

## Noni B Limited

ABN 96 003 321 579

(Company)

Adopted by the Board: 24<sup>th</sup> June 2009

# Corporate Governance Statement

## 1. Introduction

The Board of Directors of Noni B Limited (Board) is committed to high standards of corporate governance and supports the Australian Securities Exchange (**ASX**) Corporate Governance Council's Corporate Governance Principles and Recommendations for Australian listed companies issued originally in March 2003 and revised in August 2007 (**Recommendations**).

This Corporate Governance Statement summarises the approach and policies of Noni B Limited (**the Company**) with respect to corporate governance generally and the Recommendations, in particular.

This Corporate Governance Statement was originally adopted by the Board on 23 June 2004 and was updated by the Board on 24 June 2009 and will be reviewed at least annually and further revised by the Board as required.

Under ASX Listing Rule 4.10.3, companies are required to provide a statement in their annual report disclosing the extent to which they have followed the Recommendations in the relevant reporting period. The Recommendations also suggest that certain information be publicly available, ideally on a company's website in a separate corporate governance information section.

The Recommendations are guidelines for all listed companies. However, allowance has been made by the ASX Corporate Governance Council for the significant difference in the size and structure of listed companies. Companies are allowed the flexibility not to implement all of the Recommendations, provided they explain why they have not done so and what alternate approaches have been adopted. This is known as the 'if not, why not' approach.

The Board has determined whether, and to what extent, the Company may benefit from adopting the Recommendations and has, where appropriate, applied the principles of the Recommendations to the Company. The Board considers that some Recommendations are not appropriate for the Company and would not improve the efficiency or integrity of the Company's business.

This Corporate Governance Statement, referencing the Recommendations, is accessible from the Company's website [www.nonib.com.au](http://www.nonib.com.au) and sets out:

- (1) the Board Charter;
- (2) the Audit and Risk Management Committee Charter;
- (3) the Remuneration Committee Charter;
- (4) the Corporate Governance Policy – Continuous Disclosure;
- (5) the Code of Conduct – the Company's obligations to stakeholders; and
- (6) the Corporate governance policy – securities trading – directors and executives.

At the beginning of each point addressed in this Corporate Governance Statement we have included a reference to the relevant corporate governance principle set out in the Recommendations.

In this Corporate Governance Statement, references to the "Managing Director" includes any Joint Managing Directors of the Company, references to "Directors" include any director of the Company and references to "Senior Executives" means the senior management team as distinct from the Board, being those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance and includes, as the context requires, the executive directors, the Chief Financial Officer/Company Secretary and the general managers of the Company.

## **2. Principle 1: Lay solid foundations for management and oversight**

The Board is responsible for seeking to increase shareholder value by establishing a reputation for consistent and sustained long-term profit growth.

The Board has adopted a Board Charter which formally sets out the functions and responsibilities of the Board and Senior Executives, and enables them to perform their role more effectively. The Board Charter creates a system of checks and balances to provide a balance of authority.

The four main responsibilities of the Board are:

1. setting the Company's strategy;
2. recruiting, appointing and monitoring the performance of the Managing Director;
3. ensuring that appropriate corporate governance and risk management policies are established and performance against those policies is monitored and assessed; and
4. ensuring that appropriate resources are available to Senior Executives to execute the Company's strategy and monitor performance.

More specifically, these responsibilities are set out in the Board Charter.

## **3. Principle 2: Structure the board to add value**

The Board currently consists of five directors. The five directors comprise an independent Chairman, one other independent director, a non-executive director and two Joint Managing Directors. "Independent" means a non-executive director who is independent of management and who is free of any business or other relationship that could materially interfere with the exercise of independent judgement. The specific criteria used to assess independence are set out in the Board Charter under the heading "Independent Director".

Recommendation 2.1 of the Recommendations recommends a majority of the Board should be independent directors. The Board does not currently have a majority of independent directors. The Board is of the view that Recommendation 2.1 is not appropriate for the Company at this time. The Board considers that the current directors of the Company possess the appropriate range of skills, experience and expertise to fulfill their responsibilities to the Company and its shareholders. The Board will continue to consider the need for the appointment of qualified independent applicants who possess the appropriate qualifications to serve as directors on the Board.

### **Regular assessments**

The Board regularly assesses whether each non-executive director is an independent director. Each non-executive is required to provide to the Board all information that may be relevant to this assessment.

### **Independent Chairman**

The Chairman of the Board is an independent, non-executive director of the Company.

### **Independent advice**

To assist directors in carrying out their duties effectively, any director may seek independent professional advice at the Company's expense. Prior written approval by the Chairman is required, but approval will not be unreasonably withheld. All directors are made aware of the professional advice sought and obtained.

### **Separate Chairman and Managing Director**

The Chairman is currently an independent director and the roles of the Chairman and the Managing Director are not exercised by the same person.

## Board Committees

To assist in the execution of the Board's corporate governance responsibilities, the Board has established two committees:

- (1) the Audit & Risk Management Committee – to help protect the integrity of financial reports; and
- (2) the Remuneration Committee – to help ensure that the Company remunerates fairly and responsibly.

Both of these Committees have an independent director as Chairman.

The current membership of the Board and the Audit & Risk Management Committee and the Remuneration Committee is set out in the table below:

Board Director	Board Member Type	Audit and Risk Management Committee	Remuneration Committee
Lynn Wood	Independent Chairman	Member	Independent Chairman
Joycelyn Morton	Independent Director	Independent Chairman	Member
Alan Kindl	Non Executive Director	Member	Member
James Kindl	Joint Managing Director		
David Kindl	Joint Managing Director		

Recommendation 2.4 is that a nomination committee be established.

Given the size of the Company, a formal nomination committee has not been established. However, the objectives of such a committee are addressed in section 7 of the Board Charter and the functions that would otherwise be undertaken by a nomination committee are undertaken by the Board.

The Board meets at least annually to review and ensure that its composition has the mix of experience, skills and knowledge required to best serve the interests of the Company and its shareholders.

The Board's policy for the nomination and appointment of directors is set out in the Board Charter.

The procedure for the selection and appointment of new directors and the re-election of incumbent directors broadly involves:

- (1) in the case of new directors:
  - (a) the Board reviews the competencies of the Board and identifies the appropriate competencies required of a new director;
  - (b) the Board undertakes a search, with the aid of a recruitment specialist if considered appropriate, for suitable candidates who are then interviewed by the Board;
  - (c) successful candidates are appointed by resolution of the Board until the next shareholders meeting at which meeting they may stand for re-election;
- (2) in the case of directors up for re-election:
  - (a) the Board considers the performance of the relevant director and, if appropriate, may recommend to shareholders that the director be re-elected; and
  - (b) non-executive directors must provide details of other time commitments.

Directors appointed by the Board are required by the Company's constitution to submit themselves for re-election by shareholders at the next General Meeting following their appointment. The constitution provides for one third of the remaining directors to retire and stand for re-election each year at the Annual General Meeting.

The Board normally has at least 9 scheduled meetings per year, but it may hold additional meetings if special circumstances arise.

## **Evaluation of performance**

The processes for evaluating the performance of the Board, its committees and individual directors are set out in section 7 of the Board Charter.

## **Induction and education of Directors**

The Company conducts an induction process for incoming directors. Details of the induction process are included in section 7 of the Board Charter.

## **Access to information**

The Board is supplied with information by the senior executives of the Company through Board papers and other sources, of a quality and in a form and timeframe that allows the Board to discharge its duties effectively and efficiently. Directors may request additional information required by them.

## **4. Principle 3: Promote ethical and responsible decision-making**

The Board seeks to ensure that all directors, Senior Executives and employees of the Company act honestly, transparently, diligently and with integrity, striving to enhance the reputation and performance of the Company.

The Board seeks to ensure that the Company has regard to the reasonable expectations of its stakeholders, including shareholders, employees, customers, suppliers, creditors and the community in which the Company operates.

### **Code of Conduct – the Company’s obligations to stakeholders**

The Board has established a Code of Conduct setting out the Company’s obligations to its stakeholders. Details of the Code of Conduct are included as a separate section below.

In addition, further guidelines on ethical conduct are prescribed in the “Employee Induction Manual” which sets out the standards when a new team member of the Company is expected to comply.

The Company also has a range of documented policies and standards including privacy, confidentiality, computer use, capital expenditure, recruitment and equal employment opportunity. These policies and standards are set out in the Company Policy & Procedures manuals, new employees’ induction manual and new employees’ letter of appointments. Together with the Code of Conduct these policies and standards are reinforced by regular training programmes and monitoring of compliance. They are equally applicable to the Company’s directors and Senior Executives.

### **Reporting of unethical practices**

The Senior Executives and all employees are advised that they are responsible for and encouraged to report unethical behaviour to the General Manager Human Resources confidentially, with confidence that they will be supported by the Company.

### **Advisers, Consultants and Contractors**

Where appropriate, the Company makes its advisers, consultants and contractors aware of the Code of Conduct with the aim that those persons adhere to the standards of behaviour required by the Company.

### **Non-compliance**

Senior Executives will take such action as they consider appropriate in response to any material non-compliance with the Code of Conduct and the Company’s policies and standards.

### **Conflict of Interest**

In accordance with the Corporations Act 2001 and the Company’s Constitution, directors must keep the Board advised on an ongoing basis of any interest that could potentially conflict or be perceived to conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant papers and is not present at the meeting while the item is considered.

## **Confidential Information**

Directors and Senior Executives must ensure that confidential information relating to the Company, its customers, its operations, or any other commercially sensitive matter is kept confidential, other than in circumstances where disclosure is required by law or where authorised by the Company.

The Chairman will be made aware of any material breach of confidentiality and take action considered appropriate in the circumstances.

## **Dealings in the Company's Securities and associated products**

The Company has adopted a securities trading policy for the Company's directors and Senior Executives. Details of the Securities Trading Policy are included at as a separate section below.

Consistent with the law, directors, Senior Executives and employees must not trade directly or indirectly or procure others to trade in the Company's securities or associated products whilst in possession of unpublished price sensitive information.

Directors, Senior Executives and employees must not use inside information for personal gain.

Price sensitive information is information, usually about the Company or its intentions, which a reasonable person would expect to have a material effect on the price or value of Company securities.

Directors, Senior Executives and certain other employees are generally permitted to deal in the Company's securities in the six weeks following the announcement of the half yearly and annual results.

Permission to trade in the Company's securities outside these periods must be obtained from the Chairman.

## **Notification**

A director must notify the Chairman of any proposed dealing in the Company's securities prior to transacting, followed with written and verbal confirmation of the trading detail to the Company Secretary, including any change in the director's (or related entities) legal or beneficial interest in the Company's securities so as to ensure compliance with the disclosure requirements of the ASX Listing Rules and the Corporations Act 2001.

## **5. Principle 4: Safeguard integrity in financial reporting**

The Company has in place a structure of review and authorisation which is designed to support the truthful and factual presentation of the Company's financial performance and position.

The Board seeks to ensure that audit quality and effective audit service is provided by a suitably qualified competent and independent audit firm and the Audit and Risk Management Committee regularly assesses this company's performance and independence. The Board ensures that the External Auditor is fairly rewarded for the agreed scope of the statutory audit and audit-related services.

As part of the Company's structure of financial review and authorisation, in accordance with the Corporations Act, both the Managing Director and Chief Financial Officer are required to provide a written statement to the Board that to the best of their knowledge and belief, the Company's financial records have been properly maintained, and its financial statements and notes present a true and fair view, in all material respects, of the Company's financial position and performance and are in accordance with relevant accounting standards.

This statement to the Board is underpinned by the requirement for appropriate Senior Executives to provide a signed letter of representation addressed to the Managing Director and Chief Financial Officer verifying material issues relating to the executive's area of responsibility and disclosing factors that may have a material effect on the financial results or operations of the Company.

The Board has established an Audit and Risk Management Committee. The roles and responsibilities of the Audit and Risk Management Committee are set out in the Audit and Risk Management Committee Charter.

The Audit and Risk Management Committee comprises three members, the majority of whom are independent directors. All of the members of the Audit and Risk Management Committee are non-executive directors. The Chairman of the Audit and Risk Management Committee is an independent

director. Recommendation 4.2 recommends that the Chairman of the Audit and Risk Management Committee not be the Chairman of the Board. The current structure complies with this recommendation.

The purpose of the Audit and Risk Management Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities by:

1. monitoring and reviewing:
  - the integrity of financial statements;
  - the effectiveness of internal financial controls;
  - the independence, objectivity and competency of the External Auditors;
  - the policies on risk oversight and management; and
2. making recommendations to the Board in relation to the appointment of External Auditors and approving the remuneration and terms of their engagement.

#### **Selection and appointment of external auditor**

The recommendation for the appointment of the external auditor is made by the Audit and Risk Management Committee after evaluation by that Committee taking into account expertise, experience, resources and reputation of proposed external auditors.

#### **Rotation of external audit engagement partner**

The rotation of the external auditor engagement partner every five (5) years in accordance with the law is monitored by the Audit and Risk Management Committee.

### **6. Principle 5: Make timely and balanced disclosure**

The Company has implemented a Continuous Disclosure Policy to ensure timely and continuous disclosure to the market of material information relating to the Company and to ensure that all stakeholders have an equal opportunity to access information.

The policy and practice of the Company reflects the ASX Listing Rules requirements and the requirements of the Corporations Act 2001 regarding continuous disclosure requirements and the process of notifying the market.

Details of the Continuous Disclosure Policy are included at as a separate section below.

### **7. Principle 6: Respect the rights of shareholders**

The Company's communication policy is designed to empower shareholders by communicating effectively with them and by giving them access to balanced and understandable information on the Company. The Company is required under the Corporations Act 2001 and the Listing Rules of the ASX to keep the market fully informed of all information that could materially affect the value of its securities.

The Company is committed to ensuring that it is easy for shareholders to participate in general meetings.

The Company is committed to ongoing communication across its entire shareholder base consisting of institutional investors, private and employee shareholders. This is achieved principally by the distribution of regular information updates to shareholders which consist of the following:

- the annual and half yearly financial results and report;
- relevant announcements released to the ASX;
- notice of meeting and explanatory material for the annual general meeting;
- the Chairman's and Managing Director's address to shareholders;
- occasional letters from the Managing Director and Chairman informing shareholders of key matters of interest;
- any presentation to analysts; and
- an invitation to attend the annual general meeting, to ask questions of the Board and the External Auditor who is available to answer questions about the conduct of the audit, as well as the preparation and content of the External Auditor's report.

The Company will request that the External Auditor attend the annual general meeting and be available to answer shareholder questions.

The Company will continually explore new technologies that provide the Company with:

- better opportunities for more effective communications with shareholders;
- improved access for shareholders unable to be present at meetings.

The Company currently uses its website via the “Investor Centre” page on the website to provide information to the Company’s shareholders.

The Company uses its website as an additional means to communicate with its shareholders to that of release of material information to the ASX. After release to the ASX, the Company places all relevant announcements on its website. The Company also places copies of addresses to be made at its annual general meetings on its website, together with full copies of notices of meeting and explanatory material. Also included on the website is information about the last three years’ press releases / announcements plus at least three years of financial data.

The Company will consider on an ongoing basis the practicalities and cost of adopting webcasting or teleconferencing analyst or media briefings and general meetings.

## **8. Principle 7: Recognise and manage risk**

### **Risk Management and Oversight**

The Company’s overriding corporate objective is to maximize long-term shareholder value whilst satisfying the needs of customers, employees and business partners. Identification and management of material business risks is considered by the Board to be a critical part of the Company’s approach to creating long-term shareholder value. Whilst the Board has overall responsibility for the Company’s risk management, it also recognises that no cost effective internal control system will preclude all errors and irregularities.

The Senior Executives are responsible for designing, implementing and reporting to the Board on the adequacy of the Company’s risk management and internal control system to manage the Company’s material business risks. The Senior Executives report to the Audit and Risk Management Committee on the key risks faced by the Company and the extent to which they believe those risks are being managed. The Board requires management to report to it through the Audit and Risk Management Committee on whether the Company’s material business risks are being managed effectively. Ordinarily this is done on a half yearly basis but it can be more frequently if required by the Audit and Risk Management Committee or the Board.

Although the Board has ultimate responsibility to satisfy itself each year, or more frequently where required, that the Senior Executives have developed and implemented for the Company a sound system of risk management and internal control, the Board delegates to the Audit and Risk Management Committee the detailed work required for this review. The Board reviews the detailed work done by and the recommendations of the Audit and Risk Management Committee.

Operational and strategic risks faced by the Company are reviewed each year by each operating division as part of the annual strategic planning and budgeting process. These may be reviewed more frequently as required.

To encourage management accountability in this area, both the Managing Director and the Chief Financial Officer are required to provide a written statement to the Board that to the best of their knowledge and belief the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Board acknowledges that due to its nature, this assurance cannot be absolute because of factors such as the need for the exercise of judgment, the use of sample based testing and inherent limitations in internal controls.

Sign off letters in relation to the material business risks identified in respect of the Company (including responses to all questions asked as part of such letters) are completed by all relevant general managers and key finance personnel on a half yearly basis. The letters are then reviewed by the Chief Financial Officer and the Company’s external auditors as part of the Company’s half-yearly reporting to the ASX and as part of the compliance with section 295A of the Corporations Act and Recommendations 7.2 and 7.3.

The Company's Senior Executive team meets regularly to deal with certain specific areas of risk such as occupational health and safety and lease management.

The Company's risk management and internal control framework has been developed over 30 years.

The key elements of the Company's policy on risk management are summarised as follows:

- **Financial reporting** – there is a comprehensive budget process with annual budgets approved and actual performance to budget monitored on a monthly basis.
- **Departmental control** – financial controls and procedures including information systems controls are set out in the Company's Procedure Manual and are built in to the key financial systems. Weekly financial results and cash flow reports help recognise and manage risks. Senior Executives report to the Board regularly on material business issues including financial results.

In addition, the lease commitments and the buying plan for each season are regarded as key areas for risk management. Accordingly all new leases, lease renewals and any material changes to the terms of the Company's leases are included in the Board pack which is sent to each Director prior to a Board meeting and all lease documents are executed by 2 directors or 1 director and the Company Secretary.

The buying plan for each season (broken down into dollar value and number of units) is reviewed and approved by the Board. If it is proposed to go outside the terms of the approved buying plan in a material way, then Board approval is required.

- **Investment and Capital expenditure** - Senior Executives are provided with levels of delegated authority to incur day to day operational expenditure. All expenditure decisions exceeding such levels are approved by the Board. Major projects (legal and tax) are reviewed by external advisers, as required.

### **Internal Audit Function**

The Board has determined, having regard to the size of the Company and its business model that the types of risks involved in the Company's business do not justify having a separate internal audit function.

### **Assurance**

On behalf of the Board, the Audit and Risk Management Committee reviews the effectiveness of the Company's:

- identification and assessment of risk; and
- systems of internal controls.

Any significant findings or identified risks are closely examined by the Audit and Risk Management Committee so that appropriate action can be taken.

The External Auditors are engaged to express an opinion on the financial statements. They review and test the Company's system of internal and financial controls and the data contained in the financial statements to the extent necessary to provide their audit opinion. The External Auditors discuss with Senior Executives the reporting of operational results and the financial condition of the Company and present their findings to the Audit and Risk Management Committee.

## **9. Principle 8: Remunerate fairly and responsibly**

The Board has established a Remuneration Committee which comprises three members, two of whom are independent directors. The roles and responsibilities of the Remuneration Committee are outlined in the Company's Charter of the Remuneration Committee. The Remuneration Committee reviews the remuneration of the Directors and Senior Executives as well as the Company's human resources policies and makes recommendations to the Board.

The responsibilities of the Remuneration Committee include review of and recommendation to the Board on:

- (a) the Company's remuneration, recruitment, retention and termination policies and procedures for Senior Executives;
- (b) Senior Executives' remuneration and incentives;
- (c) superannuation arrangements; and
- (d) the remuneration framework for directors.

The Company's remuneration policy is designed to ensure that the level and composition of remuneration is sufficient to attract, motivate, develop and retain high quality executives capable of achieving the Company's objectives. The remuneration policy is designed to ensure that directors and Senior Executives are fairly rewarded for their individual contributions to the Company's performance and that remuneration packages are competitive with those of comparable public companies. The remuneration policy is designed to motivate Senior Executives to pursue long-term success and growth of the Company.

Further details about the Company's remuneration policy are contained in the Company's Annual Report.

The elements of remuneration include: basic salary, benefits (such as a company car, professional membership and private health insurance cover), superannuation, performance related bonus and long-term incentive schemes designed to align the interests of Senior Executives with those of the Company's shareholders.

The Remuneration Committee reviews the annual salaries for Senior Executives, having regard to personal performance and independently compiled salary survey information. While Senior Executives may make submissions regarding their remuneration expectations, no individual is directly involved in deciding their own remuneration.

Base salary levels are kept at levels comparable to the median salaries of retailers of a broadly similar size.

An annual bonus can be earned by Senior Executives for the achievement of specific financial and qualitative targets recommended by the Remuneration Committee, the Company's performance and the individual's performance.

The Committee recommends for the Board's consideration the levels of financial targets at which bonuses are paid before the commencement of each financial year. The highest levels of bonus are only paid on the achievement of truly exceptional performance.

Each executive director entered into a service contract commencing on 20 February 2008.

These service agreements have no fixed terms and the executive is entitled to a notice period of 6 months. The service agreement may be terminated immediately by the Company in the event of serious and wilful misconduct in the course of employment, or in the event of committing a serious breach of the service agreement.

Non-executive directors are remunerated by way of fees and are not eligible to participate in the Company's remuneration schemes designed for executives. Non-executive directors are appointed under letters of agreement. They do not receive options or bonuses, are not provided with retirement benefits other than statutory superannuation, and do not have formal service agreements.

The current remuneration for non-executive directors is set by resolution of shareholders at \$350,000 per annum in aggregate. This amount of remuneration includes all monetary and non-monetary components, as detailed in the directors' report.

The Board takes into account survey data on directors' fees and remuneration paid by comparable companies, and expert advice may be commissioned from time to time.

In line with the Company's intention that the Company's long-term incentive scheme align the interest of Senior Executives with those of the Company's shareholders, recipients of unvested entitlements under the Company's long-term incentive scheme are prohibited from entering into transactions in associated products which limit the economic risk of participating in that scheme.

Adopted by the Board: 24<sup>th</sup> June 2009

# Board Charter

## 1. Introduction

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

This Board Charter was originally adopted by the Board on 23 June 2004 was updated by the Board on 24<sup>th</sup> June 2009 and will be reviewed at least annually and further revised by the Board as required.

## 2. Role and Responsibilities of the Board

The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include:

- (1) setting the strategic direction of the Company and performance objectives of the Company;
- (2) appointing and removing the Managing Director;
- (3) ensuring that policies for corporate governance and risk management are in place and are implemented with the aim of protecting shareholder funds and the prudent management of Company assets;
- (4) ensuring that the Company complies with its regulatory obligations and ethical standards by providing overall policy guidance;
- (5) setting, and monitoring performance against, the budgets, the financial objectives and performance targets for the Company;
- (6) setting and monitoring the Company's programmes for succession planning and key executive development;
- (7) approving the acquisition and disposal of major assets if not already provided for in the budgets approved by the Board;
- (8) ratifying the appointment and the removal of Senior Executives;
- (9) approving any issues of securities, and entering into material financial arrangements, including loans and debt issues;
- (10) determining profits to be retained and profits to be paid out as dividends; and
- (11) appointing and overseeing various Board sub-committees including the Audit and Risk Management Committee and the Remuneration Committee.

## **Process for evaluating the performance of Senior Executives**

The Board (excluding the Managing Director) is responsible for monitoring and assessing the performance of the Managing Director. This is a continuous process with a formal review undertaken at least annually.

Senior Executives' performance is reviewed annually by the Managing Director against their performance goals for the financial year. These goals typically include financial performance goals and other non-financial goals. As part of this review process recommendations are made for areas of improvement.

Senior Executives' undertake annual reviews with their managers. The managers' performance goals for the financial year are set annually and the extent to which such goals have been achieved is discussed and assessed. Again, where appropriate, recommendations are made for areas of improvement.

## **Induction and education**

The Company conducts an induction process for all incoming Senior Executives aimed at providing incoming Senior Executives as early as possible with knowledge and understanding about the Company and the industry within which it operates. The induction sessions include information to enable Senior Executives to have an understanding of the Company's financial position, strategies, operations and risk management policies and the respective rights, duties and responsibilities and roles of the board and Senior Executives.

## **3. Composition of the Board**

### **Size**

The Board currently comprises five (5) directors. This number may be changed to reflect the Company's needs and circumstances from time to time. The composition of the Board reflects diversity in skills, experience, age and gender.

### **Independent directors**

The majority of directors of the Company are not required to be independent, non-executive directors. However, the Chairman is currently an independent, non-executive director.

In determining whether a non-executive director is considered by the Board to be independent, the following relationships affecting independence will be taken into account:

- (1) whether the director is a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company (as defined in section 9 of the *Corporations Act*);
- (2) whether the director is employed or has been employed in an executive capacity by the Company or another group member and there has not been a period of at least three years between ceasing such employment and serving on the board;
- (3) whether the director is or has been, within the last 3 years, a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- (4) whether the director is or has been within the previous three years been employed by, or a partner in, any firm that in the past three years has been the Company's external auditors;
- (5) whether the director is a material supplier or customer of the Company or an other group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
- (6) whether the director has a material contractual relationship with the Company or another group member other than as a director of the Company; and
- (7) whether the director is free from any interest and any business or other relationship which could materially interfere with the director's ability to act in the best interests of the Company.

Family ties and cross-directorships may also be relevant in considering interests and relationships which may compromise independence.

The Board will regularly assess whether each non-executive director is considered to be independent. Information relevant to this assessment must be provided to the Board.

## **Expertise**

The Board shall ensure that, collectively, it has the appropriate range of skills and expertise to properly fulfil its responsibilities, including:

- (1) accounting;
- (2) finance;
- (3) business;
- (4) the Company's industry; and
- (5) Managing Director-level experience.

The Board shall review the range of skills and expertise of its members on a regular basis and ensure that it has operational and technical expertise relevant to the operation of the Company and, where appropriate, seek to identify new candidates for nomination as directors who possess the requisite skills that will best increase the effectiveness of the Board.

## **4. Meetings**

The Board shall meet at least nine times per year.

## **5. Agenda and Notice**

The Secretary will be responsible, in conjunction with the Chairman, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to the members of the Board prior to each meeting. The Secretary must notify the members of the Board of the date, time and location of the Board meetings as far as possible in advance, but at least thirty days before the meeting.

## **6. Appointment of Directors**

Directors are appointed in accordance with the terms of the Company's Constitution.

The Board is responsible for:

- (1) identifying nominees for directorships and other key executive appointments;
- (2) the composition of the Board including identifying the necessary and desirable competencies of directors;
- (3) ensuring that appropriate Board succession plans are in place and regularly reviewed to ensure the maintenance of an appropriate balance of skills, experience and expertise on the Board;
- (4) ensuring that appropriate induction and education procedures exist for new Board appointees;
- (5) identifying, assessing and recommending plans for enhancing director competencies;
- (6) ensuring that appropriate procedures exist to assess, review and enhance the performance of the Chairman, non-executive directors, Senior Executives, Board committees and the Board as a whole; and
- (7) ensuring that there is a process in place for selecting and appointing new directors and Senior Executives and for making recommendations regarding re-election of directors.

Subject to the number of directors allowed under the Company's Constitution, a director may be appointed by an ordinary resolution of the Company in general meeting. In the situation of a vacancy occurring between such elections, the Board may appoint a replacement director. Such director will only

hold office until the next Annual General Meeting of the Company and then may stand for re-election as a director.

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

- (1) the term of the appointment, subject to member approval;
- (2) time commitments envisaged;
- (3) the powers and duties of directors;
- (4) any special duties or arrangements attaching to the position;
- (5) circumstances in which an office of director becomes vacant;
- (6) expectations regarding involvement with committee work;
- (7) remuneration and expenses;
- (8) superannuation arrangements;
- (9) the requirement to disclose directors' interests and any matters which affect the director's independence;
- (10) fellow directors;
- (11) trading policy governing dealings in securities (including any share qualifications) and related financial instruments by directors, including notification requirements;
- (12) induction training and continuing education arrangements;
- (13) policy on access to independent professional advice;
- (14) indemnity and insurance arrangements;
- (15) confidentiality and rights of access to corporate information;
- (16) a copy of the Company's Constitution; and
- (17) an organisational chart of management structure.

## **7. Nomination, appointment and removal**

### **Board composition**

The Board is responsible for ensuring that the Board is of a size and composition that allows for:

- (1) decisions to be made appropriately and expediently;
- (2) a range of different perspectives to be put forward regarding issues before the Board;
- (3) a range of different skills to be brought to Board deliberations; and
- (4) Board decisions to be made in the best interests of the Company as a whole rather than of individual shareholders or interest groups.

It should not, however, be so large that effective decision-making is hindered.

## **Board commitment**

The Board is responsible for monitoring, on an ongoing basis, the time required from non-executive directors and the extent to which non-executive directors are meeting these requirements.

Prior to the nomination of prospective non-executive directors for election or re-election, the Board must obtain from the prospective candidate:

- (1) details of other commitments of the prospective candidate and an indication of the time involved; and
- (2) an acknowledgement that the prospective candidate will have sufficient time to meet the requirements of non-executive directors of the Company.

Non-executive directors should inform the Chairman before accepting any new appointment as a director of another company.

## **Election of directors**

The Board must ensure that any notice of meeting relating to the election of directors provides the Company's shareholders with the information necessary to allow the shareholders to make an informed decision on the election.

The Board must ensure that non-executive directors are appointed for specific terms subject to re-election and to the ASX Listing Rules and the *Corporations Act 2001* provisions regarding the removal of directors.

## **Induction and education of Directors**

The Company conducts an induction process for incoming directors with the aim of providing incoming directors as early as possible with the ability to participate in Board decision-making through knowledge about the Company and the women's retail fashion industry within which it operates. The induction sessions include information to enable new directors to have, amongst other matters, an understanding of:

- (1) the Company's financial, strategic, operational and risk management position;
- (2) the rights, duties and responsibilities of the directors;
- (3) the roles and responsibilities of senior executives;
- (4) the role of board committees.

## **Evaluation and review**

The Chairman is responsible for the:

- (1) evaluation and review of the performance of the Board and its committees (other than the Chairman);
- (2) evaluation and review of the performance of individual directors (other than the Chairman);

The Board (other than the Chairman) is responsible for the:

- (1) evaluation and review of the performance of the Chairman; and
- (2) review of the effectiveness and programme of Board meetings.

The process for the performance evaluation of the Board, its committees and directors generally involves an internal review. From time to time as the Company's needs and circumstances require, the Board may commission an external review of the Board, and its composition.

## **Access to resources**

The Board shall in exercising in its role regarding the director selection and appointment practices of the Company have access to adequate internal and external resources, including access to advice from external consultants or specialists as required.

## **Board renewal**

The Board is responsible for ensuring that consideration is given to the importance of Board renewal to Board performance and must be conscious of the duration of each director's tenure in succession planning.

## **8. Independent professional advice**

To facilitate independent judgement in decision-making, each director has the right to seek independent professional advice at the Company's expense. However, prior approval from the Chairman is required, which may not be unreasonably withheld.

## **9. Allocation of responsibilities**

### **Chairman**

- (1) The Board elects the Chairman in accordance with the Constitution.
- (2) The Chairman will be an independent director who is selected on the basis of the person's achievements and record as a leader.
- (3) The roles of the Chairman and the Managing Director may not be exercised by the same individual.
- (4) The role of Chairman is demanding, requiring a significant time commitment. The Chairman should ensure that their other positions are not such that they are likely to hinder effective performance in the role.
- (5) The position of Chairman will be reviewed by the Board at the first Board meeting following the Annual General Meeting.
- (6) The Chairman is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's activities.
- (7) The Chairman should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between the Board and management of the Company.
- (8) The Chairman's specific duties are to:
  - (a) chair Board meetings. If the Chairman is not present within 10 minutes after the time appointed for the holding of that meeting, unless a deputy Chairman has been elected and is present and agrees to act, a director chosen by a majority of directors present shall assume this role;
  - (b) establish the agenda for Board meetings in consultation with the Managing Director;
  - (c) ensure Board minutes properly reflect Board decisions;
  - (d) be the spokesperson for the Company at the Annual General Meeting and in the reporting of performance and profit figures; the Managing Director or the Managing Director's nominee will undertake all other public relations activities;
  - (e) be the major point of contact between the Board and the Managing Director;
  - (f) be kept fully informed of current events by the Managing Director on all matters which may be of interest to directors;
  - (g) regularly review with the Managing Director and such other Senior Executives as the Managing Director recommends, progress on important initiatives and significant issues facing the Company;

- (h) provide mentoring for the Managing Director;
  - (i) commence the annual process of Board and director evaluation; and
  - (j) subject to the Constitution, have a casting vote.
- (9) The Chairman is not entitled to vote or participate in the deliberations on any matter in which he or she has a personal interest, unless there is compliance with the conflict of interest provisions under the Constitution of the Company and under the Corporations Act 2001.
- (10) The Chairman may be removed from office in accordance with the Company's Constitution.

### **Individual directors**

In accordance with statutory requirements and in keeping with developments at common law, directors have the following responsibilities:

- (1) exercise their powers and discharge their duties in good faith and in the best interests of the Company;
- (2) use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
- (3) use due care and diligence;
- (4) make a reasonable effort to become and remain familiar with the affairs of the Company;
- (5) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- (6) commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company, without placing undue reliance on other directors to fulfil these duties.

### **The Managing Director**

- (1) The Managing Director is appointed by the Board.
- (2) The Managing Director is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board.
- (3) The Managing Director's responsibilities include:
  - (a) developing with the Board, a consensus for the Company's vision and strategic direction;
  - (b) constructing, with Senior Executives, programs to implement this vision;
  - (c) implementing the Company's risk management policies;
  - (d) negotiating the terms and conditions of appointment of the Senior Executives for Board approval;
  - (e) appointing the general managers of the Company;
  - (f) endorsing the terms and conditions of appointment of all other staff members;
  - (g) providing strong leadership to, and effective management of, the Company in order to:
    - (i) encourage co-operation and teamwork;
    - (ii) build and maintain staff morale at a high level; and
    - (iii) build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
  - (h) ensuring a safe workplace for all personnel;
  - (i) ensuring a culture of compliance generally, and specifically in relation to environmental matters;
  - (j) carrying out the day-to-day management of the Company;
  - (k) forming other committees and working parties from time to time to assist in the orderly conduct and operation of the Company;
  - (l) keeping the Board informed, at an appropriate level, of all the activities of the Company; and
  - (m) seeking to ensure that all personnel act with the highest degree of ethics and probity.

- (4) The Managing Director is formally delegated by the Board to authorise all expenditures as approved in the budget, except that all Managing Director remuneration, outside of normal monthly remuneration, must be authorised by the Chairman.

### **Company Secretary**

- (1) The Company Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board. The Company Secretary holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively.
- (2) The Company Secretary holds primary responsibility for supporting the effectiveness of the Board by monitoring that Board policy and procedures are followed.
- (3) All directors have access to the Company Secretary.
- (4) The Company Secretary is accountable to the Board through the Chairman on all governance matters.
- (5) The Company Secretary is appointed in accordance with the Company's Constitution. The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.
- (6) The specific tasks of the Company Secretary include:
  - (a) ensuring that the agenda and briefing materials for board meetings are prepared and forwarded to directors in a timely and effective manner;
  - (b) recording, maintaining and distributing the minutes of all Board and Board subcommittee meetings as required;
  - (c) preparing for and attending all general meetings of the Company and ensuring that the correct procedures are followed;
  - (d) recording, maintaining and distributing the minutes of all annual and other general meetings of the Company;
  - (e) meeting statutory reporting requirements in accordance with relevant legislation; and
  - (f) any other services the Managing Director or Chairman may require.

## **10. Managing Director & Chief Financial Officer Assurances**

It is the responsibility of both the Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) to provide written assurances and reports to the board as set out under Principle 7 in the Company's Corporate Governance Statement.

## **11. Committees**

To assist with the execution of its responsibilities, the Board has the authority to establish and determine the powers and functions of the committees of the Board, including the Audit and Risk Management Committee and the Remuneration Committee. Each board committee has documented a charter, approved by the Board, setting out its responsibilities.

### **Remuneration Committee**

- (1) The role and responsibilities, composition, structure and membership requirements of the Remuneration Committee are set out in detail in a Remuneration Committee Charter approved by the Board.
- (2) The Remuneration Committee consists of at least three members the majority being independent directors. The Committee should be chaired by an independent director.

- (3) The responsibilities of the Remuneration Committee include reviewing and making recommendations in respect of:
  - (a) executive remuneration and incentive policies;
  - (b) the remuneration packages of Senior Executives;
  - (c) the Company's recruitment, retention and termination policies and procedures for Senior Executives;
  - (d) incentive schemes;
  - (e) superannuation arrangements; and
  - (f) the remuneration framework for directors.

#### **Audit and Risk Management Committee**

- (1) The role and responsibilities, composition, structure and membership requirements of the Audit and Risk Management Committee are documented in a separate Audit and Risk Management Committee Charter approved by the Board.
- (2) The Audit and Risk Management Committee consists of:
  - (a) a majority of independent directors;
  - (b) an independent chairman; and
  - (c) at least 3 members.
- (3) The Chairman of the Board is not the Chairman of the Audit and Risk Management Committee.
- (4) The Audit and Risk Management Committee must review the integrity of the Company's financial reporting and oversee the independence of the external auditors.

## **12. Continuous Disclosure**

The Board and Senior Executives must comply with the Company's Continuous Disclosure Policy.

Adopted by the Board: 24<sup>th</sup> June 2009

# Audit and Risk Management Committee Charter

## 1. Introduction

To assist in the execution of the Board's corporate governance responsibilities, the Board has established an audit and risk management committee (**Audit and Risk Management Committee** or **Committee**). This charter governs the roles, responsibilities, composition and membership of the Audit and Risk Management Committee.

This Charter was originally adopted by the Board on 23 June 2004, was updated by the Board on 24<sup>th</sup> June 2009 and will be reviewed annually and further revised by the Board as required.

## 2. Role and responsibilities

The purpose of the Audit and Risk Management Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities by:

- (1) reviewing interim and annual financial statements;
- (2) the establishment and maintenance of a framework of risk management;
- (3) establishing internal controls and ethical standards for the management of the Company;
- (4) ensuring accounting records are maintained in accordance with statutory and accounting standards requirements;
- (5) monitoring systems designed to ensure financial statements and other information provided is timely, reliable and accurate;
- (6) reviewing the effectiveness of the implementation of the Company's risk management and internal control system;
- (7) reviewing asset values to ensure they are appropriate and meet the requirements of the Corporations Act and relevant accounting standards;
- (8) reviewing the audit process with the External Auditor to ensure full and frank discussion of audit issues in the absence of management;
- (9) assessing the adequacy of the Company's control systems, including accounting, financial and operating controls and the appropriateness of its accounting policies and practices;
- (10) providing a link between the board and the External Auditor, reviewing, on a half and full year basis, the financial results, tax returns and reports to the board on findings prior to publication and release to the market; and
- (11) reviewing and evaluating the performance, independence and effectiveness of the External Auditor and the audit fee arrangements.

The Committee has unrestricted access to:

- (1) management including the right to seek explanations and additional information;
- (2) the External Auditor (without management present); and
- (3) all Company records for the purpose of carrying out its responsibilities under this Charter.

The Committee has the power to engage independent experts it requires to help it fulfil its duties. Costs associated with this will be borne by the Company.

### **3. Composition**

The Audit and Risk Management Committee comprises a minimum of three members, the majority of whom are independent directors and all of whom are non-executive directors.

The Audit and Risk Management Committee must be chaired by an independent director and the Company Secretary acts as secretary of the Audit and Risk Management Committee.

The members of the Remuneration Committee are appointed and removed by the Board.

A quorum for Audit and Risk Management Committee meetings will be two members.

In the case of an equality of votes upon any proposed resolution, the proposed resolution is to be taken to the Board for final determination.

Each member of the Committee must be able to read and understand financial statements. The Committee must also include at least 1 member who is a qualified accountant or other financial professional with experience in financial and accounting matters. At least one member must have an understanding of the retail fashion industry.

### **4. Meetings**

The Audit and Risk Management Committee shall meet as frequently as required but must, at a minimum meet 3 times per year. Non-Committee members shall only attend meetings of the Committee at the invitation of the Committee. Invitations to non-Committee members to attend shall be extended by the chairman of the Committee.

### **5. Agenda and Notice**

The Secretary will be responsible, in conjunction with the Chairman, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to the members of the Audit and Risk Management Committee prior to each meeting. The Secretary must notify the members of the Audit and Risk Management Committee of the date, time and location of the Audit and Risk Management Committee meetings as far as possible in advance, but not less than two days before the meeting.

### **6. Reporting to the Board**

The Audit and Risk Management Committee will undertake the responsibilities outlined in this Charter and will make recommendations to the Board at the first Board meeting subsequent to each Audit and Risk Management Committee meeting. The minutes of the Audit and Risk Management Committee meetings must be included in the papers for the next full Board meeting subsequent to each Audit and Risk Management Committee meeting.

### **7. Audit Framework**

The purpose of an independent statutory audit is to provide shareholders with reliable and clear financial reports on which to base investment decisions. In order to seek to ensure that this purpose is achieved, the Board has implemented the following framework:

- (1) the Board is responsible for ensuring the appointment of the External Auditor;
- (2) the External Auditor will attend Audit and Risk Management Committee meetings by invitation from the Committee;
- (3) the External Auditor has the right to meet separately with the independent director members of the Audit and Risk Management Committee, if this is considered appropriate;
- (4) the External Auditor will report to the Audit and Risk Management Committee as to how the Company's accounting practices and reporting procedures compare to best practice;
- (5) the Company requires the External Auditor to provide suitably qualified personnel to ensure an effective audit. They should provide audit personnel who are appropriately trained, independent, capable of meeting technical standards, able to maintain confidentiality and behave in a professional manner at all times;

- (6) the Audit and Risk Management Committee will require the External Auditor to confirm annually that it has complied with all legislation and professional regulations relating to auditor independence;
- (7) the Company requires its External Auditor to maintain quality control processes whereby all key accounting decisions are reached after appropriate consultation with technical and subject matter experts within their firm;
- (8) as a matter of principle and sound corporate governance, the Audit and Risk Management Committee will require the External Auditor to annually provide assurance that total fees received by the External Auditor from the Company do not have a material impact on its operations or financial condition;
- (9) non-audit work performed by the External Auditor is restricted to an agreed maximum fee level. Excess fees may not be incurred without the prior approval of the Chairman of the Audit and Risk Management Committee; and
- (10) the External Auditor will attend Annual General Meetings of the Company at which the auditor's report is tabled and answer questions relevant to the conduct of the audit and the preparation and content of the auditor's report.

## **8. Restrictions on Work by External Auditor**

The following services by the External Auditor are prohibited to ensure that the independence of the External Auditor is not affected by conflicts. An External Auditor may not:

- (1) be required to audit their own work;
- (2) participate in activities that would normally be undertaken by Senior Executives;
- (3) be remunerated through a "success fee" structure; or
- (4) act in an advocacy role for the Company.

The External Auditor is permitted to provide non-audit services that are not perceived to be in conflict with auditor independence, including tax advice services. The approval framework requires the Managing Director's approval for all assignments. For those assignments where the fees are greater than \$25,000, prior approval by the Audit and Risk Management Committee or Board is required. All assignments are reported to the Audit and Risk Management Committee. Where the fees for tax services for any one year will be greater than that of the audit fees for that year, then Audit and Risk Management Committee approval is required for such tax services. Notwithstanding the restrictions outlined above, the Board has the right to request the External Auditor to carry out a specific assignment, if it is determined by the Board that it would be in the best interest of the shareholders and the Company.

An External Auditor will not normally provide the following services:

- (5) bookkeeping or other services relating to accounting records or design and implementation of financial information systems;
- (6) appraisal or valuation of fairness opinions (relating to audit work);
- (7) advice on corporate strategy together with assistance in related documentation;
- (8) actuarial advisory services;
- (9) executive recruitment services or extensive human resource functions;
- (10) acting as broker-dealer, promoter or underwriter;
- (11) provision of legal services; or
- (12) internal audit services.

The Audit and Risk Management Committee will help ensure the independence of the External Auditor by requiring that:

- (13) the External Auditor makes an annual declaration to the directors of the Company that the External Auditor has complied with the independence requirements of the Corporations Act and of any applicable codes of professional conduct; and
- (14) the Company's annual directors' report will disclose the fees paid to the External Auditor for each non-audit service, a description of each non-audit service, and a statement by the directors that specifies whether the directors are satisfied that the provision of the non-audit services has not comprised independence.

Adopted by the Board: 24<sup>th</sup> June 2009

# Remuneration Committee Charter

## 1. Introduction

This charter governs the composition, membership, roles and responsibilities of the remuneration committee of the Company (**Remuneration Committee**).

This Charter was originally adopted by the Board on 23 June 2004. It was updated by the Board on 24<sup>th</sup> June 2009 and will be reviewed at least annually.

## 2. Role and Responsibilities

The Remuneration Committee reviews the remuneration of directors and Senior Executives as well as and the Company's human resources policies. An overview of the Committee's responsibilities is set out under Principle 8 in the Company's Corporate Governance Statement.

The Remuneration Committee is responsible for ensuring that the Company is applying appropriate remuneration policies.

The Remuneration Committee shall review and make recommendations in relation to:

- (1) the conditions of employment and remuneration policies, including incentives, superannuation and non-financial benefits of employees;
- (2) appropriate levels of remuneration;
- (3) policies relating to employee share and option plans;
- (4) recruitment, retention, retirement and termination payments;
- (5) the adequacy of professional indemnity and Directors' and Officers liability insurance policy;
- (6) compliance with statutory responsibilities relating to remuneration disclosures;
- (7) management development and succession planning;
- (8) remuneration framework for directors; and
- (9) occupational health and safety policies and procedures.

The Remuneration Committee shall adopt the following principles when carrying out its responsibilities:

- (1) the objective of the Company is to be an "employer of choice";
- (2) the Company shall provide employees with positive feedback, job satisfaction, roles with opportunities for personal and career development;
- (3) promote disclosure and transparency in occupational health and safety compliance;
- (4) set incentives that reward short and long term performance of the Company as a whole;
- (5) use employee surveys to assess and improve the level of communication with employees; and
- (6) promote training and leadership development strategies as part of skills training and succession planning.

### **3. Composition**

The Remuneration Committee consists of a minimum of three members, the majority of whom must be independent directors.

The Remuneration Committee must be chaired by an independent director and the Company Secretary acts as secretary of the Remuneration Committee.

The members of the Remuneration Committee are appointed and removed by the Board.

A quorum for Remuneration Committee meetings is two members.

In the case of an equality of votes upon any proposed resolution of the Remuneration Committee, the proposed resolution is taken to the Board for final determination.

### **4. Meetings**

The Remuneration Committee shall meet as frequently as required but must, at a minimum, meet 2 times per year. Non Committee members shall only attend meetings of the Committee at the invitation of the Committee. Invitations to non-Committee members to attend shall be extended by the chairman of the Committee.

### **5. Agenda and notice**

The Secretary will be responsible, in conjunction with the Chairman, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to Remuneration Committee members prior to each meeting. The Secretary must notify members of the Remuneration Committee of the date, time and location of Remuneration Committee meetings as far in advance as possible, but not less than two days before the meeting.

### **6. Reporting to the Board**

The Remuneration Committee will undertake the responsibilities outlined in this Charter and will make recommendations to the Board at the first Board meeting subsequent to each Remuneration Committee meeting. The minutes of the Committee meetings must be included in the papers for the next full Board meeting subsequent to each Committee meeting.

### **7. Senior Management Remuneration and Disclosure**

The Remuneration Committee annually reviews the Company's remuneration policies, Senior Executives' packages, including directors' remuneration, with reference to the Company's performance, executive performance, comparable available information from competitors and other listed companies and independent advice.

The remuneration policies and practices of the Company are designed to attract qualified and experienced candidates, retain and motivate Senior Executives and employees of the highest calibre and quality.

The Remuneration Committee annually reviews and recommends the remuneration packages of Senior Executives.

The payment of bonuses, options and other incentive payments are annually reviewed by the Remuneration Committee as part of the review of Senior Executive remuneration and recommendations are put to the Board for its approval. All bonuses, options and incentives are linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving bonuses, options and incentives and may recommend changes to the Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

The Remuneration Committee may seek independent advice on the appropriateness of remuneration packages.

Remuneration for Senior Executives is divided into three parts:

- (1) a fixed remuneration which is made up of basic salary, benefits (such as a company car, professional membership and private health insurance cover), superannuation and other salary sacrifices;
- (2) short term incentives – paid in cash, directly earned upon the successful achievement of specific financial and operational targets. Incentives are based on performance hurdles which are set and reviewed by the Remuneration Committee annually; and
- (3) long term incentives – include issuing Senior Executives with shares, and/or options where specific financial and operational targets that improve shareholder returns have been exceeded. Performance hurdles are set and reviewed by the Remuneration Committee annually.

## **8. Non-executive remuneration**

Independent directors are remunerated by way of fees and do not participate in schemes designed for executives. The current remuneration for non-executive directors is set by resolution of shareholders at \$350,000 per annum in aggregate. This amount of remuneration includes all monetary and non-monetary components, as detailed in the directors' report.

## **9. Public availability of materials**

The Remuneration Committee must ensure that a copy of this Charter is made publicly available on the Company's website in a clearly marked corporate governance section.

## **10. Annual report**

The Remuneration Committee must provide advice and recommendations to the Board regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report which relates to the Company's remuneration policies and procedures.

# Corporate Governance Policy – Continuous Disclosure

## 1. Introduction

This Policy imposes obligations and procedures on all directors, Senior Executives, employees and consultants of the Company to ensure the timely and balanced disclosure of all material matters concerning the Company.

The Policy was originally adopted by the Board on 23 June 2004. It was updated by the Board on 24<sup>th</sup> June 2009 and reviewed at least annually and revised by the Board as required.

## 2. Application

The Policy applies to all Directors, Senior Executives, employees and consultants of the Company.

## 3. Objectives

The objectives of this Policy are to:

- (1) ensure that the Company is able to meet its continuous disclosure obligations under the ASX Listing Rules;
- (2) establish internal procedures so that all directors, Senior Executives, employees and consultants understand their obligations to disclose material information to ensure:
  - (a) all investors and participants in the market have equal and timely access to material information concerning the Company;
  - (b) all Company announcements are factual, do not omit material information and are presented in a clear and balanced way; and
  - (c) only material information is disclosed to the market.

## 4. Continuous disclosure – legal considerations

Chapter 3 of the ASX Listing Rules deals with the continuous disclosure requirements that a listed company must satisfy. In particular, Listing Rule 3.1 states that once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information (**Material Information**).

There is, however, an exception to the disclosure of information in Listing Rule 3.1. This exception applies when:

- (1) a reasonable person would not expect the information to be disclosed;
- (2) the information is confidential and ASX has not formed a view otherwise; and

- (3) one or more of the following applies;
  - (a) it would be a breach of law to disclose the information;
  - (b) the information concerns an incomplete proposal or negotiations;
  - (c) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  - (d) the information is generated for the internal management purposes of the Company;
  - (e) the information is a trade secret.

The Listing Rules also provide that if the ASX considers that there is or is likely to be a false market in an entity's securities, and asks the entity to give it information to correct or prevent a false market, the entity must give ASX the information needed to correct or prevent the false market.

Examples of information that would need to be disclosed under ASX Listing Rule 3.1 are set out in paragraph 7 and at the end of this Policy.

## **5. Policy**

The Board of Directors of the Company are required to appoint a Disclosure Officer to administer the Company's Continuous Disclosure Policy and to be responsible for communications with ASX in relation to its obligations under the Listing Rules, including its obligations under Rule 3.1. A Deputy Disclosure Officer will also be appointed by the Board to act when the Disclosure Officer is unavailable or otherwise unable to perform his or her duties as the Disclosure Officer.

As soon as directors, Senior Executives, employees or consultants become aware of information:

- (1) that is not generally available (ie the information in question has not been included in any Annual Report, an ASX Release or other publication of the Company); and
- (2) which may be price sensitive (ie it is likely to have a financial or reputational impact upon the Company that may be considered material);

they must provide to the Disclosure Officer the following information:

- (3) a general description of the matter;
- (4) details of the parties involved;
- (5) the relevant date of the event or transaction;
- (6) the status of the matter (eg final/negotiations still in progress/preliminary negotiations only);
- (7) the estimated value of the transaction;
- (8) the estimated effect on the Company's finances or operations; and
- (9) the names of any in-house or external advisers involved in the matter.

Information or presentations provided to, and discussions with, analysts, professional bodies or any other person, are also subject to the Continuous Disclosure Policy.

Material information in relation to the Company must not be selectively disclosed (eg to analysts, professional bodies, the media, customers or any other person) prior to being announced to the ASX. If any director, Senior Executive, employee or consultant is proposing to present any material information in relation to the Company to professional bodies, journalists or customers, they should ensure that copies of their material are provided to the Disclosure Officer prior to presenting that information externally. The Board will ensure that an investor relations manager is appointed. The investor relations manager is currently the Company Secretary or his or her delegate. The investor relations manager is responsible for presenting any material information to professional bodies, journalists or customers. Copies of this material is to be provided to the Disclosure Officer prior to presentation.

All inquiries from analysts must be referred to the investor relations manager. All material to be presented at an analysts briefing must be approved by or referred through the Disclosure Officer prior to being presented by the investor relations manager.

All inquiries from the media must be referred to the investor relations manager.

All media releases and material to be presented (for example at seminars) must be approved by or referred through the Disclosure Officer prior to being presented by the investor relations manager.

## 6. Disclosure Officer

The Board has appointed the Company Secretary and, if the Company Secretary is not available or is otherwise unable to act for any reason, a director to be nominated by the Chairman, to act as the **Disclosure Officer** to:

- (1) be responsible for disclosure to ASX; and
- (2) have responsibility for communications with ASX in relation to ASX Listing Rule matters generally (in accordance with ASX Listing Rule 12.6).

The Disclosure Officer must:

- (3) decide what information must be disclosed to the ASX;
- (4) conduct all disclosure discussions with management;
- (5) conduct all disclosure discussions with the ASX;
- (6) monitor media reports in relation to the Company to avoid the emergence of a false market in the Company's shares;
- (7) ensure that measures are in place for the safeguarding of confidentiality to avoid premature disclosure of information;
- (8) maintain a **Disclosure File** which must contain a record of:
  - (a) material that has been disclosed to the ASX (with a copy of each announcement to ASX); and
  - (b) potentially price sensitive information that has come to the attention of the Disclosure Officer and has not been disclosed to the ASX, together with the reasons for that non-disclosure;
- (9) submit reports to each regular Board meeting, setting out the matters disclosed to the ASX and those matters of which the Disclosure Officer became aware that were not disclosed to the ASX and the reasons for that non-disclosure; and
- (10) take such action as the Disclosure Officer considers necessary or appropriate (including the implementation of regular training sessions for relevant officers and employees) to ensure that the Senior Executives and their subordinates are aware of and adequately understand:
  - (a) the nature of the Company's continuous disclosure obligations;
  - (b) the responsibilities of the Company's officers and employees in ensuring compliance with its continuous disclosure obligations; and
  - (c) the requirements of this Policy.

The Disclosure Officer must immediately decide in respect of information that comes to his or her attention (either directly or indirectly) whether:

- (1) the information must be disclosed to the ASX;
- (2) an exception is available which allows non-disclosure to apply; or

- (3) an alternative procedure, such as whether a notice pending, trading halt or suspension of shares is appropriate in all the circumstances.
- (4) If the Disclosure Officer believes the information is price sensitive and must be disclosed, the Disclosure Officer must:
  - (a) discuss the matter with management;
  - (b) discuss the matter with the Managing Director who may, in turn, discuss the matter with the Chairman or other directors; and
  - (c) prepare a letter to the ASX disclosing the price sensitive information. A copy of the letter must be sent to all directors and placed on the Disclosure File maintained by the Disclosure Officer.
- (5) If the Disclosure Officer is not certain whether the information is price sensitive, or whether it falls within an exception the Disclosure Officer must discuss the matter with the Managing Director who may, in turn discuss the matter with the Chairman or other directors and/or seek external legal or financial advice and then advise the Board of the substance of such advice.

The Disclosure Officer shall be responsible for ensuring that Company announcements:

- (1) are factual;
- (2) do not omit material information;
- (3) are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

## 7. What is Material Information?

The Company's Disclosure Officer is responsible for making decisions about what information will be disclosed.

### **Materiality test**

Information is material if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

**Materiality** is assessed against this qualitative test, considering the Company's business activities, size and place in the market.

A quantitative assessment may also be undertaken by the Company's Disclosure Officer as part of, but not in substitution for, the materiality test.

To ensure that there is no pre-judgment of the materiality test, directors, employees and consultants must inform the Disclosure Officer of any potentially material price or value sensitive information or proposal as soon as they become aware of it.

If an employee is in any doubt about whether particular information is potentially price sensitive, they should immediately disclose the information to the Disclosure Officer.

Examples of the types of information which may require disclosure include:

- (1) a change in revenue, or profit or loss, forecasts;
- (2) a change in asset values, or the amount of liabilities;
- (3) a change in taxation or accounting policy;
- (4) a change in the attitude of significant investors to investment in the Company's shares;
- (5) decisions of regulatory authorities in relation to the Company's business;
- (6) relationships with new or existing significant customers or suppliers;

- (7) the formation or termination of a joint venture or strategic alliance;
- (8) the entry into or termination of a major contract;
- (9) significant transactions involving the Company group;
- (10) labour disputes;
- (11) the threat, commencement or settlement of any material litigation or claims;
- (12) an agreement between the Company and 1 of its directors or 1 of their related parties;
- (13) the health of any director;
- (14) entering into employment agreements with senior executives such as the Managing Director (including details of core entitlements), or obligations under those agreements falling due, for example an obligation to pay termination entitlements.

There are many other types of information that could give rise to a disclosure obligation. For example, developments in companies which are affiliated with, but not controlled by, the Company may be price sensitive when related to the Company itself. Any questions on whether particular information is price sensitive should be immediately directed to the Disclosure Officer.

## **8. Contraventions and penalties**

### **Contravention**

The Company contravenes its Australian continuous disclosure obligations if it fails to notify the ASX of the information required by Listing Rule 3.1 to be disclosed. If the Company contravenes this obligation by failing to notify the ASX of information:

- (1) that is not generally available; and
- (2) that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of securities issued by the Company;

it, and its officers may be guilty of an offence under the *Corporations Act*.

### **Liability and enforcement – penalties for breach**

- (1) The Company

If the Company contravenes its continuous disclosure obligations, it may face:

- (a) criminal liability with a monetary fine;
- (b) civil liability for any loss or damage suffered by any person as a result of the Company's failure to disclose relevant information to the ASX; and
- (c) suspension or delisting from the ASX.

ASIC may issue an infringement notice under the *Corporations Act* if it believes that the Company has contravened the obligation to provide information to ASX.

The ASIC can also institute proceedings under the *ASIC Act 2001*.

- (2) **Others**

The Company's officers (including its directors), employees or advisers who are involved in the contravention by the Company, may also face criminal (monetary fine and/or 5 years imprisonment) and civil liability as outlined above.

(3) **Enforcement**

The court also has power under the *Corporations Act* to order compliance with the Listing Rules on the application of the ASX, the ASIC or an aggrieved person (for example, a shareholder of the Company).

(4) **Unwanted publicity**

Contravention of its continuous disclosure obligations may also lead to unwanted publicity for the Company and may cause damage to its reputation in the market place which may adversely impact upon the market value of its securities.

## Schedule 1 - Examples (guidance purposes only)

In addition to the scenarios contained in the guidance note, the ASX has also included in the Listing Rules the following examples of information which would need to be disclosed under Listing Rule 3.1 if it is material:

1. A change in the entity's financial forecast or expectation.
2. The appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade credit, trade debt borrowing or securities held by it or any of its child entities.
3. A transaction for which the consideration payable or receivable is a significant proportion of the written down value of the entity's consolidated assets. Normally, an amount of 5% or more would be significant, but a smaller amount may be significant in a particular case.
4. A recommendation or declaration of a dividend or distribution.
5. A recommendation or decision that a dividend or distribution will not be declared.
6. Under subscriptions or over subscriptions to an issue.
7. A copy of a document containing market sensitive information that the entity lodges with an overseas stock exchange or other regulator which is available to the public. The copy given to the ASX must be in English.
8. An agreement or option to acquire an interest in a mining tenement, including the number of tenements, a summary of previous exploration activity and expenditure, where the tenements are situated, the identity of the vendor and the consideration for the tenements.
9. Information about the beneficial ownership of shares obtained under Part 6C.2 of the *Corporations Act*.
10. Giving or receiving a notice of intention to make a takeover.
11. An agreement between the entity (or a related party or subsidiary) and a director (or a related party of the director).
12. A copy of any financial documents that the entity lodges with an overseas stock exchange or other regulator which is available to the public. The copy given to the ASX must be in English.
13. A change in accounting policy adopted by the entity.
14. Any rating applied by a ratings agency to an entity or securities of an entity and any change to such a rating.
15. A proposal to change the entity's auditor.

*Note: These examples are not an exhaustive list. Directors, Senior Executives and other employees should notify the Disclosure Officer of any matters that they think may be "price sensitive" or influence an investor's decision to buy or sell the Company's securities.*

# Code of Conduct – the Company’s obligations to stakeholders

## 1. Introduction

The Company endeavours to be recognised as an organisation committed to the highest ethical standards in business. We aspire to be a role model in conducting business honestly and fairly. We are proud of the quality of our employees and of the professional reputation and market image built by their work.

This code of conduct (**Code**) reflects our high standards of professional conduct and ethics in dealing with all of our stakeholders and our commitment to complying with all applicable state, national and international laws.

The Company considers stakeholders as shareholders, employees, customers, creditors, suppliers, contractors, governmental and non-governmental organisations, the communities where the Company operates and other parties that have influence over or are influenced by the Company.

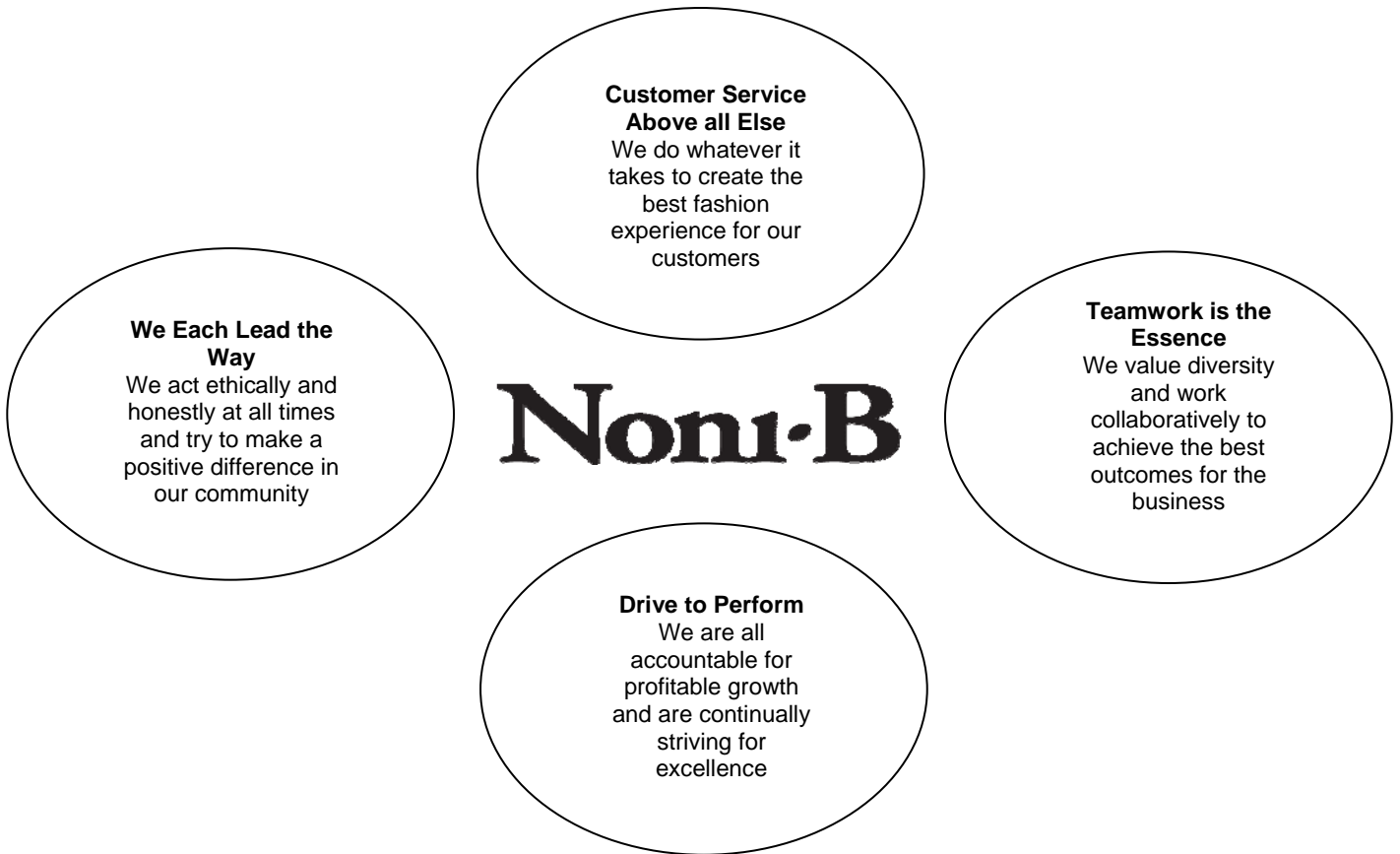
The Company is firmly committed to compliance with the Code. Any action contrary to the Code will be treated very seriously.

This Code of Conduct was originally adopted by the Board on 24 June 2009 and will be reviewed at least annually and revised by the Board as required.

## 2. Employee Code of Conduct

The Company has adopted the following Employee Code of Conduct:

### Values



### The Noni B Philosophy

As a retailer we are committed to creating the perfect environment to reflect the superior quality and style of the garments befitting display in a Noni B store.

As a Noni B employee you are a member of the team entrusted with that responsibility.

Your conduct, presentation and professionalism will create the strongest image in the eye of the customer as to the standard set by Noni B.

Our aim at Noni B is to offer our customer the best possible service in the industry. Our customers come before everything else and should be given the highest priority in our store.

By providing this level of commitment and service our customer will enjoy shopping with us and satisfied customers are regular customers.

Therefore, the customer is the most important person in our company.

The prime responsibility of the store team member is to ensure that our standard of service is always kept at the highest level possible.

The remainder of company personnel are there to provide maximum support and direction to the store team member to ensure the standard of service never falters.

This commitment to customer service will allow us to maintain strong market leadership and will provide us with the resources necessary to continue to grow from strength to strength.

### 3. Employee Code of Ethics

At Noni B we strive to achieve excellence and success and to conduct our business with pride to the highest standards of honesty, integrity, respect and fairness when dealing with our customers, suppliers & subcontractors. We also require each and every Noni B team member to comply with this code of ethics.

Noni B takes its obligations to comply with all Federal, State and Local Government laws and regulations, as well as common law obligations seriously, and expects the same from all our team members.

The following code establishes our standards of behaviour that should be met by all Noni B team members. We:

- treat all fellow employees and customers/clients with courtesy and respect;
- do not engage in harassing behaviour towards other employees, customers, suppliers or contractors;
- are truthful, do not mislead or make any false statements, nor mislead by omission;
- ensure that all dealings with all employees and clients are fair and equitable;
- do not discriminate on the basis of irrelevant characteristics, such as sex, race, disability, pregnancy, age, marital status or sexual preference;
- do not perpetrate, permit or fail to report violations of any Federal, State or Local Government law or regulation;
- declare any conflict of interest between a role as an employee of the Company and involvement in an outside activity;
- are aware of Company policies as set out in the Policy Manual and ensure that you comply with them. Ask if you don't understand any such policy;
- do not use drugs or alcohol on Company premises or come to work while affected by either;
- do not use the internet for personal use, except in accordance with company policy;
- do not use the internet to access sexually explicit material;
- do not use email to send sexually explicit, suggestive or other harassing material (whether intentionally or not);
- do not use Company information or work time for private gain;
- do not disclose confidential Company information to competitors, clients, customers or the media;
- ensure honest dealings with all customers and clients;
- do not misappropriate Company funds or property;
- do not use a role within the Company for political purposes or for community interests unless authorised by the Company;
- do not misappropriate funds or property of other employees, customers, suppliers or contractors;
- do not falsify reports;
- do not breach copyright;
- always acknowledge other people's work and ideas;
- always put safety first and comply with health and safety requirements; and
- ensure compliance with all environmental laws and standards.

If any employee has any concerns or issues regarding the Noni B Code of Ethics they can be emailed to [concerns@nonib.com.au](mailto:concerns@nonib.com.au).

#### **4. Responsibilities to shareholders and the financial community**

We have a positive relationship with our shareholders. We always attempt to respond to their inquiries and requests as quickly as possible.

The Company is committed to delivering value for shareholders and uses its best efforts to maximise shareholder benefits.

The Company treats all shareholders equally.

The Company values communication with its shareholders, other stakeholders and the public at large, and will fulfil its duty to make full, fair and timely disclosure of relevant information to shareholders and the ASX.

#### **5. Responsibilities to customers and suppliers**

The Company highly values its customers. We continually strive to deliver the best possible quality products and shopping experience for our customers. We act fairly and reasonably in our dealings with customers.

##### **Quality and safety**

All products and services comply with the highest quality and safety standards. The Company also ensures the provision of accurate information so that customers may make informed decisions regarding the Company's products and services.

##### **Privacy policy**

In some circumstances it will be necessary to maintain files about our customers.

The Company is bound by the National Privacy Principles. The National Privacy Principles set the standards by which the Company handles information collected from customers.

The Company only maintains files about a customer from information provided by them.

The Company does not disclose information about the customer except in the ordinary operation of the affairs of the Company, which may include providing information on a confidential basis to a mailing house when we send out newsletters and other publications concerning products available to customers.

At any time a customer may opt out of receiving communications from the Company (other than as required for the operation of our business, eg regarding goods held on lay-buy or to communicate in relation to a legal matter).

Ordinarily we will not release the contents of a file without the customer's consent. However, we advise that there may be occasions where the Company may be required to release the details of a file, irrespective of whether the individual has consented to the disclosure of the information. This will occur where the law requires disclosure, such as pursuant to a subpoena.

A customer may, without reason, request access to the information held about them. If a customer believes that any information held about them is incorrect, incomplete or inaccurate they may request the information to be amended. If the Company does not agree that there are grounds for amendment then we will add a note to the information stating that the customer disagrees with it.

Any questions regarding the operation of this privacy policy should be directed to the Privacy Officer.

##### **Agreements with suppliers**

Certain understandings between the Company and a supplier are considered anti-competitive and illegal. These include agreements that fix resale prices. These types of restrictive understandings must not be agreed to or discussed with a supplier.

## **6. Employment practices**

### **Equal opportunity**

The Company is an equal opportunity employer. This means that the Company does not discriminate on the basis of racial origin, gender, age, ethnicity, marital status, disability, religious or philosophical beliefs, sexual preference or political affiliation. The Company considers allegations of harassment and unlawful discrimination as extremely serious and will take appropriate action.

### **Diversity**

The Company promotes and supports a diverse workforce at all levels of the Company. It is our belief that creating a work environment that enables us to attract, retain, and fully engage diverse talents leads to enhanced innovation and creativity in our products and services.

### **Health**

The Company strives to protect the physical and emotional health of all employees in the workplace.

The Company has developed a set of core occupational health standards. These standards are implemented through education and training, and are regularly reviewed. The standards are in compliance with applicable health laws, regulations and appropriate practices.

### **Safety**

The Company strives to ensure a safe and hazard-free workplace.

The Company adheres to comprehensive safety standards focusing on hazard identification and risk assessment. These standards are implemented through education and training, and are regularly reviewed. The standards are in compliance with applicable safety laws, regulations and appropriate practices.

### **Training and potential**

The Company believes in enabling employees to develop to the extent of their full capabilities. We improve our employee's skills and competencies by regular performance reviews and undertaking education, training and coaching. We recognise potential and offer professional development opportunities within the Company.

### **Use of Company funds and resources**

Employees must not use Company funds, property, equipment or other resources for personal benefit.

Employees should use Company funds sensibly and effectively. Employees must report expenditures accurately. The Company will treat submission of a fraudulent expense report as serious misconduct.

### **Confidentiality**

Employees are required to protect proprietary, commercial and other information that is confidential to the Company. Obligations of confidentiality continue after an individual's employment with the Company ends.

Information that is not publicly available concerning the activities, results or plans of the Company must only be used for authorised purposes.

### **Insider trading**

In the course of doing business for the Company or in discussions with one of its clients or customers employees may become aware of material non-public information about the Company or another organisation. Broadly, information is considered material if an investor would use the information to make a decision to trade in the shares of the entity.

Employees must not buy or sell shares in the Company or another organisation if they have such information, and must not share this information with others.

## **Conflicts of interest**

Employees of the Company are expected to act at all times in the Company's best interests and to exercise sound judgment unclouded by personal interests or divided loyalties.

Employees must avoid the appearance of, as well as actual, conflicts of interest in both their performance of duties for the Company and in their outside activities.

## **Drug and alcohol use**

Employees of the Company must not be under the influence of drugs or alcohol in any situation where they are identifiable as an employee of the Company.

Smoking is not permitted in the workplace.

## **7. Fair trading and dealing**

The Company believes that the Company, the economy, and the public benefit if businesses compete vigorously. The Company, its employees, and representatives will treat customers, business allies and suppliers fairly and will not engage in anticompetitive practices that unlawfully restrict the free market economy. The Company is therefore firmly committed to upholding the *Trade Practices Act 1974* and corresponding state legislation.

### **Bribes**

The Company's objective is to compete in the marketplace on the basis of superior products, services and competitive prices.

No payment in any form may be made directly or indirectly to anyone for the purpose of obtaining or retaining business, or to obtain any other favourable action. A violation of this policy will subject the employee to disciplinary action as well as potential criminal prosecution.

### **Gifts**

Employees must exercise extreme care when giving or receiving business-related gifts.

Employees should exercise particular caution in regard to any offers of value, including hospitality, entertainment and gifts when the Company is negotiating a contract and so may be in a position to influence, directly or indirectly the outcome of a decision. There must not be an impression of an improper connection between any gift and business opportunities.

The Company has adopted the Gift Policy set out in the Schedule to this Code of Conduct to reflect these principles.

### **Agreements with competitors**

Formal or informal agreements with competitors that seek to limit or restrict competition in some way are often illegal. Unlawful agreements include agreements that seek to fix or control prices, allocate products, markets or territories, or boycott certain customers or suppliers.

To ensure compliance with state and federal trade practices legislation, discussions with competitors regarding any of these potential agreements is a violation of Company policy and will subject the employee to disciplinary action as well as the potential for prosecution.

## **8. Responsibilities to the community**

### **Environmental protection**

The Company respects the environment and protects our natural resources. We strive to prevent or otherwise minimise and mitigate harmful effects of the Company's operations on the environment. Compliance with all environmental laws and regulations is the foundation on which we build our environmental performance.

## **Human rights**

We support human rights consistent with the Universal Declaration of Human Rights and the Company respects those rights in conducting the Company's operations around the world.

We look for opportunities to support positive efforts to promote broader understanding of human rights values, especially where they assist the Company's local communities.

## **Support for the community**

We have a strong commitment to the improvement of society as well as the communities we serve and in which we operate. We encourage the support of charitable, civic, educational, and cultural causes.

## **Political involvement**

The Company does not directly or indirectly participate in party politics. The Company does not make payments to political parties or individual politicians in any country.

# **9. Responsibilities to the individual**

## **Collecting information**

Collecting information on our competitors from legitimate sources to evaluate the relative merits of their products, services, and marketing methods is proper and often necessary. The Company considers stealing information as a serious breach of the Code. In addition, seeking confidential information from a new employee who recently worked for a competitor, or an employee misrepresenting their identity in the hopes of obtaining confidential information from a competitor is strictly prohibited.

# **10. International compliance**

Where the Company operates outside of Australia the Company will comply with all local and international laws. Employees are expected to know and follow the laws of the relevant market where the Company operates.

If the standards in the foreign jurisdiction are lower than those imposed by the Australian legislation then the Company must comply with the Australian legislation.

# **11. Monitoring compliance with the Code**

It is the responsibility of every employee of the Company to promote this Code and to report violations of the Code.

The Company has established a system for reporting violations of any of the Company policies and the Code, as well as any suspected misconduct by any employee or representative of the Company. This may be done in writing to the General Manager (Human Resources) or to the Managing Director, 10 Garling Road, Kings Park, NSW, 2148.

The Company will not permit any form of retribution against any person, who, in good faith, reports known or suspected violations of this Code or any other Company policy.

## Schedule – The Company’s Gift Policy

Noni B has relationships with numerous suppliers of products and services, not to mention Noni B’s extensive customer base. Staff must exercise extreme care when giving or receiving business-related gifts.

The suppliers include:

- service providers in the areas of recruitment, accounting, marketing, shopfitters, landlords, etc
- product providers in the areas of clothing, equipment, shop fittings, etc
- consultants in the areas of marketing and taxation, etc

From time to time suppliers and customers may offer gifts (gratuities) in appreciation of Noni B’s custom. Caution should be exercised in regards to any offers of value, including hospitality, entertainment and gifts when the Company is negotiating a contract and so may be in a position of influence, directly or indirectly, the outcome of a decision. There must not be an impression or potential to create a conflict of interest or a perceived conflict of interest between any gift and business opportunities. It is therefore appropriate to clarify Noni B’s Gifts Policy which is as follows:

1. Under no circumstances is Noni B staff (including management) to accept a gift in exchange for acquiring the services or products of a supplier.
2. Under no circumstances is Noni B staff to permit the acceptance of a gift to affect the price or terms on which Noni B acquires the services or products of a supplier.
3. A staff member of Noni B may accept (but not seek) a gift having a value not exceeding \$200 provided that such acceptance does not breach the prohibitions in paragraphs 1 or 2.
4. Under no circumstances is Noni B staff to accept any gifts that have a value in excess of \$200.
5. For the purpose of this Policy, invitations to lunches, dinners and other social functions being hosted by a supplier shall not be treated as a gift provided that any travel or accommodation costs are borne by the staff member.

A breach of this Policy may result in disciplinary action or dismissal of the staff member. The supplier may also be subject to the loss of future business.

If, in a particular circumstance, you require clarification; please speak to the General Manager Human Resource Services.

This Policy has been clarified to protect you and the shareholders of Noni B and must be complied with, effective from 30 June 2008.

Adopted by the Board: 24<sup>th</sup> June 2009

# Corporate governance policy – securities trading – directors and executives

## 1. Introduction

This policy imposes constraints on directors and executives of the Company dealing in securities of the Company. It also imposes disclosure requirements on directors.

The schedule lists the titles of the executives who are subject to this policy on the date that it is issued. Other executives of equivalent seniority are also subject to this policy. If any executive is in doubt as to whether he or she is subject to this policy, he or she should consult the chairman (**Chairman**) or Managing Director.

This Securities Trading Policy was originally adopted by the Board on 23<sup>rd</sup> June 2004 and will be reviewed at least annually and revised by the Board as required.

## 2. Application

This policy applies to directors and executives of the Company as specified below.

## 3. Objectives

The objectives of this policy include:

- (1) minimising the risk of directors of the Company contravening the laws against insider trading;
- (2) ensuring that the Company is able to meet its reporting obligations under the ASX Listing Rules;  
and
- (3) increasing transparency with respect to trading in securities of the Company by its directors.

In order to achieve these objectives, directors and executives should treat this policy as binding on them in the absence of any specific exemption by the Board.

## 4. Dealing in securities – legal and other considerations

Sections 1042B to 1043O of the *Corporations Act 2001* prohibit persons who are in possession of price sensitive information that is not generally available to the public in relation to particular securities from:

- (1) dealing in the securities; or
- (2) communicating the information to others who might deal in the securities.

The central test of what constitutes price sensitive information is contained in section 1042A. Section 1042A provides that insider trading and continuous disclosure rules apply to inside information that is not generally available to the public and which a reasonable person would expect to have a material effect on the price or value of securities in the Company (**price sensitive information**). Such price sensitive information extends to include matters of supposition and matters relating to the intentions or likely intentions of a person.

Directors and executives of the Company will from time to time be in a situation where they are in possession of price sensitive information that is not generally available to the public. Examples are the period prior to release of annual or half-yearly results to the Australian Securities Exchange (**ASX**) and the period during which a major transaction is being negotiated.

The risk of contravention of insider trading laws in relation to information concerning public companies was substantially reduced in 1994 with the introduction of the continuous disclosure regime. Under that regime, public companies are required to disclose all price sensitive information immediately to the ASX, except in limited circumstances. The tests for what constitute price sensitive information under the insider trading laws and under the continuous disclosure requirements are effectively identical. As a consequence, at least in theory, there is no risk of directors and executives contravening insider trading laws as all relevant information will already have been disclosed.

There are a number of limitations and qualifications to the above, including:

- (1) where the ASX Listing Rules and the *Corporations Act 2001* permit companies to refrain from disclosing certain information, for example in the situation where an acquisition is being negotiated and remains confidential;
- (2) where information may be known to a particular director but not yet by the Company as a whole (i.e. the Board);
- (3) where the Company may have not yet complied with its continuous disclosure obligations in relation to a particular event or circumstance – there will always be some element of delay in doing so; and
- (4) where directors will generally have a better feel for the performance of the Company than the public.

In these situations there is still a potential for contravention. There is also a potential for the appearance of a contravention even if there has been no actual contravention. This appearance of contravention could reflect badly on the Company as well as on the individual concerned.

Another example of a circumstance that must be guarded against is where one or more directors become aware of an event or circumstance while the remaining directors remain unaware. In such a circumstance it is important that no director deals in securities because:

- (1) there is a risk that the directors will be found guilty of insider trading even if they had no intention of committing a contravention; and
- (2) of the potential for such circumstances to reflect badly on the Company.

For these reasons, the advice of the Chairman or the Managing Director should be sought prior to any dealings taking place, and steps should be taken to ensure that the Chairman is apprised of all relevant considerations by the Company's Continuous Disclosure Officer appointed under the ASX Listing Rules.

## **5. Policy – dealing in securities (Directors)**

Directors should not deal in securities of the Company unless:

- (1) they have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public;
- (2) they have advised the Chairman of their intention to do so;
- (3) the Chairman has made appropriate enquiries of other directors; and
- (4) the Chairman has indicated that there is no impediment to them doing so.

The Chairman will generally allow directors to deal in securities of the Company as a matter of course (unless there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception) in the following periods:

- (1) within the period of 6 weeks after the release of annual or half-yearly results; and
- (2) within the period of 6 weeks after the issue of a prospectus.

Directors should wait at least 2 hours after the relevant release so that the market has had time to absorb the information.

The periods mentioned above are not the only times in which directors may deal in securities, and the approval of the Chairman may be sought to deal in securities outside those times. It would be unusual for the Chairman to grant approval in the period of 1 month prior to the release of such results or the issue of a prospectus. In such circumstances the Chairman will only give his or her approval after making appropriate enquiries.

Directors must not at any time engage in short-term trading in securities of the Company.

Directors must not communicate price sensitive information to a person who may deal in securities of the Company. In addition, a director should not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) the buying or selling of securities in the Company.

Directors must ensure that external advisers who may receive price sensitive information are bound by confidentiality agreements or other enforceable confidentiality obligations.

The above principles also apply to the following:

- (1) trading in financial products issued or created over the Company's securities and associated products; and
- (2) entering into transactions in associated products which operate to limit the economic risk of security holdings in the Company.

## **6. Policy – dealing in securities (Executives)**

Executives must not deal in securities of the Company unless:

- (1) they have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public;
- (2) they have advised the Chairman or the Managing Director of their intention to do so; and
- (3) the Chairman or Managing Director has indicated that there is no impediment to them doing so.

The Chairman or Managing Director will generally allow executives to deal in securities of the Company as a matter of course (unless there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception) in the following periods:

- (1) within the period of 6 weeks after the release of the annual or half-yearly results; and
- (2) within the period of 6 weeks after the issue of a prospectus;

but only after waiting for sufficient time after the relevant release so that the market has had time to absorb the information.

Clearance to trade in the Company's securities outside the periods mentioned above may be obtained from the Chairman or Managing Director. But clearance will generally only be granted in extraordinary circumstances, and not generally in the period of 1 month prior to the release of the annual or half-yearly results, or the issue of a prospectus.

An executive must not at any time engage in short-term trading in securities of the Company.

An executive must not communicate price sensitive information to a person who may deal in securities of the Company.

In addition, an executive must not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) the buying or selling of securities in the Company.

The above principles also apply to the following:

- (1) trading in financial products issued or created over the Company's securities and associated products; and
- (2) entering into transactions in associated products which operate to limit the economic risk of security holdings in the Company.

## 7. Notification of dealings in securities – legal and other considerations

ASX Listing Rules 3.19A and 3.19B require the Company to notify the ASX of dealings in securities by directors within 5 business days. Three appendixes are included in the Listing Rules for the purpose of this notification, being 3X Initial Director's Interest Notice, 3Y Change of Director's Interest Notice and 3Z Final Director's Interest Notice.

Section 205G of the *Corporations Act 2001* requires a director of a listed company to notify the ASX within 14 days of acquiring or disposing of a relevant interest in any securities of the Company. This is an obligation of the director and not the Company. There is no prescribed form for such notifications, however the notice must specify the number of securities involved and the circumstances giving rise to the relevant interest in the securities. ASIC have granted relief from the requirements of section 205G where notifications are made by the Company under Listing Rules 3.19A and 3.19B.

## 8. Policy – notification of dealing in securities

Directors and executives must notify the Company Secretary within a reasonable time (up to 48 hours) after acquiring or disposing of a relevant interest in any securities in the Company and follow up with a telephone call and email to the Company Secretary to ensure that the notification has been received.

Directors and executives are required to enter into an agreement with the Company under which they are obliged to notify changes in interests in shares and other relevant matters.

Executives must ensure that external advisers who may receive price sensitive information are bound by confidentiality agreements or other enforceable confidentiality obligations.

## 9. Securities of other entities

A director or executive who obtains price sensitive information about the securities of another company because of their position with the Company must not:

- (1) trade in those securities;
- (2) communicate price sensitive information to a person who may deal in securities of the other company; or
- (3) recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) the buying or selling of securities in the other company.

## 10. Unvested Entitlements

A director or executive must not enter into transactions in associated products which operate to limit the economic risk of security holdings in the Company over unvested entitlements under any equity-based remuneration schemes.

## 11. Explanation of terms

For the purposes of this policy:

- (1) **deal in securities** means buy or sell shares, options or other securities in the Company, or enter into transactions in relation to shares, options or other securities in the Company. It includes procuring another person to do any of these things; and
- (2) **price sensitive information** means information that, if made public, would be likely to have a significant effect on the price of the company's securities..

For the purposes of paragraphs 5 and 6, "dealing" includes associates of directors or executives dealing in securities, and it is incumbent on each director and executive to ensure that an associate does not deal in circumstances where the dealing could be attributed to the director or executive concerned.

## 12. Penalties

A trade in any securities by a person who is in possession of price sensitive information not publicly available could contravene the *Corporations Act 2001* and expose the person to civil and criminal penalties.

A contravention of this policy by an executive may result in summary dismissal.

## **The Schedule – Executives to whom this policy applies**

Managing Director

Company Secretary

Chief Financial Officer

Financial Controller

Buyers

Property Manager

General Managers

National Retail Manager

Accountant

Business Managers