

PRO-PAC GROUP

Board charter

Adopted by resolution of the Board on [21 MARCH 2005]

1 Objective

- 1.1 The Board has adopted this Charter to establish an overall framework for the corporate governance and control of the Group. All Directors, individually and as a Board, are committed to acting in accordance with this Charter.

2 Composition of the Board

Board composition

- 2.1 As far as practicable, the Board should:
- 2.1.1 Comprise members with a broad range of experience, expertise, skills and contacts relevant to the Company and its business.
 - 2.1.2 Comprise a minimum of 3 and a maximum of 10 Directors.
 - 2.1.3 Have a majority of independent directors.
 - 2.1.4 An independent non-executive Chairman.

Chairman of the Board

- 2.2 The Chairman of the Board is responsible for:
- 2.2.1 Providing leadership to the Board; and
 - 2.2.2 Planning and conducting Board meetings ensuring that the Board has full information on which to base its decisions on the business of the meeting;
 - 2.2.3 Managing the periodic reviews of the performance of the Board;
 - 2.2.4 briefing of all directors in relation to issues at Board meetings; and
 - 2.2.5 facilitating the effective contribution of all directors and promote constructive and respectful relations between Board members and management.
- 2.3 The roles of the Chairman and Chief Executive Officer should not be exercised by the same individual.

Board policy on 'independence'

- 2.4 Independence is about whether a Director is independent of management and free of outside influences which could materially interfere with the independent and objective judgement of the Director.

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- 2.5 Generally, an independent Director will:
- 2.5.1 Be a non-executive Director;
 - 2.5.2 not be a substantial shareholder of the Company or an officer of or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
 - 2.5.3 not have, within the last three years, been employed in an executive capacity by the Company or another Group Company, or been a Director after ceasing to hold any such employment,
 - 2.5.4 not be a principal or employee of a professional advisor or consultant to a Group Company whose annual billings to the Group represent more than 5% of the advisor's or consultant's total annual billings or greater than 5% of the Company's annual (before tax) profit,
 - 2.5.5 not be a supplier or customer whose annual revenues from the Group represent more than 5% of the Company's annual (before tax) profit or more than 5% of the supplier's or customer's total annual revenue;
 - 2.5.6 not have a material contractual relationship with the Company or another Group Company other than as a Director;
 - 2.5.7 be 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; and
 - 2.5.8 not have 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.
- 2.6 The Board will periodically assess the Independence of each Director in the light of the interests disclosed by them, and each Director will provide the Board with all relevant information for this purpose. The Independence of Directors will be disclosed in the annual report.

Independence is distinct from conflicts of interest

- 2.7 A Director's independence is different to whether that Director has or could be perceived to have a conflict of interest. The Board considers that the concepts of 'independence' and 'conflicts' should be distinguished for the purposes of assessing the independence of a director.
- 2.8 Any determination regarding independence does not change a Director's obligations in relation to addressing conflicts of interest. The Board's policy conflicts is set out in section 8.

3 Role of the Board

- 3.1 The Board's role is to provide strategic guidance and effective oversight of the management of the Company. It is ultimately accountable to shareholders for the management and direction of management of the Company.
- 3.2 In carrying out its role and exercising its powers, the Board should:
- 3.2.1 Act in accordance with the letter and spirit of the law and the Company's constitution;
 - 3.2.2 Act honestly, fairly and with integrity in accordance with the Company's policies, codes of conduct and ethical and other standards and in a manner which will create and develop sustainable value for shareholders; and
 - 3.2.3 Have regard to the interests of the Company's shareholders, its employees, suppliers, customers, other stakeholders in the Company and the general community.

4 Responsibilities of the Board

- 4.1 In performing its role, the Board is responsible for the following.

Corporate Governance

- 4.1.1 The oversight of the Group, its business, activities, corporate governance and internal controls;
- 4.1.2 ensuring that the corporate governance principles and practices to which the Board adheres are appropriate for the Company and comply with the corporate governance obligations of the Listing Rules;
- 4.1.3 directing the affairs of the Company to generate wealth for Shareholders without the assumption of excessive risk;

Corporate strategy and performance

- 4.1.4 Approving the commercial, strategic and financial objectives of the Company and monitoring the implementation and achievement of those objectives;
- 4.1.5 Determining and approving dividends to be paid to shareholders;

Board composition and performance

- 4.1.6 Monitoring the composition of the Board itself including:
 - (a) ensuring that the Board is comprised of Directors whose respective skills are complementary and pertinent to the business of the Company;
 - (b) the appointment, retirement or removal of Directors and the succession of individual Board members;

4.1.7 Monitoring the performance of the Board, Board committees and individual directors including the Chairman;

4.1.8 Approving subject to shareholder approval the directors remuneration;

Executive

4.1.9 Selecting, monitoring and if appropriate removing the executives of the Company;

4.1.10 Ratifying the appointment and, where appropriate, the removal of the Company Secretary;

Risk management and internal control

4.1.11 Reviewing and overseeing the operation of systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and regulatory compliance;

4.1.12 Otherwise generally implementing and maintaining an appropriate control environment;

4.1.13 Establishing and overseeing Committees to consider such matters as the Board may consider appropriate including audit matters, finance and business risks, remuneration and nominations, and to establish a framework for the effective and efficient management of the Company and the Group;

Financial reporting and communications

4.1.14 Approving subject to shareholder approval, the appointment of an independent external auditor

4.1.15 Approving and monitoring financial and other reporting including half yearly and annual financial statements and other published financial information;

4.1.16 ensuring that accurate and reliable information about the Company's operations is produced and regularly made available to Shareholders.

5 Board meetings

Full Board

5.1 The Board will meet as often as they consider necessary in order to carry out their duties and responsibilities and as required by the business of the Group. Under normal circumstances, the Board should meet once every two months.

Meetings of non-executive Directors

5.2 Under normal circumstances, non-executive Directors will meet together without the presence of executive directors each financial year to discuss the executive management of the Company.

Board papers and minutes

- 5.3 Papers for Board and Committee meetings should be circulated, if practical, at least five days before the relevant meeting.
- 5.4 Draft minutes of Board and Committee meetings (for consideration and approval at the next relevant meeting) should be circulated within 21 days following each meeting.

Confidentiality

- 5.5 All proceedings of the Board including papers submitted and presentations made to the Board must be kept confidential and not disclosed or released to any person other than Board members except as required by law or as agreed by the Board.

The CEO

- 5.6 The CEO is appointed by the Board.
- 5.7 The CEO is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board.
- 5.8 The CEO's responsibilities include:
 - 5.8.1 developing with the Board, a consensus for the Company's vision and direction;
 - 5.8.2 constructing, with the Company's management team, programs to implement this vision;
 - 5.8.3 negotiating the terms and conditions of appointment of senior executives for Board approval;
 - 5.8.4 appointing the senior management team;
 - 5.8.5 endorsing the terms and conditions of appointment of all other staff members;
 - 5.8.6 providing strong leadership to, and effective management of, the Company in order to:
 - 5.8.7 encourage co-operation and teamwork;
 - 5.8.8 build and maintain staff morale at a high level; and
 - 5.8.9 build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
 - 5.8.10 ensuring a safe workplace for all personnel;
 - 5.8.11 ensuring a culture of compliance generally, and specifically in relation to environmental matters;
 - 5.8.12 carrying out the day-to-day management of the Company;
 - 5.8.13 forming other committees and working parties from time to time to assist in the orderly conduct and operation of the Company;

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- 5.8.14 keeping the Board informed, at an appropriate level, of all the activities of the Company; and
 - 5.8.15 ensuring that all personnel act with the highest degree of ethics and probity.
- 5.9 The CEO is formally delegated by the Board to authorise all expenditures as approved in the budget, subject to:
- 5.9.1 all CEO remuneration, outside of normal monthly remuneration, must be authorised by the Chairperson;
 - 5.9.2 all business related expenses paid to the CEO must be authorised or ratified by the Chairperson.

6 Company secretary

- 6.1 The Company Secretary is accountable to the Board, through the Chairman, for:
- 6.1.1 Monitoring the Company's compliance in respect of all corporate governance matters, including the implementation of this Charter;
 - 6.1.2 Drafting and circulating the minutes of meetings of the Board and all Committees for approval at the next meeting;
 - 6.1.3 Monitoring the Company's compliance with all disclosure obligations and regularly reviewing Company policies and procedures relating to compliance with such disclosure obligations.

7 CEO & CFO Assurances

- 7.1 It is the responsibility of both the CEO (or equivalent) and the CFO (or equivalent) to provide written assurances to the board that in all material respects:
- 7.1.1 the financial reports submitted to the board present a true and fair view of the company's financial condition and operational results,
 - 7.1.2 the company's risk management and internal compliance and control system is operating efficiently and effectively and
 - 7.1.3 the statement in [clause 7.1.1] is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

8 Conflict of interest

- 8.1 Directors are responsible for disclosing to the Board any interest that could potentially conflict with those of the Company.
- 8.2 Whenever there is an actual or potential conflict of interest or material personal interest:

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- 8.2.1 The interest must be fully disclosed and the disclosure recorded in the register of directors' interests and in the Board minutes;
- 8.2.2 The relevant director must:
- (a) not receive any part of the Board papers or other documents in which there is any reference to the matter;
 - (b) be excluded from all considerations of the matter by the Board and not be present at any meeting whilst the matter is considered; and
 - (c) not participate in any decision on the matter.

9 Review of performance of the Board

- 9.1 The Board will review its processes and its performance annually to satisfy itself that it is performing to maximum efficiency and that there has been no exposure of Board members to any legal liability (such as negligence).
- 9.2 Before the end of each financial year, the Board will undertake a self assessment which will be co-ordinated by the chairperson. Participation in the assessment of Board performance will also be extended to the members of the Company's senior management, so as to :
- 9.2.1 review the performance of the Board and the Chairman;
 - 9.2.2 review the role of the Board;
 - 9.2.3 review the composition of the Board; and
 - 9.2.4 provide constructive criticism and suggestions to assist the Board in the more efficient and effective performance of its duties and the operation of the business of the Company.

10 Training and access to independent advice

Training

- 10.1 Directors and Company Secretaries should be provided with:
- 10.1.1 proper information in relation to the Company and the Group before accepting appointment.
 - 10.1.2 reasonable access to continuing education in relation to the Group extending to its business, the industry in which it operates, and generally information required by them to discharge the responsibilities of their office.

Independent advice for directors

- 10.2 The Board collectively and each director is entitled to obtain professional advice independent of management or the advisers of the Company at the Company's cost conditional upon the chairman's prior approval, which must not be unreasonably withheld.
- 10.3 Any such advice should be made available to all Board members as appropriate.

11 Board Committees

Establishment

- 11.1 The Board may establish such committees from time to time as it determines to assist it in carrying out its responsibilities under a separate charter setting out its role, responsibilities, authority, powers and composition.

Administration

- 11.2 Unless otherwise resolved by the Board, each committee will operate under the following rules:
- 11.2.1 The Company secretary will be the secretary of the committee, unless otherwise determined by the committee and keep a record of the proceedings and resolutions of committee meetings;
 - 11.2.2 The quorum required for the transaction of business will be two members;
 - 11.2.3 The committee will meet at least 4 times per year and at such other times as requested by any member of the committee;
 - 11.2.4 Not less than 5 business days notice of the meeting must be given to committee members setting out the agenda for the meeting and such relevant information necessary for a considered discussion of the matters to be considered;
 - 11.2.5 Minutes must be given to all members of the committee for approval and the approved minutes circulated to the Board as part of the Board papers of the next Board meeting.

12 Ethical and responsible decision making

- 12.1 All Directors will be required to comply with the Code of Conduct in the exercise of their duties.

13 Dealings in securities

- 13.1 The Board will adopt a policy with respect to dealings in securities by Directors, executives and all employees and comply with that policy.

14 Business risks

- 14.1 The Board has ultimate responsibility for the maintenance of the strategy of the Company which includes the identification of significant business risks.
- 14.2 The Board must consider any issues raised in a report by the Audit Committee as specific agenda items and direct management to undertake any action necessary to mitigate risk as soon as practicable. Any action proposed to be taken by, or policy proposed to be adopted by, management to mitigate an identified risk must be notified to and approved by the Audit Committee.

15 Shareholders

- 15.1 The Board aims to ensure that Shareholders are informed of all major developments affecting the Group's state of affairs. It has adopted an External Communications Policy which it will comply with.
- 15.2 Directors must recognise that their primary responsibility is to the Shareholders as a whole but that they should, where appropriate, have regard for the interests of all stakeholders to the Company. The Board is accountable not only to Shareholders, but to other third parties, including creditors, regulators and the community.
- 15.3 The Company recognises that it must function within, and operate with a sense of responsibility to, the broader community as well as to Shareholders, employees and other direct stakeholders in the Company. As a matter of ethics, good business sense and commercial practice, the Company seeks to contribute positively to the general community and to obtain feedback on its activities in this regard.