



SUPER CHEAP AUTO GROUP LIMITED

## BOARD CHARTER

Approved by the Board of Super Cheap Auto Group Limited on 21 June 2004



## SUPER CHEAP AUTO GROUP LIMITED

### BOARD CHARTER

#### 1. Introduction

The Board of Directors (**Board**), working with senior management, is responsible to shareholders for the overall management of the Company's business and affairs. The Directors' overriding objective is to increase shareholder value within an appropriate framework which protects the rights and interests of company shareholders and ensures the Company and its controlled entities (**Group**) are properly managed.

The Board delegates responsibility for day-to-day management of the Company to the Managing Director.

#### 2. Role and Powers

The Board of Super Cheap Auto Group is responsible for:

- Contributing to approving the Company's goals and strategic direction and monitor implementation of those goals and strategies;
- monitoring the financial performance of the Company including adopting annual budgets and approving the Company's financial statements;
- approving and monitoring the progress of capital expenditure capital management acquisitions and divestitures;
- ensuring that adequate systems of internal compliance and control exist and are appropriately monitored for compliance;
- appointing and removing the Managing Director and ratifying the appointment or removal of the Chief Financial Officer and Company Secretary and reviewing the performance of senior management;
- ensuring significant business risks are identified and appropriately managed and review the systems of risk management at least annually;
- reviewing and ratifying codes of conduct and legal compliance; and
- disclosure of information to shareholders, the Australian Stock Exchange Limited and Australian Securities & Investments Commission.

In performing these responsibilities the Board should at all times:

- act in a manner designed to create and continue to build value for shareholders; and
- act in accordance with the law.

The Board's powers include the ability to:

- appoint new Directors to the Board in accordance with the Constitution;
- initiate and adopt corporate plans, commitments and actions;
- initiate and adopt changes in accounting principles and practices;
- provide advice and counsel to the Managing Director;
- instruct and review the actions of any Board Committee and of the Managing Director;
- make recommendations to shareholders;
- meet from time to time in the absence of management;
- require the attendance of the Company's auditor either with or without management being present;
- act as to all other corporate matters not requiring shareholder approval;
- determine the dividend policy and declare dividends to shareholders;
- issue or buy-back of shares.

The Board may delegate to its Committees or a Director or another person, authority to perform any of its functions or exercise any of its powers subject to the Board's ultimate responsibility for oversight.

### **3. Board Membership**

The Chairman of the Board is at all times to be a Non Executive Independent Director (see section 4 below). A majority of the Board should be independent Directors.

The Board is currently comprised of five Directors of whom:

- four hold their positions in a non executive capacity;
- three (namely, D McIlwain, D McDonough, R Wright) are considered to be independent (see section 4 below).

It is considered that the composition of the Board is such to clearly separate the Board from the executive management of the Company and to enshrine Board independence. The structure of the Board also provides the Company with the benefit of a diverse range of experience, qualifications and professional skills.

The Board's composition is subject to review in the following ways:

- The Company's constitution provides that at every Annual General Meeting, one third of the Directors 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 composition of the Board is reviewed annually by the Board Nomination and Remuneration Committee to ensure that it has available an appropriate mix of skills and experience to ensure the interests of shareholders are served.

Potential nominations to the Board are assessed by the Board Nomination and Remuneration Committee.

#### **4. Independence**

An Independent Director is a Non Executive Director who:

1. is not a shareholder of the Company holding more than five percent of the voting shares or an officer of, or otherwise associated directly with, a shareholder of the Company holding more than five percent;
2. within the last three years has not been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;
3. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the service provider;
4. is not a material supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
5. has no material contractual relationship with the Company or another Group member other than as a Director of the Company;
6. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
7. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

#### **5. Meetings**

The procedure for convening meetings of the Board and for the conduct of meetings are as specified in the Company's Constitution. Ad hoc Board meetings are convened to address Board issues when it is not practical to organise a full Board Meeting.

When a potential conflict of interest arises, the Director withdraws from the Board meeting while such matters are considered. If necessary, advice will be sought from the Group's external legal advisors in determining matter of conflict of interest.

#### **6. Board Committees**

The Board may from time to time establish Committees to assist it in carrying out its responsibilities. These Committees shall perform the activities specified in written Charters adopted by the Board for the particular Committee and such other matters as the Board may consider appropriate.

The Board has established the following Committees:

- Audit and Risk Committee;
- Board Nomination and Remuneration Committee.

## **7. Independent Professional Advice**

The Board (and each individual Director) is entitled to seek independent professional advice consistent with Corporate Governance Practices at the Company's expense (subject to the reasonableness of the costs and Board consent) in the conduct of its duties for the Company.

## **8. Assessment**

The Board shall undertake an annual performance evaluation of itself that:

- (a) compares the performance of the Board with the requirements of this Charter;
- (b) sets forth the goals and objectives of the Board for the upcoming year; and
- (c) effects any improvements to this Charter that are necessary or desirable.

This evaluation shall be conducted by the Board in any manner it deems fit and shall also consider the annual assessment of the effectiveness of the Board as conducted by the Board Nomination and Remuneration Committee.

## **9. Remuneration**

Both Executive and Non-Executive Director's remuneration is determined by the Board Nomination and Remuneration Committee and approved by the Board.

## **10. Role of Officers**

### **Managing Director**

The Managing Director will not also be the Chairman.

The Managing Director is responsible to the Board for the overall development of strategy, management and performance of the Company. The Managing Director manages the organisation in accordance with the strategy, business plans and policies approved by the Board to achieve the agreed goals.

## **Responsibilities of Managing Director and CFO**

Each of the Managing Director and CFO will state in writing to the Board that:

- (a) the Company's financial reports and accompanying notes represent a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- (b) the statement referred to in paragraph (a) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- (c) the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

## **Chairman**

The Chairman is an independent director appointed by the Board and will not also be the Managing Director. The Chairman is responsible for:

- (a) leadership of the Board;
- (b) chair Board meetings and shareholder meetings;
- (c) efficient organisation and conduct of the Board's function;
- (d) briefing all Directors in relation to issues arising at Board meetings;
- (e) facilitating effective contribution by all Directors;
- (f) overseeing that membership of the Board is skilled and appropriate for the Company's needs;
- (g) promoting constructive and respectful relations between Board members and between the Board and management;
- (h) reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board; and
- (i) monitoring Board performance.

## **Company Secretary**

The Board is supported by the Company Secretary who is accountable to the Board through the Chairman on all corporate governance matters. The Company Secretary is responsible for:

- (a) monitoring compliance with Board policy and procedures;
- (b) coordinating the completion and despatch of the Board agenda and briefing materials;
- (c) organising Board meetings and director attendance;
- (d) providing a point of reference for all dealings between Board and management; and
- (e) ensuring the Company complies with its requirements under the Corporations Act regarding registered office, annual returns and notices to be lodged with the Australian Securities and Investments Commission ("ASIC").

## **Communication with the Company's Management**

The Directors have the right to meet with any manager in the Company, however, the usual form of communication between the Directors and the Company's management would be via the Chairman and through the Managing Director.