

# **BOARD CHARTER.**

Bell Financial Group Ltd (ACN 083 194 763) (the "Company")

Dated 20 December 2010

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## 1 Purpose of this charter

The purpose of this charter is to specify how the Company is governed so as to promote the Company and protect the interests of shareholders.

The Board is responsible for the governance of the Company. This charter sets out the role and responsibilities of the Board, which responsibilities are delegated to committees of the Board or to management, as well as the membership and the operation of the Board.

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## 2 Role and responsibilities of the Board

### 2.1 Role

The role of the Board is to provide overall strategic guidance for the Company and effective oversight of management. The Board ensures that the activities of the Company comply with its constitution, from which the Board derives its authority to act, and with all legal and regulatory requirements.

To achieve this role, the Board has reserved to itself the following specific responsibilities.

### 2.2 Responsibilities

The Board is responsible for:

- a) oversight of the Company, including its control and accountability systems;
- b) appointing and removing the Managing Director (“MD”);
- c) developing and approving succession plans for the Board and key senior executives;
- d) input into and final approval of management’s development of corporate strategy and performance objectives;
- e) monitoring the senior executive team’s performance and implementation of strategy (both individually and collectively) and ensuring appropriate resources are available;
- f) reviewing, approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- g) reviewing and approving all financial and other reporting; and
- h) establishing, monitoring and regularly reviewing systems of internal compliance, risk management and control and systems of legal compliance that govern the operations of the Company and ensuring that they are operating effectively.

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## 3 Role and responsibilities of key personnel

### 3.1 Chairperson

The chairperson is an executive director appointed by the Board. His title is “**Executive Chairman**”.

The Executive Chairman is responsible for:

- a) leading the Board in reviewing and discussing Board matters;

- b) chairing Board meetings and shareholder meetings;
- c) ensuring the 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 and monitoring Board performance;
- f) overseeing that membership of the Board is skilled and appropriate for the Company's needs;
- g) promoting constructive 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;
- i) establishing and overseeing the implementation of policies and systems for Board performance review and renewal;
- j) working with the MD to develop a corporate strategy and key strategic initiatives;
- k) working with the MD to identify the "material business risks" faced by the Company; and
- l) ensuring that the Board is provided with information relevant to the Company's operations and strategies to assist the Board to discharge its duties.

### **3.2 Managing Director**

The Board has appointed a managing director. The MD is a member of the Board. The MD is responsible for:

- a) managing the day to day affairs of the Company;
- b) developing, in consultation with the Executive Chairman, the corporate strategy and key strategic initiatives;
- c) ensuring that the Executive Chairman is kept abreast of the material matters affecting the day to day operations of the Company;
- d) identifying strategic opportunities for the Company and developing these initiatives through liaison with the Executive Chairman;
- e) working with the Executive Chairman and relevant senior executives to identify the "material business risks" faced by the Company;
- f) leading the senior executive team in designing and implementing the risk management and internal control systems to manage the Company's material business risks;
- g) ensuring that all internal reporting systems established by the Board are complied with including:
  - (i) reporting to the Board as to whether the "material business risks" are being managed effectively; and
  - (ii) providing the declarations in accordance with section 295A of the Corporations Act.

### **3.3 Company Secretary**

The Company Secretary acts as secretary of the Board, attending all meetings of the Board as required. The Company Secretary is accountable to the Board through the chairperson on all corporate governance matters.

The Company Secretary is responsible for:

- a) organising Board meetings and director attendance;
- b) monitoring compliance with Board policy and procedures;
- c) coordinating the completion and despatch of the Board agenda and briefing materials;
- d) preparing minutes of meetings and resolutions of the Board and taking these to the chairperson for approval and circulation;
- e) circulating minutes from committee meetings to the Board; and
- f) 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.

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## **4 Delegations of authority**

### **4.1 Delegation to committees**

Under its constitution, the Board may delegate responsibility to committees to consider certain issues in further detail and then report back to and advise the Board.

Standing committees established by the Board will adopt charters setting out the authority, responsibilities, membership and operation of the committee. Having regard to the size of the Company, the Board has determined to establish two standing committees:

- Group Risk and Audit Committee; and
- Remuneration Committee.

The Company may establish other committees from time to time to consider other matters of special importance.

Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their proper functions. The chairperson of each committee will report back on committee meetings to the Board at the next full Board meeting.

### **4.2 Delegation to MD and management**

The Board has delegated to the MD the authority to manage the day-to-day affairs of the Company and the authority to control the affairs of the Company in relation to all matters other than those responsibilities expressly reserved to the Board and the Executive Chairman in this charter.

The MD has authority to sub-delegate to the senior executive team.

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## **5 Membership**

### **5.1 Composition and size**

The directors will determine the size of the Board, subject to the Company's constitution, which provides that there can be no less than three directors. The number of directors and the composition of the Board must at all times be appropriate to the Company to achieve efficient decision making.

The composition of the Board will aim to reflect the following:

- the number of non-executive directors should at least equal the number of executive directors; and
- there should be at least two independent directors.

The chairperson of the Board may be an executive officer but should not also be the Managing Director.

The Company will seek to have directors with an appropriate range of skills, experience and expertise and an understanding of and competence to deal with current and emerging issues of the business. The Board will:

- a) review the necessary and desirable competencies of directors at least annually; and
- b) ensure that succession plans are designed to maintain an appropriate balance of skills, experience and expertise on the Board.

### **5.2 Non-executive directors**

Non-executive directors should consider the benefit of conferring regularly without management present, including at scheduled sessions. Discussions at these meetings will be chaired by an independent director.

### **5.3 Nomination, appointment and re-election of directors**

The process of selection and appointment of new directors to the Board is that when a vacancy arises, the full Board identifies candidates with appropriate skills, experience and expertise. Candidates with the skills, experience and expertise that best complement the Board's effectiveness will be recommended to the Board. When the Board considers that a suitable candidate has been found, that person is appointed by the Board to fill a casual vacancy in accordance with the Company's constitution, but must stand for election by shareholders at the next annual general meeting.

Non-executive directors will be engaged by a letter of appointment setting out the terms and conditions of their appointment. Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

Directors must retire from office in accordance with the constitution. Retiring directors may be eligible for re-election. Before each annual general meeting, the chairperson of the Board will assess the performance of any director standing for re-election and the Board will determine their recommendation to shareholders on the re-election of the director (in the absence of the director involved).

The Board (excluding the chairperson), will conduct the review of the chairperson's performance annually.

### **5.4 Independence**

All directors - whether independent or not - should bring an independent judgment to bear on all Board decisions.

Where this charter refers to an independent director, the director is considered “independent” if the director is a non-executive director who is not a member of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment or be perceived to do so.

Amongst other things, a director who:

- (a) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) within the last three years has been employed in an executive capacity by the Company, or another group member, or has been a director after ceasing to hold any such employment;
- (c) within the last three years, has been a principal of a material professional adviser or material consultant to the Company or another group member or an employee materially associated with the service provided;
- (d) is 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; or
- (e) has a material contractual relationship with the Company or another group member other than as a director or shareholder of the Company,

will not be independent unless the Board is satisfied on reasonable grounds that the director is independent despite the existence of one or more of these circumstances.

The Board will regularly assess the independence of each director in light of the interests disclosed by them. Each independent director must provide the Board with all relevant information for this and keep such information up to date. The outcome of this assessment will be reflected in the corporate governance section of the annual report.

Any changes to a director’s independent status will be disclosed to the market in a timely fashion.

## **5.5 Conduct of individual directors**

Directors must at all times act in accordance with legal and statutory requirements, and discharge all their duties as directors. Directors must:

- a) discharge their duties in good faith and in the best interests of the Company and for a proper purpose;
- b) act with care and diligence, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a director of a major company;
- c) avoid conflicts of interest except in those circumstances permitted by the Corporations Act;
- d) not make improper use of information gained through their position as a director;
- e) not take improper advantage of their position as a director;
- f) notify other directors of a material personal interest when a conflict arises;

- g) make reasonable enquiries if relying on information or advice provided by others;
- h) undertake any necessary inquiries in respect of delegates;
- i) give the Company or ASX all the information required by the Corporations Act; and
- j) not permit the Company to engage in insolvent trading.

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## **6 Board process**

### **6.1 Meetings**

All Board meetings will be conducted in accordance with the Company's constitution and the Corporations Act.

Directors are committed to collective decision making, but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the directors. Individual directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.

Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.

All directors are generally expected to prepare adequately, attend and participate at each Board meeting. Non-executive directors will periodically meet without executive directors or management present.

The Board may request or invite management or external consultants to attend Board meetings, where necessary or desirable.

The Board may conduct meetings by telephone or video conference.

### **6.2 Independent professional advice**

Following consultation with the chairperson, directors may seek independent professional advice at the Company's expense. Generally, this advice will be available to all directors.

### **6.3 Access to management**

The directors have complete and open access to management following consultation with the MD.

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## **7 Review and publication of charter**

The Board is responsible for reviewing this charter and the division of functions and responsibilities in the Company to determine its appropriateness to the needs of the Company from time to time. The charter may be amended by resolution of the Board.

The charter is available on the Company's website and the key features are published in the annual report.

**Approved by the Board on 20 December 2010**