



**Saferoads Holdings Limited**  
ACN 116 668 538

## **Corporate Governance Charter**

As amended by a resolution of the Board of Directors on 22 October 2013

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# TABLE OF CONTENTS

<b>1.</b>	<b>DEFINITIONS</b> .....	<b>4</b>
<b>2.</b>	<b>BOARD CHARTER</b> .....	<b>5</b>
2.1	Introduction .....	5
2.2	Function .....	5
2.3	Powers.....	5
2.4	Composition .....	5
2.5	Independence .....	6
2.6	Appointment and Retirement.....	6
2.7	Performance Review and Evaluation .....	6
2.8	Conduct of Meetings .....	6
2.9	Training and Advice .....	7
2.10	Meetings .....	7
2.11	Committees.....	7
2.12	Ethical Standards and Values .....	7
2.13	Dealings in Securities.....	7
2.14	Business Risks.....	8
2.15	Communication with Shareholders.....	8
<b>3.</b>	<b>CODE OF CONDUCT FOR TRANSACTIONS IN SECURITIES</b> .....	<b>9</b>
3.1	Purpose .....	9
<b>4.</b>	<b>CODE OF ETHICS</b> .....	<b>9</b>
4.1	Objective.....	9
4.2	Obligation.....	9
4.3	General Duties .....	9
4.4	Business Judgment Rule.....	9
4.5	Decision-making .....	10
4.6	Confidentiality .....	11
4.7	Co-operation .....	11
4.8	Conflicts of Interest .....	11
4.9	Conduct .....	11
<b>5.</b>	<b>AUDIT AND RISK COMMITTEE CHARTER</b> .....	<b>11</b>
5.1	Purpose .....	11
5.2	Scope of Responsibility .....	12
5.3	Powers.....	12
5.4	Composition and Structure.....	12
5.5	Proceedings.....	13
<b>6.</b>	<b>REMUNERATION AND NOMINATION COMMITTEE CHARTER</b> .....	<b>13</b>
6.1	Purpose .....	13
6.2	Scope of Responsibility.....	13
6.3	Powers.....	14
6.4	Proceedings.....	14
6.5	Composition and Structure.....	14
<b>7.</b>	<b>STANDING RULES OF COMMITTEES</b> .....	<b>14</b>
7.1	Application .....	14
7.2	Composition .....	14
7.3	Role .....	14
7.4	Proceedings.....	14
7.5	Reporting .....	15

**8. SECRETARY .....15**

## 1. DEFINITIONS

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In this Charter:

**Act** means the *Corporations Act 2001* (Cth).

**AGM** means an annual general meeting of the Company.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means Australian Stock Exchange Limited ABN 98 008 624 691.

**Audit Committee** means the Committee responsible for internal controls and oversight of financial management and financial matters generally, and for risk management of the Company as detailed in this Charter.

**Board** means the board of Directors.

**Board Charter** means the charter of corporate governance in relation to the Board contained in section 2 of this document.

**Chairman** means the chairman of the Board.

**Committee** means the committee of the Board.

**Constitution** means the constitution of the Company.

**Company** means Saferoads Holdings Limited.

**Director** means a director of the Company.

**independence and independent** have the meanings given in section 2.5 of this charter.

**MD** means the managing director (whether or not a Director, and by whatever title known, whether chief executive officer, managing director or otherwise) with sole responsibility for the strategic and operational management of the Company.

**Remuneration and Nomination Committee** means the Committee responsible for nomination, remuneration and related matters as detailed in its Charter.

**Operating Policies & Procedures** means the policy and procedures applicable to the Company from time to time adopted by the Board.

**Secretary** means the secretary of the Company.

**Security** means equity, debt or other security of any kind of the Company.

**Shareholder** means a holder of shares in the Company.

## **2. BOARD CHARTER**

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### **2.1 Introduction**

This policy outlines the main corporate governance practices that are in place for the Company and to which the both the Board collectively and the Directors individually are committed. The conduct of the Board is also governed by the Constitution and, to the extent that the terms of the Constitution are inconsistent with this document, the Constitution is to prevail.

### **2.2 Function**

The Board's broad function is to:

- determine the strategic direction of the Company;
- set financial targets;
- monitor the implementation and execution of strategy and performance against financial targets; and
- appoint and oversee the performance of executive management.

### **2.3 Powers**

The Board has responsibility for the matters specified in section 2.2 above and, in addition to those matters reserved to it by law, reserves to itself the following matters and all power and authority in relation to those matters:

- composition of the Board itself;
- oversight of the Company including its control and accountability systems;
- appointment and removal of the MD;
- appointment and removal of the General Manager and the Secretary;
- reviewing and overseeing the operation of systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and regulatory compliance;
- monitoring senior management's performance;
- implementation of strategy;
- approving major capital expenditure, acquisitions and disposals;
- approving and monitoring financial and other reporting;
- monitoring relevant industry developments;
- developing suitable key indicators of financial performance;
- overall corporate governance of the Company; and
- oversight of Committees.

### **2.4 Composition**

The composition of the Board is determined according to the following principles:

- The Board must comprise members with a broad range of experience, expertise and skills relevant to the Company and its business.
- There must be at least three Directors.
- The number of Directors may be increased where the Board considers that additional expertise is required in specific areas.
- There must be at least 2 independent Directors.

## 2.5 Independence

The Board has adopted the following definition of an independent Director:

*An independent Director is one who 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 with a view to the best interests of the company.*

*The board does not consider that independence can be assessed with reference to an arbitrary and set period of time.*

The Board will assess the independence of each Director in the light of the interests disclosed by them. The independence of Directors will be disclosed in the annual report.

## 2.6 Appointment and Retirement

2.6.1 When a vacancy exists the Board will consider candidates identified having regard to:

- what may be appropriate for the Company;
- the skills, expertise and experience of the candidates;
- the mix of those skills, expertise and experience with those of the existing Directors; and
- compatibility of the candidates with the Company and with the existing Directors.

2.6.2 The Board will then appoint the most suitable candidate who continues in office only until the next AGM and is then eligible for election.

2.6.3 The terms and conditions of the appointment of all new members of the Board must be specified in a letter of appointment.

2.6.4 Under the Constitution, at least one third of all Directors, being the longest serving Directors, must retire at each AGM. Directors, excluding the MD (if a Director), must also retire if a third AGM falls during the period in which they have held office. Retiring Directors are eligible to be re-elected.

## 2.7 Performance Review and Evaluation

2.7.1 The performance of all other Directors is reviewed and assessed each year by the Chairman.

2.7.2 The performance of the Chairman is reviewed and assessed each year by the other Directors.

## 2.8 Conduct of Meetings

2.8.1 No decisions will be made by the Board of Directors unless the two Non Executive Directors are present in person or by proxy or by electronic means.

2.8.2 If the two Non Executive Directors vote the same way on any resolution of the Board of Directors, then their combined votes shall be deemed to equal the number of combined votes that may be cast by all of the Executive Directors on such resolution.

2.8.3 If the two Non Executive Directors both vote together against a resolution of the Board of Directors, then the resolution shall be deemed to have been decided in the negative and the Chairman shall not have a casting vote.

## **2.9 Training and Advice**

2.9.1 Directors must be provided with relevant information in relation to the Company before accepting appointment.

2.9.2 Each Director has the right to seek independent legal or other professional advice at the Company's expense. Prior approval from the Chairman is required but may not be unreasonably withheld or delayed.

## **2.10 Meetings**

2.10.1 Board meetings are normally held monthly but will number not less than nine in any year.

2.10.2 Papers for Board and Committee meetings are circulated in advance of the relevant meeting.

## **2.11 Committees**

2.11.1 The Board may establish Committees to assist it in carrying out its function and will adopt a charter for each Committee established dealing with the scope of its responsibility and relevant administrative and procedural arrangements.

2.11.2 The Committees established and subsisting at the date of this document are the following:

- Audit and Risk Committee; and
- Remuneration and Nomination Committee.

## **2.12 Ethical Standards and Values**

2.12.1 All Directors and all officers of the Company must act with the utmost integrity and objectivity.

2.12.2 The Directors must comply with the Code of Ethics in the exercise of their duties.

## **2.13 Dealings in Securities**

The Constitution permits Directors to acquire Securities. Company policy is summarized in the Code of Conduct for Securities Transactions.

## **2.14 Business Risks**

- 2.14.1 The Board has the responsibility for the maintenance of the strategy of the Company which includes the identification of significant business risks. The Board will review the major risks affecting each business segment and develops strategies to mitigate these risks.
- 2.14.2 Once a risk is identified, an action plan must be instigated, and the Board must be informed of the action plan proposed by management. The Board must approve the action plan. Corrective action must be taken as soon as practicable.
- 2.14.3 The Managing Director and Chief Financial Officer must each provide a statement to the Board with the half yearly and annual financial report to the effect that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

## **2.15 Communication with Shareholders**

The Board aims to ensure that Shareholders are informed of all major developments affecting the Company's state of affairs. Information will be communicated to Shareholders as follows:

- 2.15.1 The Company's continuous disclosure obligations will be reviewed as a standing item on the agenda for each regular meeting of the Board.
- 2.15.2 The annual report will be distributed to all Shareholders.
- 2.15.3 Proposed major changes in the Company which may impact on share ownership rights and the removal and appointment of Directors will be submitted to a vote of shareholders at an AGM. If resolutions are required to be put to Shareholders before the next AGM, a general meeting will be called. The Board encourages full participation of Shareholders at the AGM and at other general meetings.
- 2.15.4 The external auditors will be requested to attend the AGM and be available to answer questions by Shareholders on the conduct of the audit and the preparation and content of the audit report.
- 2.15.5 The half-yearly report will contain summarized financial information and a review of the operations of the Company during the period. The report will be lodged with and available from the ASX and the ASIC.
- 2.15.6 Information concerning the Company, including copies of announcements made through the ASX and the annual report and half-yearly report, will be made available to Shareholders and prospective investors in the Company on the Company's website.



### **3. CODE OF CONDUCT FOR TRANSACTIONS IN SECURITIES**

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#### **3.1 Purpose**

The legal duties placed on Directors and certain others in relation to transactions in the securities of the Company and certain other companies are onerous. The major issue concerns information that is price-sensitive or otherwise confidential.

The Board has adopted a policy governing dealings in Securities by Directors and certain others. This policy “Share Trading Policy” has been lodged with the ASX and is also available for viewing on the Company’s website.

### **4. CODE OF ETHICS**

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#### **4.1 Objective**

The objective of this code is to give the Directors a guide to be followed in performing their duties with a view to enabling them to achieve the highest possible standards in the discharge of their obligations.

#### **4.2 Obligation**

A Director has an obligation, at all times, to comply with the spirit and the principles of this code as well as the law.

#### **4.3 General Duties**

Directors must:

- act in good faith in the best interests of the Company and for a proper purpose;
- act in the interests of all Shareholders and avoid any potential conflict of interest;
- exercise a reasonable degree of care and diligence;
- not make improper use of information; and
- not make improper use of their position.

The Act requires directors to act honestly and with a reasonable degree of care and diligence in the exercise of their powers and duties and the discharge of their duties.

The Company maintains directors’ and officers’ liability insurance. Directors should ensure that they are fully aware of the terms of this insurance so as to be able to qualify for protection under it.

#### **4.4 Business Judgment Rule**

4.4.1 A director’s duty to act with care and diligence will be taken to be satisfied where the director:

- makes a judgment in good faith and for a proper purpose;
- has no material personal interest in the subject-matter of the judgment made;

- is informed about the subject-matter of the judgment to the extent the director reasonably believes to be appropriate; and
- rationally believes the judgment to be in the best interest of the Company.

4.4.2 The business judgment rule:

- relates only to decisions about the ordinary business operations of the company; and
- does not relieve a director from other fiduciary duties (over and above those owed as a director) such as to act in good faith, not to misuse the position of director, not to make improper use of confidential information and to prevent insolvent trading.

4.4.3 A business judgment is any decision to take or not to take action in respect of a matter relevant to the business operations of the company; it does not apply to any failure to take a decision.

## 4.5 Decision-making

A Director must be independent in judgment and actions and must take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

In order to satisfy this requirement a Director must:

- make a reasonable effort to become and remain familiar with the affairs of the Company;
- attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company without placing undue reliance on other Directors to fulfil those duties.

Directors should rely on advice relating to the Company only where that advice is given or prepared by:

- an employee whom the Director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- a professional adviser or expert in relation to matters that the Director believes on reasonable grounds to be within the person's professional or expert competence;
- another Director or officer in relation to matters within that Director's or officer's authority; or
- a Committee (on which the Director did not serve) in relation to matters within the Committee's authority and should only rely on such information or advice if the Director's reliance is made in good faith and after making an independent assessment of the information and advice, having regard to the Director's knowledge of the Company and the complexity of its structure and operations.

## **4.6 Confidentiality**

Directors must observe confidentiality regarding all Board matters and all confidential information received by a Director in the course of the exercise of his or her duties.

- 4.6.1 All information received by a Director in the course of fulfilling Board duties must be regarded as confidential and remains the property of the Company.
- 4.6.2 A Director may not disclose information, or allow it to be disclosed, to any other person unless that disclosure has been authorised by the Company or is required by law to be disclosed.
- 4.6.3 Authorisation by the Company will be presumed where and to the extent that Board or Committee minutes convey, either expressly or implicitly, that it is intended that disclosure should be made to third parties.
- 4.6.4 Any Director in any doubt as to their obligations of confidentiality or in relation to any matter of disclosure should consult with the Chairman prior to making any disclosure.

## **4.7 Co-operation**

Directors must observe solidarity with the resolutions of the Board and co-operate in their implementation.

## **4.8 Conflicts of Interest**

A Director must not allow any personal interest, or the interest of any associated person, to influence or prejudice his or her conduct or any Board or Committee decision.

## **4.9 Conduct**

A Director must not engage in conduct likely to bring discredit upon the Company.

Each Director must be and remain aware of, and observe, any standing orders adopted by the Board from time to time for the conduct of Board and Committee meetings.

Directors must at all times comply with the spirit as well as the letter of the law and with the principles of this code.

## **5. AUDIT AND RISK COMMITTEE CHARTER**

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### **5.1 Purpose**

The Audit and Risk Committee has been established by the Board to assist with the following:

- 5.1.1 independently verify and safeguard the integrity of the company's financial reporting; and
- 5.1.2 oversee the independence of the external auditors.

## 5.2 Scope of Responsibility

The Committee has responsibility for the following:

- 5.2.1 monitoring the establishment of an appropriate internal control framework;
- 5.2.2 monitoring corporate risk assessment and compliance with internal controls;
- 5.2.3 overseeing business continuity planning and risk mitigation arrangements;
- 5.2.4 reviewing reports on any material defalcations, frauds and thefts involving the Company;
- 5.2.5 monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Secretary in relation to those requirements;
- 5.2.6 reviewing the nomination, performance and independence of the external auditors;
- 5.2.7 liaising with the external auditors and ensuring that the annual audit is conducted in an effective manner that is consistent with Committee members' information and knowledge and is adequate for Shareholder needs;
- 5.2.8 reviewing management processes supporting external reporting;
- 5.2.9 reviewing financial statements and other financial information distributed externally; and
- 5.2.10 reviewing external audit reports to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management.

## 5.3 Powers

- 5.3.1 The Committee has an advisory role, consistent with its purpose of assisting the Board in relation to the matters with which it is charged with responsibility, and does not have any power to commit the Board to any recommendation or decision made by it except for matters relating to the appointment, oversight, remuneration and replacement of the external auditors.
- 5.3.2 The Committee has unrestricted access to management and the external auditors as it may consider appropriate for the proper performance of its function.

## 5.4 Composition and Structure

The Audit and Risk Committee consists of:

- two Directors (who must be independent Directors);
- the Company Secretary; and

- the Chief Executive Officer and Chief Financial Officer as an invitees (and required participant at all meetings).

## 5.5 Proceedings

- 5.5.1 Meetings must be held at least four times during each year and more often as required.
- 5.5.2 The external auditor will be invited to attend meetings, or specific parts of meetings, at the discretion of the Committee.
- 5.5.3 The Committee will determine the business to be considered.

## 6. REMUNERATION AND NOMINATION COMMITTEE CHARTER

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### 6.1 Purpose

The role of the Remuneration and Nomination Committee is to advise on remuneration and issues relevant to remuneration policies and practices for senior management and to assist the Board in fulfilling its corporate governance responsibilities in regard to

- Board appointments, re-election and performance;
- Diversity Obligations;
- Committee Membership; and
- Succession of the Chief Executive Officer

### 6.2 Scope of Responsibility

6.2.1 The Committee has responsibility for the following:

- reviewing and evaluating market practices and trends in relation to remuneration relevant to the Company;
- reviewing and making recommendations to the Board in relation to the Company's remuneration policies and practices for senior management;
- preparing for the Board any report that may be required under applicable legal or regulatory requirements in relation to remuneration matters;
- development of Diversity Policy and monitoring of performance against the measurable objectives;
- oversee succession process for the Chief Executive Officer;
- review and make recommendations as to the composition of Committees;
- determining desired skills and competencies of Directors;
- developing Board succession plans;
- recommending Board appointments and re-election; and
- Board performance reviews.

6.2.2 Remuneration is in each case taken as including not only monetary payments (salary and wages) but all other monetary and non-monetary emoluments and benefits including:

- fringe benefits;
- directors' and officers' and other insurance arrangements;
- retirement benefits;
- superannuation; and
- equity participation and other incentive programs.

### **6.3 Powers**

The Committee has an advisory role, consistent with its purpose of assisting the Board in relation to the matters with which it is charged with responsibility.

### **6.4 Proceedings**

6.4.1 Meetings must be held at least once each year and more often as required.

6.4.2 Representatives of management and other employed personnel may be invited to attend meetings, or specific parts of meetings, at the discretion of the Committee.

### **6.5 Composition and Structure**

The Remuneration and Nomination Committee consists of:

- Two Directors ( who must be independent directors);
- the Company Secretary; and
- the Chief Executive Officer as an invitee.

## **7. STANDING RULES OF COMMITTEES**

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### **7.1 Application**

These rules apply to, and are deemed incorporated into the Charter of each Committee, except insofar as they may conflict with any of its terms.

### **7.2 Composition**

7.2.1 Each Committee must consist of no fewer than two members.

7.2.2 Committees are appointed by the Board and serve as determined by the Board. One member of any Committee is appointed to act as its chairman.

### **7.3 Role**

Each Committee has the role of improving the efficiency of the Board through accepting the delegation of tasks and performing them in a forum where they can receive greater attention to detail than would be practical solely at Board level.

### **7.4 Proceedings**

7.4.1 Any meeting may be held by means of conference call or any other means of communication that may, under the Act or the Constitution, be used for Board meetings.

- 7.4.2 The quorum for any meeting is two members.
- 7.4.3 Any Director may attend (but not vote at) a meeting of a Committee of which that Director is not a member.
- 7.4.4 Any Committee may delegate any specific task to one of its members or to a sub-committee.

## **7.5 Reporting**

Each Committee must report to the Board following each Committee meeting with a copy of the minutes or by way of written report.

## **8. SECRETARY**

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The Secretary is accountable to the Board, through the Chairman, on all corporate governance matters and is responsible for monitoring that the Charter is duly followed and for coordinating the completion and dispatch of Committee agenda and briefing materials.