



Supply Network Limited

Board Charter

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1. Introduction

The Board of Directors is responsible for the overall governance of Supply Network Limited and its subsidiary companies (Company or SNL).

The Board promotes a corporate governance framework that achieves the objectives of the business and discharges all responsibilities. It directs the business so that it is managed in a manner consistent with the interests of shareholders, its business partners, and the wider community.

SNL is an ASX listed company operating trading entities in Australia and New Zealand under the Multispares brand. Each trading entity has its own management team and its own operating focus within a broad market definition of replacement parts for road transport equipment.

The purpose of this Board Charter is to document the policies upon which the Board relies to meet its legal and other responsibilities.

2. The Role of the Board

The SNL Board provides overall strategic guidance for the Company and effective oversight of management. The Board ensures that the activities of the Company comply with its Constitution, from which the Board derives its authority to act, and with legal and regulatory requirements.

To achieve this role the following functions are specifically reserved for the board

- (a) Ratification of strategy and monitoring management's implementation.
- (b) Appointment or removal of the Chief Executive Officer.
- (c) Approving the conditions of service and succession planning for all Executives.
- (d) Approval of budgets including all capital expenditure and monitoring financial outcomes.
- (e) Approval of audit, risk management and compliance systems.
- (f) Setting policies regarding ethical standards.
- (g) Ensuring continuous disclosure to shareholder.
- (h) Determining the appropriate Capital Structure.
- (i) Determining the frequency and level of any shareholder dividends.

3. Powers Delegated to Management

The Board delegates to the Managing Director/ Chief Executive Officer (MD/CEO) the authority and power to manage the day to day operations of the Company and implement the Company's business plan within the level of authority specified by the Board.

The MD/CEO may delegate aspects of his/her responsibilities but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on progress being made by the Company's business units.

4. Board Structure

The Company's Constitution primarily governs the composition, structure and proceedings of the Board.

5. Board Appointments

The full Board acts as the Nomination Committee and regularly reviews the composition, structure and performance of the Board.

When necessary the Board will identify candidates whose skills meet the needs of the business and are complementary to each other in order to discharge its mandate and maintain the necessary mix of expertise on the Board. Appropriate background checks will be undertaken before any appointment is made.

Due to its size the Board has no formal Diversity Policy.

All new board appointments will be provided with a formal letter of appointment to the Board covering key terms and conditions of the appointment.

For shareholder meetings where directors are standing for election or re-election, the notice of meeting will include all material information in its possession to enable shareholders to make an informed decision on their election.

All directors (other than the Managing Director) are subject to re-election by rotation at least every three years. Newly appointed directors must seek re-election at the first general meeting of shareholders following their appointment.

6. Expectations of Directors

All directors – whether independent or not – are required to bring an independent judgement to bear on all Board decisions.

A director is considered independent by the Company if the director is a non-executive director who is not a member of management and is free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement, or could reasonable be perceived to do so.

A director will not be considered independent, unless the Board is satisfied that the director is independent having regard to one or more of these circumstances:

- (a) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company
- (b) 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 that employment and serving on the Board
- (c) within the last three years, has been a principal of a material professional adviser or material consultant to the Company or another group member, or an employee materially associated with the service provided
- (d) is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- (e) has a material contractual relationship with the Company or another group member other than as a director of the Company.

The Board regularly assesses the independence of each director in light of the interests disclosed by them. Each independent director must provide the Board with any relevant information for this. The outcome of this assessment will be reflected in the corporate governance statement.

Any change to a director's independent status will be disclosed to the market in a timely fashion.

The Company has a Directors Code Of Conduct, which details the legal and ethical standards that are expected of them.

7. Role of the Chairman

The Chairman is an independent and non-executive director appointed by the Board. The Chairman is responsible for:

- (a) chairing Board meetings and shareholder meetings
- (b) leading the Board in reviewing and discussing Board matters
- (c) ensuring the efficient organisation and conduct of the Board's function
- (d) briefing all directors in relation to issues arising at Board meetings
- (e) facilitating effective contribution by all directors and monitoring Board performance
- (f) overseeing that membership of the Board is skilled and appropriate for the Companies needs
- (g) promoting constructive relations between Board members and between the Board and management
- (h) reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board; and
- (i) establishing and overseeing the implementation of policies and systems for Board performance review and renewal.

8. Role of the Company Secretary

The Company Secretary acts as secretary of the Board, attending all meetings of the Board as required. The Company Secretary is accountable to the Board through the Chairman on all corporate governance matters.

The Company Secretary is responsible for:

- (a) organising Board meetings and director attendance
- (b) monitoring compliance with Board policy and procedures
- (c) co-ordinating the completion and dispatch of the Board agenda and briefing material
- (d) preparing minutes of meetings and resolutions of the Board and taking these to the Chairman for approval and circulation
- (e) circulating minutes from committee meetings to the Board; and
- (f) ensuring that the Company complies with its requirements under the Corporations Act regarding registered office, annual returns, notices to be lodged with the Australian Securities and Investments Commission and ASX listing rules.

9. Risk Management

The full Board of the Company acts as the Risk Management Committee.

The Board has identified a range of specific risks that have the potential to have an adverse impact on its business. These risks are monitored regularly with information contained in monthly Board papers and weekly management reports.

The Executive management maintains a risk assessment matrix and an insurance schedule, which are monitored, updated and reviewed annually by the Board as part of standard Board Calendar items.

10. Committees

The Board currently has two committees:

- Audit Committee
- Remuneration Committee

Each Committee will have a Committee Charter that has been approved by the Board. Nevertheless, the Board has the ability to alter the roles of each Committee as it sees fit.

11. Access to independent advice

Where appropriate and with approval of the Chairman, Directors may take independent professional advice on matters arising in the course of their Board and Committee duties at the company's expense.

12. Performance reviews

Each year the Board and its committee's will undertake an internal review of its performance as a unit and the performance of its members. Board members will be given the opportunity to detail, individually, issues they see as strengths and weaknesses of the Board and its Committees, of its meetings and of its members.

13. Charter review

The Board will, at least once in each year, review this board charter to determine its adequacy for current circumstances and may amend it as necessary.