



KORVEST LTD

Corporate Governance

1. KORVEST BOARD RESPONSIBILITIES

In general, the board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. The board has the final responsibility for the successful operations of the Company. Without intending to limit this general role of the board, the specific or principal functions and responsibilities include:

- Acting as an interface between the Company and shareholders;
- Setting the goals of the Company;
- Reviewing the annual progress and performance of the Company in meeting its objectives;
- Providing the overall strategic direction of the Company;
- Determining policies governing the operations of the Company;
- Appointing and approving the terms and conditions of the appointment of the Managing Director (MD);
- Reviewing and providing feedback on the performance of the MD;
- Endorsing the terms and conditions for senior executives reporting to the MD through the Remuneration Committee;
- Establishing and determining the powers and functions of the committees of the board, including the Audit and the Remuneration Committee;
- Approving major operating plans;
- Approving the annual budget and long-term budgets;
- Board Approval of all banking facilities;
- Approving all significant items of capital expenditure;
- Approving all significant operational expenditures outside budget;
- Approving all mergers and acquisitions, and property acquisitions and disposals;
- Approving the issue or cancellation of shares;
- Approving all significant loans to outside parties or employees;
- Approving half-yearly and yearly accounts;
- Keeping the market informed about Korvest in accordance with ASX rules;
- Reviewing its own performance;
- Resolution of major issues of material nature affecting the organisation;
- Approving management reporting processes and documentation;
- Approving all significant contracts, leases and other company commitments;
- Ensuring that all requirements of the ASX, ASIC, ACCC, ATO and other relevant legislation are met.

2. CORPORATE GOVERNANCE CHARTER

At all times the Board of Directors will:

- Act honestly in the best interests of the whole company;
- Use due care and diligence in performing its functions;
- Not make improper use of information;
- Avoid conflicts of interest;
- Exercise independent judgment;
- Treat confidential information as the property of the company;
- Not engage in conduct liable to bring the company into disrepute;
- Comply with the spirit as well as the letter of this Charter.

3. LEGAL DUTIES OF DIRECTORS

- A duty to act in good faith.
- A duty not to gain advantage by improper use of the position.
- A duty not to misuse information.
- A duty to act with care and diligence in the performance of these duties.
- A duty not to trade while insolvent.

The legal relationship between a company and a director is defined as a fiduciary duty – one based on trust, honesty and care. Directors have a duty to act in good faith and they must act at all times in the best interests of the company they represent.

Directors are held personally and legally responsible for the way in which a company conducts its affairs. A director has a duty not to misuse his or her position for personal gain or to the detriment of the company, and a duty not to misuse confidential information.

As part of acting in good faith, directors also have an overall duty to avoid conflicts of interest, defined as a 'material personal interest'. In this regard:

- A director must notify the board of any conflict or potential conflict as soon as it occurs;
- The board should keep a register of directors' interests;
- If a director cannot or will not remove the conflict of interest, they must remove themselves from the decision-making process (including discussion of the issue at hand) at relevant meetings or discussions. Directors must describe the nature and extent of the interest and its relation to the affairs of the company. Details must be recorded in the minutes.

RIGHTS OF DIRECTORS

- To seek information from the senior executives of company
- To be given reasonable time to consider decisions
- To seek independent advice with the Chairman's approval of cost. Such approval not to be unreasonably withheld.

4. THE RESPONSIBILITIES OF THE CHAIRPERSON OF THE BOARD

These responsibilities include:

- Ensuring that the board provides leadership to the organisation;
- Ensuring that the board is participating in setting the aims, strategies and policies of the organisation;
- Guaranteeing that there is adequate monitoring, pursuit and performance of the goals of the organisation;
- Making certain that the board has the necessary information to ensure effective decision making;
- Ensuring that administrative tasks such as circulation of board papers are carried out;
- Directing board discussions so that there is an effective use of time and that critical issues are discussed;
- Developing an ongoing and healthy relationship with the MD; and
- Be available to offer guidance to Executive Directors where required.

5. THE ROLE OF THE MD

A positive relationship between the board and the MD is essential to the health of the Company. The main source of concern in board-MD relationships tends to result from a simple misunderstanding of the relationship between the directorial and managerial roles. The role of the MD is to:

- Develop, with the Board, a consensus for the Company's future direction;
- Construct, with the Company's management team, programs to implement longer term plans;
- Develop a Strategic Plan & Policies for the company and bring them to the Board for endorsement;
- Negotiate the terms and conditions of appointment of senior executives for Board approval;
- Appoint the senior management team with Board endorsement;
- Approve the terms and conditions of all other staff members;
- Provide leadership to the Company in order to:
 - encourage cooperation and teamwork;
 - build and maintain staff morale at a high level; and
 - build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;

- Ensure a safe workplace for all personnel;
- Ensure a culture of compliance generally;
- Carry out the day-to-day management of the Company;
- Form other committees and working parties from time to time to assist in the orderly conduct and operation of the Company;
- Keep the board appropriately informed of the activities of the Company; and
- Ensure that all personnel act with the highest degree of ethics.

The MD's compensation and those reporting directly to him, will be authorised by the Board on recommendations from the Remuneration Committee.

While the Remuneration Committee must approve the terms and conditions of employees reporting to the MD, the appointment of individuals to specific management roles is the responsibility of the MD.

6. SPECIFIC TASKS OF THE COMPANY SECRETARY

The Company Secretary will:

- Ensure that all company legislative obligations are met;
- Ensure that the board papers are circulated to directors a reasonable time before the board meeting;
- Record, maintain and distribute the minutes of all board and board subcommittee meetings as required;
- Prepare for and attend all general meetings of the Company;
- Record, maintain and distribute the minutes of all general meetings of the Company;
- Ensure all requirements of ASIC are fully met;
- Ensure all requirements of the ATO are fully met;
- Provide counsel for corporate governance principles and individual director liability.

7. KORVEST COMMITTEES

Committees

The Korvest board will have the following committees:

- Audit;
- Remuneration.