



MACARTHURCOOK
A Member of AIMS Financial Group

CORPORATE GOVERNANCE POLICY

April 2011

VERSION HISTORY – RECORD OF CHANGES

15/05/02	Document Created
18/07/03	Updated on establishment of business
29/09/03	Preparing website and AR content and after Board approval of changes
13/01/04	Following acquisition of MCKFM
01/06/04	Change in Directors/Business Plan Overview
20/10/08	Change to Corporate Governance Principles and Recommendations
01/05/09	Updated to reflect ASX Corporate Governance Principles – 2 nd edition
27/04/11	Annual review of policy including changes to board and committee structures

CONTENTS

Subject	Page
What is Corporate Governance	4
Principles of Corporate Governance	4
Application of Policy	4
Application of Corporate Governance Recommendations to Group Entities	5
<i>Recommendation 1: Lay solid foundations for management and oversight</i>	5
<i>Recommendation 2: Structure the Board to add value</i>	6
<i>Recommendation 3: Promote ethical and responsible decision making</i>	7
<i>Recommendation 4: Safeguard integrity in financial reporting</i>	8
<i>Recommendation 5: make timely and balanced closure</i>	9
<i>Recommendation 6: Respect the rights of shareholders</i>	9
<i>Recommendation 7: Recognise and manage risk</i>	10
<i>Recommendation 8: Remunerate fairly and responsibly</i>	11

What is Corporate Governance?

Corporate governance is fundamentally concerned with:

- creating sustainable shareholder value while focusing upon the interests of other stakeholders in the Company, such as employees, clients and suppliers, and the community at large; and
- providing accountability and control systems for the Company's activities and for individuals which are commensurate with the risks involved.

Essentially, corporate governance provides the structure through which the Company's objectives are set, and the means of achieving these objectives and monitoring performance.

Principles of Corporate Governance

The ASX Corporate Governance Council has published Corporate Governance Principles and Recommendations (2nd edition) ("**Governance Recommendations**"), as suggestions to practices designed to optimise corporate performance and accountability. A summary of the Governance Recommendations is set out below.

If a company considers that a Governance Recommendation is inappropriate to its particular circumstances, it has the flexibility not to adopt it and explain why it is inappropriate.

ASX CORPORATE GOVERNANCE PRINCIPLES

- | | |
|---|--|
| 1. Lay solid foundations for management and oversight | 5. Make timely and balanced disclosure |
| 2. Structure the Board to add value | 6. Respect the rights of shareholders |
| 3. Promote ethical and responsible decision making | 7. Recognise and manage risk |
| 4. Safeguard integrity in financial reporting | 8. Remunerate fairly and responsibly |

Application of policy

This Corporate Governance Policy ("**Policy**") provides an outline of the way in which the Governance Recommendations are applied by the Group ("**Group**").

Application of Governance Recommendations to Group Entities

Recommendation 1. Lay solid foundations for management and oversight

1.1 Functions of Board and Senior Executives

Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The structure, roles and functions of the Board are set out in the Board Charter. The key principles underpinning the Board Charter are:

- The role of the Board is to provide strategic guidance for the relevant Group Entity and effective oversight of management.
- The roles and responsibilities of the Board and executive management are clearly defined and structured so as to facilitate accountability and segregation of responsibilities.

Directors are advised of these functions and their duties and responsibilities in their letters of appointment and induction material.

The responsibilities and accountabilities of senior executives are defined in position descriptions signed by the senior executive on or about commencement of employment.

1.2 Evaluating performance of senior executives

Companies should disclose the process for evaluating the performance of senior executives.

Senior executive accountabilities and performance are reviewed at least annually by the Chief Executive Officer against appropriate measures.

Upon commencement of employment, each employee, including senior executives, must undertake an induction programme to gain an understanding of the Group and their responsibilities and accountabilities in relation to those entities.

The HR Manager is responsible for ensuring that induction programmes are completed and for retaining evidence of this having occurred.

1.3 Reporting on Recommendation 1

Companies should report on compliance with Recommendation 1

The Corporate Governance Statement in the Annual Report of each Entity contains the following material:

- an explanation of any departure from Recommendations 1.1, 1.2 or 1.3; and whether a performance evaluation for senior executives has taken place.

A copy of the Board Charter is available on the MacarthurCook website: www.macarthurcook.com.au.

Recommendation 2. Structure the Board to add value

2.1 Independent Directors

A majority of the board should be independent directors.

An independent director is a director that:

- is not a substantial shareholder of a Group Entity;
- is not employed or has not been previously employed as an executive by any Group Entity for at least 3 years;
- has not, within the previous 3 years, been a principal of a material professional adviser or consultant to an Group Entity;
- is not a material supplier or customer of a Group Entity; or
- does not have a material contractual relationship with a Group Entity.

Based on the above criteria, each of the Group Entities has, and must retain, at least 50% independent directors.

The Board monitors the independence of each Director by requiring all Directors to confirm at the commencement of each Board meeting that they do not have any interests not previously disclosed. Minutes are kept of such confirmations and, where relevant, disclosures.

2.2 Independent Chair

The chair should be an independent director.

Based on the independence criteria in section 2.1, where possible, the chair of each Group Entity is an independent director. The confirmation of any interests not previously disclosed referred to in section 2.1 applies equally to the Chair. In some situations it is recognised it may not be appropriate or possible for an independent to be chair.

2.3 Roles of Chair and Chief Executive

The roles of chair and chief executive officer should not be exercised by the same individual.

Where possible, the roles of Chair and Chief Executive Officer for each Group Entity are not, and are not to be, held by the same individual.

2.4 Nomination Committee

The board should establish a nomination committee.

- Given the structure of the Group, the Board does not have a Nomination Committee. The roles and responsibilities related to the Nomination Committee will be undertaken by the Board itself on an annual basis.

2.5 Performance Evaluation Processes

Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

New Directors are provided with induction material and an induction programme to enable them to gain an understanding of the Group Entities and their roles and responsibilities.

Directors are provided with access to continuing education updates by the auditors, accountants and lawyers to the Group.

The Company Secretary is accountable to the Board on governance matters including Board policy and procedures.

2.6 Reporting on Recommendation 2

Companies should report on compliance with Recommendation 2

The Corporate Governance Statement in the Annual Report of each Group Entity contains the following material:

- the relevant skills, experience and expertise held by each Director;
- the names of the independent Directors and the materiality thresholds for independence;
- period that office has been held by each Director

Recommendation 3. Promote Ethical and responsible decision making

3.1 Code of Conduct

Companies should establish a code of conduct and disclose the code or a summary of the code.

The Group has a Code of Conduct policy. All Directors and staff must adhere to that Code of Conduct.

3.2 Share Trading Policy

Companies should establish a policy concerning trading in company securities by directors, executives and employees and disclose the policy or a summary of the policy.

The Group has a Share Trading Policy which applies to trading in the securities of any Group Entity. All Directors and staff must adhere to that Share Trading Policy.

3.3 Reporting on Recommendation 3

Companies should report on compliance with Recommendation 3

The Corporate Governance Statement in the Annual Report of each Group Entity contains an explanation of any departure from Recommendations 3.1, 3.2 or 3.3.

A copy of the Code of Conduct is disclosed on the MacarthurCook website: www.macarthurcook.com.au.

A copy of the Share Trading Policy is disclosed on the MacarthurCook website: www.macarthurcook.com.au

Recommendation 4. Safeguard integrity in financial reporting

4.1 Audit Committee

The board should establish an Audit Committee.

The Board has an Audit, Risk and Compliance Committee. The role and responsibilities, composition, structure, membership requirements and procedures for the Audit, Risk and Compliance Committee are set out in the Audit, Risk and Compliance Committee Charter.

The key responsibility of the Audit, Risk and Compliance Committee is to review the integrity of each Group Entity's financial reporting. This includes reviewing and advising the Board in relation to financial reports and having responsibility for assessing and advising the Board in relation to the independence and competence of the external auditor.

Day to day responsibility for the integrity of a Group Entity's financial reporting rests with the Chief Financial Officer, or equivalent, and Chief Executive Officer.

4.2 Structure of the Audit Committee

The audit committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent chair who is not chair of the board
- has at least 3 members.

The Audit, Risk and Compliance Committee currently consists of two independent, non-executive directors or members. At least one member of the Committee has accounting or related financial management expertise.

Due to the size of the organisation, it has been determined that two members is sufficient to fulfil the responsibilities under the Audit Committee charter. This structure will be reviewed should there be any changes to the size or nature of the business in compliance with ASIC guidelines.

4.3 Audit Committee Charter

The Audit Committee should have a formal charter.

The role and responsibilities, composition, structure, membership requirements and procedures for the Audit, Risk and Compliance Committee are set out in the Audit, Risk and Compliance Committee Charter.

4.4 Reporting on Recommendation 4

Companies should report on compliance with Recommendation 4.

The Corporate Governance Statement in the Annual Report of each Group Entity contains the following material:

- the names and qualifications of members of the Audit, Risk and Compliance Committee;

A copy of the Audit, Risk and Compliance Committee Charter is disclosed on the MacarthurCook website: www.macarthurcook.com.au.

Recommendation 5. Make timely and balanced disclosure

5.1 Disclosure Policies

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Group has a Continuous Disclosure Policy to ensure continuous disclosure and access to information for investors. All Directors and staff must adhere to that Continuous Disclosure Policy.

The general principle that underpins the Continuous Disclosure Policy is that once an Group Entity becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities, it must immediately advise the ASX of that information.

5.2 Reporting on Recommendation 5

Companies should report on compliance with Recommendation 5

The Corporate Governance Statement in the Annual Report of each Group Entity contains an explanation of any departures from the Governance Recommendations in Recommendation 5.

A copy of the Continuous Disclosure Policy is disclosed on the MacarthurCook website: www.macarthurcook.com.au.

Recommendation 6. Respect the rights of shareholders

6.1 Communications Policy

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.

The Group policy for communication with shareholders is set out in its Communications Policy. The aim of the Board is to ensure that investors are informed of all major developments affecting a Group Entity through:

- the annual report;
- disclosures made to the ASX and Singapore Stock Exchange in the form of market announcements and investor updates;
- notices and explanatory memoranda of AGMs and other shareholder meetings;
- shareholder and unitholder meetings;
- responses to enquiries from shareholders and unitholders; and
- occasional letters from the Chairman or the Managing Director to specifically inform shareholders or unitholders of key matters of interest.

6.2 Reporting on Recommendation 6

Companies should report on compliance with Recommendation 6

The Corporate Governance Statement in the Annual Report of each Group Entity contains an explanation of any departures from the Governance Recommendations in Recommendation 6.

The Group communicates with shareholders and unitholders through releases on the Australian Securities Exchange, direct correspondence and on the MacarthurCook website: www.macarthurcook.com.au.

Recommendation 7. Recognise and manage risk

7.1 Risk Management Policies

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

MacarthurCook has established procedures for:

- the oversight of risk management activities through the roles of the Board and the Audit, Risk and Compliance Committee; and
- a risk management framework and policy for the identification, management and monitoring of material business risks.

The Risk Management Framework and Policy forms a part of the Company's Policy Manual.

7.2 Risk Management Systems

The board should require management to design and implement the risk management and internal control system and disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Board has primary oversight of risk management policies and practices and has adopted an appropriate risk management framework and policy.

In accordance with its Charter, the Audit, Risk and Compliance Committee has more direct responsibility for overseeing the risk management framework and risk management practice.

7.3 Executive Risk Management Declaration

The board should disclose whether it has received assurance from the Chief Executive Officer and the Chief Financial Officer that the section 295A Corporations Act declaration 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 Chief Executive Officer and Chief Financial Officer, or equivalent, provide declarations under section 295A of the Corporations Act as part of the approval process for the half yearly and annual financial statements for each Group Entity.

7.4 Reporting on Recommendation 7

Companies should report on compliance with Recommendation 7

The Corporate Governance Statement in the Annual Report of each Group Entity contains:

- an explanation of any departures from the Governance Recommendations in Recommendation 7; and
- a statement whether the Board has received the assurance from the Chief Executive Officer and the Chief Financial Officer under Recommendation 7.3.

A copy of the Group's Risk Management Policy is disclosed on the MacarthurCook website: www.macarthurcook.com.au.

Recommendation 8. Remunerate fairly and responsibly

8.1 Remuneration Committee

The board should establish a remuneration committee.

Due to the structure and size of the Group, the Board does not have a Remuneration Committee. The roles and responsibilities of the Remuneration Committee are carried out by the Board in conjunction with Human Resources.

8.2 Remuneration Structure

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Executive remuneration comprises a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the circumstances and goals of the relevant Group Entity. Incentive pay includes equity based remuneration which is linked to performance objectives.

Non-executive Directors' remuneration comprises fees in the form of a Director's fee.. Non-executive Directors do not participate in profit share or bonus schemes designed for remuneration of executives.

8.3 Reporting on Recommendation 8

Companies should report on compliance with Recommendation 8

The Corporate Governance Statement in the Annual Report of each Group Entity may contain, if relevant, compliance with this recommendation.