

Praemium Board Charter

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Review History

Name	Date	Reasons for Changes	Version
Cathryn Nolan	2008	Initial draft	1.0 draft
Board	26/08/08	Approved	1.1
Michelle Neuweck	10/09/08	Formatting	1.1

1 Background

- 1.1 Praemium values good governance and recognises the benefits for all stakeholders of ensuring that its Board comprises members with diverse and appropriate skills and experiences and that it conducts itself in accordance with best practices in the context of the particular requirements of the group.
- 1.2 This Charter has been adopted by a resolution of the Board.
- 1.3 This Charter will be reviewed at least once every two years.

2 The Role of the Board

- 2.1 The Corporations Act clearly states that the Board of directors (“Board”) of the Company has the ultimate responsibility for all matters relating to the running of the Company.
- 2.2 The Board’s role is to govern the Company. It is senior management’s role to manage the Company in accordance with the strategic goals set by the Board and under the direction of the Group CEO. The senior executive team reports to the Group CEO. The Group CEO reports to the Board.
- 2.3 The Board is responsible for and should determine all matters relating to policy and practice.
- 2.4 It has over-riding responsibility to ensure that the Company is well-managed and that its operations are successful. It must do all things necessary to ensure that the Company meets its objectives as set out in the Company’s Constitution.
- 2.5 Without limiting the generality of the Board’s role, its principal functions in relation to the Company are to:
 - Set the goals;
 - Provide strategic direction;
 - Appoint the Group CEO;
 - Review the performance of the Group CEO;
 - Appoint and determine the powers and functions of any Board sub-committees;
 - Act as an interface between the Company and its members;
 - Approve the annual budget and any long-term budget;
 - Approve all items of expenditure materially in excess of agreed budgets;
 - Ensure that the Group has a sound system of risk oversight and management and effective internal control;
 - Determine policies governing the operations;
 - Approve major operational plans;
 - Conduct an annual review of the Board’s own performance; and
 - Conduct an annual review of the Company in meeting its objectives.

3 Board Structure

Size

- 3.1 The Company’s Constitution requires that there be not less than one or more than ten directors. The Board will normally consist of 5 members, the majority of whom shall be independent non-executive directors.

Independence

- 3.2 An independent director is one who is not a previous executive, is not involved in material contracts with the Company and is not an adviser to the Company for fees or some benefit.
- 3.3 In determining whether a director has a relationship that affects his or her independent status the Board will consider whether the director:
 - Is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;

- Is employed, or has previously been employed in an executive capacity by the company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the board.
- Has within the last three years 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 a material supplier or customer of the company or another group member, or an officer or otherwise associated directly or indirectly with a material supplier or customer;
- Has a material contractual relationship with the Company or another group member other than as a director; and
- Any such other matter as may be recommended by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations from time to time.

Skills

3.4 The skills and experience required by the Board are in the areas of:

- Financial markets and related services, including financial planning, stock broking, investment banking, funds management and administration services;
- Financial & investment products;
- Accounting and finance;
- Legal;
- Technology development and implementation;
- Business;
- Risk Analysis;
- Business management and growth;
- Human resources and people management;

3.5 Directors will also be well respected members of the networks and communities in which the Group seeks to operate, and have solid relationships with current and potential customers, suppliers, investors, staff and other key stakeholders.

Term of Office

3.6 The term of appointment for each director who is not an executive of the Company shall be the period commencing on appointment and expiring when the director is next required to stand for election by the shareholders or a period of 4 years which ever is the lesser. A third of the directors (other than the Group CEO) are required to retire by rotation at each successive annual general meeting of the Company. As a general policy, non executive directors should not serve for longer than 12 years.

Casual Vacancies

3.7 If a casual vacancy occurs during the year, the Board, if it considers that the vacancy requires filling, should endeavor to ensure that the skills referred to above is addressed in filling that casual vacancy, and, once the vacancy is filled, that the new appointee has the similar skills and experience as the departed director or, if the Board considers that the requirements of the group have changed, such other blend of skills and experience as the Board considers appropriate.

Each Director will receive a "Director's Kit"

3.8 Each director will receive a 'Director's Kit' and a letter of appointment at the time she or he is asked to join the Board.

3.9 The Director's Kit will contain a copy of the following documents:

- The Company's Constitution;
- The Board Charter;
- A Deed of Access, Indemnity and Insurance in the standard form for execution;
- A copy of the Directors' and Officers' liability insurance policy and a certificate of currency for that policy;
- Minutes of the last six Board meetings (if applicable);
- Board papers for the previous Board meeting; and
- Minutes and papers for the most recent meetings of each Board Committee.

3.10 The formal letter of appointment will contain details of:

- Terms of appointment;
- Re-imbusement of expenses policy;
- Policy on retirement;
- Access to information;
- Authority to engage outside specialists for advice;
- Insurance coverage; and
- Expectations of the Board.

3.11 At the discretion of the Chairman, and subject to acceptable confidentiality undertakings, prospective appointees may be invited to observe the conduct of Board meetings.

4 The Board must recognise and manage Risk

4.1 The Board must ensure that the Group has established a sound system of risk oversight and management and internal control. In doing so, the Board acknowledges that risk management policies must reflect the Company's risk profile and must clearly describe all elements of the risk management and internal control systems and any audit function.

4.2 The Board must ensure that a summary of the Group's policies for the management of material business risks are incorporated into its annual reporting to members.

4.3 The Board has established a Risk Assessment Committee for the purpose of assisting it in discharging the duty to recognise and manage Risk. That Committee has a formal charter.

5 The Board must safeguard integrity in Financial Reporting

5.1 The Board must ensure that the Group has a structure to verify and safeguard the integrity of its financial reporting. The Board has established an Audit & Compliance Committee to assist it in the performance of its obligation. That Audit & Compliance Committee has a formal charter.

6 Director's Code of Conduct

6.1 The Corporations Act requires that directors must act in the "best interests of the corporation". Directors must ensure that they act in the best interests of all members.

6.2 Directors are expected to comply with the spirit, as well as the letter, of the law and this Charter. Directors should also be aware of, and act consistently with, the recommendations made by the ASX Corporate Governance Council from time to time in respect to roles of Directors.

6.3 Directors will ensure that in fulfilling their duties they:

- Remain committed to the Praemium Group Code of Conduct;
- Fulfill their fiduciary duties to the Company and the Group;
- Act at all times for the benefit of the Company and the Group;
- Act with skill, care and diligence;
- Demonstrate commercial judgment and reasonableness in their decisions;
- Discharge their duties in good faith and honestly;
- Do not allow personal interests to conflict with those of the Company or the Group;
- Do not allow the interests of their associates to conflict with those of the Company or the Group;
- Do not engage in conduct likely to discredit the Company or any of its subsidiaries or other ventures;
- Do not make improper use of information gained as a director;
- Give of their expertise generously to the Company and the Group;
- Make appropriate enquiries to ensure the Company is operating efficiently and legally to achieve its goals;
- Undertake diligent analysis of all proposals placed before the Board;
- Use the powers of their office for a proper purpose;
- Undertake their responsibilities as a Board to deliver shareholders value;
- Be cognizant of the needs and aspirations of the larger stakeholder group impacted by the Company and its activities, including, but not limited to its staff, investors, clients, suppliers and the financial services community generally; and
- Act diligently to ensure that the Company's financial reporting and compliance with the continuous disclosure requirements of the ASX Listing rules is undertaken with transparency and integrity.

7 The role of the Chairman

7.1 The Chairman plays a key role in the Company. The Chairman is considered the captain of the team and should use skills and leadership abilities to ensure that the Board is an effective Board observing sound governance principles.

7.2 The Chairman must be an independent non executive director.

7.3 The role of the Chairman and the chief executive officer should not be exercised by the same individual.

7.4 In particular the Chairman will:

- Chair all Board meetings (with the exception of any item in respect of which there is potential for a material personal conflict);
- Establish the agenda for Board meetings in consultation with the Group CEO and Company Secretary;
- Chair all members' meetings (with the exception of any item in respect of which there is potential for a material personal conflict);
- Be the spokesperson at the AGM, in a way that supports role of the Group CEO in reporting on operational and public relations matters;
- Be a significant point of contact between the Board and the Group CEO;
- Serve on, but not chair, each sub-committee established by the Board;
- Provide mentoring for the Group CEO;
- Chair the Group CEO performance review process;
- Commence the annual process of Board and director evaluation; and
- Otherwise conduct him or herself in accordance with the recommendations made by the ASX Corporate Governance Council from time to time in respect to the role of the Chair.

8 The Group CEO

- 8.1 The Group CEO is responsible for the ongoing management of the Group in accordance with the strategy, policies and programs approved by the Board. He/she shall manage the Group to achieve the goals agreed and endorsed by the Board.
- 8.2 The Group CEO should:
- Develop with the Board and the boards of each of the subsidiary groups a consensus for the Group's direction;
 - Construct senior management programs to implement this direction;
 - Appoint and manage the senior executive team;
 - Conduct annual staff performance reviews and appraisals;
 - Ensure a safe work place;
 - Develop a culture of compliance;
 - Keep the Board informed, at an appropriate level, of all activities of the Group;
 - Act at all times with the utmost probity and with the highest degree of ethics and ensure that all staff do likewise;
 - Provide strong leadership;
 - Encourage cooperation and teamwork;
 - Build and maintain staff morale at a high level;
 - Build and maintain loyalty to the Company; and
 - Demonstrate the Company's loyalty to staff.

9 Board Meetings

Meetings, Agendas and Board papers

- 9.1 The Board meetings and agenda are fundamental to good governance. If the Group CEO is not a director he/she must attend all Board meetings. The Board meetings are critical as they are the main opportunity for directors to:
- obtain and exchange information with the Group CEO and other management who may be present;
 - obtain and exchange information with each other; and
 - make decisions.

Agenda

- 9.2 The agenda is important as it shapes the information flow and subsequent discussion.

Regular items for consideration

- 9.3 In addition to the business of the meeting, management shall be required to report on the following matters:
- the material business risks facing the Group and its operations and whether such risks are being managed effectively;
 - the extent to which Group members are actively complying with the requirements of legislation applicable to the operations of that member in the jurisdictions in which it operates or intends to operate;
 - the financial performance of the Group and performance against budget.

Board Papers

- 9.4 Board papers should be presented to the directors in good time and contain all relevant information in an easy to read and understandable form to enable the

Board to make informed decisions. Access to board papers will be provided electronically as described below.

Conduct of meetings

9.5 Directors will act in a manner to enable the conduct of meetings to be informed, productive and result-orientated. To this end they will:

- accord other directors and their views respect;
- act in a business-like manner;
- act in accordance with the Constitution;
- address issues in a confident and firm, yet friendly manner;
- minimize chatter and irrelevant remarks;
- refrain from interruption or interjection; and
- use good judgment, common sense and tact when discussing issues.

Meeting frequency and time

9.6 The Board will meet at least ten times each calendar year. The Chairman and Company Secretary should present a calendar of Board meeting dates for each year in January of such year. In so far as possible all meetings should be physical meetings. It may, however, be necessary to meet by teleconference, electronically or pass resolutions by circular resolution.

9.7 Meetings will generally commence at 4pm.

Reports

9.8 If a Board Committee has met since the last Board meeting, the draft minutes of that Committee meeting should be included with the Board papers for noting by the Board. If there are any matters or recommendations which such Committee wishes the Board to consider these should be contained in a Report for consideration by the Board. Such report may be given by the Chair of that Committee verbally at the meeting.

Minutes

9.9 Draft minutes should be circulated within two days of the Board meeting for consideration by the Chairman and available for review by the other Directors within a week of each meeting. Approval of the minutes of the previous meeting shall be an agenda item at each Board meeting, which may only be held over with the consent of the Chairman.

10 Access to Board papers

10.1 Access to Board and Committee papers (together with other documents relevant to Directors, including the papers of subsidiary Board meetings) are maintained on an Internet facing portal to which all Directors shall have access via secure login and passwords.

10.2 All Directors shall also have access to information held on the Share Registrar via secure online portal maintained by the Share Registry.

10.3 A complete set of Board papers of the Company is held by the Secretary on behalf of each director (individually) for a period of at least seven years. Directors are entitled to access the papers and any other relevant records of the Company for the period when they were directors even if they have ceased to be a director.

10.4 This policy has been adopted as a formal Board resolution.

10.5 The Company executes a Deed of Access, Indemnity and Insurance in favour of each director individually. Pursuant to that Deed, Directors have an ongoing right of access to papers following the cessation of their appointment.

11 Respect the rights of shareholders

11.1 The Board recognises and respects the rights of shareholders and must facilitate the effective exercise of those rights.

11.2 The Board must ensure that the Company's shareholders are empowered by:

- ensuring that the Company communicates effectively with shareholders;
- ensuring that the Company giving them ready access to balanced and understandable information about the Company, its activities and its proposals;
- ensuring that general meetings are conducted in a manner that is convenient for its general body of shareholders, allowing reasonable opportunity for informed shareholder participation; and
- encouraging the use of electronic communications between the Company and its shareholders.

12 Director Protection

12.1 As a general rule, a director is entitled to information concerning the Company and to be protected against the specific risks of being a director. The following measures of director protection will apply.

Protocol for seeking information

12.2 When seeking information a director should follow this protocol:

- In the first instance, request the Company Secretary or the Group CEO to provide the information;
- If the information is not forthcoming, approach the Chairman;
- If it is still not forthcoming communicate by email or letter to all Board members and the Group CEO, detailing the information required and the purpose for seeking the information; and
- If the matter remains unresolved, consult a solicitor to employ the provisions of the Corporations Act.

Indemnity

12.3 The Company indemnifies the director to the full extent permitted by law and in particular subject to the Corporations Act.

12.4 This policy has been adopted as a formal Board resolution.

12.5 The Company executes a Deed of Access, Indemnity and Insurance in favour of each director individually.

Insurance

12.6 The Company will maintain Directors' and Officers' Liability Insurance and provide each director with a copy of the policy. It will maintain each director's insurance for a period of seven years from the date on which each director ceases to be a director.

12.7 This policy has been adopted as a formal Board resolution.

12.8 The Company executes a Deed of Access, Indemnity and Insurance in favour of each director individually.

Specialist advice

12.9 The Company will reimburse a director for independent specialist advice which the director obtains relating to his/her duties and obligations as a director on the following basis:

- The Company has not already received specialist advice on the point on which the director wishes to seek advice or, if it has, the Company has not made such advice available to the director; and
- The director first obtains the Chairman's approval to seek such advice and failing receipt of the Chairman's approval, the approval of the Board.

13 Board Evaluation

13.1 It is the Company's policy to develop each director and the Board as a whole. Each year the Board will conduct an evaluation of its performance with a view to providing best practice governance and delivering the performance of an effective Board. The findings of the Board review must be tabled at the first Board meeting after the review.

13.2 The review can be:

- formal or informal;
- of the Board as a whole;
- may be of individual directors;
- administered by the Chairman, self administered or by an independent external expert; and
- qualitative or quantitative or a mixture of both.

14 Remuneration

14.1 The Company must ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. The Board has established a remuneration committee for this purpose. That Committee has a formal charter.

15 Changes or New Policies and Processes

15.1 Any changes to or new policies or processes of the Board shall be incorporated into this Governance Charter.

16 Sources

16.1 In preparing this Charter, the Board has made reference to:

- The Corporations Act;
- The Australian Law;
- The laws of the jurisdictions in which its business operates;
- The ASX Listing Rules;
- The ASX Corporate Governance Council's Corporate Governance & Principles; and
- Various publications made by groups and associations including the Australian Institute of Company Directors and Chartered Secretaries

Australia together with academic writings in respect to matters relevant to corporate governance.