to the contrary. In considering such

evidence or argument Austock considers the strategic value and other material but non-quantitative aspects of the relationship in question.

The threshold for materiality for the purpose of assessing the materiality of relationships between a non-executive director and Austock (other than as a director) will be judged according to the significance of the relationship to the director in the context of their activities as a whole.

Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent.

The Board has not adopted a tenure policy.

3. RESPONSIBILITIES

The Board has delegated authority for the operations and administration of Austock to the Chief Executive Officer.

The Board is responsible for promoting the success of Austock in its role as:

- a registered pooled development fund; and
- a commercial entity,

in a way which ensures that the interests of shareholders and stakeholders are promoted and protected.

Specifically, the Board is responsible for:

- setting strategic direction of Austock and monitoring management's performance within that framework;
- reviewing whether there are adequate resources available to meet Austock's objectives;
- appointing and removing the chief executive officer and overseeing succession plans for the senior executive team;
- approving and monitoring financial reporting and capital management;
- approving and monitoring the progress of business objectives;
- assessing the risk management framework and whether appropriate procedures are being followed;
- ensuring that Austock has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate and social responsibility; and
- monitoring whether the Board is appropriately skilled to meet the changing needs of the company.

4. CHAIRMAN

The Chairman shall be an independent non-executive director.

Should the Chairman be absent from a meeting, the Deputy Chairman (if any) should act as Chairman of the meeting. If both are not present, the members of the Board present at the meeting have authority to choose one of their number to chair that particular meeting.

5. SEPARATION OF FUNCTIONS BETWEEN THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and Chief Executive Officer are strictly separated.

The Chairman is responsible for:

- leading the Board in its duties to Austock;
- ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors; and
- facilitating effective discussions at Board meetings.

The Chief Executive Officer is responsible for:

- policy direction of the operations of Austock;
- the efficient and effective operation of Austock;
- bringing material and other relevant matters to the attention of the Board in an accurate and timely manner.

6. SECRETARY

7.1 The Company Secretary will be the Secretary of the Board.

7. SCOPE

8.1 The activities of the Board are in relation to Austock.

8. REPORTING

Proceedings of all meetings are minuted and signed by the Chairman or the chairman of the meeting.

Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

9. REVIEW OF CHARTER

The Board will review this charter annually to ensure it remains consistent with the Board's objectives and responsibilities.

10. PUBLICATION OF THE CHARTER

Key features of the charter are to be outlined in the annual report to shareholders.

The charter is to be made available to shareholders of Austock upon request.

11. OTHER MATTERS

A number of operational matters relating to the Board such as meetings of directors, fees, powers and duties of directors, appointment and retirement, alternate directors, delegation and appointment of committees and election of directors are governed by the Constitution of Austock and are not reproduced here.