



# **CORPORATE GOVERNANCE POLICIES**

**31 July 2015**

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### CODE OF CONDUCT

#### 1. Introduction

Cirrus Networks Holdings Limited's ('Cirrus' or the 'Company') Code of Conduct (**Code**) aims to develop a consistent understanding of, and approach to, the desired standards of conduct and behaviour of the directors, officers, employees and contractors (collectively, the **Employees**) of Cirrus in carrying out their roles for the Company. Through this Code, Cirrus seeks to encourage and develop a culture of professionalism, honesty and responsibility in order to maintain and enhance our reputation as a valued employer, business operator and "corporate citizen".

#### 2. The Code

Compliance with and Respect for the Law involves the following:

- Employees must respect the law and act accordingly by observing and respecting the relevant laws, customs and business methods in the environment in which we operate. Respect for the law is a primary principle of our Code. Related to this, it is acknowledged that security clearances for key staff will be obtained upon acceptance of an offer of employment or engagement to that person that states that a clean security clearance is a condition of employment or engagement (as the case may be). The same applies to the appointment of any person as a director of the Company or any of its subsidiaries.
- If an Employee has concerns or queries about specific legal issues connected with the Company then they should, where appropriate, discuss those issues with their Manager or the Company Secretary in the first instance. Where necessary, legal advice should be sought before any decision is made in relation to the issue.
- All Employees shall have access to, and must understand, relevant operating rules and regulations in appropriate procedure manuals or policies. This is to ensure that Employees are aware of their own legal responsibilities and the obligations of Cirrus in general.

#### 3. Professional Conduct

Employees have a responsibility to maintain high levels of professional conduct. Each Employee should conduct their professional dealings with all people in an honest and fair manner, with integrity and respect. This should involve, as a minimum:

- Acting within applicable laws, particularly those that deal with matters covered by this Code, including equal opportunity and anti-discrimination laws;
- Acting with courtesy;
- Acting with fairness and respect in supervision;
- Encouraging cooperation;
- Fostering an environment where rational debate is encouraged, with a view to achieving shared goals;
- Avoiding behaviour that might reasonably be perceived as bullying or intimidation;
- Understanding and responding to the needs of Cirrus' broader stakeholders, including the community at large.

#### 4. Occupational Health and Safety

- The Company is committed to providing a safe and healthy workplace, and to developing, maintaining and promoting safe and productive work practices in all aspects of its business. The

Company is committed to complying with all occupational health and safety laws and regulations governing its activities.

- The Company must take into account the impact of health and safety issues when making business decisions and must ensure that business decisions do not compromise our commitment to avoiding injury to people.
- The Company's Safety and Health Policy is available from the Company Secretary.

### 5. Disclosure of Company Information

- The Company is legally obliged to inform the Australian Stock Exchange (ASX), on a continuous basis, of any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's shares.
- The Company has a formal continuous disclosure policy which is available under the Corporate Governance section on the Company's website.
- The Company Secretary makes disclosure in accordance with relevant obligations and must be alerted to developments that may call for disclosure.

### 6. Insider Information

- Cirrus has a formal Securities Trading Policy that is available under the Corporate Governance section of its website. This policy may place additional restrictions on certain Employees on top of the basic legal requirements discussed below. If an Employee has any queries in relation to trading in Cirrus shares they should contact the Company Secretary prior to trading.
- Laws against insider trading in Australia make it illegal to deal in shares of a company while in possession of material information about the company which has not become public.
- If Employees are in possession of information concerning the Company that is not generally available, and which a reasonable person would expect to have a material effect on the Company's share price, it is unlawful for them to buy, sell or otherwise deal in the Company's shares or to pass the information to someone you know may use the information to buy or sell the Company's shares.
- A person does not need to be an Employee of the Company to be guilty of insider trading. The prohibition extends to dealings by Employees through nominees, agents or associates, such as family members, family trusts and family companies.
- It does not matter how or where the person obtains the information. It does not have to be obtained from the Company to constitute inside information. There are very serious penalties, including possible imprisonment, for violation of these laws.

### 7. Financial controls and records

- Accounting and financial records must be maintained which accurately reflect all Company transactions. There shall be no cash funds, bank accounts, investments or other assets which are not recorded or are inadequately recorded in the Company's accounting records.
- Accounting and financial records must be adequately protected from destruction or tampering. Questions relating to accounting and financial records should be referred to the Chief Financial Officer. The accounting and financial records must also be retained for a sufficient period of time to meet legal requirements.

### 8. Confidential/Private Information

- Unless previously published, the Company's records, reports, papers, processes, plans and methods are proprietary and confidential. Employees should not reveal information concerning such matters without proper authorisation.
- The Company records may include personal information. Personal information is information or an opinion about an individual whose identity is apparent can be ascertained from the information or opinion. During the course of its activities, the Company may collect, hold and use personal information about suppliers of goods and services, customers, contractors and prospective and current Employees.
- Any personal information must be managed in a professional and ethical manner and is not to be used for any purpose or disclosed outside the Company without the permission of the individual concerned, unless authorised or required by law.

### 9. Efficiency in employment

Employees must carry out their roles in a cost effective and responsible manner. This includes:

- Using the Company's property and equipment only for authorised Company business;
- Avoiding waste of the Company's property and resources; and
- Maintaining adequate security over the Company's property and resources.

### 10. Compliance with code

- The Code is a public document and, as a result, adherence to the Code is fundamental to the Company's reputation in the business community. The Company views breaches of the Code by Employees as serious misconduct.
- All Employees who are aware of any breaches of this Code must report the matter immediately to their Manager or the Company Secretary. He or she then has the responsibility to report the matter to the Managing Director and advise you of actions that have been taken in a timely manner.
- Any Employee who reports in good faith a breach or suspected breach of this Code will not be subject to retaliation or retribution or other recriminations for making that report.
- Employees who breach the policies outlined in the Code may be subject to disciplinary action including, in the case of serious breaches, dismissal. If the situation involves a violation of law, the matter may also be referred to the appropriate law enforcement agency for consideration.

**BOARD CHARTER****1. INTRODUCTION**

In carrying out its responsibilities and exercising its powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the shareholders of Cirrus Resources Limited (“Cirrus” or “the Company”), as well as its employees, customers, and the community.

**2. PURPOSE AND ROLE**

The Board is responsible for:

- Charting the direction, strategies and financial objectives of the Company and ensuring appropriate resources are available;
- Evaluating the performance of non-executive Directors, and determining the size and composition of the Board as well as recommending to shareholders the appointment and removal of directors;
- Evaluation the performance of and selecting the Managing Director;
- Reviewing on a regular and continuing basis:
  - a) Executive succession planning (in particular for the Managing Director); and
  - b) Executive development activities;
- Setting non-executive Directors remuneration in accordance with shareholder approved limits, and the remuneration and conditions of service of the Managing Director and those executives reporting directly to the Managing Director;
- Monitoring the implementation of those policies and strategies and the achievement of those financial objectives and performance against the strategic plan and budgets;
- Monitoring compliance with control and accountability systems, significant disclosures to the market regulatory requirements and ethical standards;
- Ensuring the preparation of accurate financial reports and statements;
- Reporting to shareholders and the investment community on the performance and state of the Company;
- Ensuring that appropriate audit arrangements are in place;
- Ensuring that effective and appropriate systems are in place to assure the Board that, financial, operational, safety, compliance and risk management controls and functions are adequate; and
- Considering the health, social, safety, ethical and environmental impacts of the Company’s activities and ensuring appropriate policies and practices are in place.

In performing the responsibilities set out above, the Board acts at all times:

- In a manner designed to create and build sustainable value for shareholders; and
- In accordance with the duties and obligations imposed upon them by the Company’s Constitution and by law.

**3. POWERS**

In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

- Appointing and removing the Managing Director and determining their terms and conditions of employment (including remuneration);

- Authorising borrowings and the granting of security over the Company or any of its assets other than in the ordinary course of business;
- Any matters in excess of discretions that, from time to time, it may have delegated to the Managing Director and senior management (for instance, in relation to capital expenditure);
- Approving each of the following, on the recommendation of the Managing Director where appropriate:
  - a) The strategic plan, at least annually;
  - b) The budget, at least annually;
  - c) The appointment and, where appropriate, the removal of the General Manager Finance, Company Secretary, and other senior executives reporting to the Managing Director;
  - d) The remuneration and conditions of service, including financial incentives, for the Company Secretary, and other senior executives reporting to the Managing Director;
  - e) Significant changes to organisational structure and appointment of such senior executives as the Board may determine;
  - f) The acquisition, establishment, disposal or cessation of any significant business of the Company;
  - g) Any public statements which reflect significant issues of the Company policy or strategy; and
  - h) Any changes to the discretions delegated by the Board.
- Approving the issue of any shares, options, equity instruments or other securities in the Company.

#### **4. BOARD MEMBERSHIP**

Cirrus' Constitution provides for a minimum of 3 directors.

The Board comprises a majority of independent directors and comprises directors with appropriate competencies to enable the Board to discharge its mandate effectively and is limited to a size that is conducive to effective and efficient decision making.

In assessing the composition of the Board, the directors have regard to the following policy;

- The Company will aim to have an independent non-executive;
- The company will separate the role of the Chairman and Managing Director as it achieves sufficient size of operation;
- The Managing Director should be a full-time employee of the Company;
- The majority of the Board should comprise directors who are both non-executive and independent; and
- The Board should represent a broad range of qualifications, experience and expertise considered to benefit the Company.

#### **5. APPOINTMENT**

Letters of appointment for each new appointment to the Board set the key terms and conditions of the appointment, including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work.

The Chairman and Managing Director with assistance from the Company Secretary will provide an induction for new directors appointed to the Board.

**6. TERM OF OFFICE**

A Director, subject to circumstances prevailing at the time and the Board's ability to find a suitable replacement, retires from the board at:

- The conclusion of the Annual General Meeting occurring immediately before the director's first anniversary of appointment or on the first anniversary of the director's appointment to the Board, whichever first occurs; or
- The third anniversary date of election to the Board, or in accordance with the rotation requirements of the Company's Constitution, whichever is the earlier.

**7. BOARD SUCCESSION PLANNING**

The Board reviews annually the size and composition of the Board and the mix of existing and desired competencies across members at least annually.

The Board may engage an independent recruitment firm to undertake a search for suitable candidates.

**8. NOMINATIONS AND APPOINTMENT OF NEW DIRECTORS**

Recommendations for nomination of new directors are made by and considered by the Board as a whole.

**9. PROFESSIONAL ADVICE**

Directors may, in carrying out their duties owed to the Company, seek external professional advice. They are entitled to reimbursement of all reasonable costs where such a request for advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by at least two Board members.

**10. INDEPENDENCE**

The Board has approved a Policy on Independence of directors.

The purpose of this policy is to:

- Describe the test that will be used and the criteria that will be taken into account by the Board when assessing the independence of each director;
- Identify the information that will be collected from each director to make the assessment of independence; and
- Outline the disclosure to shareholders of the assessment of independence of directors, including the disclosure of any relationships and associations that may be perceived to affect the independence or objectivity of a director.

The policy provides that the independence of a director will be assessed by determining whether the director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

**11. BOARD CODE OF CONDUCT**

The Board has approved a Code of Conduct for directors which describes the standards of ethical behaviour that Directors are required to maintain.

The Code of Conduct describes Cirrus' policies on matters such as confidentiality, conflicts of interest and sound board practices.

**12. CONFLICTS OF INTEREST**

The Board has approved directors' Conflict of Interest Guidelines (contained in the Board Code of Conduct) which applies if there is, or may be, a conflict between the personal or other interests of a director.

A director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter and when the matter comes before the Board for discussion, the director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision-making process.

**13. MEETINGS**

The Chairman sets the agenda for each meeting in conjunction with the Managing Director and the Company Secretary.

Any director may request additional matters be added to the agenda. Board and committee papers are provided to directors, where possible, three (3) business days prior to the relevant meeting.

Copies of Board papers are circulated in either electronic or hard copy form. Directors are entitled to request additional information where they consider the information is necessary to support informed decision-making.

The non-executive directors meet at as required at the conclusion of Board meetings for private discussions without executive directors, the Managing Director and management being present.

**14. BOARD PERFORMANCE EVALUATION**

The Chairman of the Board is responsible for determining the process for evaluating Board performance. Evaluations are conducted at least annually.

**15. SELF ASSESSMENT**

The Board undertakes an annual performance evaluation of itself that:

- Compares the performance of the Board with the requirements of its character; and
- Effects any improvements to the Board Charter and corporate governance policies and procedures deemed necessary or desirable.

The performance evaluation is conducted in such manner as the Board deems appropriate.

The general management and oversight of this process of review, together with development of appropriate Board member performance assessment measures, will be the responsibility of the Chairman. Primarily the review will be carried out through consultation by the Chairman with individual directors.

The Chairman's performance is reviewed each year by all other members of the Board in such a manner as deemed appropriate.

### **16. INDUCTION TRAINING AND CONTINUING EDUCATION**

The Board has a formal induction procedure for new board members. It includes comprehensive meetings with the Managing Director and key executives and management, information on key corporate and Board policies, visits to the Company's principal operations and completion of compulsory safety inductions.

All directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate.

### **17. BOARD COMMITTEES**

The Board from time to time establishes committees to assist it in carrying out its responsibilities, and adopts charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.

The Board has established the following committees:

- An Audit and Risk Management Committee; and
- A Remuneration and Nominations Committee.

Minutes of all standing committee meetings are provided to all Directors and the proceedings of each meeting are reported by the Chair on the committee at the next Board meeting.

### **18. THE CHAIRMAN**

The directors elect one of their number to the office of Chairman and may determine the period for which that director is to be Chairman.

The Chairman presides over meetings of the Board and general meetings of shareholders.

The Chairman is responsible for leading and managing the Board in the discharge of its duties.

### **19. THE MANAGING DIRECTOR**

The Managing Director's duties are to:

- Formulate and recommend business and financial strategies and plans to develop the Company's business and to implement these plans to achieve agreed performance targets;
- Be accountable for planning, coordinating and directing the operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board;

- Promote the interests of the Company with stakeholders and the investment community; and
- Faithfully and diligently perform the duties and exercise the powers:
  - a) Consistent with the position of a Managing Director of the Company; and
  - b) Assigned by the Board.

In fulfilling their duties, the Managing Director:

- Reports directly to the Board;
- Provides prompt and full information to the board regarding the conduct of the business of the Company;
- Complies with reasonable directions given by the Board; and
- Must have regards to the requirements of the ASX Listing Rules and expectations of stakeholders and the wider investment community.

### **20. THE COMPANY SECRETARY**

The Company Secretary supports the effectiveness of the Board by:

- Monitoring that the Board policy and procedures are followed;
- Coordinating the completion and despatch of Board agendas and briefing papers; and
- Maintaining compliance systems which ensure the Board and Company adhere to ASX Listing Rules and the Corporations Act.

The Company Secretary is responsible to the Board, through the Chairman, on all governance matters.

### AUDIT AND RISK COMMITTEE CHARTER

#### 1. ROLE OF THE COMMITTEE

The role of the Audit and Risk Management Committee (**Committee**) is to assist the Board of Directors (**Board**) to meet its oversight responsibilities in relation to the Company's financial reporting, internal control structure, financial risk management procedures and internal and external audit functions.

Provide a formal forum for communication between the Board and senior financial management.

Improve the effectiveness of the internal and external audit functions and be a forum for improving communications between the board and external auditors.

#### 2. DUTIES

The Committee will monitor, investigate and make recommendations to the Board with respect to:

##### Financial Statements:

Consider the appropriateness of the Company's accounting policies and principles and any changes, as well as the methods of applying them, ensuring that they are in accordance with the stated financial reporting framework.

Assess information from the external auditor that affects the quality of financial reports.

Recommend to the board whether the financial and non-financial statements should be signed based on the committee's assessment of them.

Call for the Managing Director and Chief Financial Officer to state in writing to the Board that the integrity of the Company's financial statements and notes thereto are founded on a sound system of risk management and internal compliance and control which implements the policies approved by the Board, and that Cirrus' risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

##### Related-Party Transactions

Review and monitor the propriety of related-party transactions.

##### Internal Control and Financial Risk Management

Assess the internal processes for determining, managing and reporting on key financial risk areas (i.e. interest rates and significant costs), including, review and of compliance with the Company's Financial Risk Management Policy, at least annually.

Reviewing annually the insurance programs in place and considering the level of self insurance.

##### External Audit

Make recommendations to the Board on the appointment and remuneration of the external auditors.

Monitor the effectiveness and independence of the external auditor.

Invite the external auditor to attend relevant committee meetings to, review the audit plan, discuss audit results and consider the implications of the external audit findings.

Together with the external auditor, review the scope of the external audit (particularly the identified risk areas) and any additional agreed-upon procedures on a regular and timely basis.

Provide the opportunity for the committee members to meet with the external auditors without management personnel being present at least twice a year.

### Other Matters Review

Review for completeness and accuracy the reporting of the Company's corporate governance practices as required under the Australian Stock Exchange Listing Rules.

Ensure that a process is established by the Company's management to capture issues for the purpose of continuous disclosure to the Australian Stock Exchange.

### **3. ACCESS**

The Committee shall have the authority to seek any information it requires from any officer or employee of the Company or its controlled entities and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries.

The Committee may invite any executive director, executive, other staff member or external or internal auditor to attend all or part of a meeting of the Committee.

The Committee may consult independent experts and institute special investigations if it considers it necessary in order to fulfil its responsibilities.

### **4. MEMBERSHIP**

The Audit and Risk Management Committee is a committee of the Board established in accordance with the Company's constitution.

Members of the Committee shall comprise of three (3) non-executive directors of the Company, with a majority of members to be independent non-executive directors.

The Chairman and members of the Committee are appointed by the Board and may be appointed for specified terms. Membership of the Committee will be reviewed annually by the Board.

The Chairman of the Board may not be the Chairman of the Committee.

The Company Secretary is secretary to the Committee.

### 5. MEETINGS

#### Meeting Frequency

The Committee will meet as frequently as required. Any member of the Committee or the Secretary to the Committee may call a meeting of the Committee.

#### Quorum

A quorum is two members.

#### Committee Agenda and Papers

Committee agendas should be settled by the Chairman in conjunction with the Company Secretary, and Committee papers should be provided to Committee members sufficiently far in advance of scheduled meetings to permit adequate preparation.

#### Professional Advice

The Committee may have access where necessary to professional advice from external advisers, and may meet with external advisers without management being present.

### 6. REPORTING

The Committee Chairman will:

- Report to the Board on the proceedings of each Committee meeting (to the next Board meeting); and
- Be available to respond to any shareholder questions at the Annual General Meeting on the Committee's activities and areas of responsibility.

### 7. ASSESSMENT

At least once each year the Committee and the Board will review the performance of the Committee, including the performance of individual Committee members.

At least once each year the Committee will review this Charter and make recommendations to the Board in relation to any proposed change to this Charter.

## **REMUNERATION & NOMINATION COMMITTEE CHARTER**

### **1. ROLE OF COMMITTEE**

The role of the Remuneration and Nomination Committee (**Committee**) is to assist the Board of Directors (**Board**) in establishing policies and practices which:

- Enable Cirrus to attract and retain capable Directors and employees who achieve operational excellence and create value for shareholders;
- Reward employees fairly and responsibly, regard being had to the results of the Cirrus Group, individual performance and general remuneration conditions; and
- Assist the Board to meet its oversight responsibilities in relation to Corporate Governance practices.

### **2. DUTIES**

#### General Duties

The Committee will:

- Review and make recommendation to the Board on the Company's remuneration policies, including short-term incentives and equity awards;
- Oversee the formulation and review of the Company's organisational development, and succession planning for the Chairman, Managing Director ("MD") and senior executives;
- Review the Board's size and composition, its committees and committee charters;
- Evaluate Board candidates and recommend to the Board individuals for Board appointment/shareholder election;
- Consider whether, and if so when, shareholder approval of aspects of the remuneration policy is required; and
- Ensure that the Company meets its disclosure obligations in respect of remuneration matters and Corporate Governance as required under the ASX Listing Rules and the Corporations Act.

#### Direct reports to the MD

The Committee will have the power to approve, or if it considers appropriate, review and refer to the Board for final decision:

- The appointment and the removal of senior executives who report directly to the MD; and
- The specific remuneration (including base pay, incentive payments, bonuses, equity awards, superannuation, retirement rights, termination payments, services contracts) of the direct reports to the MD.

#### Executive Directors/MD

The Committee will review and make recommendations to the Board on:

- The specific remuneration (including base pay, incentive payments, bonuses, equity awards, superannuation, retirement rights, termination payments, services contracts) of the MD and any other Executive Directors;
- The criteria for, and the evaluation of, the performance of the MD and any other Executive Director; and
- Succession plans for the MD and any other Executive Director.

### Employee Equity-Based Plans

The Committee will:

- Monitor and make recommendations to the Board in respect of the design and implementation of all equity-based plans, including performance hurdles and incentive pool amounts vesting terms and company contributions (if any);
- Review these plans at least annually; and
- In relation to each equity-based plan, consider from time to time whether awards should be made under it and the amount thereof.

### Remuneration of Non-Executive Directors

The Committee will:

- Review annually the compensation of the Chairman and non-executive Directors and for that purpose obtain external advice either directly or through management on market practice for the remuneration of Directors;
- Consider whether there are circumstances in which compensation or additional remuneration may be appropriate in the case of any particular non-executive Director;
- Ensure that the total remuneration paid to non-executive Directors each year inclusive of superannuation contributions does not exceed the fee ceiling limit approved by shareholders in general meeting (\$250,000 as at August 2015); and
- Ensure that the remuneration of non-executive Directors and disclosure relating to that remuneration complies with the requirements of the ASX Listing Rules and the Corporations Act.

### Board Nominations

The Committee will:

- Assess the necessary and desirable competencies of Board members;
- On an annual basis, review the current Board composition to ensure it consist of members with appropriate qualifications and a broad range of experience that support the Company's wider objectives and strategies;
- Ensure that potential Board members have the ability to commit the appropriate amount of time to the Company;
- Monitor and review the workload of individual Board members, and provide recommendations to the Board for any exertion allowance to be paid to Board members;
- Ensure that there is a Succession Plan to maintain an appropriate balance of skills, experience and expertise on the Board;
- Evaluate the Board's performance; and
- Make recommendations for the appointment and removal of Directors.

### Corporate Governance

The Committee will review and make recommendations to the Board on:

- The completeness and accuracy the reporting of the Company's corporate governance practices as required under the Australian Stock Exchange Listing Rules; and
- On an annual basis, review the corporate governance policies and practices adopted by the Board.

### Other Duties

The Committee will:

- At least annually review this Charter and will then consider whether any changes are appropriate;
- Participate in an annual review of its performance and effectiveness;
- Review the Company's annual Remuneration Report to ensure it complies with the ASX Principles of Good Corporate Governance and Best Practice Recommendations;
- Review all reporting by the Company of its remuneration policies and practices including valuations applied to equity plans; and
- Undertake any other duties and activities that the Board may consider appropriate.

### **3. BOARD COMPOSITION**

#### Board Composition

In assessing the composition of the Board, the Committee will have regard to the following policies:

- The Chairman should be non-executive, independent and an Australian citizen or permanent resident;
- The MD should be a full time employee of the Company;
- More than half of the Board should comprise Directors who are both non-executive and independent;
- The Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company;
- The Board should ideally comprise at least four non-executive Directors and the MD. This number may be increased where it is felt that additional expertise is required in specific areas, where an outstanding candidate is identified or to ensure a smooth transition between outgoing and incoming non-executive Directors.

#### Diversity in the Board

In considering overall Board balance, the Committee will give due consideration to the value of a diversity of backgrounds and experiences among the members.

### **4. CRITERIA FOR ELEVATING BOARD CANDIDATES**

#### Criteria for Evaluation of Candidates

In its evaluation of candidates for the Board, the Committee will have regard to normally accepted nomination criteria including:

- The ability to exercise sound business judgement;
- A position of leadership or prominence in a specified field;
- Absence of conflicts of interest or other legal impediments to serving on the Board;
- Willingness to devote the required time;
- Availability to attend Board and Committee meetings;
- Appropriate experience and/or professional qualifications; and
- Integrity or moral reputation.

### 5. MEMBERSHIP

The Committee must consist of at least 3 Non-Executive Directors (with a majority of independent Directors) one of whom will chair the Committee.

The Committee may invite the MD, CFO or any Executive or any other individual to attend a meeting as they consider appropriate.

### 6. MEETINGS

#### Meeting frequency

The Committee will meet as frequently as required but not less than twice each year. Any member of the Committee or the Secretary to the Committee may call a meeting of the Committee.

#### Quorum

All members of the Committee must attend to form a quorum.

#### Committee Agenda and Papers

Committee agendas should be settled by the Chairman in conjunction with the Company Secretary, and Committee papers should be provided to Committee members sufficiently far in advance of scheduled meetings to permit adequate preparation.

#### Professional Advice

The Committee may have access where necessary to professional advice from external advisers, and may meet with external advisers without management being present.

### 7. REPORTING

The Committee Chairman will:

- Report to the Board on the proceedings of each Committee meeting (to the next Board meeting); and
- Attend the Annual General Meeting and be available to respond to any shareholder questions on the Committee's activities and areas of responsibility.

### 8. ASSESSMENT

At least once each year the Committee and the Board will review the performance of the Committee, including the performance of individual Committee members.

At least once each year the Committee will review this Charter and make recommendations to the Board in relation to any proposed change to this Charter.

### CONTINUOUS DISCLOSURE

#### 1. PURPOSE

Cirrus Resources Limited (“Cirrus” or “the Company”) is required by the Australian Securities and Investments Commission (ASIC), the Australian Stock Exchange Limited (ASX), the Corporations Act 2001 (Cth) (the Act) and the ASX Listing Rules to ensure that the market is at all times advised of all material matters relating to the Company, specifically those that may affect the price or value of the Company’s shares.

#### 2. COMMITMENT TO MARKET DISCLOSURE

The Company is committed to:

- Complying with the general and continuous disclosure principles contained in the ASX Listing Rules and the Act;
- Preventing the selective or inadvertent disclosure of material price sensitive information;
- Ensuring that shareholders and the market are provided with full and timely information about its activities; and
- Ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

Continuous disclosure is to be included as an agenda item at all meetings of the Board and Senior Management of the Company. Any issue that arises which may need to be disclosed is to be immediately reported to the disclosure officer.

#### 3. DISCLOSURE OFFICER

The Company Secretary has been appointed as the Company's “Disclosure Officer” responsible for implementing and administering this policy.

The disclosure officer is responsible for all communication with the ASX and for making the decisions on what should be disclosed publicly under this policy.

The disclosure officer is responsible for developing and maintaining relevant guidelines to help the Company's employees understand what information may be material price sensitive.

The disclosure officer is responsible for monitoring all company disclosure practices and for making recommendations to the Board on updating this policy in response to changes in internal structure, legislative and regulatory developments and technology developments.

#### 4. MATERIAL INFORMATION

Subject to and in accordance with the provisions of the ASX Listing Rules, the disclosure officer must, following approval of the Managing Director and/or the Chairman, immediately notify the market, via an announcement to the ASX, of any information concerning the Company which a reasonable person would expect to have a material affect on the price or value of the Company's securities.

Information need not be disclosed if (a), (b) and one of the criteria in (c) are all satisfied:

- a) A reasonable person would not expect the information to be disclosed; and
- b) The information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and
- c) One or more of the following applies:
  - It would breach the law to disclose the information;
  - The information concerns an incomplete proposal or negotiation;
  - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  - The information is generated for internal management purposes; or
  - The information is a trade secret.

### **5. REVIEW OF COMMUNICATIONS FOR DISCLOSURE**

The disclosure officer will review all communications to the market to ensure they do not cause any unintended breaches of this policy or the Company's obligations under the law. Such communications may include:

- Media releases;
- Analyst, investor, or other presentations;
- Prospectuses; and
- Other corporate publications.

All presentations to analysts or investors will be disclosed to the ASX and subsequently included on the Company's website.

### **6. AUTHORISED SPOKESPERSON**

The Company's authorised spokespersons are the Managing Director and the Chairman.

On occasions the Managing Director can authorise other spokespersons, but any comments made must be limited to their area of expertise.

No employee or associated party (such as consultants, advisers, lawyers, accountants, auditors, investment bankers etc) are permitted to comment publicly on matters confidential to the Company. Any information which is not public should be treated by the employees as confidential until publicly released.

Authorised spokespersons will liaise with the disclosure officer to ensure all proposed public comments satisfy this disclosure policy.

### **7. REPORTING OF DISCLOSABLE INFORMATION**

Once the requirement to disclose information has been determined, the disclosure officer will be the only persons authorised to release that information to the ASX.

Information to be disclosed must be lodged immediately with the ASX. Information which should be disclosed to the ASX must not be released publicly until the Company has received formal confirmation of its release by the ASX.

All information disclosed to the ASX in compliance with this policy must be promptly placed on the Company's website following receipt of confirmation from the ASX.

If joint disclosure between the Company and a third party is deemed necessary or desirable (for example, under the terms of any agreement), the Company will endeavour to ensure that relevant parties have the opportunity to review the content of the disclosure before its release, provided that such review does not adversely impact on the Company's ability to comply with its disclosure obligations. Prior review will also enable the Company to consider whether a separate announcement to the ASX or other stakeholders is required.

### **8. MARKET SPECULATION AND RUMOURS**

As a guiding principle, the Company has a 'no comment' policy on market speculation and rumours which must be observed by all employees and consultants.

However, the Company will comply with any request by the ASX to comment upon a market report or rumour.

The Company will not provide the media with exclusive interviews, stories or information that contain material price-sensitive information before disclosing that information to the market.

### **9. TRADING HALTS**

The Company may, in exceptional circumstances, request a trading halt to maintain orderly trading in the Company's securities and to manage disclosure issues.

Such circumstances may include:

- If confidential price sensitive information is prematurely or inadvertently made public and where an immediate release cannot be made which would fully inform the market; or
- Where it may be necessary to arrange a press conference and briefings in advance of making a formal announcement.

No employee of the Company is authorised to seek a trading halt except with the consent of the Managing Director or the Chairman.

### **10. MEETINGS AND GROUP BRIEFINGS WITH INVESTORS AND ANALYSTS**

The Managing Director is primarily responsible for the Company's relationship with investors and analysts and shall be the primary contact for those stakeholders.

The Company will not disclose price-sensitive information in any meeting with an investor or stockbroking analyst before formally disclosing it to the market.

The Company considers that one-on-one discussions and meetings with investors and stockbroking analysts are an important part of pro-active investor relations. However, the Company will only discuss previously disclosed information in such meetings. Where necessary, specific disclosure will be made in accordance with paragraph 7 above, immediately prior to the meeting.

Any employee or officer of the Company at a meeting or briefing, who considers that price sensitive information has been raised that previously has not been disclosed, must immediately refer that matter to the disclosure officer for consideration.

### 11. PRE-RESULTS PERIOD

During the time between the end of the financial year or half year and the actual results release, the Company will not discuss financial performance, broker estimates and forecasts, and particularly any pre-result analysis with stockbroking analysts, investors or the media, unless the information discussed has already been disclosed to the ASX.

If the process of preparing financial statements reveals any price-sensitive information not previously disclosed, that information will be disclosed immediately and will not be held back for disclosure in the financial statements.

### 12. WEB BASED COMMUNICATION

The Company's website will feature a discrete section for shareholders and investors to ensure that such information can be accessed by all interested parties. Such information will include:

- Annual reports and result announcements;
- All other company announcements made to the ASX;
- Speeches and support material given at investor conferences or presentations; and
- Company profile and company contact details;

The disclosure officer must receive drafts of the above materials before being posted on the website to ensure this policy is complied with.

Information lodged with the ASX will be available on the Company's website as soon as practicable after the ASX confirms receipt of that information.

All website information will be continuously reviewed and updated to ensure all information is current, or appropriately dated and archived.

Historical information will be archived and clearly dated to ensure users are aware that it may be out of date.

Shareholders will be offered the option of receiving information via email instead of post. Email messages may provide information directly or advise that the Company's website has been updated.

### 13. ANALYST REPORTS AND FORECASTS

Stockbroking analysts frequently prepare reports on listed entities that typically detail strategies, performance and financial forecasts. To avoid inadvertent disclosure of information that may affect the Company's value or share price, the Company's comment on analyst reports will be restricted to:

- Information the Company has publicly issued; and
- Other information that is in the public domain.

Given the level of price sensitivity to earnings projections, the Company will only make comment to correct factual errors in relation to publicly issued information and Company statements.

The Company will not endorse, or be seen to endorse, analyst reports or the information they contain. Accordingly the Company will not:

- Externally distribute individual analyst projections or reports;
- Refer to individual analyst recommendations on the website; or
- Selectively refer to specific analysts, or publicly comment on individual analyst recommendations or proprietary research.

### **14. POLICY BREACHES**

Breaches of this policy may lead to disciplinary action being taken against employees.

### **15. ASSESSING IF INFORMATION IS PRICE-SENSITIVE**

The guiding principle is that the Company must immediately disclose to ASX any information concerning the Group that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

If information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities, it is material. However, information could be material in other ways. If there is any doubt, the information should be disclosed to the Disclosure Officer or another member of the Board (if the Disclosure Officer is unavailable).

Examples of the types of information that may need to be disclosed include:

- A change in revenue, or profit or loss, forecasts;
- A change in asset values or liabilities;
- A change in tax or accounting policy;
- A change in the attitude of significant investors to investing in Company Securities;
- A decision of a regulatory authority in relation to the Group's business;
- A relationship with a new or existing significant customer or supplier;
- The formation or termination of a joint venture or strategic alliance;
- The entry into or termination of a major contract;
- A significant transaction involving the Company or any of its controlled entities;
- A labour dispute;
- The threat, commencement or settlement of any material litigation;
- An agreement between the Company and one of its directors or one of their related parties;
- The lodging of a document containing price sensitive information with an overseas exchange or other regulator so that it is public in that country; or
- A director's health

## **FINANCIAL RISK MANAGEMENT**

### **1. INTRODUCTION**

The purpose of the Financial Risk Management Policy is to define consistent principles for risk management for Cirrus Networks Holdings Limited (“Cirrus” or “the Company”) and all companies belonging to the Cirrus Group. The Board of Directors of the Company is responsible to approve this Policy which defines the:

- Delegation of responsibility and authority;
- Risk management activities and organization;
- Principles for managing the risk management activities and financial risks; and
- Principles of risk management reporting and control.

The principles and rules set out by this Policy shall be followed throughout the Group. This Policy supports the objective of effective and uniform risk management in the interest of the entire Cirrus Group.

Cirrus’ activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk, all referred to below.

### **2. MARKET RISK**

Market risks are related either to financial assets and liabilities denominated in local and foreign currencies (Interest Rate Risk) or to incomes and expenses denominated in currencies other than the functional currency (Foreign Currency Risk).

*Interest rate risk* is defined as follow:

- The uncertainty of cash flows related to the Group’s asset and liability structure caused by changes in interest rates; and
- The variability of the market value of the Group’s assets and liabilities caused by changes in market interest rates.

Floating rate assets or liabilities are related to the first definition above, while fixed rate assets or liabilities are under the second one.

The value of assets and liabilities are directly dependent on the prevailing interest rate level. The interest rate risk of assets and liabilities can be categorised into flow risk and price risk defined as follows:

- Flow risk refers to the sensitivity of the interest amounts to changes in interest rates. The flow risk is covered by Cash Flow hedge instruments, as defined below.
- Price risk refers to the sensitivity of the market value of assets and liabilities to changes in the level of market interest rates. The price risk is covered by Fair Value hedge instruments, as defined below.

As a consequence the objective of interest rate risk management is to reduce the uncertainty of the Group’s net interest result. This is achieved reducing the volatility of the interest impact in the Group’s income statement and controlling the fluctuation of the net debt market value. In order to pursue the above risk management objective, the whole Group’s interest rate risk exposure, in term of notional amount, has to be composed as a mix of fixed interest rate and floating interest rate where neither of the two components will be lower than 25% or higher than 75%.

*Foreign currency risk* is defined as follow:

- The uncertainty of the value of net income, cash flows related to the Group's firm commitment, forecasted transactions created by changes in currency rate; and
- The variability of market value of foreign-currency-denominated assets and liabilities due to changes in currency rates.

The objective of foreign currency risk management is to support the Group in minimising the uncertainty and reaching its business objectives by limiting this uncertainty, e.g. through minimizing the impact on income statement of a random effects of currency rate changes.

If the issue of foreign currency becomes relevant to the Company's operations, The Group's foreign currency position will be divided into transaction, translation and competitive position. Positions will then be managed separately because of their different natures and effects on the Group's income statement and balance sheet. The total position at Group level will consist of all recognised currency dependent items.

*Transaction risk* is defined as the effect coming from difference in foreign currency rates at the time of pricing or contracting and of realization of a transaction. Transaction risk is defined in relation to the base currency of the Company.

### **3. CREDIT RISK**

Credit risk is the risk of financial loss to the Cirrus as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from the Cirrus receivables and financial assets available for sale.

Cirrus' exposure to credit risk is influenced by the individual characteristics of each customer. The operations status of Cirrus is monitored on an on-going basis to ensure that exposure to credit risk is correctly accounted.

### **4. LIQUIDITY RISK**

Liquidity Risk is the risk that Cirrus will not be able to meet its financial obligations as they fall due. The Company's policy is to settle financial obligations with 45 days and in the event of dispute, make payments within 30 days from the date of resolution.

The Company manages liquidity risk by maintaining adequate reserves (and where they are in place, banking facilities and reserve borrowing facilities) by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

### INDEPENDENCE OF DIRECTORS

#### 1. POLICY

An independent director is a non-executive director (i.e. is not a member of management) and:

- Is not a substantial holder (i.e. 5% of the voting stock) of the Company or an officer of, otherwise associated directly with, a substantial shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- Within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- Is not a material supplier customer of the Company or group who accounts for more than 5% of the Company's consolidated gross revenue;
- Is not a supplier to the Company or Group member accounts for more than 5% of the supplier's gross revenue;
- Has no material contractual relationship with the Company or another group member other than as a director of the Company;
- Has not served on the Board for a period greater than 10 years, or any other period which could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- Is 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 interest of the Company.