

## Corporate Governance Policy

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- This policy sets out the function and composition of the Tel.Pacific Board
  - The policy also addresses the functions of key Committees established by the Board
    - Audit and Risk Committee
    - Remuneration and Nomination Committee
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### Board Functions

The functions of the Board include:

- Setting the direction, strategies and financial objectives for Tel.Pacific.
- Overseeing and monitoring organisational performance against these goals and objectives.
- Reviewing the resources available to meet these goals and objectives.
- Assessing the risk management framework for the the Company, to ensure appropriate control, monitoring and reporting mechanisms are in place.
- Monitoring financial performance and capital management.
- Enhancing and protecting the reputation of the Company.
- Appointing and assessing the performance of the managing director; and working with the managing director to appoint and assess other critical senior executives.
- Communicating with and protecting the rights and interests of all shareholders and other stakeholders.

### Board Composition

The composition of the Board is subject to shareholder approval. All nominations for appointment to the Board are reviewed by the current Board.

The Board may comprise of not less than three and not more than ten directors. It is currently comprised of three independent non-executive directors, and three executive directors, with the chairman elected from the independent non-executive directors.

At each annual general meeting, one third of the Board will retire and, if those directors so choose, may offer themselves for re-election.

### Remuneration

The total pool available of the Board's remuneration is determined by the Shareholders in General Meeting. The specific terms and conditions for remuneration relating to the appointment and retirement of Board members are approved by the Board, within the agreed remuneration pool.

### **Resources available to directors**

Non-executive directors have the right to seek independent professional advice in the furtherance of their duties as directors of the Company at the Company's expense. The Chairman's prior approval of such expenditure is required.

### **Committees**

The Board has established Committees to assist in the execution of its duties and to allow detailed consideration of complex issues. In addition, the Board may from time to time create *ad hoc* committees to deal with specific issues with appropriate membership able to address those particular issues. All matters determined by Committees are submitted to the Board as recommendations for Board decision.

The two standing committees are the Audit and Risk Committee, and the Remuneration and Nomination Committee – the functions of each are set out in more detail below.

### **Shareholder Communications**

The Board aims to keep shareholders informed of all major developments affecting the Company's activities and its state of affairs through announcements to the Australian Stock Exchange, releases to the media and dispatch of financial reports. All such announcements are also placed on the Company's website at [www.telpacific.com.au](http://www.telpacific.com.au).

### **Ethical Standards and Business Conduct**

The Company actively promotes a set of values designed to assist all personnel in their dealings with each other, competitors, customers and the community.

### **Political Contributions**

The Company does not contribute any funds to political parties.

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## **Audit and Risk Committee**

The main responsibilities of the Audit and Risk Committee include:

- Reviewing the effectiveness of the internal control environment.
- Prudent identification and management of financial and other business risks.
- Application of accounting policies to the Company's financial reports and statements, and monitoring the integrity of the financial information provided to shareholders, regulators and the general public.
- Maintenance of an effective and efficient audit.
- Appointment, compensation and oversight of the external Auditor, and ensuring that the external Auditor meets the required standards for Auditor independence.

The Company's Audit and Risk Committee is comprised of a minimum of two directors, both of whom must be independent, non-executive directors, with the chair of the Committee selected from those directors (however, the chairman of the Board may not be elected to the chair of the Audit and Risk Committee).

The Audit and Risk Committee members have direct access to the Company's external Auditors and have the authority to seek any information they require to carry out their duties from any officer or employee of the Company.

## **Meetings and Attendance**

The Audit and Risk Committee meets a minimum of four times each year to consider the Company's annual budget and strategic plan review, half-year financial results and full-year financial results, as well as to review overall risk management for the Company.

Tel.Pacific's Chief Executive Officer and Chief Financial Officer are required to attend all Audit and Risk Committee meetings, with other attendees invited at the request of the committee members.

The Company's external Auditors are invited to attend at least two Audit and Risk Committee meetings each year, and the Chairman of the Audit and Risk Committee meets at least annually with the external Auditors without the presence of management.

The Company Secretary of the Company acts as Secretary of the Audit and Risk Committee.

## **Financial Reporting**

The Audit and Risk Committee:

- reviews half yearly and yearly financial reports and statements with management and the external Auditor
- reviews with management and its external Auditors, the results of the external audit and any significant issues identified
- reviews any accounting policy changes with management and the external Auditor
- makes recommendations to the board on significant accounting and financial policy
- reviews representation letters from the CEO and the CFO.

## **Risk Management Internal Audit and Internal Control**

The Audit and Risk Committee:

- reviews the framework for identifying, monitoring and managing significant business risks
- reviews annual audit plans and activities for the internal audit function
- monitors management's response to reviews and recommendations for the internal auditors regarding internal control systems and procedures
- obtains regular updates from management regarding compliance matters in relation to the Company's compliance with significant statutory requirements, and considers the findings of any examinations by regulatory bodies
- reviews the adequacy of resources and governance arrangements of the internal audit function.

## **Insurance**

The Audit and Risk Committee is responsible for reviewing the Company's insurance arrangements at least annually having regard to the Group's business and the insurable risks associated with the Group's business.

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## **Remuneration and Nomination Committee**

The primary functions of the Nomination and Remuneration Committee include:

- setting Director competence standards, reviewing Board succession plans, evaluating the Board performance and making recommendations for the appointment and removal of directors to the Board
- making recommendations to the Board on:
  - executive remuneration and incentive policies, and remuneration packages of senior management and of Directors
  - recruitment, retention and termination policies for senior management
  - incentive schemes

## **Nomination and Remuneration Committee Composition**

The Tel.Pacific Nomination and Remuneration Committee is comprised of a minimum of two directors, both of whom must be independent, non-executive directors.

The Chairman of the Nomination and Remuneration Committee is an independent Director selected by the Board.