



SUPER CHEAP AUTO GROUP LIMITED

CORPORATE GOVERNANCE  
PRACTICES

Release 1  
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## Corporate Governance

Super Cheap Auto Group Limited (**Super Cheap Auto**) is committed to best practice in the area of corporate governance. This statement provides an outline of the main corporate governance practices undertaken by Super Cheap Auto and its controlled entities (**Group**).

### (a) The Board of Directors - Role of the Board

The board of directors is responsible for the overall corporate governance of Super Cheap Auto and Group members. The board recognises the need for the highest standards of behaviour and accountability. The board of Super Cheap Auto has final responsibility for the management of the company's business and affairs. This responsibility is addressed by the board:

- approving Super Cheap Auto's goals and strategic direction;
- monitoring financial performance, including adopting annual budgets and approving Super Cheap Auto's financial statements;
- ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;
- selecting the Managing Director and reviewing the performance of senior management; and
- ensuring significant business risks are identified and appropriately managed.

The board operates under a written charter ([Board Charter](#)) that identifies the functions reserved to the board. Management of the day-to-day operations of Super Cheap Auto vests in the Managing Director who, together with the executive team, is accountable to the board.

### (b) Composition of the Board

The constitution of the Company provides that the number of Directors is to be not less than three nor more than eight. The board is currently comprised of five directors, four of whom (including the Chairman) hold their positions in a non executive capacity.

The composition of the board is subject to review in the following ways:

- Super Cheap Auto's constitution provides that at every annual general meeting, one third or the nearest third of the directors and any other Director who has held office for three years or more since last being elected (excluding the Managing Director), are to retire from office. Each retiring director under the constitution is eligible for re-election.
- The board has established a Board Nomination and Remuneration Committee with a formal charter. The Board Nomination and Remuneration Committee is (among other things) charged with responsibility for periodically reviewing the size and composition of the board to ensure that it is structured to make decisions expediently with a variety of perspectives and skills in the best interests of the company as a whole. This committee undertakes an annual assessment of the effectiveness of the board as a whole, and, also undertakes a review of the performance of each director who retires from office and seeks to re-nominate for a board position.

**(c) Independence**

As stated there are five directors, three of whom are independent non-executive directors (including the Chairman). The predominance of independent non-executive directors clearly separates the board from Super Cheap Auto's executive management and enshrines board independence. This structure also provides Super Cheap Auto with the benefit of a diverse range of experience, qualifications and professional skills.

The board has adopted the independence definition suggested by the ASX Corporate Governance Council and as such three of Super Cheap Auto's directors (namely Mr Dick McIlwain, Mr Darryl McDonough and Mr Robert Wright) are considered to be independent by reference to that definition.

The board (and each individual director) is entitled to seek independent professional advice at Super Cheap Auto's expense (subject to the reasonableness of the costs and board consent) in the conduct of their duties for the Super Cheap Auto Group.

**(d) Board Committees**

The board has established two committees (which both operate pursuant to written charters), namely the:

- Board Nomination and Remuneration Committee (see [Board Nomination and Remuneration Committee Charter](#)) and
- Audit and Risk Committee (see [Audit and Risk Committee Charter](#)).

These board committees support the full board and essentially act in a review and advisory capacity in matters that require a more intensive review. Other board committees may be established from time to time to address matters of special importance. An outline of the activities of Super Cheap Auto's committees is set out below.

**(i) Board Nomination and Remuneration Committee**

This committee must have at least three members, the majority being independent directors. The main functions of the committee are to:

- ♦ assist the board in ensuring that it is comprised of directors with the appropriate mix of skills, experiences and competencies to discharge its mandate effectively;
- ♦ establish procedures for the selection and recommendation of candidates suitable for appointment to the board;
- ♦ ensure that Super Cheap Auto has in place appropriate remuneration policies designed to meet the needs of Super Cheap Auto and to enhance corporate and individual performance;
- ♦ reviews the succession planning for the board and senior management and reports to the board on such issues.

**(ii) Audit and Risk Committee**

This committee must have at least three members all of whom must be non executive directors (the majority being independent directors). The chairman of this committee must not be the Chairman of Super Cheap Auto. All members must be financially literate, at least one member must have financial expertise (ie.

is a qualified accountant or other financial professional with expertise of financial and accounting matters) and some members must have an understanding of the industry in which Super Cheap Auto operates.

This committee provides ongoing assurance in the areas of:

- ◆ financial administration and reporting;
- ◆ audit control and independence;
- ◆ legal compliance;
- ◆ applying accounting policies;
- ◆ internal controls; and
- ◆ risks oversight and management.

The primary role of this committee is to assist the board in:

- ◆ verifying and safeguarding the integrity of Super Cheap Auto's financial reporting;
- ◆ establishing a sound system of risk oversight and management, and, internal control; and
- ◆ establishing a sound system of compliance with laws and regulations, internal compliance guidelines, policies, procedures and control systems and prescribed internal standards of behaviour.

**(e) Ethical Standards – Code of Conduct**

The board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly the board has adopted a formal [code of conduct](#) to be followed by all employees and officers. The key aspects of this code are:

- to act with honesty, integrity and fairness;
- to act in accordance with the law;
- to use company resources and property appropriately.

**(f) Dealing in Shares**

Super Cheap Auto has a formal written policy for directors and officers with respect to trading in the Company's securities ("Trading Policy"). Directors and senior management (and their associates) are prohibited from engaging in short-term trading of Company securities.

The policy also restricts the selling of Company securities to three "window" periods (between 24 hours and 30 working days following the release of the annual results, the release of the half-yearly results and the close of the annual general meeting) and such other times as the Board permits. In addition, directors and senior management must notify the Chairman before they buy or sell Company securities and confirm once the transaction is complete.

In all instances buying or selling Super Cheap Auto shares is not permitted at any time by any person who possesses price sensitive information not available to the market.

**(g) Information disclosure**

Super Cheap Auto has in place a written policy (Continuous Disclosure Policy) with respect to its continuous disclosure obligations and procedures.

The aim of the policy is to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.