

Corporate Governance Statement

- 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; and
- 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 confirmed that based on this definition of independence, Mr Massey, General Cosgrove and Mr Barnes are independent Non-executive Directors. The Board determined that Mr Johnston meets the independence definition except with respect to his former role as a Director of RBS Morgans Limited. The Board does not consider that Mr Johnston's current role with RBS Morgans materially interferes with his ability to act independently in the interests of the company.

It is currently considered appropriate to have a number of Executive Directors on the Board as they have a strong awareness of management issues and a deep knowledge of the company. The company has reduced the number of Executive Directors and increased the number of Non-executive Directors over recent years. The Board considers it appropriate to transition over time to a majority of Non-executive Directors.

The role of the Chairman and Chief Executive Officer are separate. The Chairman of the Board is Mr Massey who is an independent Non-executive Director. The Chief Executive Officer and Managing Director is Mr Buckley. Each Director, as part of his agreement with the company has the ability to seek independent advice at the company's expense after consultation with the Chairman.

The Nomination Committee is comprised by three Non-executive Directors, Mr Massey (Chairman), General Cosgrove, Mr Johnston and the Managing Director Mr Buckley. Details of the number of meetings of the Committee and members' attendance can be found in the Directors' Report.

The Nomination Committee facilitates Board and individual Director performance reviews and evaluation on at least an annual basis using an external facilitator as necessary to ensure independent professional scrutiny and benchmarking against developing best practices. The results of the review are presented to the Chairman and to the Board. A performance evaluation in the financial year 2010 was undertaken in accordance with board procedure and involved an independent board consultant.

The Board acknowledges that performance can always be enhanced and will continue to seek and consider ways of further enhancing performance both individually and collectively.

The Nomination Committee assists the Board in determining the composition of the Board and its committees. When considering a candidate as a Director, consideration is given to the candidate's ability to act in the best interests of shareholders as well as specific skills and expertise. Consideration is also given to the candidate's capacity to understand the impacts of various laws and regulations on their role and on the company including company law, trade practices legislation, environmental law, occupational health and safety, equal opportunity and taxation.

As the company has significant operations outside of Australia, consideration is also given to the candidate's ability to understand the impacts of foreign jurisdiction legislation, foreign currency issues and the business environment in the countries in which the company operates. In addition, consideration is given to the candidate's knowledge of the areas of the company's operations, risk management concepts and how they apply to the company and also whether the candidate is up to date with issues of corporate governance.

New Directors undergo an induction process in which they are given an extensive briefing on the company. This includes meetings with key executives, tours of the relevant premises, an induction package and presentations. A formal letter of appointment is provided.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continuing professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

The Nomination Committee has responsibility for independently supervising the company's Leadership Development Programme as part of its succession considerations.

The roles and responsibilities of the Nomination Committee are summarised in the Investor Centre of the company's website.

Principle 3: Promote ethical and responsible decision making

The Board has adopted a Code of Conduct for Directors, Senior Executives and staff. The Code of Conduct is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour, professionalism and practices necessary to maintain confidence in the company's integrity. The code has six governing principles namely honesty and integrity, confidentiality of information, integrity of personal dealings, conflicts of interest, abiding by the law and gifts and entertainment.