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## BOARD CHARTER

# CENTURY AUSTRALIA INVESTMENTS LIMITED

JUNE 2009

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### **ROLE**

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfill this role the Board seeks to address (a) the prudential control of the company's operations, (b) the resourcing, review and monitoring of executive management, (c) the timeliness and accuracy of reporting to shareholders and (d) the determination of the company's broad objectives.

### **FUNCTIONS**

Specifically, the Board is responsible for:

- Ensuring that Century Australia Investments Limited operates in accordance with the Company's Constitution, Corporations Act and ASX listing rules;
- Setting objectives, goals and strategic direction with a view to maximising shareholder value;
- Validating and approving corporate strategy and policies;
- Monitoring and reviewing business results, management and the Board itself;
- Monitoring and assessing the investment manager's performance ensuring this is consistent with corporate strategy;
- Reviewing internal controls and systems for effectiveness and external audit reports;
- Approving financial reports and other public documents for disclosure to shareholders and the market;
- Ensuring adequate risk management processes;
- Monitoring and influencing the culture, reputation and ethical standards of the company;
- Establishing Corporate Governance, legal and accounting compliance systems, as well as monitoring compliance with those systems;
- Ensuring appropriate resources are available for the Company in the pursuit of its objectives;
- Conducting an annual review of the Board membership with regard to the present and future requirements of the Company and make recommendations as to composition and appointments;
- Review of Board succession plans to maintain an appropriate balance of skills, experience and expertise;
- Conducting an annual review of the time required from non-executive directors, and whether the directors are meeting this; and
- Conducting an annual review of the independence of directors.

### **RIGHTS AND RESPONSIBILITIES**

The Board has no direct involvement with the management of the Portfolio. Although, the Board will closely monitor the compliance of the Manager with regards to the terms and conditions of the Investment Management Agreement and Derivative Risk Statement, the performance of the Company is dependent upon the performance of the Manager.

Operation and development of the Company, consistent with the directions and standards set by the Board, is delegated to the Chairman, and to the various Board Committees.

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## BOARD CHARTER

# CENTURY AUSTRALIA INVESTMENTS LIMITED

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### **COMPOSITION OF THE BOARD**

The composition of the Board is determined using the following principles:

- A minimum of three directors;
- An independent, non-executive director as Chairman;
- A majority of non-executive directors; and
- A majority of independent directors.

### **BOARD COMMITTEES**

The Board has established an Audit Committee. This committee has a written mandate and operating procedures which are reviewed on a regular basis. The Board has also established a range of policies which govern its operation.

The Audit Committee consists of:

- Stephen Menzies (Chairman), Robert Turner, Ross Finley and Russell Hooper and is responsible for considering the effectiveness of the systems and standard of internal control, financial reporting, risk management and any other matters at the request of the board.

### **OPERATION OF THE BOARD**

The Board currently holds six scheduled meetings each year plus any other meetings as and when necessitated by the company's operations. The agenda for meetings is prepared through the input of the Chairman, 452 Capital Pty Limited and the Company Secretary. Standing items include matters of Compliance and Reporting, Financials, Shareholder Communications and Investment Returns and Outcomes. Submissions are circulated in advance and Board and Committee papers should be provided to Directors at least five Business Days prior to the relevant meeting.

Each director has the right of access to all relevant company information and to the Company's executives and subject to prior consultation with the Chairman, may seek independent professional advice at the entity's expense. However, prior approval of the Chairman is required and this will not be unreasonably withheld. A copy of advice received by the director is made available to all other members of the board.

### **BOARD POLICIES**

The Board has adopted the following policies:

- Code of Conduct and Ethics
- Trading Policy
- Disclosure Policy
- Communication Policy
- Risk Management Policy
- Performance Evaluation Policy

The Board reviews each of these policies at least annually.

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## APPOINTMENT AND SELECTION OF NON-EXECUTIVE DIRECTORS

### CENTURY AUSTRALIA INVESTMENTS LIMITED

JUNE 2009

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#### **POLICY**

To ensure the Board consists of members with the range of skills and qualities to ensure that the interests of shareholders and stakeholders are promoted and protected.

The Board's target is to ensure that (as a minimum) directors collectively have investment accounting, general business experience and shareholder representation.

At every annual general meeting a minimum of one-third of directors, shall retire from office. No director shall hold office for a period in excess of three years, or until the third annual general meeting following his appointment without submitting himself for re-election.

The terms and conditions of the appointment and retirement of non-executive directors are set out in a letter of appointment. A director may resign from office by giving the Company notice in writing.

#### **PROCEDURE FOR THE SELECTION AND APPOINTMENT OF NON-EXECUTIVE DIRECTORS TO FILL A VACANCY**

- Assess the current Board's skills and qualities;
- Assess the needs of Century Australia Investments Limited's operations currently and going forward;
- Develop selection criteria for potential board candidate(s);
- The Board to generate a list of potential candidate(s) who may fill the stated criteria and agree an order of preference;
- Chairman approaches desired candidate(s);
- Candidate is appointed to the Board in accordance with the Constitution, Listing Rules and the Corporations Act.

#### **PROCEDURE FOR RE-APPOINTING NON-EXECUTIVE DIRECTORS**

- Assess the current Board's skills and qualities;
- Assess the needs of Century Australia Investments Limited's operations currently and going forward;
- Develop criteria required;
- The Board measure the retiring director's skills against the criteria;
- Directors discuss and agree whether the retiring director should stand for re-election at the next annual general meeting;
- If recommended for re-appointment, the retiring director stands for re-election at the shareholder meeting in accordance with the Constitution, Listing Rules and the Corporations Act. Otherwise the new director selection process commences.

A Director will cease to be a Director if the Director:

- Becomes of unsound mind or a person whose property is liable to be dealt with under law about mental health;
- Resigns or is removed under the Constitution; or
- Becomes insolvent under administration; or the Corporations Act 2001 so provides.

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NOMINATION COMMITTEE

**CENTURY AUSTRALIA INVESTMENTS LIMITED**

JUNE 2009

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ASX Recommendation 2.4 – The board should establish a nomination committee.

Based on ASX recommendations, the nomination committee should consist of a minimum of 3 members, the majority being independent directors, and chaired by an independent director.

Due to the size of the Company it has not established a formal Nomination Committee and the functions of the Nomination Committee are undertaken by a full Board.

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## CODE OF CONDUCT AND ETHICS

# CENTURY AUSTRALIA INVESTMENTS LIMITED

JUNE 2009

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### **CODE OF CONDUCT**

The Board expects all executive and non-executive directors to act professionally in their conduct.

The Company is committed to increasing shareholder value in a manner consistent with its responsibilities to all stakeholders.

Century Australia Investments Limited is committed to conducting its business in a way that is open, ensuring that the Company acts with integrity and objectivity.

Adherence to this code of conduct will ensure that Century Australia Investments Limited's reputation is maintained, and help promote investor understanding and confidence in the Company's disclosure, reporting and compliance activities.

### **ETHICAL STANDARDS**

The directors and officers in acting professionally in their conduct means that they will:

- Act with high standards of honesty, integrity, fairness and equity in all aspects, avoiding actual or potential conflicts of interest;
- Not do anything which would be likely to negatively affect Century Australia Investments Limited's reputation;
- Provide shareholders with timely and accurate information;
- Act lawfully and comply with the Constitution, Listing Rules, the Corporations Act 2001 and applicable Accounting Standards;
- Ensure confidential information is held, used and disclosed consistently with the Company's Privacy Policy;
- Protect and ensure efficient use of assets for legitimate business purposes;
- Promote ethical behaviour and fair dealing in all areas of the Company's operations.

Executive and non-executive directors are encouraged to consult with their peers if in doubt as to an appropriate course of action. Any instance of unethical practice is required to be reported to the Chair without delay.

The Board expects all Directors to adhere to the Company's Code of Conduct and Ethics at all times. Any subsequent amendment to the Code will be advised to the Directors, as such no formal training on the Code is considered necessary.

The Board monitors its outsourced services providers compliance with the Company's Code of Conduct and Ethics, which is accessible to outside parties via the Company's website.

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TRADING POLICY

**CENTURY AUSTRALIA INVESTMENTS LIMITED**

JUNE 2009

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The company encourages directors to have a significant personal financial interest in Century Australia Investments Limited ("CYA"), by acquiring and holding shares on a long-term basis.

Short term trading in CYA's shares by directors is not permitted.

The Board has adopted the following policy concerning dealing in CYA's shares by directors and officers.

- ❑ Insider trading laws prohibit Directors and their associates from dealing in the Company's shares whilst in possession of price sensitive information that is not generally available.
- ❑ As a matter of practice, Directors and their associates will generally only be able to deal in the Company's shares:
  - In the period of two weeks following the release of the Company's monthly NTA results;
  - In the period of two weeks following the release of the Company's annual results;
  - In the period of two weeks following the release of the Company's half yearly results;
  - In the period of two weeks following the Annual General Meeting of the Company; and
  - Following the release of a prospectus by the Company relating to an issue of shares.

Once the directors have traded in shares or otherwise dealt with any Century securities, they should immediately disclose this to the Board and Company Secretary to facilitate appropriate disclosure with ASX.

A Director or an entity controlled by Directors is not permitted to purchase or sell shares in the Company at other times without prior consent of the Chairman. This policy does not preclude a Director or an entity controlled by a Director from taking up or renouncing an entitlement to the Company's shares or participating in the Company's Share Purchase Plan or the Dividend Reinvestment Plan.

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## AUDIT COMMITTEE CHARTER

# CENTURY AUSTRALIA INVESTMENTS LIMITED

JUNE 2009

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### **ROLE**

The Audit Committee is responsible for considering the effectiveness of the systems and standards of internal control, financial reporting and any other matters at the request of the Board.

The committee will report to the Board on matters relevant to its role and responsibilities.

### **RESPONSIBILITIES**

The responsibilities of the Audit Committee are to ensure:

- Relevant, reliable and timely information is available to the Board to monitor the performance of the Company;
- External reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;
- Recommendations for change to the Annual Report and other external reporting;
- Management processes support external reporting in a format which facilitates ease of understanding by shareholders and institutions;
- The external audit arrangements are adequate to ensure the maintenance of an effective and efficient external audit. This involves:
  - Reviewing the terms of engagement, scope and auditor's independence;
  - Recommendations as to the appointment, removal and remuneration of an auditor;
  - Reviewing the provision of any non-audit services provided by the external auditor, ensuring it does not adversely impact on audit independence;
- Review the company's risk profile and assess the operation of the company's internal control system;
- Compliance with legal and regulatory requirements including requirements for the preparation and presentation of financial statements, and;
- Compliance by White Outsourcing Pty Limited with their Service Level Agreement.

### **COMPOSITION OF THE COMMITTEE**

The Audit Committee will comprise of at least three independent non-executive directors on the Board. The Chairman of the Audit Committee will be an independent director who is not Chairman of the Board. A majority of the audit committee members will have experience in financial and accounting matters.

### **MEETINGS**

As a minimum, the Audit Committee meets two times per annum. An agenda will be prepared and issued prior to each meeting. Minutes of each meeting will be taken by the Company Secretary and copies of Minutes will be issued to each member of the Board.

The Audit Committee may have in attendance at their meeting such members of outsourced service providers as may be deemed necessary to provide information and explanations. The external auditors attend meetings by invitation to report to the Committee.

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AUDIT COMMITTEE CHARTER

CENTURY AUSTRALIA INVESTMENTS LIMITED

JUNE 2009

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**AUDIT**

The Board monitors the performance of the annual & half-yearly audit performed by the External Auditor. If the Board consider that the external auditor of the Company should be changed a special resolution will be put to shareholder vote at the following Annual General Meeting. External audit engagement partners are required by legislation to rotate their appointment every five years.

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DISCLOSURE POLICY

CENTURY AUSTRALIA INVESTMENTS LIMITED

JUNE 2009

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**OBJECTIVE**

The objective of this policy is to ensure compliance with the ASX Listing Rules and the Corporations Act 2001 and to ensure accountability at a Board level for that compliance.

**INFORMATION TO BE DISCLOSED**

The ASX Listing Rule 3.1 requires Century Australia Investments Limited to inform the ASX immediately the Company becomes aware of any information that a reasonable person would expect to have a material effect on the Company's share price or value.

Chapter 4 of the ASX Listing Rules details the periodic reporting requirements, which include

- Half yearly reporting;
- Annual reporting; and
- Monthly net asset backing per share within 14 days of the end of the month.

All Australian Stock Exchange releases are available on the ASX website.

**RESPONSIBILITY**

The Company Secretary is responsible for ensuring Century Australia Investments Limited complies with its continuous disclosure obligations.

All relevant staff of White Outsourcing Pty Ltd are made aware of these obligations and are required to report any price sensitive information to the Company Secretary immediately they become aware of it. The Company Secretary will decide whether the information should be disclosed to the ASX.

Where possible, all continuous disclosure releases to the ASX are approved by the Board. The monthly net asset backing per share is prepared and approved by White Outsourcing and sent to 452 Capital Pty Limited for comment. Where time does not permit approval by the Board, the Chairman of directors must approve the release.

All ASX releases are available on the Company's website.

No director or representative of Century is permitted to comment publicly on matters relating to Century, unless they have approval from the Chairman. All information about Century, its business and its prospects which is confidential information must be treated as such.

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## COMMUNICATION POLICY

# CENTURY AUSTRALIA INVESTMENTS LIMITED

JUNE 2009

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### **OBJECTIVE**

The communications policy is designed to promote effective communication with shareholders and encourage effective participation at general meetings.

The Company seeks to keep its shareholders fully informed on all matters that affect their investment.

### **STRATEGY**

Century Australia Investments Limited's internet website can be accessed at [www.centuryaustralia.com.au](http://www.centuryaustralia.com.au) . The objective of the website is to provide shareholders and potential investors with information that will assist them to assess the Company's performance.

All announcements to the ASX are available from the website. These include:

- Monthly Net Asset Backing per share (including detailed commentary from the Investment Manager on the portfolio and markets);
- Half Year Report;
- Full Year Report;
- Annual Report;
- Notice of Annual General Meeting and Explanatory Memorandum; and
- The Chairman's Address to the Annual General Meeting.

Shareholder contact will be managed primarily by the Company Secretary of Century, with support as necessary of the Board. Sensitive information should not be released to a shareholder without approval from the Board.

Century does not provide unsolicited written advice. Where Century provides formal advice to shareholders, the advice must first be approved by the Board.

Shareholder queries and complaints (and other complaints) will be monitored and dealt with by the Chairman. Following notification of a query or complaint, the Chairman will consider the response to the query or complaint. He will notify the Board of any major complaint, action and resolution. If a query or complaint is not resolved and escalates into a dispute, the Chairman will have control of the process and seek advice of outside counsel where necessary.

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RISK MANAGEMENT POLICY

CENTURY AUSTRALIA INVESTMENTS LIMITED

JUNE 2009

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**MISSION STATEMENT**

Risk includes anything that hinders the sustainable achievement of objectives and results.

**OBJECTIVE**

To identify Century Australia Investments Limited's material risks and analyse the risk management, internal compliance and control systems in place, and of the effectiveness of their implementation.

**FUNCTIONS**

The Board is responsible for ensuring the existence of an efficient and effective system of internal control. It is also responsible for ensuring that risks, and opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Board has delegated the role of reviewing the risk profile and reporting on the operation of the internal control system to the Audit Committee. The external auditor is required to attend the Annual General Meeting and is available to answer shareholder questions.

The Audit Committee (a) requires outsourced service providers to report annually on the operation of internal controls, (b) reviews the external audit of internal controls and liaises with the external auditor and (c) conducts any other investigations and obtains any other information it requires in order to report to the Board on the effectiveness of the internal control system.

**MATERIAL BUSINESS RISKS**

The following risks have been identified by the Board as having the potential to significantly or materially impact the company's performance:

- a. Administrative risks including operational, compliance and financial reporting; and
- b. Market related risks

***(a) Administrative risks***

The Board is primarily responsible for recognising and managing administrative risks including (a) operational, (b) compliance and (c) financial reporting. However, the Company has outsourced its administrative functions to service providers, BNP Paribas (custody), White Outsourcing Pty Limited (accounting and Company Secretarial) and 452 Capital Pty Limited (investment management) accordingly risk issues associated with these activities are handled in accordance with the service providers policies and procedures. The Board review, on an annual basis, the procedures and policies of outsourced service providers via direct discussion with the board and/or review of audit reports on their policies and procedures as well as obtaining certificates of currency of insurance cover which each service provider has in place.

In accordance with section 295A of the Corporation Act 2001, White Outsourcing will confirm half-yearly in writing to the Board that in all material respects:

- The financial records of the company have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- The financial statements and notes comply with the Accounting Standards; and
- The financial statements and notes give a true and fair view.

## CENTURY AUSTRALIA INVESTMENTS LIMITED

JUNE 2009

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### **(a) Administrative risks (cont.)**

In addition, White Outsourcing will confirm half-yearly in writing to the Board that the declaration provided above:

- is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks; and
- all material business risks have been effectively managed.

### **(b) Market related risks**

The Board is also primarily responsible for recognising and managing market related risks. By its nature as a Listed Investment Company, the Company will always carry investment risk because it must invest its capital in securities which are not risk free. However, the Company seeks to reduce this investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market.

The investment manager, 452 Capital Pty Limited, is also required to act in accordance with the Board approved investment mandate and to report to the Board within ten business days of the end of each month that they have invested the Company's assets in accordance with the Investment Manager's Agreement, Investment Instructions and the Derivative Risk Statement.

The Investment Manager monitors its compliance with respect to all relevant regulatory requirements. These compliance procedures are documented in the Investment Manager's Policy Manual and are subject to regular monitoring and an independent auditor's opinion at financial year end. The Independent auditor's opinion at financial year end is provided to Century when completed. Changes to the Investment Manager's compliance procedures are notified to Century's Board and remedial action is taken to effect changes, if necessary in procedures and practices of Century.

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PERFORMANCE EVALUATION POLICY

CENTURY AUSTRALIA INVESTMENTS LIMITED

JUNE 2009

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**OBJECTIVE**

To formally assess the performance of the Board and its committees, whereby feedback is given to individuals to assist in the enhancement of their performance.

**FUNCTIONS**

Individual directors are subject to continuous review by the Chairman. Directors whose performance is unsatisfactory are asked to retire.

In addition, the performance of service providers (White Outsourcing Pty Ltd and 452 Capital Pty Ltd) is the subject of continuous oversight by the Chairman and the Board as a whole.

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REMUNERATION COMMITTEE

**CENTURY AUSTRALIA INVESTMENTS LIMITED**

JUNE 2009

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ASX Recommendation 8.1 – The board should establish a remuneration committee.

Based on ASX recommendations, the remuneration committee should consist of a minimum of 3 members, the majority being independent directors, and chaired by an independent director (all non executive directors are members).

It is not the intention of the Board to establish a Remuneration Committee at this stage. In the event that the Board deems it necessary, one will be established.

Under the Constitution, the Directors may be paid remuneration as determined by the Company in general meeting, or until such determination is made, as the Directors resolve.

Under the ASX Listing Rules, the maximum fees paid to non-executive Directors may not be increased without approval from the Company at a general meeting. Directors will seek approval from time to time as appropriate.

All non-executive Directors payments are inclusive of superannuation and committee fees.

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BOARD & COMMITTEE MEMBERS

CENTURY AUSTRALIA INVESTMENTS LIMITED

JUNE 2009

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**BOARD OF DIRECTORS**

Robert Turner           (Chairman)  
Stephen Menzies  
Ross Finley  
Russell Hooper

**AUDIT COMMITTEE**

Stephen Menzies       (Chairman)  
Robert Turner  
Ross Finley  
Russell Hooper