

# Board Charter

**PearlStreet Limited**

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Reference

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## 1 Purpose

This charter sets out the role and responsibilities of the Board of PearlStreet Limited (**PearlStreet**) within the governance structure of PearlStreet and its related bodies corporate (as defined in the *Corporations Act*) (the **Group**).

The conduct of the Board is governed by the constitution of PearlStreet and the *Corporations Act* and common law. In broad terms, the Board is accountable to the shareholders and must ensure that PearlStreet is properly managed to protect and enhance shareholders' wealth and other interests. This charter is only a summary of the matters reserved to the Board and should therefore only be used as a general guide.

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## 2 Composition of the Board

The Constitution of PearlStreet provides for a minimum of three directors and a maximum of seven directors.

Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent. Loss or gain of independence shall be disclosed to the Australian Stock Exchange Limited (**ASX**).

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## 3 Role of the Board

The Board is responsible for promoting the success of the Group in a way which ensures that the interests of shareholders and stakeholders are promoted and protected.

The Board may delegate some powers and functions to the Group Managing Director for the day-to-day management of the PearlStreet Group. Powers and functions not delegated remain with the Board.

The following are regarded as the key responsibilities and functions of the Board:

- to develop, review and monitor the Group's long-term business strategies and provide strategic direction to management;
- to ensure policies and procedures are in place to safeguard the Group's assets and business and to enable the Group to act ethically and prudently;
- to develop and promote a system of corporate governance which ensures the Group is properly managed and controlled;
- to identify the Group's principal risks and ensure that it has in place appropriate systems of risk management, internal control, reporting and compliance and that management is taking appropriate action to minimise those risks;
- to review and approve the Group's financial statements;
- to monitor management's performance and the Group's financial results on a regular basis;
- to appoint, ratify, appraise and determine the remuneration and benefits of the Group Managing Director;

- to delegate powers to the Group Managing Director as necessary to enable the day-to-day business of the Group to be carried on, and to regularly review those delegations;
- to ensure that the Group has in place appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations;
- to determine the appropriate capital management for the Group including share and loan capital and dividend payments; and
- to determine and regularly review an appropriate remuneration policy for employees of the Group.

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## 4 Terms of Office

All directors (except the Group Managing Director) are required by the Constitution of PearlStreet to submit themselves for re-election at the next AGM following his or her appointment. No director who is not the managing director may hold office without re-election beyond the third AGM following the meeting at which the director was last elected or re-elected.

Non-executive directors shall serve a maximum of [three] terms, unless their tenure is extended by the Board. Tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board. However, it is recognised that they hold the disadvantage of losing the contribution of directors who have developed over time an increasing insight into PearlStreet and its operations.

Before a director is nominated for re-election at a shareholders' meeting, the Chairman shall consult with the rest of the Board and review the director's performance before the Board endorses his or her re-nomination.

In light of the time commitment required by appointment to the Board, non-executive directors are asked to limit the number of other directorships for the duration of their appointment with PearlStreet. Non-executive directors are asked to provide the Board with details of other commitments and an indication of time involved. The Board will regularly review the time required of a non-executive director and make an assessment as to whether the directors are able to meet their commitment to PearlStreet.

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## 5 Selection of New Directors

Subject to the Constitution of PearlStreet, the Board shall decide on the recommendations of new directors.

In selecting new members for the Board, directors shall have regard to the appropriate range of qualifications and expertise needed by the Board as a whole. The directors shall endeavour to appoint individuals who will provide a mix of director characteristics and diverse experiences, perspectives and skills appropriate for PearlStreet.

New directors are provided with a letter of appointment which sets out the key terms and conditions of their appointment.

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## **6 Delegation to Committees**

The Board from time to time shall establish committees to streamline the discharge of its responsibilities. For each committee, the Board shall adopt a formal charter setting out the matters relevant to the composition, role, responsibilities and administration of such committee.

The Board has approved the Audit and Risk Committee Charter. The Committee will be established in early 2007.

Committee charters shall be reviewed on a regular basis by the relevant Committee and a report provided to the Board, if required, recommending any necessary or additional duties.

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## **7 Directors' Shareholdings**

All directors have agreed to disclose publicly their shareholdings and all changes thereof as required by the ASX Listing Rules. The disclosed interests in shares held by directors, their associates and their associated entities are the same as their economic interest.

Directors are subject to the Group's "Guidelines For Dealing in Securities" which provide that PearlStreet securities may generally not be bought or sold outside certain prescribed trading windows.

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## **8 Review of Charter**

The Board will, at least once per year, review this charter to ensure it remains consistent with the Board's objectives and responsibilities.