



## **Digislide Holdings Limited**

A.B.N. 75 105 012 066

# **Board Charter**

September 2008

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## 1 Introduction

This Charter sets out the functions and responsibilities of the Board and management of the Company.

## 2 Definitions

General terms and abbreviations used in this Charter have the following meaning set out below.

<b>Board</b>	the board of directors of Digislide
<b>CEO</b>	Chief Executive Officer, who may also be the Managing Director
<b>CFO</b>	Chief Financial Officer
<b>Chair</b>	chair of the Board
<b>Charter</b>	this Board Charter
<b>Constitution</b>	the Company's constitution
<b>Digislide or the Company</b>	Digislide Holdings Limited A.B.N. 75 105 012 066
<b>Officer</b>	A senior executive of Digislide
<b>Secretary</b>	the Company Secretary

## 3 Role

The Board is accountable to shareholders for the performance of the Company. It oversees the activities and performance of management and provides an independent and objective view to the Company's decisions.

## 4 Responsibilities

In general, the Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies and practices of the Company. In addition it is also responsible establishing goals for management and ensuring the business is managed in a manner consistent with the agreed strategic direction, policies and practices. The Board is also responsible for the overall corporate governance of Digislide, and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of Digislide as a whole. The Board also ensures that Digislide complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of Digislide.

Where the Board considers that particular expertise or information is required, which is not available from within their number, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role of the Board, the specific principal functions and responsibilities of the Board include the following:

- (1) formulation and approval of the strategic direction, objectives and goals of Digislide;

- (2) the prudential control of Digislide's finances and operations and monitoring the financial performance of Digislide;
- (3) the resourcing, review and monitoring of executive management;
- (4) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (5) the identification of significant business risks and ensuring that such risks are adequately managed;
- (6) the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market; and
- (7) the establishment and maintenance of appropriate ethical standards.

## **5 Composition**

### **5.1 Size**

The Board will comprise five directors. If Digislide's activities increase in size, nature and scope, the size of the Board and the optimum number of Directors required for the Board to properly perform its responsibilities and functions will be reviewed and, if appropriate, enlarged accordingly.

The Board requires directors to, collectively, have a broad range of technical and commercial expertise and experience, particularly in a field which is complementary to the Company's activities and strategy, or with appropriate professional qualifications, and are able to bring value to the Board's deliberations.

Presently, Directors are appointed based on the specific corporate and governance skills and experience required by Digislide. The Board should contain Directors with a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial management and public company administration, and Director-level business or corporate experience, having regard to the scale and nature of activities of Digislide.

The Board shall review the range of expertise of its members on a regular basis and ensure that it has operational and technical expertise relevant to the operation of the Company. Accordingly, the number of directors may be increased where additional expertise is required in specific areas or when an outstanding candidate is identified.

### **5.2 Independent directors**

The majority of directors of the Company will be independent, non-executive directors and the Chair shall be an independent, non-executive director.

An independent Director, in the view of Digislide, is a Non-Executive Director who:

- is not a substantial shareholder of the Company or an Officer of, or otherwise associated directly with a substantial shareholder of the Company (as defined in section 9 of the Corporations Act 2001);
- has not, within the last 3 years, been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- has not, within the last 3 years, 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 Digislide 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; 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 may decide that it considers a director to be independent, notwithstanding the existence of relationships listed above. If the Board does so decide, it will state its reasons in the annual report for making such a decision.

If the independent status of a Director is lost, this will be disclosed to the market immediately.

## **6 Board nominations**

The Board will consider nominations for appointment or election of Directors that may arise from time to time having regard to the corporate and governance skills required by Digislide and procedures outlined in the Constitution and the Corporations Act.

## **7 Appointment of directors**

Directors are appointed in accordance with the terms of the Constitution. The Constitution provides for compulsory retirement of certain Directors (other than the Managing Director) at the end of each annual general meeting. Retiring Directors are eligible to stand for re-election. The Board notes that ASX Listing Rule 14.4 states that no Director (except a Managing Director) may hold office for more than three years, or until the third Annual General Meeting after appointment (whichever is the longer) without submitting themselves for re-election. The proportion of Directors that must submit themselves for election at any particular general meeting is not prescribed under ASX Listing Rule 14.4. However, to comply with ASX Listing Rule 14.5 some proportion of the Directors would need to be elected every year.

As at the date of this Charter and in accordance with the provisions of the Constitution, it is expected that all the Directors (other than the Managing Director) would retire at the next annual general meeting. At this juncture, the Company expects that these retiring Directors will stand for re-election.

Subject to the number of directors allowed under the Constitution, a director may be appointed by an ordinary resolution of the Company in a general meeting. Where a director's position becomes vacant in between such elections, the Board will appoint a replacement director. Such a replacement director will only hold office until the next annual general meeting of the Company.

The terms and conditions of the appointment and retirement of members of the Board will be set out in a letter of appointment, which shall include the following matters:

- the term of the appointment, subject to member approval;
- time commitments envisaged;

- the powers and duties of directors;
- any special duties or arrangements attaching to the position;
- circumstances in which an office of director becomes vacant;
- expectations regarding involvement with committee work;
- remuneration and expenses;
- superannuation arrangements;
- the requirement to disclose directors' interests and any matters which affect the director's independence;
- fellow directors;
- trading policy governing dealings in securities (including any share qualifications) and related financial instruments by directors, including notification requirements;
- induction, training and continuous education arrangements;
- access to independent professional advice;
- indemnity and insurance arrangements;
- confidentiality and rights of access to corporate information; and
- a copy of the Constitution.

## **8 Performance review and evaluation**

It is the policy of the Board to ensure that the Directors and Executives of Digislide are equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although Digislide is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and Executives, there is on-going monitoring by the Chairman and the Board. The Chairman will, periodically, discuss and undertake a review with each Director regarding his/her role as a director.

## **9 Directors remuneration**

The fees and emoluments paid to Directors will be approved in advance by Shareholders.

The Company will ensure that fees, salaries and emoluments will be in line with general standards for publicly listed companies of the size and type of Digislide and that they will not be excessive. All salaries of Directors and statutory Officers will be disclosed in the Annual Report of Digislide each year.

## **10 Meetings of the Board**

The Chairman and Secretary intend to schedule monthly formal Board meetings. In addition, the Board meets whenever necessary to deal with specific matters requiring attention between scheduled meetings. Circulatory Resolutions may be utilised where appropriate either in place or in addition to formal Board meetings.

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of Digislide.

It is recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or non-executive capacity.

## **11 Independent professional advice**

Subject to prior consultation with the Chairman, each Director has the right to seek independent legal and other professional advice at Digislide's expense concerning any aspect of Digislide's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

## **12 Access to Company information and confidentiality**

All Directors have the right of access to all relevant Company books and to Digislide's Executive Management. In accordance with legal requirements and agreed ethical standards, Directors and Executives of Digislide have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

## **13 Directors' deeds**

The Company intends to enter into a Deed of Indemnity, Insurance and Access with each of the Directors to regulate certain matters between Digislide and each Director, both during the time the Directors hold office and after the Director ceases to be an Officer of Digislide (or wholly owned subsidiaries).

## **14 Operation of the Board**

The Board operates as a whole in dealing with the affairs of the Company. It meets formally periodically to review the Company's performance, to receive reports and act on any recommendations from its senior executives. Other Board meetings are held when necessary to deal with other matters that may arise.

The Board papers, which include comprehensive reports on the operational and financial performance of the Company, are circulated in advance of meetings.

The Board has established the following committees:

- Audit & Compliance Committee; and
- Nomination & Remuneration Committee.

The Board has not established a Risk Management Committee as it is envisaged that the Board, as a whole, would undertake the role of such a Committee.

The Board may, from time to time, establish a Due Diligence Committee if circumstances arise such that this Committee is required.

## **15 Allocation of responsibilities**

### **15.1 Chair**

The Board elects the Chair in accordance with the Constitution.

The Chair leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

The Chair authorises the expenses of all the other directors and the CEO.

The position of Chair will be reviewed by the Board at the first Board meeting following the annual general meeting.

The Chair's specific duties are to:

- chair Board meetings. If the Chair is not present within 15 minutes after the time appointed for the holding of that meeting, the Deputy Chair (if one is elected) will assume this role; if the Deputy Chair is not present or there is no Deputy Chair, a director chosen by a majority of directors present shall assume this role;
- establish the agenda for Board meetings in consultation with the CEO;
- ensure Board minutes properly reflect Board decisions;
- be the spokesperson for the Company at the annual general meeting and in the reporting of performance and profit figures; the CEO or the CEO's nominee will undertake all other public relations activities;
- be the major point of contact between the Board and the CEO;
- be kept fully informed of current events by the CEO on all matters which may be of interest to directors;
- regularly review with the CEO and such other Officers as the CEO recommends, progress on important initiatives and significant issues facing the Company;
- provide mentoring for the CEO;
- chair the CEO evaluation process through the Board; and
- commence the annual process of Board and director evaluation.

The Chair is not entitled to vote or participate in the deliberations on any matter in which he or she has a personal interest, unless there is compliance with the conflict of interest provisions under the Constitution.

The Chair may be removed from office in accordance with the Constitution.

### **15.2 Individual directors**

In accordance with statutory requirements and in keeping with legal developments, directors have the following responsibilities to:

- exercise their powers and discharge their duties in good faith and in the best interests of the Company;
- use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
- use due care and diligence;

- make all 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 these duties.

### **15.3 The CEO**

The CEO is appointed by the Board and is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board.

The CEO's responsibilities include:

- developing with the Board, a consensus for the Company's vision and direction;
- constructing, with the Company's management team, programs to implement this vision;
- negotiating the terms and conditions of appointment of senior executives for Board approval;
- appointing the senior management team;
- endorsing the terms and conditions of appointment of all other staff members;
- providing strong leadership to, and effective management of, the Company in order to:
  - encourage co-operation and teamwork;
  - build and maintain staff morale at a high level; and
  - build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
- ensuring a safe workplace for all personnel;
- ensuring a culture of compliance generally, and specifically in relation to environmental matters;
- carrying out the day-to-day management of the Company;
- forming other committees and working parties from time to time if necessary to assist in the orderly conduct and operation of the Company;
- keeping the Board informed, at an appropriate level, of all the activities of the Company; and
- ensuring that all personnel act with the highest degree of ethics and probity.

The Board formally delegates the power to the CEO to authorise all expenditures as approved in the budget, subject to:

- all CEO remuneration, outside of normal monthly remuneration, being authorised by the Chair;
- all business related expenses paid to the CEO being authorised or ratified by the Chair; and
- the appointment of individuals to specific management roles while being the responsibility of the CEO, the terms and conditions under which appointed individuals report to the CEO must be approved by the Board.

## 16 Secretary

The Secretary is appointed in accordance with the Constitution.

The Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfill its role and is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

The specific tasks of the Secretary include:

- overseeing the Company's compliance program and ensuring all Company legislative obligations are met;
- ensuring that the agenda and briefing materials for Board meetings are prepared and forwarded to directors in a timely and effective manner;
- recording, maintaining and distributing the minutes of all Board and Board subcommittee meetings as required;
- preparing for and attending all general meetings of the Company and ensuring that the correct procedures are followed;
- recording, maintaining and distributing the minutes of all annual and extraordinary general meetings of the Company;
- meeting statutory reporting requirements in accordance with relevant legislation; and
- any other services the CEO or Chair may require.

## 17 CEO and CFO assurances

It is the responsibility of both the CEO (or equivalent) and the CFO (or equivalent) to provide written assurances to the Board that in all material respects:

- the financial reports submitted to the Board present a true and fair view of the Company's financial condition and operational results; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively.

## 18 Codes of Conduct

### 18.1 Conflicts of interest

To ensure that Directors are at all times acting in the interests of Digislide, Directors must:

- (1) disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of Digislide; and
- (2) if requested by the Board, within 7 days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when Board discussion and/or voting occurs on matters about which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

## **18.2 Related party transactions**

Related party transactions include any financial transaction between a Director and Digislide as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

The Company also discloses related party transactions in its financial report as required under relevant Accounting Standards.

## **18.3 Share dealings and disclosures**

The Company's Share Trading Policy regarding Directors, Executives and employees dealing in its securities, is set by the Board. The Board restricts Directors, Executives and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Executives, employees and Directors are required to consult the Chairman, the Board and Secretary respectively, prior to dealing in securities in Digislide or other companies in which Digislide has a relationship.

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

## **19 Policies**

### **19.1 Establish policies**

The Board (or appropriate Board committee) is responsible for establishing policies relating to the following matters:

- Code of Conduct,
- Communication,
- Disclosure, and
- Risk Management.

The Board will review each of these policies at least annually.

### **19.2 Delegation of authority**

Company's statement of delegated authority shall set out the Company's policy relevant to the delegation of authority to management to conduct the day-to-day management of the Company.

Directors have no individual authority to make representations or enter into agreements on behalf of the Company unless such authority is expressly delegated by the Board.