

# Board Charter

## **1 Derivation**

The powers, duties and responsibilities of the Board are prescribed by the Corporations Act, the ASX Listing Rules and the Constitution of DuluxGroup Limited (**DuluxGroup**). The Board is also committed to high standards of corporate governance.

## **2 Role**

- 2.1 The Board will determine the objectives and broad policies of DuluxGroup and any of its subsidiary companies or any other entity in which it has a controlling shareholding or interest (the **Group**) which must aim to enhance long-term shareholder value. The Board will provide the overall strategic direction that is necessary to ensure that these policies are carried out, and will exercise stewardship of the Group's resources in a manner that enables the objectives to be met.
- 2.2 With respect to companies in the Group where particular shareholder agreements apply, it is understood that the Board will do its best to ensure that the objectives, policies, strategies and plans applicable to the Group are met.
- 2.3 In performing its responsibilities, while responsible to the shareholders of DuluxGroup, the Board will have regard to the interests of the Group as a whole, including its employees in general, its customers and suppliers and to the Group's social responsibilities to the communities where its operations have an impact.

## **3 Composition of the Board**

- 3.1 The Constitution provides for a minimum of three directors, which may be increased by the Board to a maximum of nine directors where the Board considers additional expertise is required or when an outstanding candidate is identified.
- 3.2 The appointed chair of the Board should be an independent non-executive director.
- 3.3 The appointed chair of the Board is the only official spokesperson for the Board, unless the Board determines otherwise.

## **4 Functions**

The Board has delegated day-to-day management of the business to the Chief Executive Officer and management team, and has reserved certain powers for itself. The main functions of the Board in carrying out its role are as follows:

- 4.1 Composition

- (a) considering, on recommendation of the Remuneration and Nominations Committee, the necessary and desirable competencies of Board members;
- (b) reviewing, on recommendation of the Remuneration and Nominations Committee, the Board's structure and performance from time to time and making decisions on new appointments to the Board;
- (c) appointing the Chairman of the Board; and
- (d) approving the terms of appointment between DuluxGroup and each of its non-executive directors.

#### 4.2 Strategy

- (a) setting and appraising the objectives, policies, strategies and performance of the Group;
- (b) keeping under review the general progress and long-term development of the Group in the light of the political, economic and social environments in which it operates;
- (c) monitoring the financial state and performance of the Group (including investment and finance plans), determining the desired financial objectives and approving the Group's budget;
- (d) approving major changes in organisation and the shape of the Group, including entry into new fields of operation and departure from those which are no longer appropriate; and
- (e) approving major expenditures and transactions with other companies (including, for example, acquisitions, disposals, joint ventures and significant supply arrangements) and monitoring capital management.

#### 4.3 Risk management and compliance

- (a) requiring that mechanisms are put in place to review and guide systems of risk management and internal control;
- (b) monitoring the effectiveness of DuluxGroup's internal control function and external audit and risk management and internal control systems;
- (c) monitoring DuluxGroup's key risks and mitigation strategies;
- (d) requiring that mechanisms and processes are put in place to assess and determine that DuluxGroup's accounts are true and fair;
- (e) determining that satisfactory arrangements are in place for auditing DuluxGroup's financial affairs, including selecting and recommending any changes to auditors as required at general meetings, and that the scope of the internal audit is adequate;
- (f) considering the adequacy of DuluxGroup's insurance coverage; and

- (g) reviewing and monitoring all related party transactions to identify whether consideration should be given to seeking security holder approval.

#### 4.4 Corporate governance and legal compliance

- (a) reviewing and monitoring Group processes to ensure that they adhere to appropriate standards and values and that proper policies are developed and followed in relation to:

- (1) compliance with laws;
- (2) safety, health and environment matters;
- (3) corporate governance; and
- (4) corporate culture;

- (b) establishing and monitoring an organisational culture of compliance;

#### 4.5 Reporting

- (a) approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the ASX and other stakeholders (as appropriate); and
- (b) requiring that mechanisms are put in place for DuluxGroup's shareholders and the market as a whole being provided with adequate, accurate and timely information on material developments affecting the Group.

#### 4.6 Management

- (a) appointing , remunerating and removing (if appropriate) the Chief Executive Officer and review of his or her performance;
- (b) monitoring the performance of executive management;
- (c) delegating clear responsibility and authority to the committees of the Board, the Chief Executive Officer and directors or groups of directors;
- (d) monitoring and reviewing regularly the performance of those who hold delegated powers;
- (e) defining the powers to be reserved to the Board;
- (f) reviewing and monitoring HR policies and talent development;
- (g) supporting the Chief Executive Officer in the discharge of his/her responsibilities; and
- (h) ratifying the appointment (and, if appropriate, the removal from office) of the Chief Financial Officer.

4.7 Remuneration and performance

- (a) giving approval or support as appropriate to the most senior appointments in the Group and ensuring that adequate career development, succession and remuneration arrangements exist for them;
- (b) assessing the performance of the Chief Executive Officer against established objectives and key performance indicators.

4.8 Induction and continuing education

- (a) ensuring that all new Directors appointed to the Board undertake an induction program co-ordinated by the Company Secretary to assist them in fulfilling their duties and responsibilities; and
- (b) ensuring Directors and key executives undertake continuing professional education to update and enhance their skills and knowledge to enable them to discharge their duties.

4.9 Board Committees

- (a) establishing Board Committees as considered appropriate by the Board. As at the date of adoption of this Charter, the Board has established the following Committees:
  - (1) Audit and Risk Committee;
  - (2) Remuneration and Nominations Committee;
  - (3) Safety and Sustainability Committee;
- (b) adopting Charters setting out the membership, responsibilities and reporting obligations of each Board Committee; and
- (c) considering and adopting, where appropriate, recommendations of the Board Committees.

**5 Role of Company Secretary**

5.1 The Board is responsible for appointing (and, if appropriate, removing from office) the Company Secretary.

5.2 The Company Secretary's responsibilities include:

- (a) organising Board and Board Committee meetings, including coordinating the preparation of agendas and papers;
- (b) preparing minutes of Board and Board Committee meetings;
- (c) providing governance, administrative and other support to the Directors;
- (d) engaging independent professional advisers at the request of the Board or a Board Committee;

- (e) providing a point of reference for dealings between Board and management;
- (f) keeping statutory records up to date; and
- (g) attending to the statutory requirements relating to DuluxGroup's registered office, annual returns and lodgement of other documents with ASIC and ASX.

5.3 The Company Secretary will attend all Board and Board Committee meetings.

## **6 Independence**

6.1 All Directors will bring an independent judgement to bear on Board decisions.

6.2 It is intended that the Board should comprise a majority of independent non-executive Directors and comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.

6.3 The Board has adopted guidelines for assessing the independence of each Director and will review those guidelines annually to ensure that they remain appropriate for the DuluxGroup.

6.4 The Board will regularly review the independence of each Director in light of those guidelines and their interests disclosed to the Board.

## **7 Access to independent professional advice**

Each Director may seek independent professional advice at the DuluxGroup's expense, subject to the Director's terms of appointment.

## **8 Review and publication of Charters**

8.1 The Board will review this Charter and the Charters of the Board Committees annually and make any appropriate amendments, having regard to the Board's objectives, current law and good practice.

8.2 Copies of this Charter and the Charters for the Board Committees will be made available on DuluxGroup's website.

## **9 Approved and adopted**

This charter was approved by the DuluxGroup Limited Board on 8 July 2010.

**Date** \_\_\_\_\_

**Signed** \_\_\_\_\_  
Chair of the Board of Directors of  
DuluxGroup Limited