

**Bluechiip Limited**  
**ACN 104 795 922**

**CORPORATE GOVERNANCE POLICIES**

## **CORPORATE GOVERNANCE POLICY**

### **Introduction**

Corporate governance refers to the system by which companies are directed and managed. It influences how the objectives of a company are set and achieved, how risk is monitored and assessed, and how performance is optimised. What constitutes good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet those circumstances.

### **ASX's Principles of Good Corporate Governance and Best Practice recommendations**

On 30 June 2010, the ASX Corporate Governance Council (Council) released amendments to the 2nd edition of the Corporate Governance Principles and Recommendations originally released on 31 March 2003. The document (as amended) articulated 10 (now 8) core principles and a number of best practice recommendations that the Council believes underlie good corporate governance and included guidelines to assist companies in complying with the principles and best practice recommendations.

The board of directors of Bluechiip Limited (**Board**) supports the core principles and best practice recommendations published by the Council. The current policies, procedures and practices of Bluechiip Limited comply with the Council's principles and best practice recommendations.

### **Bluechiip Limited Corporate Governance Policy and Charters**

Bluechiip Limited has adopted the following Corporate Governance charters:

1. Primary Board Charter
2. Trading Policy
3. Audit Committee Charter
4. Board Nomination/Corporate Governance Committee Charter
5. Board Remuneration Charter
6. Diversity Policy
7. Supplementary policies (including code of conduct, continuous disclosure and risk policies)

Attached are copies of each of the above charters as adopted by the Board.

# 1 Board Charter

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This policy sets out the major principles adopted by the Board to manage its affairs and enable it to discharge its responsibilities. It operates in conjunction with the Constitution of the Company and relevant laws.

## 1.1 Responsibilities and Functions of the Board

The Board is responsible for setting the strategic direction of the Company and for overseeing and monitoring its businesses and affairs. Directors are accountable to the shareholders for the Company's performance.

The Board's overriding objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of all shareholders, whilst ensuring that the Company is properly managed.

Directors must fulfil their fiduciary obligations to shareholders, but will also take into consideration the interests of other stakeholders in the Company, including employees, customers, creditors and others with a legitimate interest in the Company's affairs.

The Board reviews and approves the Company's business plans and guiding policies. Day to day management of the Company's affairs and implementation of its strategy and policy initiatives are delegated to the Managing Director and by him to other senior executives.

The functions of the Board include:

- a) setting overall financial goals for the Company;
- b) approving strategies, objectives and plans for the Company's businesses to achieve these goals;
- c) ensuring that business risks are identified and approving systems and controls to manage those risks and monitor compliance;
- d) approving the Company's major HR policies and overseeing the development strategies for senior and high performing executives;
- e) approving financial plans and annual budgets;
- f) monitoring financial results on an on-going basis;
- g) monitoring executive management and business performance in the implementation and achievement of strategic and business objectives;
- h) approving key management recommendations (such as major capital expenditure, acquisitions, divestments, restructuring and funding);
- i) appointing and removing the Managing Director and ratifying the appointment and removal of executives reporting directly to the Managing Director (**senior executives**);
- j) reporting to shareholders on the Company's strategic direction and performance including constructive engagement in the development, execution and modification of the Company's strategies;
- k) overseeing the management of occupational health and safety and environmental performance;
- l) determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- m) meeting statutory and regulatory requirements and overseeing the way in which business risks and the assets of the Company are managed.

## 1.2 Composition of the Board

The composition of the Board is determined using the following principles:

- a) The Board is comprised of a minimum of 4 and a maximum of 10 directors. The directors have power under the Company's Constitution to determine the maximum number of directors from time to time, above 4 but not more than 10 directors.
- b) The Chairman of the Board is to be an independent non-executive director.
- c) The Board shall always contain a majority of independent non-executive directors.

## 1.3 Appointment / Retirement of Directors

- a) The Nomination Committee will regularly review the composition of the Board and if it is considered appropriate to appoint new directors to the Board, will arrange for the matter to be discussed at a full Board meeting. Nominations are received and reviewed by the Board. The Board will then determine any special qualifications, experience or other prerequisites for the new director, and the manner of selecting such a director.
- b) The Nomination Committee may use external consultants to access a wide base of potential directors, considering the range of skills and experience required in light of:
  - i) the current composition of the Board;
  - ii) the need for independence;
  - iii) the strategic direction and progress of the Company; and
  - iv) the geographic spread and diversity of the Company's business.
- c) If the need for a new Board member is identified, the appointee must stand for election at the next general meeting of shareholders.
- d) No director except the Managing Director may hold office for a period in excess of 3 years, or beyond the third annual general meeting following the director's election, whichever is the longer, without submitting himself or herself for re-election.
- e) One third of all directors, except the Managing Director, will retire by rotation each year but may offer themselves for re-election for a further 3 year period.
- f) The Company does not have a policy with regard to establishing a maximum term for the appointment of a director.

## 1.4 Board Meetings

- a) Board meetings are generally held on a monthly basis. All directors are expected to prepare fully for all Board meetings, and to attend as many Board meetings as is reasonably practicable.
- b) The Board meeting agenda and relevant papers will be distributed to all directors at least 3 days prior to the meeting.
- c) Directors are expected to be available for the full duration of the meeting as notified in the meeting agenda.
- d) Directors will keep confidential Board discussions, deliberations and decisions that are not publicly known. Outside the boardroom, directors support the letter and spirit of Board decisions.

- e) Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been properly authorised, or is required by law.
- f) The Board has established a number of Board committees to assist in the execution of its responsibilities. In addition to these permanent committees, it is the practice of the Board to establish ad hoc sub committees on an as needed basis. All directors are expected to be available for membership of these committees, to prepare fully for relevant committee meetings, and to attend as many meetings of Board committees and sub-committees, of which they are a member, as is reasonably practicable. The agenda and papers for Board committee meetings will be distributed at least 3 days prior to each meeting.
- g) In addition to formal Board and committee meetings, directors are also required to attend functions and activities on behalf of the Company. This will include meetings with staff, customers and suppliers. All directors are expected to make themselves available for these functions and activities.

### **1.5 Remuneration of Directors**

- a) Executive directors receive no extra remuneration for their service on the Board beyond their executive salary package.
- b) Remuneration of non-executive directors is determined in maximum aggregate by the shareholders, and is allocated by the Board on the recommendation of the Remuneration Committee. The Remuneration Committee will take independent advice in respect to directors' fees on an as needed basis.
- c) Directors fees are paid on a gross fees basis (except GST where applicable). There is no separate payment made for attendance at Board committee meetings or for other attendances to Company or Board activities. Directors do have the option of packaging their fees on the same basis as executives (e.g. superannuation, motor vehicles).
- d) Directors are not required to hold shares in the Company as part of their appointment.
- e) The reasonable expenses incurred by a director in discharging their obligations and performing their duties will be reimbursed by the Company, consistent with Company policies which are established from time to time.
- f) There is to be no plan to provide remuneration, reward or other benefits to non-executive directors upon the cessation of them holding office as a director.

### **1.6 Board Appraisal**

A structured process has been established to review and evaluate the performance of the Board. Each year, a survey of directors is coordinated by the Chairman to review the role of the Board, to assess the performance of the Board over the previous 12 months and to examine ways of assisting the Board in performing its duties more effectively, such as through further education

### **1.7 Directors' Other Interests**

- a) Directors other interests, which are likely to conflict with the interests of the Company, are declared by the relevant director at the time the interest arises or the

potential conflict becomes apparent. If a conflict actually arises, the director concerned will absent himself from the meeting at which the issue is discussed and will abstain from voting on the issue.

- b) Each director is required to provide and to keep the Company provided with up to date details of their other interests (for example, employment, directorships, potential conflicts of interest, interests in contracts to which the Company is party, related party transactions, family ties) both before and during the holding of office.

## **1.8 Independent Professional Advice**

- a) Each directors has the right, with the prior approval of the Chairman, not to be withheld except in case of an unreasonable request by a director, to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil his or her duties and responsibilities as a director.
- b) Where the Chairman wishes to obtain independent professional advice, the Chairman must obtain the prior authorisation of the chairman of the Audit Committee, approval not to be withheld except in case of an unreasonable request by the Chairman.
- c) A copy of all such advice must be provided immediately to the Chairman, and made available to the Board meeting next following receipt of the advice, unless it is privileged from production by the director to the Company according to law, or would thereby be available to another party to proceedings to which the director is also a party.

## **1.9 Agreement for Provision of Information to Stock Exchange/s**

Where the Company is required, under the listing rules of ASX Limited (**ASX**) and any other stock exchange upon which the Company is obliged to disclose to such exchanges the details of directors' interests in securities, and in contracts relevant to the securities, then the Company is also required to enter into an agreement with each of the directors under which the directors are obliged to provide the necessary information to the Company to enable discharge of those obligations.

All directors are required to enter into such an agreement and to provide the specified information within the agreed timeframe.

## **1.10 Buying and Selling Shares**

The *Corporations Act 2001 (Cth)* prohibits "Insider Trading" and imposes significant penalties where a breach of the insider trading laws occur.

Examples of inside information are profit projections, knowledge of large contracts won or lost, knowledge of a merger or takeover or sale, and knowledge of significant change in personnel. The offence is to use information to trade or cause others to trade in the Company's shares. Causing others to trade means to incite, induce, encourage, or tip off.

In response to the above, the Company has developed a separate Trading Charter which Directors comply with in all trading activities. This Trading Charter

- a) Recognises that it is the individual responsibility of each director, Officer and employee to ensure that they comply with the spirit and the letter of the law of the insider trading laws.

- b) prohibits directors, executive and employees from directly or indirectly buying, selling or otherwise trading in the Company's shares, nor in shares of any other corporation where by reason of being a director of the Company or any other corporation they possess material, price sensitive information which is not generally available, or where buying or selling those shares in some way infringes the law against insider trading.

### **1.11 Continuous Disclosure**

The Board is aware of its obligations in respect to continuous disclosure of material information, and embraces the principle of providing access to that information to the widest audience of investors. The Board will regularly review the effectiveness of the Company procedures in place to ensure that continuous disclosure is maintained.

The Company, in accordance with the provisions of the *Corporations Act 2001 (Cth)* and the ASX Listing Rules, advises the ASX of any transaction conducted by directors in securities in the Company. A Board policy "Disclosures to the Investment Community" has been issued and all directors are required to comply with that policy. (A copy of the policy is attached).

### **1.12 Director Education**

The Company has an informal process to educate new and existing directors about the nature of its business, current issues and the corporate strategy, and the expectations concerning performance of directors.

### **1.13 Compliance Officer**

The Board shall ensure that at all times a responsible executive of the Company is appointed as the Compliance Officer of the Company. That Officer shall be responsible for arranging, monitoring and reporting to the Board upon the performance of all the compliance obligations of the Company. Unless a more appropriate officer is available, the Secretary of the Company shall be the Compliance Officer.

### **1.14 Board Committees**

To ensure that the Board has adequate time to concentrate on strategy, planning and performance enhancement, the Board will delegate certain specific duties to Board committees. There are currently 3 committees that have been established, each with a defined charter, to assist and support the Board in the conduct of its duties and obligations. The structure and membership of the Committees and their charters are reviewed annually. Other committees may be constituted from time to time, as required.

## 2 TRADING POLICY

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### TRADING IN THE COMPANY'S SECURITIES AND INSIDE INFORMATION

The Board of Directors has adopted the following policies regarding the buying and selling of the Company's Securities, and communication of Inside Information by directors, officers and other employees.

#### 2.1 Introduction and Purpose

This Securities Trading Policy regulates Trading by Directors and employees of Bluechiip Limited (the "**Company**") and Bluechiip in Company Securities or Securities of other companies.

**Directors and all employees** must comply with the insider trading prohibitions of the Corporations Act. **Any person** who possesses inside information in relation to a company must not Trade in Securities of that company, regardless of the terms of this Policy or any written clearance given under this Policy in respect of Company Securities.

In addition to setting out general principles in relation to Trading in Securities applicable to all Directors and employees of the Company and Bluechiip, this Policy recognises that there are specific periods when Directors and Restricted Employees should not Trade in Company Securities. This Policy also sets out procedures which apply to Trading in Company Securities by Directors and Restricted Employees.

The purpose of this Policy is to assist Directors and Restricted Employees to comply with their obligations under the insider trading prohibitions of the Corporations Act and to protect the reputation of the Company, its Directors and employees.

This Policy was adopted by the Board on 2 June 2011, takes effect from that date and replaces any previous policy in this regard.

Capitalised terms used in this Policy are defined in the Schedule.

All Directors and employees, particularly Restricted Employees, should read this Policy carefully and familiarise themselves with the requirements and procedures detailed in it.

If you have any questions about the Policy please contact the Company Secretary.

#### 2.2 Conduct prohibited by law

Under the Corporations Act, if a person possesses "inside information" in relation to Securities of the Company or any other company, the person must not:

- a) Deal in those Securities; or
- b) Procure another person to Deal in those Securities; or
- c) directly or indirectly communicate the information, or cause the information to be communicated, to another person if the person knows, or ought reasonably to know, that the other person would, or would be likely to, Deal in those Securities in any way or Procure a third person to Deal in those Securities.
- d) Importantly, given the broad definition of "Procure", a person who Deals in Securities through a trust or company while in possession of inside information may contravene the insider trading prohibitions and this Policy.



## **2.3 When a person possesses inside information**

A person possesses inside information in relation to Securities of the Company or another company where:

- a) the person possesses information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the Securities; and
- b) the person knows, or ought reasonably to know, that the information is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Securities.

Directors and employees must assume that information is generally available only if it has been announced to ASX.

A reasonable person would be taken to expect information to have a material effect on the price or value of Securities if the information would, or would be likely to, influence persons who commonly acquire Securities in deciding whether or not to acquire or dispose of the Securities.

## **2.4 A person does not need to be an "insider"**

A person can possess inside information in respect of a company, even if they are not associated in any way with that company. It is irrelevant how the inside information was obtained.

## **2.5 Penalties**

A person who Trades in Securities while they possess inside information or communicates that information in the circumstances described in paragraph 2.2c) above may be liable for both significant civil and criminal penalties.

In addition, a breach of this Policy may lead to disciplinary action by the Company, including termination of employment with the Company.

## **2.6 Examples of inside information**

The following items are examples of information which may be inside information in relation to the Company:

- a) a change in financial forecasts or expectations;
- b) a proposed dividend;
- c) changes in the Board of Directors or senior executives;
- d) pending ASX announcements;
- e) proposed changes in capital structure, including issues of securities, rights issues, the redemption of securities and capital reconstructions;
- f) giving or receiving a notice of intention to make a takeover offer;
- g) debt facilities and borrowings;
- h) mergers, demergers, acquisitions and divestments;
- i) significant changes in operations, strategy or proposed changes in the general character or nature of the business of the Company or its subsidiaries;
- j) liquidity and cash flow information;

- k) major or material purchases or sales of assets;
- l) significant new contracts;
- m) licence or partnership agreements;
- n) registration of, or changes in, intellectual property rights;
- o) an entity proposing to buy, or a securityholder proposing to sell, a substantial number of Company Securities;
- p) industry issues that may have a material impact on the Company;
- q) significant litigation involving the Company;
- r) allegations of any breach of the law or other regulatory requirements by the Company; and
- s) decisions on significant issues affecting the Company by regulatory bodies in Australia or other relevant jurisdictions (such as the Australian Securities and Investments Commission or the Australian Competition and Consumer Commission).

This is not an exhaustive list.

## **2.7 Restrictions on Trading - All Directors and all employees**

### **a) General principles**

Directors and employees must comply with the following general principles in relation to Trading in Securities:

- i) Directors and employees must comply with the insider trading provisions of the Corporations Act at all times and must not Trade in Securities whilst in possession of inside information in respect of those in Securities.
- ii) Directors and employees must not derive personal advantage from information which is not generally available and which has been obtained by reason of their connection with the Company.

### **b) Short term Trading - All Directors and employees**

Directors and employees must not engage in short term Trading of Company Securities.

In general, the acquisition of Securities with a view to resale within a 12 month period and the sale of Securities with a view to repurchase within a 12 month period would be considered to be transactions of a short term nature. However, the sale of shares in the Company immediately after they have been acquired through the conversion of a Security (e.g. exercise of an option) will not be regarded as short term Trading.

### **c) Securities of other companies**

Directors and employees must not Trade in Securities of another company whilst in possession of inside information in respect of that company.

## **2.8 Restrictions on Trading - Directors and Restricted Employees**

### **a) No Trading in Company Securities during Prohibited Periods**

Directors and Restricted Employees must not Trade in Company Securities during the following Prohibited Periods:

- i) 1 July until the business day after the release of the full year results;
- ii) 1 January until the business day after the release of the half yearly results; and
- iii) any additional periods imposed by the Board from time to time.

**However, even if a Prohibited Period is not operating, Directors and Restricted Employees must not Trade in Company Securities at that time if they are in possession of inside information.**

**b) Prior written clearance for Trading**

Directors and Restricted Persons must seek prior written clearance before undertaking **any** Trading in Company Securities.

This requirement applies to all Trading outside of a Prohibited Period and any Trading during a Prohibited Period which is subject to an exception in section 2.10 of this Policy. (The procedures for seeking prior written clearance to Trade during a Prohibited Period as a consequence of Exceptional Circumstances are set out in section 2.9b.)

In order to seek clearance to Trade, Directors and Restricted Employees must submit a written request to the Designated Officer. The Designated Officer may request such information as considered appropriate in the circumstances. Directors and Restricted Employees should be aware that the Designated Officer may not provide the clearance to Trade.

Directors and Restricted Employees may only engage in the proposed Trading if prior written clearance is given by the Designated Officer. Any clearance for the Trading will be valid for 7 days from the date it is given.

**c) Subsequent notification of all Trading**

Directors and Restricted Employees must provide the Company Secretary with subsequent written notification of **all** Trading in Company Securities within two business days, regardless of whether prior written clearance has been given for that Trading.

Directors must provide sufficient details of all Trading to enable the Company to file a notice in accordance with the ASX Listing Rules within 5 business days of the Trade. The Company will also be obliged to notify ASX whether the Trading by a Director occurred during a Closed Period where prior written clearance was required and, if so, whether prior written clearance was provided.

**d) Margin loans and other security interests**

No Director or Restricted Employee may enter into a margin loan or similar funding arrangement to acquire any Company Securities, or grant lenders any rights over their Company Securities.

**e) Hedging and Derivatives**

Directors and Restricted Employees must not use, or allow to be used, any Derivatives or other products which operate to limit the economic risk of unvested Company Securities.

## **2.9 Exceptional Circumstances**

**a) Trading may be permitted in Exceptional Circumstances**

A Director or Restricted Employee who is not in possession of inside information in relation to the Company may Trade in Company Securities during a Prohibited Period if:

- i) the Designated Officer determines that an Exceptional Circumstance applies to the Director or Restricted Employee; and
- ii) prior written clearance is granted by the Designated Officer in accordance with this Policy to permit the Director or Restricted Employee to Trade in Company Securities during the Prohibited Period.

A Director or Restricted Employee seeking clearance to Trade during a Prohibited Period must satisfy the Designated Officer that Exceptional Circumstances exist and that the proposal to Trade in Company Securities during a Prohibited Period is the only reasonable course of action available. Directors and Restricted Employees must apply for clearance in accordance with paragraph 2.9b) below.

**However, even if prior written clearance is given, Directors and Restricted Employees must not Trade in Company Securities if the person is in possession of any inside information.**

**b) Prior written clearance**

In order to seek prior written clearance to Trade during a Prohibited Period due to Exceptional Circumstances, Directors and Restricted Employees must submit a written request to the Designated Officer. The Designated Officer may request such information as considered appropriate in the circumstances.

The Designated Officer's discretion will be exercised with caution. Directors and Restricted Employees should be aware that the Designated Officer may not provide the clearance to Trade, even if Exceptional Circumstances exist.

Directors and Restricted Employees may only engage in the proposed Trading if written clearance is given. Any prior written clearance given for Exceptional Circumstances trading will be valid for 7 days from the date it is given.

## **2.10 Dealing which may occur during a Prohibited Period**

During a Prohibited Period, Directors and Restricted Employees may Trade in Company Securities in the circumstances described below, **provided that the Director or Restricted Employee is not in possession of any inside information.** Please note that the Policy requirements with respect to prior written clearance and subsequent notification continue to apply to Trading under one of these exceptions. See paragraphs 2.8b) and 2.8c).

- a) **(Transfers into a superannuation fund)** Transfers of Company Securities already held into a superannuation fund or other saving scheme in which the Director or Restricted Employee is a beneficiary.
- b) **(Investment in fund etc)** An investment in, or Trading in units of, a fund or other scheme (other than a scheme only investing in Company Securities) where the assets of the fund or other scheme are invested at the discretion of a third party.
- c) **(Director or Restricted Employee acting as trustee)** Where the Director or Restricted Employee is a trustee or a director of a corporate trustee, Trading in Company Securities by that trust provided the Director or Restricted Employee is not a beneficiary of the trust and any decision to Trade during a Prohibited Period is taken by the other trustees or directors or by the investment managers independently of the Director or Restricted Employee.

- d) **(Accepting a takeover offer)** Undertakings to accept, or the acceptance of, a takeover offer, or participation in a scheme of arrangement.
- e) **(Rights issue, security purchase plan, distribution reinvestment plan etc)** Trading under an offer or invitation made to all or most of the Company's security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board, (This extends to decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue).
- f) **(Exercise of options or rights)** The exercise (but not the sale of Securities following exercise) of an option or a right under an employee incentive scheme. This exception applies to options and rights granted under an employee incentive scheme before this Policy takes effect.
- g) **(Exercise of options or rights, or conversion of convertible security)** The exercise (but not the sale of Securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period and the Company has been in an exceptionally long Prohibited Period or the entity has had a number of consecutive Prohibited Periods and the Director or Restricted Employee could not reasonably have been expected to exercise it at a time when free to do so. This exception applies to options and rights granted under an employee incentive scheme after this Policy takes effect.

## 2.11 Changes to Policy

If any material changes are made to this Policy, the Company will give the amended Policy to ASX for release to the market within 5 business days of the material change taking effect.

Amendments to the Policy which are likely to constitute a material change include:

- a) changes to the Closed Periods;
- b) changes with respect to Trading in Company Securities which is not subject to a Prohibited Period (as set out in paragraph 2.10 of this Policy); and
- c) changes with respect to the Exceptional Circumstances in which Directors and Restricted Employees may be permitted to Trade during a Prohibited Period (as set out in paragraph 2.9 of this Policy).

## 2.12 Annual Board review

The Board will review this Policy annually.

The Company Secretary will communicate any amendments to employees as appropriate.

## Schedule - Definitions

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For the purposes of this Trading Policy:

- a) "**Bluechiip**" means the Company and each of its subsidiaries;
- b) "**Board**" means the board of directors of the Company.
- c) "**Chairman**" means the chairman of the Board from time to time.
- d) "**Closed Period**" means the periods set out in paragraphs 2.8(a) and 2.8(b);
- e) "**Company Securities**" means Securities issued by the Company;
- f) "**Corporations Act**" means the *Corporations Act 2001 (Cth)*;
- g) to "**Deal**" in Securities means to apply for, acquire or dispose of Securities, or enter into an agreement to do any of those things, and "**Dealing**" has a corresponding meaning;
- h) "**Derivative**" has the meaning in section 761D of the Corporations Act and includes options, forward contracts, futures, warrants, swaps, caps and collars;
- i) "**Designated Officer**" means:
  - i) in respect of a Director, the Chairman;
  - ii) in respect of the Chairman, the Deputy Chairman;
  - iii) in respect of a Restricted Employee, the Company Secretary; and
  - iv) in respect of the Company Secretary, the Chairman;or such other person appointed by the Board as a Designated Officer for the purposes of this Policy;
- j) "**Directors**" means directors of any company in Bluechiip;
- k) "**Exceptional Circumstances**" means, in relation to a Director or Restricted Employee:
  - i) (**Severe financial hardship**) a pressing financial commitment that can only be satisfied by selling the relevant Company Securities;
    - A) a tax liability of such a person would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability. A tax liability relating to Securities received under an employee incentive scheme would also not normally constitute severe financial hardship or otherwise be considered an exceptional circumstance for the purpose of obtaining proper written clearance to sell or otherwise dispose of Securities during a Prohibited Period;
  - ii) (**Court order**): a requirement to Trade in Company Securities as a result of:
    - A) a court order;
    - B) court enforceable undertakings (e.g. as part of a bona fide family settlement); or
    - C) some other overriding legal or regulatory requirement; or
  - iii) (**Other circumstances**): any other circumstances considered exceptional by the Designated Officer;
- l) to "**Procure**" another person to Deal in Securities includes inciting, inducing or encouraging a person to Deal or not Deal in Securities;

- m) "**Prohibited Period**" means the periods set out in paragraphs 2.8(a), 2.8(b) and 2.8(c);
- n) "**Restricted Employees**" means:
  - i) the Chief Executive Officer;
  - ii) the Chief Financial Officer;
  - iii) the Chief Scientific Officer;
  - iv) the Company Secretary;
  - v) a member of the Executive Committee of the Company; and
  - vi) employees nominated by the Board as Restricted Employees (and who are notified accordingly),  
whether employed by the Company or another member of Bluechiip;
- o) "**Securities**" includes shares, options, rights, debentures (including convertible notes), interests in a managed investment scheme, Derivatives and other financial products covered by s1042A of the Corporations Act; and
- p) "**Trade**" means to Deal in Securities or Procure another person to Deal in Securities, and "**Trading**" has a corresponding meaning.

## **3 AUDIT CHARTER / COMMITTEE - TERMS OF REFERENCE**

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### **3.1 General Scope and Authority**

The Audit Committee is a committee of the Board and is established in accordance with the authority provided in the Constitution. The Board has resolved to establish this committee and to adopt these terms of reference to govern the proceedings and meetings of the Audit Committee.

The primary role of the Audit Committee is to monitor and review the effectiveness of the Company's control environment in the areas of operational risk, legal/regulatory compliance and financial reporting. It will advise and assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to:

- a) reporting of financial information to users of financial reports, in particular the quality and reliability of such information;
- b) assessing the consistency of disclosures in the financial statements with other disclosures made by the Company to the financial markets, governmental and other public bodies;
- c) review and application of accounting policies;
- d) financial management;
- e) review of internal and external audit reports to ensure that where weaknesses in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- f) evaluation of the Company's compliance and risk management structure and procedures, internal controls and ethical standards;
- g) review of business policies and practices;
- h) conduct of any investigation relating to financial matters, records or accounts, and to report those matters to the Board;
- i) protection of the Company's assets; and
- j) compliance with applicable laws, regulations, standards and best practice guidelines.

### **3.2 Composition**

The Audit Committee consists of a minimum of 3 directors of the Board, with a majority of independent directors. Executive directors are not permitted to be members of the Audit Committee. All members (including the chairman) of the Audit Committee are appointed by the Board. The chairman of the Audit Committee will be a non-executive director who is not the Chairman of the Board. All members of the Audit Committee are to be financially literate. The Chairman of the Board is an ex-officio member of the Committee. An appointment to the Audit Committee will automatically terminate on that member ceasing to be a director of the Board.

The secretary of the Audit Committee will be the Company Secretary.

### **3.3 Meetings**

The Audit Committee shall meet as frequently as required but not less than quarterly. The Audit Committee may also meet at other times during the year to address specific issues referred by the Board and to review financial reports prior to presentation to the Board.



Any member of the Audit Committee may call a meeting of the Audit Committee.

A notice of meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Audit Committee in the week prior to the date of the meeting. The notice of meeting will include relevant supporting papers for the agenda items to be discussed.

The quorum for a meeting is 2 members or any greater number determined by the Audit Committee from time to time.

Other Board directors, executives and other parties may attend Audit Committee meetings but only at the invitation of the chairman of the Audit Committee.

The Audit Committee may conduct meetings without all members being in the physical presence of one another provided that all Audit Committee members involved in the meeting are able to participate in discussion.

The chairman of the Audit Committee, or his/her delegate, shall report to the Board following each meeting.

Should the chairman of the Audit Committee be absent from a meeting and no acting chairman has been appointed, the members of the Audit Committee present at the meeting have authority to choose 1 of their number to be chairman for that particular meeting.

Minutes of proceedings and resolutions of the Audit Committee meetings shall be kept by the secretary. Minutes will be distributed to all Audit Committee members after preliminary approval has been given by the Audit Committee chairman.

### **3.4 Authority**

The Audit Committee has the authority to seek any information it requires to carry out its duties from any officer or employee of the Company or related parties and such officers or employees shall be instructed by the board of the entity employing them to cooperate fully in the provision of such information.

The Audit Committee shall maintain free and open communications with the Company's external auditors, internal auditors and management. The Audit Committee will periodically meet with the external auditors without representatives of management present to discuss the adequacy of the Company's disclosures and policies, and to satisfy itself regarding the external auditors' independence.

The Audit Committee also has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.

The Audit Committee discharges its responsibilities by making recommendations to the Board, however it does not have any executive powers to commit the Board or management to their implementation. The Audit Committee is not responsible for supervising the performance of executives and is not involved in day-to-day operations, management functions or decision making.

### **3.5 Duties and Responsibilities**

The Audit Committee's main responsibilities are as follows:

- a) External Reporting
  - i) Consider the appropriateness of the Company's accounting policies and principles and any changes, as well as the methods of applying them, ensuring that they are in accordance with the stated financial reporting framework.

- ii) Assess significant estimates and judgements in financial reports by enquiring of management about the process used in making material estimates and judgments and then enquire of the internal and external auditors the basis of their conclusions on the reasonableness of management's estimates.
  - iii) Review management's processes for ensuring the monitoring compliance with laws, regulations and other requirements (including the Australian Accounting Standards, the *Corporations Act 2001 (Cth)* and the ASX market and listing rules) relating to the external reporting of financial and non-financial information.
  - iv) Ensure that a comprehensive process is established by management to capture issues for the purposes of continuous reporting to the ASX.
  - v) Assess information from internal and external auditors that affects the quality of financial reports (e.g.: actual and potential material audit adjustments, financial report disclosures, non-compliance with the laws and regulations, internal control issues).
  - vi) Ask the external auditor for an independent judgment about the appropriateness, not just the acceptability, of accounting principles used and the clarity of the financial disclosure practices used or proposed to be used as put forward by management.
  - vii) Review documents and reports to regulators and make recommendations to the Board on their approval or amendment.
  - viii) Assess the management of non-financial information in documents (both public and internal) to ensure the information does not conflict inappropriately with the financial statements and other documents and assess internal control systems covering information releases that have the potential to adversely reflect on the Company's conduct.
  - ix) Review the completeness and accuracy of the reporting of the entity's main corporate governance practices as required under the listing rules of any stock exchange where the securities of the Company are quoted.
  - x) Recommend to the Board whether the financial and non-financial statements should be signed based on the Committee's assessment of them.
  - xi) Require the CEO/Managing Director and the Chief Financial Officer to report to the Board whether 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.
- b) Related-Party Transactions
- i) Review and monitor the propriety of related-party transactions.
- c) Internal Control and Risk Management
- i) Assess the internal processes for determining and managing key risk areas, particularly:
    - ii) non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
    - iii) important judgements and accounting estimates;
    - iv) contractual risks and indemnities;
    - v) litigation and claims;

- vi) insurance program;
- vii) fraud and theft; and
- viii) relevant business risk other than those that are dealt with by other specific Board committees.
- ix) Ensure that the Company has an effective risk management system.
- x) Receive from management reports on all suspected and actual frauds, thefts and breaches of laws.
- xi) Address the effectiveness of the internal control system with management and the internal and external auditors.
- xii) Evaluate the process for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
- xiii) Assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
- xiv) Assess the effectiveness of and compliance with the corporate code of ethical conduct.
- xv) Meet periodically with key management, internal and external auditors and compliance staff to understand and discuss the control environment.
- xvi) Ensure that the CEO/Managing Director, COO and CFO each provide a written statement to the Board that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

d) External Audit

The Board and management need to ensure that the statutory auditor is both independent and seen to be independent. The purpose of an independent statutory audit is to provide shareholders and investors with reliable and clear financial reports on which to base investment decisions. The Audit Committee's external audit responsibilities include:

- i) making recommendations to the Board on the appointment, remuneration and monitoring of the performance and independence of the external auditor;
- ii) ensuring that any suggestions by management that the auditor needs to be replaced or that the audit needs to be put out to tender are referred to and examined carefully by the Audit Committee with it reporting to the Board on its examination before any decision is made by the Board;
- iii) reviewing the external auditor's fees and be satisfied that an effective, comprehensive and complete audit can be conducted for the set fee;
- iv) at the start of each audit, agreeing on the terms of the engagement with the external auditor;
- v) inviting the external auditor to attend Audit Committee meetings to, at least, review the audit plan, discuss audit results and consider the implications of the external audit findings for the control environment;
- vi) together with the external auditor, reviewing the scope of the external audit (particularly the identified risk areas) and any additional agreed-upon procedures on a regular and timely basis;

- vii) enquiring of the auditor if there have been any significant disagreements with management irrespective of whether or not they have been resolved;
- viii) monitoring and critiquing management's responsiveness to the external auditor's findings and recommendations;
- ix) reviewing all representation letters signed by management and ensuring that the information provided is complete and appropriate;
- x) providing the opportunity for the Audit Committee members to meet with the external auditors without management personnel being present at least once a year;
- xi) reviewing the external auditor's independence based on the external auditor's relationships and services with the entity and other organisations that may impair or appear to impair the external auditor's independence.
- xii) Request the external auditor to attend the annual general meeting of the Company.

e) Internal Audit

The internal audit function is to provide an independent assessment of risk and compliance with internal controls. The results of internal audits are reported to senior management and to the Audit Committee on a regular basis. In addition, processes have been put in place to ensure that appropriate follow up actions are taken in relation to significant audit findings and identified areas of risk. The Audit Committee's internal audit responsibilities include:

- i) reviewing the internal auditor's mission, charter and resourcing (including qualifications, skills, experience, funding and equipment);
- ii) reviewing and approving the scope of the internal audit plan and work program;
- iii) monitoring the progress of the internal audit plan and work program and considering the implications of internal audit findings for the control environment;
- iv) monitoring and critiquing management's responsiveness to internal audit's findings and recommendations;
- v) evaluating the process which the Company has in place for monitoring and assessing the effectiveness of the internal auditor;
- vi) overseeing the co-ordination of the internal auditor with the external auditor;
- vii) providing the opportunity for Audit Committee members to meet with the internal auditors without management personnel being present at least once a year.

### 3.6 Fees and Expenses

Audit Committee members are not entitled to receive any additional remuneration for their role as members of the Audit Committee. Directors' fees are set to include membership of any Board committees.

The reasonable expenses incurred by Audit Committee members in discharging their obligations and attending Audit Committee meetings will be reimbursed by the Company, consistent with Company policies which are established from time to time.

### **3.7 Review of Terms of Reference**

The Audit Committee's terms of reference are to be reviewed annually by the Audit Committee to ensure they remain consistent with the Audit Committee's authority, objectives and responsibilities. Any significant changes to the terms of reference are to be recommended by the Audit Committee to the Board for approval.

### **3.8 Distribution of Terms of Reference**

Key features of the Audit Committee's terms of reference are included in the "Corporate Governance" section of the Company's annual report.

## **4 NOMINATION/CORPORATE GOVERNANCE CHARTER**

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### **4.1 General Scope and Authority**

The Nomination Committee reviews the corporate governance procedures of the Company and the composition and effectiveness of the Board. In addition to proposing candidates for director appointment for the Board's consideration, the Nomination Committee reviews fees payable to non-executive directors and reviews and advises the Board in relation to chief executive officer succession planning.

The Nomination Committee is a committee of the Board and is established in accordance with the authority provided in the Company's Constitution. The Board has resolved to establish this committee and to adopt these terms of reference to govern the proceedings and meetings of the Nomination Committee.

The primary purpose of the Nomination Committee is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is appropriately structured and comprised of individuals who are best able to discharge the responsibilities of directors by:

- a) assessing the size, composition, diversity and skills required by the Board to enable it to fulfil its responsibilities to shareholders, having regard to the Company's current and proposed scope of activities;
- b) assessing the extent to which the required knowledge, experience and skills are represented on the Board;
- c) establishing processes for the identification of suitable candidates for appointment to the Board;
- d) overseeing succession planning for the Board and CEO;
- e) establishing processes for the review of the performance of individual directors and the Board as a whole;
- f) assessing the terms of appointment and remuneration arrangements for non-executive directors.

### **4.2 Composition**

The Nomination Committee consists of a minimum of 3 directors of the Board. The Chairman should be an independent non-executive director. All members (including the chairman) of the Nomination Committee are appointed by the Board. An appointment to the Nomination Committee will automatically terminate on that member ceasing to be a director of the Board.

The Company Secretary will act as secretary of the Nomination Committee.

### **4.3 Meetings**

The Nomination Committee shall meet as frequently as required but not less than twice a year.

Any member of the Nomination Committee or the secretary may call a meeting of the Nomination Committee.

A notice of meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Nomination Committee in the week prior to the date of the meeting.

The notice of meeting will include relevant supporting papers for the agenda items to be discussed.

The quorum for a meeting is 2 members or any greater number determined by the Nomination Committee from time to time.

Other Board directors, executives and/or parties external to the Company may attend Nomination Committee meetings but only at the invitation of the chairman of the Nomination Committee.

The Nomination Committee may conduct meetings without all Nomination Committee members being in the physical presence of one another provided that all Nomination Committee members involved in the meeting are able to participate in discussion.

The chairman of the Nomination Committee, or his/her delegate, shall report to the Board following each meeting.

Should the chairman of the Nomination Committee be absent from a meeting and no acting chairman has been appointed, the members of the Nomination Committee present at the meeting have authority to choose 1 of their number to be chairman for that particular meeting.

Minutes of proceedings and resolutions of Nomination Committee meetings shall be kept by the secretary. Minutes will be distributed to all Nomination Committee members after preliminary approval has been given by the Nomination Committee chairman.

#### **4.4 Authority**

The Nomination Committee has the authority to seek any information it requires to carry out its duties from any officer or employee of any entity of the Company or related parties and such officers or employees shall be instructed by the Board of the entity employing them to cooperate fully in the provision of such information.

The Nomination Committee also has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.

The Nomination Committee discharges its responsibilities by making recommendations to the Board, but it does not have any executive powers to commit the Board or management to their implementation. The Nomination Committee is not responsible for supervising the performance of executives and is not involved in day-to-day operations, management functions or decision making.

#### **4.5 Duties and Responsibilities**

##### **a) Board Composition**

The Nomination Committee shall:

- i) devise the criteria for Board membership and periodically assess the size and membership of the Board and the skills required to competently discharge the Board's duties, having regard to the strategic direction of the Company, and report the outcome of that assessment to the Board;
- ii) make recommendations to the Chairman of the Board on means by which skill levels of existing directors can be enhanced;
- iii) as and when it considers appropriate, but in any event on each occasion when an existing director retires, assess the skills represented on the Board by the directors and determine whether those skills meet the required skills as identified;

- iv) inform the Board of those directors who are retiring in accordance with the provisions of the Constitution and make recommendations to the Board as to whether the Board should support the re-nomination of the retiring director(s). In making such recommendations, the Nomination Committee will review (by whatever means it consider appropriate including assessment of performance by peers and self) each retiring director's performance during his/her tenure on the Board;
- v) having regard to the skills required and the skills represented, implement a process for the identification of suitable candidates for appointment to the Board. In determining such a process, it will ordinarily ensure that a search is undertaken by an appropriately qualified independent third party acting on a brief prepared by the Nomination Committee which identifies the skills sought;
- vi) make recommendations to the Board on candidates it considers appropriate for appointment;
- vii) ensure that an effective induction process is in place for new directors and shall regularly review this process for its effectiveness;
- viii) review fees payable to non-executive directors of the Board;
- ix) review Board and CEO succession planning and advise the Board of any progress.

A member of the Nomination Committee shall not participate in the review of his or her own performance.

b) Corporate Governance

The Nomination Committee shall review the corporate governance procedures of the Company, and on a regular basis, consider:

- i) external trends and developments in relation to corporate governance issues;
- ii) the position which the Company should take in respect of those issues;
- iii) the adequacy of the Company's corporate governance policies and practices; and
- iv) the Company's communications with respect to corporate governance issues.

#### **4.6 Fees and Expenses**

Nomination Committee members are not entitled to receive any additional remuneration for their role as members of the Nomination Committee. Directors' fees are set to include membership of any Board committees.

The reasonable expenses incurred by Nomination Committee members in discharging their obligations and attending Nomination Committee meetings will be reimbursed by the Company, consistent with Company policies which are established from time to time.

#### **4.7 Review of Terms of Reference**

The Nomination Committee's terms of reference are reviewed annually by the Nomination Committee to ensure they remain consistent with the Nomination Committee's authority, objectives and responsibilities. Any significant changes to the terms of reference are to be recommended by the Nomination Committee to the Board for approval.



#### **4.8 Distribution of Terms of Reference**

Key features of the Nomination Committee's terms of reference are included in the "Corporate Governance" section of the Company's annual report.

## 5 REMUNERATION CHARTER / COMMITTEE - TERMS OF REFERENCE

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### 5.1 General Scope and Authority

The Remuneration Committee is established in accordance with the authority provided in the Company's Constitution. The Board has resolved to establish this committee and to adopt these terms of reference to govern the proceedings and meetings of the Remuneration Committee.

The Board is responsible to shareholders for ensuring that the Company:

- a) has coherent remuneration policies and practices which are observed and which enable it to attract and retain executives and directors who will create value for shareholders;
- b) fairly and responsibly rewards executives having regard to the performance of the Company, the performance of the executive and the general pay environment;
- c) provides disclosure in relation to the Company's remuneration policies to enable investors to understand the costs and benefits of those policies and the link between remuneration paid to directors and key executives and corporate performance; and
- d) complies with the provisions of the ASX Listing Rules and *Corporations Act 2001 (Cth)*.

The primary purpose of the Remuneration Committee is to support and report to the Board in fulfilling their responsibilities to shareholders in relation to:

- e) executive remuneration policy;
- f) the remuneration of executive directors;
- g) the remuneration of persons reporting directly to the managing director, and as appropriate, other executive directors;
- h) the Company's recruitment, retention and termination policies and procedures;
- i) superannuation arrangements; and
- j) all equity based plans.

### 5.2 Composition

The Remuneration Committee consists of a minimum of 3 directors of the Board, the majority of which shall be non-executive directors. All members (including the chairman) of the Remuneration Committee are appointed by the Board. The chairman of the Remuneration Committee will be a non-executive director. The Chairman of the Board and the Managing Director are ex officio members of the Remuneration Committee. An appointment to the Remuneration Committee will automatically terminate on that member ceasing to be a director of the Board.

The secretary of the Remuneration Committee will be appointed by the Board and will be a member of the Remuneration Committee.

### 5.3 Meetings

The Remuneration Committee shall meet as frequently as required but not less than twice a year.

Any member of the Remuneration Committee may call a meeting of the Remuneration Committee.

A notice of meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Remuneration Committee in the week prior to the date of the meeting. The notice of meeting will include relevant supporting papers for the agenda items to be discussed.

The quorum for a meeting is 2 members or any greater number determined by the Remuneration Committee from time to time.

Other Board directors, executives and/or parties external to the Company may attend Remuneration Committee meetings but only at the invitation of the chairman of the Remuneration Committee.

Remuneration Committee members will not be in attendance at meetings at which their own individual remuneration is being discussed.

The Remuneration Committee may conduct meetings without all members being in the physical presence of one another provided that all Remuneration Committee members involved in the meeting are able to participate in discussion.

The chairman of the Remuneration Committee, or his/her delegate, shall report to the Board following each meeting.

Should the chairman of the Remuneration Committee be absent from a meeting and no acting chairman has been appointed, the members of the Remuneration Committee present at the meeting have authority to choose 1 of their number to be chairman for that particular meeting.

Minutes of proceedings and resolutions of Remuneration Committee meetings shall be kept by the secretary. Minutes will be distributed to all Remuneration Committee members after preliminary approval has been given by the Remuneration Committee chairman.

#### **5.4 Authority**

The Remuneration Committee has the authority to seek any information it requires to carry out its duties from any officer or employee of any entity of the Company or related parties and such officers or employees shall be instructed by the Board of the entity employing them to cooperate fully in the provision of such information.

The Remuneration Committee also has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.

The Remuneration Committee discharges its responsibilities by making recommendations to the Board, but it does not have any executive powers to commit the Board or management to their implementation. The Remuneration Committee is not responsible for supervising the performance of executives and is not involved in day-to-day operations, management functions or decision making.

#### **5.5 Duties and Responsibilities**

In order to fulfil its responsibilities to the Board, the Remuneration Committee shall:

- a) Executive Remuneration Policy
  - i) review and report upon the Company's policy for determining executive remuneration, and any amendments to that policy proposed from time to time;

- ii) review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs;
  - iii) oversee the implementation of this remuneration policy within the Company;
- b) Executive Directors and Senior Management
- i) consider and make recommendations to the Board on the entire specific remuneration for each executive director (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy. The Remuneration Committee will need to determine whether any shareholder approvals are required; and
  - ii) review and report upon the proposed remuneration (including incentive awards, equity awards and service contracts) of persons reporting directly to the managing director, and as appropriate, other executive directors;
- c) Executive Incentive Plans
- i) review and report upon the design of all executive incentive plans; and
  - ii) review and report upon the total proposed payments from each executive incentive plan;
- d) Equity Based Plans
- i) review and report upon the design of all equity based plans;
  - ii) ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders;
  - iii) keep all plans under review in the light of legislative, regulatory and market developments;
  - iv) for each equity based plan, recommend to the Board whether awards should be made under that plan;
  - v) review and recommend proposed awards under each plan;
  - vi) in addition to considering awards to executive directors and direct reports to the managing director, review and recommend proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Remuneration Committee; and
  - vii) review and make recommendations about performance criteria for each equity based plan.
- e) Approvals
- The Remuneration Committee must if requested by the Board review and report to the Board upon proposals concerning:
- i) changes to the remuneration or contract terms of executive directors and persons reporting directly to the managing director, and as appropriate, other executive directors;
  - ii) the design of new, or amendments to current, equity plans or executive cash-based incentive plans;
  - iii) the total level of remuneration proposed from equity plans or executive cash-base incentive plans; and
  - iv) termination payments to the managing director, other executive directors and persons reporting directly to the managing director, and as appropriate, other

executive directors. Termination payments to other departing executives should be reported to the Remuneration Committee at its next meeting.

## **5.6 Fees and Expenses**

Remuneration Committee members are not entitled to receive any additional remuneration for their role as members of this committee. Director's fees are set to include membership of any Board committees.

The reasonable expenses incurred by Remuneration Committee members in discharging their obligations and attending Remuneration Committee meetings will be reimbursed by the Company, consistent with Company policies which are established from time to time.

## **5.7 Review of Terms of Reference**

The Board shall consider not less frequently than once each year, whether the terms of reference of the Remuneration Committee shall be reviewed to ensure they remain consistent with the views of the Board in relation to the authority, objectives and responsibilities of the Remuneration Committee.

## **5.8 Distribution of Terms of Reference**

Key features of the Remuneration Committee's terms of reference are included in the "Corporate Governance" section of the Company's annual report.

## 6 DIVERSITY POLICY

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### 6.1 Introduction

Bluechiip is committed to workplace diversity.

Bluechiip recognises the benefits of diversity where people from different backgrounds can bring fresh ideas and perceptions which make the way work is done more efficient; and products and services more valued.

Diversity includes, but is not limited to, gender, age, ethnicity, religion and cultural background. Diversity also encompasses the many ways people differ in terms of their education, life experience, job function, work experience, personality, location, marital status and carer responsibilities. Diversity at Bluechiip is about the commitment to equality and the treating of all individuals with respect.

Bluechiip understands that the wide array of perspectives resulting from such diversity promotes innovation and business success which creates value for our customers and shareholders.

To the extent practicable, Bluechiip will address the recommendations and guidance provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles).

### 6.2 Diversity Strategies

Bluechiip has an own employment related policy, and this Diversity Policy complements that existing documentation.

Measures designed to promote diversity at Bluechiip include:

a) Recruitment

Bluechiip has recruited people from different backgrounds. We believe that our employees from many different cultural, linguistic and national backgrounds provide us with valuable knowledge and a skilled base in order to improve Company performance.

b) Career Development and Promotion

Bluechiip facilitates equal employment opportunities based on relative ability, performance or potential. This is exemplified by the gender diversity in management. All employees are treated fairly and evaluated objectively.

c) Safe Work Environment

Bluechiip helps to build a safe work environment by taking action against inappropriate workplace and business behaviour that does not value diversity including discrimination, harassment, bullying, victimisation and vilification.

d) Development Programs

Bluechiip is involved in programs such as in-house workplace development programs, mentoring programs, targeted training and development to improve the quality of decision-making, productivity and teamwork. Bluechiip is trying to enhance its customer service and market reputation through a workforce that respects and reflects the diversity of our customers.

e) Flexibility in the Workplace

Bluechiip has a culture which takes account of domestic responsibilities of its employees.

f) Succession Plans

Bluechiip has an active management program to plan for succession planning in key areas of the business through training and multi tasking.

g) Monitoring and Evaluation

Bluechiip will monitor the scope and currency of this policy.

### 6.3 Responsibilities

a) Board of Directors

The Diversity Policy provides for the Board to develop an appointment process for future directors that takes diversity of background into account to fit and enhance the Board skills matrix.

In order to promote the specific objective of gender diversity, the Diversity Policy requires that the selection process for Board appointments must involve the following steps:

- i) a short-list identifying potential candidates for the appointment must be compiled and must include at least one female candidate; and
- ii) if, at the end of the selection process, a female candidate is not selected, the Board must be satisfied that there are objective reasons to support its determination.

The Bluechiip Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of Bluechiip's management. While there is currently no gender diversity on the Board, the Board is made up of individuals from various professions, cultures, and backgrounds.

- i) The Remuneration and Nomination Committee is responsible for:
  - A) developing measurable objectives and strategies to meet the Objectives of the Diversity Policy (Measurable Objectives); and
  - B) monitoring the progress of the Measurable Objectives through the evaluation and reporting mechanisms outlined.
- ii) The Remuneration and Nomination Committee may also recommend to the Board Measurable Objectives for achieving gender diversity and monitor their achievement.
- iii) The Remuneration and Nomination Committee will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

## **7 CORPORATE GOVERNANCE - SUPPLEMENTARY POLICIES**

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### **7.1 Code of Conduct**

Directors, management and staff are expected to perform their duties in a professional manner and act with the utmost integrity, objectivity and ethics in all dealings with each other, the Company, customers, suppliers and the community, striving at all times to enhance the reputation and performance of the Company. All directors and employees are required to abide by laws and regulations, to respect confidentiality and the proper handling of information.

The Company's Code of Conduct consists of the following principles: -

- a) The Company will conduct its business operations with full regard and compliance with all legal obligations of the Company.
- b) The Company's employees, contractors and agents:
  - i) will strive to the utmost of their abilities to deliver quality services to meet our customers' needs and treat our customers with respect, courtesy and a caring attitude toward their business requirements;
  - ii) will present themselves in a fit and tidy condition for work and be fully equipped to perform their work safely and competently;
  - iii) will, when working for customers, adhere to all workplace and occupational health and safety requirements, work instructions and directives and will refrain from any irresponsible, negligent or unsafe actions or work;
  - iv) are expected to work in a supportive and cooperative manner, and the Company will not condone any form of harassment of fellow workers. All cases of harassment will be promptly resolved through counselling and conciliation processes;
  - v) will not knowingly reveal confidential information, trade secrets or information concerning intellectual property or practices, which could be injurious to our customers or our own business interests.
- c) The Company encourages the reporting of unlawful/unethical behaviour by its directors, employees, contractors and agents and will actively promote ethical behaviour and protection for those who report violations in good faith.
- d) The Company encourages individuals to join appropriate organisations and associations that can effectively represent their work interests.
- e) The Company will communicate the code of conduct to all its employees, contractors and agents.

### **7.2 Standards of Conduct**

The Company has established the following Standards of Conduct within the principles of the Code of Conduct, with which it expects all employees to comply.

a) Private Work

Employees may engage in work unrelated to the Company's activities in their own time. However, such work must not interfere with or affect the efficiency of the performance of the employee's normal Company duties.



Employees must not carry out any work or activity that draws upon the resources of the Company or that has any association with the Company for private profit or material gain. Employees may be dismissed for undertaking such action.

Acceptance of paid employment during periods of recreation, sick or long service leave is not permitted and employees may be dismissed for breach of this requirement.

b) Defence Reserves and Civic Duties

The Company recognises that employees with Defence Reserve status may be required to participate in exercises on an annual basis or to travel overseas to fulfil defence obligations. Paid or unpaid leave to attend to such commitments may be granted after considering each application, which shall be determined by the Chairman.

Paid or unpaid leave may be available for some recognised civic duties such as local Government appointments, emergency services and similar volunteer work. Each case will be determined on its merits by the immediate/local manager.

c) Use of the Company's Motor Vehicles

It may be necessary, as part of their job function, for employees to use a Company vehicle. Such vehicles can be used on work-related business and for limited private purposes, such as taking the employee's family shopping. The vehicle must be left locked and parked safely while not in use and kept in a clean and tidy state.

d) Absence from Duty

Employees unable to report to work for any reason, must advise their supervisor before the shift starts or as early in the day/shift as possible, giving the reason for the absence and its probable duration. If the anticipated length of the absence is not known immediately, (e.g. pending the advice of a doctor) employees should arrange for their supervisor to be kept informed of progress. The appropriate leave application must be completed immediately upon return to work.

e) Absence from the Workplace

When it is necessary for an employee to leave the workplace for any reason, the supervisor must be informed.

f) Punctuality

Should an emergency prevent the employee from starting work on time, at either the beginning of work or after a break, the employee must contact either his/her supervisor or the customer (as the case may be) or both as soon possible to explain the circumstances.

g) Confidential work and Company property

Confidentiality must be strictly observed and confidential information must not be disclosed unless it is appropriate in the normal course on the employee's duties. Any unauthorised disclosure of confidential information will result in disciplinary action. Employees are prohibited from removing Company documents or information (in whatever form) from Company premises or vehicles without authority. All Company property must be returned to the Company upon an employee ceasing employment with the Company.

h) Respect and care for the property of others

All employees shall have respect and consideration for the property and belongings of others (the Company's, a colleague's, the customer's or the general public's).

Employees shall not damage, tamper with, remove or steal property or belongings which are not their own. Any employees proven to have done so shall be subject to the Company's discipline process, which may result in the employee's dismissal and/or criminal and civil action being taken against him/her.

### **7.3 Conflict of Interest**

Employees must avoid any circumstances which may lead to a conflict of interest between their personal or their family's private interests or activities and the interests or activities of the Company.

Employees must declare any such circumstances so that either proper approval to continue those interests or activities can be given or the conflict may be avoided.

Such matters may include:-

- a) employees and/or their families benefiting from a business transaction that rightfully should be made available to the Company;
- b) personal transactions, situations or involvement in which employees and/or their family's personal interests actually conflict or have the appearance of conflicting with those of the Company or its related parties, e.g. interests in companies in competition with the Company;
- c) employees engaging in other employment or activity that prevents or restricts the employees from performing to their best ability;
- d) Company information of a confidential nature being used or disclosed without proper authorisation;
- e) business actions which have the potential to embarrass or harm an employee or the Company.

### **7.4 Disclosures to the Investment Community**

a) Background

As part of our overall policy of open disclosure, the Company ensures that all material communications regarding its operations are made available to all interested stakeholders in a timely fashion. To ensure that information about or concerning the Company which is to be given to the news media is timely, accurate, consistent, appropriate and conforms with Company policy, no public statement may be made on any matter concerning our work, our employees or our customers except in accordance with this policy.

The ASX Listing Rules and the *Corporations Act 2001 (Cth)* require listed companies to immediately advise the ASX of any material information which is price sensitive (unless one of the exceptions apply).

b) Board Policy on Disclosure

- i) The Board is aware of its continuous disclosure obligations in respect of material information, and embraces the principle of providing access to that information to the widest audience.
- ii) To ensure that these principles are appropriately actioned, the Board has nominated the Company Secretary as having responsibility for:
  - A) ensuring that the Company complies with continuous disclosure requirements;

- B) overseeing and co-ordinating disclosure of information to ASX, analysts, brokers, shareholders, the media and the public;
  - C) educating directors and staff on the Company's disclosure policies and procedures and raising awareness of the principles underlying continuous disclosure.
- iii) To safeguard against inadvertent disclosure of price sensitive information, the Board has agreed to keep to a minimum the number of directors and staff authorised to speak on the Company's behalf. In order of precedence, the following combinations of officers have authority to speak on behalf of the Company without the prior approval of the Board:
- A) the Chairman and/or the Managing Director, separately, then
  - B) the Chairman and a non-executive director, jointly, then
  - C) any 2 non-executive directors and the Managing Director, jointly (by majority), and then
  - D) in extreme circumstances, any 2 directors, jointly.

These officers are also authorised to clarify information that the Company has released publicly through the ASX, but must avoid commenting on other price sensitive matters.

- iv) The Company has determined that the Company Secretary must be made aware of any information disclosures in advance, including information to be presented at private briefings. This will minimise the risk of breaching the continuous disclosure requirements.
- v) The Company Secretary is responsible for:
  - A) ensuring that the Chairman and the Managing Director are aware of all sensitive information that may be required by the ASX Listing Rules and the law to be publicly released through the ASX before disclosing it to any person, including analysts and others outside the Company;
  - B) ensuring that all information released through the ASX is promptly made available to its bankers and other parties to whom it has a similar reporting responsibility;
  - C) the further dissemination of information, after it has been released through the ASX, to investors and other interested parties;
  - D) posting such information on the Company's website immediately after the ASX confirms that it has received such announcements;
  - E) reviewing all briefings and discussions with media representatives, analysts and major shareholders, to check whether any price sensitive information has been inadvertently disclosed. If so, to immediately announce the information through the ASX.
- vi) Responses to enquiries from market analysts are to be confined to errors in factual information and underlying assumptions. Earnings expectations are to be managed by using the continuous disclosure regime and any change to expectations is to be made by ASX announcement before commenting to anyone outside the Company.

## 7.5 Shareholder Communications Strategy

The Board acknowledges the need for effective communications with shareholders and has adopted the following strategy:

- a) shareholder meetings are structured to provide effective communication to shareholders and allow reasonable opportunity for informed shareholder participation;
- b) the external auditor attends the annual general meeting (**AGM**) and is available to respond to shareholder questions;
- c) the Company's annual report is available (at the shareholder's option);
- d) in addition to the annual report, the Company issues a report with the release of the half-year and full-year financial results, which is sent to all shareholders;
- e) the Company posts on its website all relevant announcements made to the market (including information used for analyst briefings and press releases) after they have been released to the ASX;
- f) shareholder questions may be posed to the Company via email communication (please refer to the Company's website) or by written correspondence or telephone to the Company Secretary.

## 7.6 Directors and Board Performance Evaluation

The Chairman of the Board has authority to develop key performance indicators for Board members to assess the performance of the Board as a whole, their own performance and the performance of each of their fellow directors. A sample of such issues is as follows:

- a) Board - General
  - i) Board agenda and papers
  - ii) Conduct of meetings
  - iii) Committee structure and performance
  - iv) Effectiveness of Board working together
  - v) Relationships with senior executives
  - vi) Relationships with shareholders
  - vii) Annual General Meeting
- b) Board - Activities
  - i) Quality of strategy and performance indicators
  - ii) Adequacy of risk management practices
  - iii) Corporate governance practices
  - iv) Performance of Auditor
  - v) Quality of management presentations
  - vi) Management disclosure of key information
- c) Individual Performance evaluations
  - i) Contribution of individual directors
  - ii) Performance of senior executives

- iii) Performance of Company Secretary
- d) Looking Forward
  - i) Mix of skills – current and future requirements
  - ii) Areas for improvement

**Process**

The Chairman will have individual meetings with each director and selected senior executives to assess their views on these issues and to identify any areas of concern or opportunity for improvement of performance of the Board and/or individual directors.

The Chairman will provide a summary of his/her findings to the Nomination Committee and to the full Board and is responsible for ensuring that agreed actions are implemented. It is recognised that some findings will be of a sensitive nature and will not be included in the Chairman's report but will be acted upon by the Chairman on a one to one basis.

This process occurs at least once each calendar year and more frequently at the discretion of the Chairman. It is anticipated that the Chairman will undertake this performance evaluation during August and September each year and will report his/her findings to the October Board meeting.