

ROSS HUMAN DIRECTIONS LIMITED

BOARD CHARTER

Overview

The board is responsible for ensuring that Ross Human Directions Limited (RHD) has an appropriate corporate governance structure tailored to meet the needs of the business and contribute to the creation and protection of shareholder value.

The board endorses the Principles of Good Corporate Governance and Best Practice Recommendations published by the ASX Corporate Governance Council in March 2003 (“ASX Principles”).

Composition of the RHD Board

The board is to comprise:

- a majority of independent non-executive directors; and
- the Managing Director (MD);
- at least 3 directors with at least 2 of them ordinarily residing in Australia;
- not more than 12 directors

The board is to be comprised of both executive and non-executive directors with a majority of non-executive directors. Non-executive directors bring a fresh perspective to the board’s consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management.

In recognition of the importance of independent views and the board’s role in supervising the activities of management, the majority of the board must be independent of management and all directors are required to bring independent judgement to bear in their board decision making.

The Chairman is elected by the full board and is required to meet regularly with the Managing Director.

The company is to maintain a mix of directors on the board from different backgrounds with complementary skills and experience.

The board is required to undertake an annual board performance review and consider the appropriate mix of skills required by the board to maximise its effectiveness and its contribution to the group.

The board should regularly assess the independence of each non-executive director in light of interests disclosed by them. So it can do this, each independent director is required to provide the board all relevant information at least annually.

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This Charter follows the definition of independent director as outlined in the ASX Principles outlined as follows:

“An independent director is a non-executive director (ie, is not a member of management) and:

1. is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
2. 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
3. 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
4. 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
5. has no material contractual relationship with the company or another group member other than as a director of the company
6. 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
7. 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.”

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount over 5% of annual turnover of the company or the group or 5% of the individual director’s net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it impacts the shareholders’ understanding of the director’s performance.

Recent thinking on corporate governance has introduced the view that a director’s independence may be perceived to be impacted by lengthy service on the board. To avoid any potential concerns, the board has determined that a director will not be deemed independent if he or she has served on the board of the company for more than ten years.

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Duties and Responsibilities

The RHD board is responsible for and has authority to determine the policy, practices, management and operation of the company and shall do all such things as may be necessary to be done from time to time in order to carry out the objectives of the company. Without limiting this general role, the principal functions and responsibilities of the board include:

- contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring:
 - organisational performance and the achievement of the Group's strategic goals and objectives
 - compliance with the Company's Code of Conduct
 - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the company's auditors;
- appointment, performance assessment and, if necessary, removal of the Managing Director;
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the Chief Financial Officer / Company Secretary;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;
- ensuring the significant risks facing the group, including those associated with legal compliance obligations have been identified and appropriate and adequate control, monitoring, accountability and reporting mechanisms are in place
- reporting to shareholders.

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In discharging his or her duties, each director must:

- Exercise care and diligence
- Act in good faith in the best interests of the company
- Not improperly use his or her position or misuse information the property of RHD
- Commit the time necessary to discharge effectively the director role.

It is the company's practice to allow its executive directors to accept appointments outside the company with prior written approval of the board. The commitments of non-executive directors are considered by the board prior to the director's appointment to the board of the company and are reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have time available to discharge their responsibilities to the company.

All directors are entitled to be heard at all meetings and should bring an independent judgement to bear in decision-making.

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Non-executive directors should meet informally without management present. Relevant matters arising from these meetings should be shared with the full board.

Committees

The board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. The following committees have been established:

- Audit Committee
- Remuneration Committee

Each committee is comprised entirely of non-executive directors. The committee structure and membership is reviewed on an annual basis.

Each committee has a formal charter. These are reviewed from time to time as required.

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All matters determined by the committees are submitted to the full board as recommendations for board decisions.

Audit Committee

The role of the Committee includes the following:

- review, assess and approve the annual and half year financial report and all other financial information published by the company or released to the market
- assist the board in reviewing the effectiveness of the organisations internal control environment covering
 - effectiveness and efficiency of operations
 - reliability of financial reporting
 - compliance with applicable laws and regulations
- oversee the effective operation of the risk management framework
- recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance
- consider the independence and competence of the external auditor on an ongoing basis
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence
- review and monitor related party transactions and assess their propriety
- report to the board on matters relevant to the committee's role and responsibilities.

Remuneration Committee

The Remuneration Committee advises the board on remuneration policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for the Managing Director, other senior executives and non-executive directors.

The purpose of the Committee is to:

- review and recommend to the board policies for senior executives and director remuneration and incentive programs (including the Employee Share Option Plan)
- review and recommend to the board the remuneration of the Managing Director (MD) and the remuneration of the non-executive directors
- approve the remuneration of the direct reports of the MD, based on the recommendations of the MD

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- review any transactions between the organisation and the directors, or any interest associated with the directors, to ensure the structure and terms of the transaction are in compliance with the Corporations Act 2001 and are appropriately disclosed.
- assume responsibility for management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.
- review for approval by the board any statement on director and executive remuneration to be included in the annual report.

The Chairman

The Chairman is responsible for leading the board, ensuring that board activities are organised and efficiently conducted and for ensuring directors are properly briefed for meetings. The Chairman is also responsible for:

- overseeing the board in the effective discharge of its supervisory role;
- facilitating the effective contribution of all directors;
- the promotion of constructive and respectful relations between board members and between the board and management; and
- committing the time necessary to effectively discharge the role of Chairman.

The Chairman:

- is not to exercise the role of Managing Director; and
- may have previously held the position of Managing director.

Term of Office

The company's constitution specifies that at each annual general meeting, one third of the directors, or, if their number is not 3 or a multiple of 3, then the number nearest one third, and any other director not in such one third who has held office for 3 years or more, must retire from office. The directors to retire at the annual general meeting must be those who have been longest in office since their last election, but, as between persons who were elected as directors on the same day, those to retire must be determined by lot, unless otherwise agreed between themselves.

In determining the number of directors to retire at an annual general meeting, no account is to be taken of:

- a director appointed by the directors to fill a casual vacancy or as an addition to the existing directors and who only holds office until the meeting; or

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- the Managing Director who is exempted from retirement by rotation.

A retiring director is eligible for re-election.

Access to Information and Independent Advice

The board and committees must be provided with the information they need to properly perform their duties.

Management must provide the board and committees with information they require in the appropriate form and timeframe to enable them to properly perform their duties.

Directors may request information from management and employees to enable them to perform their duties.

Responsibilities of the Managing Director

The Managing Director is responsible for implementing group strategies and policies with all powers and delegations authorised by the board.

The Managing Director must have a formal employment agreement describing his/her term of office, duties, rights and responsibilities and entitlements on termination.

At each meeting where the board approves the annual and half-year financial statements, the Managing Director must provide the board with a certification that the accounts present a true and fair view in accordance with relevant accounting standards and that the financial statements are based on a sound system of internal controls.