

## **1. ADOPTION OF A CORPORATE GOVERNANCE**

On 26 July 1995, the Board of MaxiTRANS Industries Limited (**'Company'**) resolved unanimously to adopt the Corporate Governance practices that were embodied in Listing Rule 4.10.3. The Board subsequently resolved to update its existing Corporate Governance practices in order to take into account the changes to Listing Rule 4.10.3 and in particular the Corporate Governance Principles and Recommendations (2nd edition) issued by the ASX Corporate Governance Council on 2 August 2007 (**'ASX Principles'**). This Corporate Governance Protocol (**'Protocol'**) represents the formalisation of those practices to be adopted by the Company.

The update followed a thorough review of the Company's existing corporate governance practices and reflects a desire to update the practices adopted by the Company.

The Board is committed to ensuring that the corporate governance practices outlined in this Protocol are vigorously supported and, where appropriate, adopted by all employees, officers and agents of the Company. The Board has established a Corporate Governance Committee.

The Corporate Governance Committee will review the Protocol annually to ensure that it continues to be appropriate for the Company and make recommendations to the Board.

## **2. OUTLINE OF THE PROTOCOL**

- 2.1 The general Corporate Governance Protocol
- 2.2 Continuous Disclosure Protocol
- 2.3 Code of Ethics
- 2.3 Code of Practice on buying and selling MaxiTRANS securities by directors and employees
- 2.4 Board Charter
- 2.5 Code of Conduct

## **3. THE OBJECT OF A CORPORATE GOVERNANCE PROTOCOL**

### **Outline**

The adoption of the Corporate Governance Protocol seeks to:

- enhance the Company's management and financial performance by establishing and monitoring performance criteria;
- reduce the possibility of potential breaches of laws by the Company, its employees or officers by encouraging directors and management to conform to their legal responsibilities and create appropriate information and risk management systems;
- minimise the potential liability of directors and officers of the Company in the event of such breaches; and
- assist the Board to regularly review corporate governance practices and ensure that the practices are suited to the Company.

### **3.1 Improving the Company's Performance**

The Corporate Governance Protocol seeks to improve the Company's performance by:

- encouraging the Board to set specific targets for the Company and to address the variances from those targets; and

- managing risk in a more systematic and thorough manner, thereby minimising the likelihood that the Company will incur losses that should have been avoided.

### **3.2 Reduce Potential Breaches of the Law**

The Corporate Governance Protocol seeks to minimise breaches of the law by:

- educating the relevant decision makers of their legal responsibilities, through training and periodic newsletters;
- identifying potential breaches of the law and ensuring that practices within the Company encourage compliance with the law; and
- creating a corporate culture that will decrease the likelihood that the Company will be found guilty of a criminal offence (see paragraph 4.2 below and the discussion of Criminal Code Act 1995 (Cth)).

### **3.3 Minimise Liability for Directors**

The Corporate Governance Protocol seeks to minimise directors' and officers' potential liability by:

- providing evidence that the directors and officers are appropriately fulfilling their duty of care and thereby rebut any allegation of negligence;
- making it easier for directors and officers to understand and comply with their duties; and
- if a director breaches the Corporations Act 2001, enabling the director to obtain relief under sections 189 and 190 of the Corporations Act 2001.

## **4. LEGAL AND REGULATORY REQUIREMENTS**

Certain legal and regulatory requirements are relevant to the Company's corporate governance practices. Officers and employees of the Company will be made aware of them.

### **4.1 Listing Rule 4.10.3**

Listing Rule 4.10.3 requires all annual reports to have a statement that discloses the extent to which the Company has followed the ASX Principles during the reporting period.

If the Company has not followed all of the ASX Principles, the Company must identify those recommendations that have not been followed and give reasons for not following them.

If a recommendation has been followed for only part of the period, the Company must state the period during which it had been followed.

### **4.2 Criminal Code Act 1995 (Cth)**

Under the Criminal Code Act 1995 (Cth) a corporation will commit a criminal Commonwealth offence if:

1. the physical element of the offence was committed by an employee, agent or officer acting within the actual or apparent scope of his or her employment or within his or her actual or apparent authority; and
2. the corporation expressly, tacitly or impliedly authorised or permitted the commission of the offence.

This authorisation or permission will generally be found to exist if:

- (i) the Board carried out the relevant conduct with the relevant intention, knowledge or recklessness or expressly, tacitly or impliedly authorised or permitted the commission of the offence;
- (ii) a high managerial agent of the company carried out the relevant conduct with the relevant intention, knowledge or recklessness or expressly, tacitly or impliedly authorised or permitted the commission of the offence (unless the company exercised due diligence to prevent the agent's relevant conduct, authorisation or permission);
- (iii) a corporate culture existed within the Company that directed, encouraged, tolerated or led to non-compliance with the relevant provision; or
- (iv) the Company failed to create and maintain a corporate culture that required compliance with the relevant provision.

The Criminal Code Act applies to criminal Commonwealth offences. This includes most criminal breaches of the Corporations Act 2001 as well as some environmental and industrial legislation.

Under the Criminal Code Act, if the Company failed to create the appropriate corporate culture, it may be liable for acts that occurred without the directors' and senior management's knowledge.

#### **4.3 The James Hardie decision**

In the James Hardie case, the New South Wales Supreme Court summarised the legal position in respect of directors' statutory duty of care and diligence set out in section 180(1) of the Corporations Act 2001.

The court held that in determining whether a director has exercised reasonable care and diligence:

- the circumstances of the particular corporation concerned are relevant to the content of the duty;
- the duty is not owed in abstract, but is owed to the corporation;
- one must ask what an ordinary person, with the knowledge and experience of that director, might be expected to have done in the circumstances if he or she was acting on their own behalf; and
- directors are not required to exhibit a greater degree of skill in the performance of their duties than may reasonably be expected for persons of commensurate knowledge and experience, in the relevant circumstances. Directors are also entitled to rely upon others, except where they know, or by the exercise of ordinary care should know, facts that would deny reliance.

In addition, a director or officer's responsibilities within the corporation include not only matters of specific delegation but also the manner in which work is distributed in fact within the corporation and the expectations placed by those arrangements.

Accordingly, directors cannot rely blindly on the judgement of others. They must understand the major activities of the business and establish systems to manage risk within the company.

## 5. OBJECT

To create a process that encourages the directors and employees of the Company to:

- enhance the Company's management and financial performance;
- conform to their legal requirements, including the corporate governance reporting provisions in Listing Rule 4.10.3; and
- appropriately identify and manage risk within the Company.

## 6. OUTLINE OF THE PROTOCOL

In order to improve the management and financial performance of the Company, the Board has established performance criteria. If those criteria are not met, the Board will assess why they have not been achieved (see paragraph 7) and take appropriate action.

In order to encourage the officers, employees and agents of the Company to conform to their legal requirements and create the appropriate information and risk management systems, the Board has established the following committees:

- **Audit and Risk Management Committee (see paragraph 12);**
- **Remuneration Committee (see paragraph 14);**
- **Corporate Governance Committee (see paragraph 15);**
- **Nomination Committee (see paragraph 16).**

In addition the Board has established:

- a continuous disclosure protocol (see paragraph 17);
- a process for the identification and management of risk (see paragraph 19);
- a process for ensuring Directors are aware of the Company's ability to remain solvent (see paragraph 20);
- a Code of Ethics (see paragraph 21);
- a Code of Practice in relation to buying and selling MaxiTRANS securities (see paragraph 23);
- a Board Charter which sets standards of corporate governance for the Board and clarifies the role and responsibilities of the Board (see paragraph 8);
- a Code of Conduct detailing the Company's commitment to maintaining and developing relationships with its key stakeholders and the community (see paragraph 22).

The annual report will note various aspects about the Company's corporate governance practices (see paragraph 25)

## 7. PERFORMANCE

The Board acknowledges that its principal role is to ensure the Company's strategies and management are focussed on growth, high performance and increasing returns for shareholders, whilst taking appropriate account of risk.

Accordingly, the Board will define the performance that the Company seeks, including:

- cash flow;
- revenue and profits;
- goodwill, such as market share, employee relations and the reputation of the Company's products and services;
- regularly assessing whether those criteria are being met and, if they are not being met, how the performance could be improved; and
- critically assess the various strategies of the Company.

## **8. RESPONSIBILITIES OF THE BOARD**

The Company's framework is designed to:

- a) enable the board to provide strategic guidance for the company and effective oversight of management;
- b) clarify the respective roles and responsibilities of board members and senior executives in order to facilitate board and management accountability to both the company and the shareholders; and
- c) ensure a balance of authority so that no single individual has unfettered powers.

To assist in this, the board has adopted a formal statement of matters reserved to it and a Delegated Authority Policy. A copy of the board charter is available separately from the web site.

It is important that directors clearly understand corporate expectations of them. Accordingly, directors of the Company appointed from 1 July 2003 have been and will be provided with formal letters of appointment that explain term of appointment, time commitment envisaged, powers and duties, any special duties, circumstances in which an office becomes vacant, expectations regarding committee work, remuneration and expenses, superannuation arrangements, disclosure requirements, share trading policy, access to independent advice, indemnity and insurance arrangements, confidentiality and rights of access to corporate information.

## **9. RESPONSIBILITIES OF SENIOR MANAGEMENT**

The Company has a Managing Director and Chief Financial Officer (CFO).

The Managing Director plans and directs all aspects of the Company's policies, objectives, and initiatives and is responsible for the short and long term profitability and growth of the Company. The Managing Director demonstrates expertise in a variety of concepts, practices, and procedures and relies on extensive experience and judgment to plan and accomplish goals. The Managing Director has an excellent understanding of the Company, the product and the market. The Managing Director leads and directs the work of others in the Company. A wide degree of creativity and latitude is expected of the Managing Director to ensure the continued success of the Company.

The CFO is responsible for directing the Company's overall financial policies and reports to the Managing Director. The CFO oversees all financial functions including accounting, budget, credit, insurance, tax, and treasury. In this role, the CFO designs and coordinates a wide variety of accounting and statistical data and reports. A wide degree of creativity and latitude is expected, and the CFO is expected to have considerable experience to be able to contribute to the ongoing success of the Company.

The Managing Director and CFO are appointed under formal letters of appointment that describe their duties, rights and responsibilities and entitlements on termination.

## **10. ENCOURAGING ENHANCED PERFORMANCE**

Directors and key executives must be equipped with the knowledge and information they need to discharge their responsibilities effectively.

The Board reviews the performance of key executives against measurable and qualitative indicators to ensure that the full potential of the Company is being met.

New board members will be offered induction programs to allow them to fully and actively participate in decision making at the earliest opportunity. The induction programs are

designed to ensure that any new director has a comprehensive knowledge of the company and market in which it operates.

Directors and key executives are encouraged to continually update and enhance their skills and knowledge. Directors and key executives are encouraged to become members of relevant industry groups and professional organisations. For example, directors are encouraged to become members of the Australian Institute of Company Directors and to participate in the programs that the Institute offers. The Company will meet all relevant expenses in relation to joining relevant organisations and continuing education.

## 11. INTEGRITY OF FINANCIAL REPORTING

Through the Audit and Risk Management Committee, the Company has put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the Company's financial position.

It is also a policy of the Company that the Managing Director and CFO state in writing to the board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial conditions and operational results and are in accordance with relevant accounting standards.

## 12. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee should:

- be comprised of non-executive directors;
- consist of a majority of independent directors;
- be chaired by an independent chair, who is not the chair of the Board;
- have at least three members;
- create terms of reference setting out the Committee's objectives, composition, powers and procedures and confirm that the Committee has full access to the Company's information, directors and senior management;
- establish and review internal audit processes, including:
  - the independence of the audits, for instance, what factors encourage/discourage the internal auditors to report irregularities;
  - the techniques and thoroughness of the audits;
  - whether the relationship between the internal and external auditors is co-operative and professional; and
  - the problems (if any) identified by the external auditors and whether those problems have been rectified;
- review the adequacy of internal controls by random checks including conversations with all levels of management to discover whether protocols are being adopted;
- review the Company's risk assessment process (see paragraph 19);
- review any fraud or major theft relating to the Company;
- review the adequacy of external audits, including:
  - the independence of the audits, for instance, whether the auditors provide services other than auditing to the Company;
  - the techniques and thoroughness of the audits, for instance, ascertain what type of fraud or irregularities the audit would identify;
  - whether management fully co-operated with the auditors; and
  - whether the Company should maintain its current auditors and, if the Company should appoint new auditors, select the appropriate auditors;
- if the auditors resign, investigate why they resigned;
- have access to independent professional advice unless the Board determines otherwise;
- meet at least three times a year; and
- report its concerns, findings, requests and recommendations to the Board.

The annual report of the Company will include information on:

- the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee;
- the number of meetings of the audit committee; and
- an explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4 of the ASX Principles.

### 13. REMUNERATION POLICY

The level and composition of remuneration offered by the Company is designed to attract and maintain talented and motivated directors and employees.

The Company has adopted a transparent policy in relation to remuneration reporting. The *Corporations Act 2001* requires annual disclosure of the Company of the details of the nature and amount of each element of the fee or salary of:

- each director; and
- each of the five highest paid officers of the company.

This includes disclosure in respect of non-monetary components such as options.

The annual report of the Company will accordingly include information on salary, fees, non-cash benefits, STI's paid in that year, any LTI benefits accruing in that year, superannuation contributions, other payments in relation to termination and retirement from office, the value of shares issued and options granted and sign-on payments for each director and the five highest paid officers of the Company.

The Company has a clear distinction between non-executive director remuneration and executive director remuneration.

Non-executive directors receive a fixed fee, no termination benefits, and no bonuses or LTI's. Executive directors have access to salary, termination benefits, superannuation benefits, a vehicle allowance, bonus and options entitlements.

The letters of appointment for directors will clearly set out all relevant entitlements as applicable to executive and non executive directors.

To assist in the formation of effective remuneration policies, the Company has established a Remuneration Committee.

### 14. REMUNERATION COMMITTEE

The Remuneration Committee should:

- be comprised of a majority of non-executive directors;
- be chaired by an independent director;
- have at least three members;
- create terms of reference setting out the Committee's objectives, composition, powers and procedures and confirm that the Committee has full access to the Company's information, directors and senior management;
- outline the general policy for determining directors' and senior management's remuneration, including:
  - the parameters for determining appropriate base salaries;
  - the basis for determining and setting appropriate superannuation and other benefits;
  - the basis of assessing performance for the purpose of any STI's;

- the type of STI's that would be appropriate; and
- a policy on LTI's including options, performance rights, etc.
- assess the remuneration of each of the directors (including the Managing Director), including:
  - comparing those remuneration packages with relevant comparative benchmarks;
  - assessing whether the STI and LTI schemes for the Managing Director are appropriate; and
  - assessing retirement, termination and superannuation packages;
- any proposed employee share or other long term incentive schemes;
- have access to independent professional advice unless the Board determines otherwise;
- meet at least once each year; and
- report its concerns, findings, requests and recommendations to the Board.

The annual report of the Company will include information on:

- the names of the members of the remuneration committee and their attendance at meetings of the committee.
- the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; and
- an explanation of any departures from Recommendations 8.1, 8.2 or 8.3 of the ASX Principles.

## **15. CORPORATE GOVERNANCE COMMITTEE**

The Corporate Governance Committee should:

- be comprised of non-executive directors.
- create terms of reference setting out the Committee's objectives, composition, powers and procedures and confirm that the Committee has full access to the Company's information, directors and senior management.
- be chaired by a non-executive director;
- have sufficient non-executive directors so that the Committees are independent of management;
- be entitled to obtain independent professional or other advice at reasonable cost to the Company.
- be entitled to obtain such resources and information from the Company, including direct access to employees of and advisors to the Company, as they may require; and
- operate in accordance with terms of reference established by the Board.

## **16. NOMINATION COMMITTEE**

The Nomination Committee should:

- be comprised of a majority of non-executive directors.
- create terms of reference setting out the Committee's objectives, composition, powers and procedures;
- be chaired by the Chairperson of the Board;
- be entitled to obtain independent professional or other advice at reasonable cost to the Company.
- operate in accordance with terms of reference established by the Board:
  - Assessment of the necessary and desirable competencies of Board members
  - Review of Board succession plans
  - Recommendations for the appointment and removal of directors



## 17. CONTINUOUS DISCLOSURE PROTOCOL

Subject to any exceptions, the Listing Rules and Corporations Act 2001 require the Company to immediately disclose all information that would be expected to have a material effect on the price of the securities of the Company.

The Company has adopted a protocol to ensure compliance with the continuous disclosure regime so that all investors have equal and timely access to material information concerning the company, including its financial position, performance, ownership and governance and all announcements by the Company are factual and presented in a clear and balanced way, disclosing both positive and negative information.

The Company has appointed a 'Disclosure Officer' to whom all price sensitive information must be disclosed. The Disclosure Officer is the Company Secretary.

The annual report of the Company will include information on and an explanation of any departures from Recommendations 5.1 and 5.2 of the ASX Principles.

## 18. EFFECTIVE COMMUNICATIONS

The Company respects the rights of shareholders and seeks to facilitate the effective exercise of those rights. The Company does this by:

- a) communicating effectively with shareholders;
- b) giving shareholders ready access to balanced and understandable information about the company and corporate records; and
- c) making it easy for shareholders to participate in general meetings.

The Company publishes all ASX announcements on the Company's website, and also sends information to shareholders by e-mail. The website contains important information on the Company which is of use to Shareholders in obtaining a greater understanding of the Company.

Notice of Meetings is drafted in plain English to be easy and clear to understand. They are honest, accurate and not misleading. Meetings are held during normal business hours and at a place convenient for the greatest possible number of shareholders to attend.

The annual report of the Company will include information on and an explanation of any departures from Recommendations 6.1 and 6.2 of the ASX Principles.

## 19. IDENTIFICATION AND MANAGEMENT OF RISK

All companies are exposed to risk, however, there needs to be a process for:

- **the identification of risk; and**
- **the management of risk.**

### 19.1 Identification of Risk

The Board and senior management will continue to identify the general areas of risk, including:

- economic outlook and share market activity;
- changing government policy (Australian and overseas);
- competitors' products;
- customer demand;
- legal proceedings commenced against the Company.
- environmental regulations;

- industrial relations, including strikes, occupational health and safety and equal opportunity law;
- other government regulations, such as trade practices issues;
- prices; and
- speculative transactions including dealings in securities or foreign currencies;

These issues are identified and discussed at monthly Board Meetings.

## 19.2 Management of Risk

Management of the identified risks involves considering the following options:

- ceasing the activities where the risk is too large for the anticipated benefits;
- transfer the risk to another party. For example, organise a third party warranty, an adequate guarantee in support of that warranty (it should be noted that the transfer of legal liability may not remove the risk of bad public relations and that it may be appropriate to keep some control over the manner in which the third party performs the task);
- minimising the risk to the extent that it is appropriate; or
- acknowledging that the risk cannot be efficiently reduced and that it is appropriate for the Company to be subject to that risk.

The options for reducing an identified risk include:

- creating a Enterprise Risk Management (ERM) program and ensuring that the officers and employees:-
  - **are thoroughly instructed in relation to the ERM process;**
  - **are involved in the creation of the ERM process; and**
  - **comply with the ERM process:**
- ensuring that there is adequate insurance cover;
- increasing the amount of relevant information that is obtained by senior management and the directors so that problems are addressed more quickly. For instance, the Board may want regular updates of certain identified risks and seek prompt clarification of some matters that are noted in the Disclosure File
- improving internal controls; and
- obtaining the appropriate professional advice before commencing certain activities.

The risks that have been identified by this process as well as the procedures for managing those risks should be outlined in the Strategic Plan which is presented to the Board by the Managing Director annually and which is periodically reviewed.

As required under the ASX Principles, the Managing Director and the CFO are required to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement will confirm the existence of a sound system of risk management and internal compliance and control which implement the policies adopted by the Board and also confirm that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The annual report of the Company will include information on and an explanation of any departures from Recommendations 7.1, 7.2 and 7.3 of the ASX Principles.

## 20. INSOLVENT TRADING

### 20.1 Liability for Insolvent Trading

If the Company is insolvent, the directors of the Company may be personally liable for further debts and may, in some circumstances, be criminally liable unless:

- the director was not aware and a reasonable person in the director's position would not have been aware of grounds for suspecting that the Company was insolvent; or
- the director had reasonable grounds to expect that the Company was solvent upon incurring the debt.
- Those reasonable grounds include a situation where the director reasonably believes that:
- a competent and reliable person was fulfilling his or her duties and providing adequate information to the director regarding the Company's solvency; and
- as a result of examining that information, the director expected the Company to remain solvent after incurring the debt.

### 20.2 The Appropriate Practices for a Director

The directors should ensure that reporting procedures and other processes are put in place to enable each of them to be fully aware of the ability of the Company to pay its debts as and when they fall due.

Each director should insist that the information provided by senior management is timely and in a format that is clear and helpful.

Directors should especially assess:

- cash flow projections and the variances from those projections;
- certain ratios such as the working capital ratio and gearing ratio;
- continuing compliance with financial covenants imposed by the Company's bankers or other financial institutions;
- the profit and loss statement and the balance sheet; and
- whether potential liabilities have been adequately covered in the accounts.

Directors should also pay close attention to the following matters:

- reports from the internal or external auditors or the Audit and Risk Management Committee, which identify irregularities in the financial accounts;
- the reasonableness of assumptions contained in the Company's financial reports. In relation to those assumptions, the directors should assess various factors, including:
  - i. whether previous forecasts were met;
  - ii. whether previous profits and losses were abnormal items and are not likely to be repeated;
  - iii. whether the valuation of assets is based on their realisable value;
  - iv. whether forecasts take sufficient notice of changes in the economy and are similar to forecasts made by the Company's competitors; and
- whether there is sufficient allowance for doubtful debts;
- whether the business risk management policies noted in paragraph 12 above are being implemented;
- any risk identified by the business risk management approach;
- whether the bank or other credit provider is urging a reduction in the Company's indebtedness or an increase in security covering the loan;
- whether information provided by senior management is:
 

**timely;**

**accurate; and  
sufficient;**

- whether the Company's performance criteria noted in paragraph 3 above is being met;
- non-compliance with the Company's strategic plan; and
- surprisingly large profits or losses in an area of the business, especially if it is in a non-core area (large profits in a non-core area may indicate that significant risks are being undertaken without the appropriate risk management).

## 21. CODE OF ETHICS

The Board believes that an ethical corporate culture is essential for the Company.

### **The Code of Ethics:**

- has been developed by the Board;
- commits officers and employees of the Company to high standards of conduct and compliance with the law; and
- will receive total commitment from the Board and senior management.

The Company has earned a reputation for quality and integrity, as well as a commitment to responsible management and environmental practices.

Ethical behaviour extends beyond legal requirements. It means honesty, equity, social responsibility and integrity in everything we say or do.

Our goal is to uphold our corporate reputation at all times. To achieve this all employees, contractors, and agents of the Company are required to:

- obey the law
- be honest in word and deed
- respect community values
- be responsible
- perform their duties consistent with our Code of Conduct
- use good judgment and avoid action that could create a conflict between personal, company and community interests.

## 22. CODE OF CONDUCT

The Board believes that it is necessary to establish a code of conduct to guide the directors and employees of the Company to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

The Company intends to maintain a reputation for integrity and the Board has adopted a Code of Conduct which sets out the principles and standards with which all officers and employees are expected to comply with the performance of their respective functions in respect of responsibilities to shareholders, customers, clients and the community. The Code of Conduct also sets guidelines in respect of employment practices, fair trading and dealing, as well as conflicts of interests.

A key element of the Code of Conduct is the requirement that all officers and employees of the Company act in accordance with the law and with the highest standards of propriety. The Code of Conduct and its implementation must be reviewed each year.

## **23. CODE OF PRACTICE**

The Board encourages directors to own shares in the Company. However, directors and relevant employees must comply with the Code of Practice when dealing with shares of the Company and managing inside information.

The Code of Practice sets out the policy and procedures relating to the dealings by any of the directors and employees of the Company in the securities of the Company.

The purpose of the Code of Practice is to provide directors and employees of the Company with strict guidelines to be complied with in any proposed dealing in the securities of the Company.

## **24. RECOGNISING THE RIGHTS OF STAKEHOLDERS**

The Company has a number of legal and other obligations to non-shareholder stakeholders such as employees, clients, customers and the community as a whole. The Company is committed to developing mutually beneficial relationships with non-shareholder stakeholders and this is reflected in the Company's Code of Conduct.

## **25. ANNUAL REPORTING**

In accordance with Listing Rule 4.10.3 and the desire to keep the shareholders informed of the corporate governance adopted by the Company, the Company will outline in its annual report:

- in relation to each Committee that has been established:
  - i. its powers and responsibilities;
  - ii. the members and, if any of the members are not directors, their position in the Company;
  - iii. significant policies created by any of the Committees;
  - iv. any instance when a recommendation of one of the above Committees was not adopted and explain why the recommendation was not adopted;
- the manner of identifying risks and the system for managing that risk;
- the number of executive and non-executive directors;
- the Code of Ethics that has been adopted;
- the manner of developing criteria for success and the assessment of the performance of the Company;
- the emoluments provided to each director; and
- a statement that discloses the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period. If the Company has not followed all of the recommendations the Company will identify those recommendations that have not been followed and give reasons for not following them.

If a recommendation had been followed for only part of the period, the Company will state the period during which it had been followed.