

Board charter

STW Communications Group Limited ACN 001 657 370
(Company)

Board charter

1. Introduction

- 1.1 STW Communications Group Limited ACN 001 657 370 (**Company**) is a listed public company.
- 1.2 The board of directors of the Company (**Board**) is responsible for the corporate governance of the Company and its controlled entities (**Group**).
- 1.3 The purpose of this charter is to:
 - (a) promote high standards of corporate governance;
 - (b) clarify the role and responsibilities of the Board; and
 - (c) enable the Board to provide strategic guidance for the Group and effective management oversight.
- 1.4 This charter is supported by the code of conduct for directors and senior executives, and the charters for the Remuneration and Nominations Committee and Audit & Risk Committee.

2. Board size, composition and independence

- 2.1 There must be a minimum of three directors and may only be a maximum of ten directors.
- 2.2 The Board aims to have a majority of independent non-executive directors in accordance with the ASX Corporate Governance Council's Guidelines, subject to:
 - (a) compliance with the requirements of Clause 2.3 of this Charter; or
 - (b) the Board's exceeding its optimum operational size as agreed from time to time by the Board.
- 2.3 The Board must comprise of:
 - (a) directors with an appropriate range of skills, experience, expertise and diversity;
 - (b) directors who can understand and competently deal with current and emerging business issues; and
 - (c) directors who can effectively review and challenge the performance of management and exercise independent judgment.
- 2.4 An independent non-executive director is one who:
 - (a) is independent of management;
 - (b) free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment;
 - (c) meets the criteria for independence set out in the ASX Corporate Governance Council's Guidelines; and
 - (d) specifically, a director is considered to be independent if he or she is not a member of management and:
 - (i) is not a substantial shareholder of the Company (holding 5% or more shares) or an officer of, or otherwise associated directly with a substantial shareholder;

- (ii) is not, and has not in the last three 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;
- (iii) is not, and has not in the last three 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;
- (iv) is not associated with 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;
- (v) has no material contractual relationship with the Company or another group member (other than as a Director of the Company).

'Materiality' for these purposes is assessed on a case by case basis having regard to the Company's and the relevant director's circumstances, including the significance of the relationship to the Director in the context of their activities as a whole.

- 2.5 The Remuneration and Nominations Committee is responsible for recommending candidates for appointment to the Board.
- 2.6 Each director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director clearly understands the Company's expectations of him or her.

3. The Board's role and responsibilities

- 3.1 The Board acts in the best interests of the Company as a whole and is accountable to shareholders for the overall direction, management and corporate governance of the Company and the Group.
- 3.2 Without limiting the general role of the Board, the principal functions and responsibilities of the Board include the following:

Senior Appointments

- (a) approval of the appointment of, delegation of authority to, and review of performance of, the Chief Executive Officer;
- (b) approval of the appointment of the Chief Operating Officer, Chief Financial Officer and Company Secretary; and
- (c) ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices;

Board and senior management

- (a) approval of the terms of appointment of the Chief Executive Officer and direct reports ie Chief Financial Officer and Chief Operating Officer;
- (b) approval of remuneration and incentive packages for the Chief Executive Officer and direct reports;
- (c) approval of incentive programs for senior management;
- (d) assessment of the organisation's and of the Chief Executive Officer's performance;
- (e) assessment of Board performance;
- (f) approving succession plans for the Chief Executive Officer and senior executives;
- (g) nominating candidates for election to the Board by the members;

- (h) assess the performance of individual directors prior to their standing for re-election;
- (i) ensuring that there is continuing education and information provided to directors regarding:
 - (i) the Company's various businesses; and
 - (ii) the role of the Board and its functions and obligations;
 - (iii) other corporate governance issues;
- (j) establishing committees of the Board and in relation to each committee to:
 - (i) appoint members and the Chairperson;
 - (ii) set the committee charter; and
 - (iii) delegate authority to that committee.

Business Strategy

- (a) approving management's corporate strategy and performance objectives;
- (b) approving and monitoring annual operating plans (including objectives, goals and strategies);
- (c) evaluating the performance of the Company against strategies and business plans in order to:
 - (i) monitor the performance of functions delegated to management; and
 - (ii) assess the suitability of the Company's overall strategies, business plans and resource allocation;
- (d) approval of significant mergers, acquisitions and divestitures of members of the Group; and
- (e) approval of capital expenditure, operating expenditure and major transactions not included in the budget or outside the ordinary course of business;

Relations with members

- (a) to oversee relations with members by monitoring communications to shareholders and the ASX, including monitoring:
 - (i) arrangements for the annual general meeting and other members' meetings (if any);
 - (ii) matters relating to reports as required by law; and
 - (iii) disclosures made under the ASX continuous disclosure requirements.
- (b) approving the company's Market disclosure protocol and monitoring compliance with this policy;

Financial matters

- (a) recommending to members any increase or decrease in the share capital of the company;
- (b) approval of half year and full year accounts and directors' reports;
- (c) approval of accounting policies;
- (d) approval of the external audit plan;
- (e) approval of any question of borrowing or giving security over asset;

- (f) acceptance of audit reports including management letters;
- (g) approving a capital management strategy for the Group;
- (h) determining and financing dividend payments;
- (i) approving the establishment, amendment, suspension, resumption or cessation of a dividend re-investment scheme;
- (j) approving material funding facilities;

Risk Management and Compliance

- (a) approving the appointment and removal of external auditors of the Company;
- (b) reviewing and monitoring systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- (c) reviewing, ratifying and monitoring the implementation of the code of conduct for directors and senior executives;
- (d) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies; and
- (e) monitoring and ensuring compliance with the ASX Corporate Governance Council's Guidelines.

4. Board Authority

4.1 The Board is authorised to:

- (a) investigate and review any matters within its area of responsibility;
- (b) seek information from any director, officer or employee of the company or any company in the group, or from any advisor, agent or representative of any of them; and
- (c) follow the process specified in clause 11 to access resources from within the group or from any external legal, accounting or other advisors of the group as it considers necessary for the purpose of fulfilling its duties at the Company's expense.

5. Board Committees

5.1 The Board may establish committees to assist in the execution of its responsibilities. The general role of the Board committees is to review and analyse policies and strategies within their charter. The Board committees may not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so.

5.2 The primary purpose of the Board's committees is to facilitate appropriate involvement by directors, ensure contestability of opinion and raise the level of interaction between the Board and management.

5.3 The Board has established the following committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:

- (a) Audit & Risk Committee; and
- (b) Remuneration and Nominations Committee.

5.4 The charter or terms of reference of each Board committee setting out matters relevant to the composition, responsibilities and administration of the committee must be approved by the Board. Each committee will review its charter from time to time as appropriate.

5.5 All directors are entitled to attend committee meetings as non members and are entitled to receive committee papers.

6. Chairperson of the Board

6.1 The chairperson of the Board:

- (a) is appointed by the directors;
- (b) must be an independent non-executive director; and
- (c) may not be the same person as the Chief Executive Officer and the Chief Executive Officer may not become the chairperson of the Board.

6.2 The division of the responsibilities of the chairperson of the Board and the Chief Executive Officer have been agreed by the Board and are set out in this charter.

6.3 The responsibilities of the chairperson of the Board include:

- (a) providing leadership to the Board and the Group;
- (b) promoting the efficient organisation and conduct of the Board's functions;
- (c) monitoring the performance of the Board;
- (d) facilitating Board discussions to ensure core issues facing the Company and the Group are addressed;
- (e) briefing all directors in relation to issues arising at Board meetings;
- (f) facilitating the effective contribution and ongoing development of all directors;
- (g) promoting constructive and respectful relations between Board members and between the Board and management;
- (h) setting the agenda for the Board meetings after consulting with the Chief Executive Officer; and
- (i) chairing Board and general meetings.

7. Chief Executive Officer and executive team

7.1 The Board has determined that the Chief Executive Officer is authorised to make all decisions in relation to the Company, except those that are set out in Clause 3, (which are expressly reserved to the Board for its collective decision), and those matters reserved for the Board through Board Committee Charters.

7.2 Responsibility for day to day management and administration of the Company is delegated by the Board to the Chief Executive Officer.

7.3 The Chief Executive Officer manages the Company in accordance with the strategy, plans and policies approved by the Board.

7.4 The Chief Executive Officer is obliged to consult with and report to the Board on the Company's performance, prospects and significant matters.

7.5 The Chief Executive Officer is appointed by the Board.

7.6 The Chief Executive Officer may not be the same person as the chairperson and the Chief Executive Officer may not become the chairperson of the Board.

7.7 The Board has in place procedures to assess the performance of the Chief Executive Officer and executive team.

8. Company Secretary

The Board is supported by the Company Secretary who is accountable through the chairperson of the Board on corporate governance matters and also reports to the Chief Financial Officer on day to day matters. The Company Secretary is responsible to the Board for ensuring that Board procedures are complied with. The appointment and removal of the Company Secretary is a matter for the Board.

9. Directors

- 9.1 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.
- 9.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.
- 9.3 Directors are expected to review meeting materials before Board meetings and committee meetings.
- 9.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.
- 9.5 Directors must exercise independent judgment when making decisions.
- 9.6 Publicly, directors are expected to support the letter and spirit of Board decisions.
- 9.7 Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- 9.8 Directors are required to disclose, on an ongoing basis, any interest that could potentially conflict with those of the Company or any part of the group.
- 9.9 Any director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter, unless their presence is approved by directors in accordance with the *Corporations Act 2001* (Cth).
- 9.10 Directors must comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:
 - (a) to act in good faith and in the best interests of the Company;
 - (b) to act with care and diligence;
 - (c) to act for proper purposes;
 - (d) to avoid a conflict of interest or duty; and
 - (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

10. Conflicts

- 10.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 10.2 Directors must:
 - (a) disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
 - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and

- (c) comply with the *Corporations Act 2001* (Cth) and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.
- 10.3 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates, unless their presence is approved by directors in accordance with the *Corporations Act 2001* (Cth).
- 10.4 Directors are expected to inform the chairperson of the Board of any proposed appointment to the Board or executive of another company as soon as practicable.

11. Access to information and independent advice by directors

- 11.1 Directors have unrestricted access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 11.2 Directors have access to:
- (a) management to seek explanations and information from management; and
 - (b) auditors, both internal and external, to seek explanations and information from them without management being present.
- 11.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 11.4 The Company may pay a director's costs of seeking independent professional advice, if prior to engaging any external advisor, consent has been received from the chairperson of the Board. This consent may not be unreasonably withheld or delayed.

12. Meetings

- 12.1 The Board and Board committees meet regularly to review strategies and operational performance and all members of the Board are generally expected to attend each meeting.
- 12.2 Directors receive regular updates from management on key issues between Board meetings and the chairperson of the Board and the Chief Executive Officer should communicate regularly to discuss issues relating to the business and to set Board agendas.
- 12.3 The non-executive members meet at least once a year without management present.

13. Retirement of directors by rotation

- 13.1 At the close of each annual general meeting one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, must retire.
- 13.2 The Directors to retire by rotation at an annual general meeting are those Directors who have been longest in office since their last election.
- 13.3 Directors elected on the same day may agree among themselves or determine by lot which of them must retire.
- 13.4 Subject to clause 13.5, a Director must retire from office at the conclusion of the third annual general meeting after the Director was last elected even if his or her retirement results in more than one-third of all Directors retiring from office.
- 13.5 The managing director or a director appointed to fill a vacancy or as an addition to the Board is not subject to retirement by rotation and is not taken into account when determining how many directors must retire by rotation. A director appointed to fill a vacancy or as an addition to the Board must retire at the next annual general meeting after their appointment.

- 13.6 A retiring Director remains in office until the end of the meeting and will be eligible for re-election at the meeting.

14. Codes of conduct

- 14.1 The Company has adopted a code of conduct for directors and senior executives setting out required standards of behaviour, for the benefit of all shareholders.
- 14.2 Each director and officer will be given a copy of the code of conduct applicable to their position when joining the Company.

15. Communication of information

- 15.1 The Board will:
- (a) communicate effectively with shareholders;
 - (b) give shareholders ready access to balanced and understandable information about the Company and its corporate goals; and
 - (c) make it easy for shareholders to participate in general meetings.
- 15.2 The Board has adopted a communications strategy to facilitate and promote effective communication with shareholders and encourage participation at general meetings.

16. Review of Board performance

The Remuneration and Nominations Committee will annually review:

- (a) the Board's role;
- (b) the processes of the Board and Board committees;
- (c) the Board's performance; and
- (d) each director's performance before the director stands for re-election.

17. Approved and adopted

This charter was approved and adopted by the Board on 9 February 2011.