



CORPORATE GOVERNANCE POLICY

DCDC Board Charter

1. Role of the Board

This Board Charter sets out the principles for the operation of the board of directors ("Board") of DCDC and describes the functions of the Board.

The Board has primary responsibility to key stakeholders for the welfare of DCDC by guiding and monitoring the business and affairs of DCDC. DCDC recognises the importance of the Board in providing a sound base for good corporate governance in DCDC's operations.

The Board must at all time act honestly, fairly and diligently in all respects in accordance with the legislation applicable to DCDC. Furthermore, the Board will at all time act in accordance with all relevant DCDC policies.

Each of the directors, when representing DCDC, must act in the best interests of DCDC's shareholders and in the best interests of DCDC as a whole.

This charter, and those of the various committees of the Board, have been prepared and adopted on the basis that there is a contribution that good governance and good governance procedures can add to the performance of DCDC.

2. Responsibilities of the Board

The Board will ensure that management has in place appropriate processes for risk assessment, management, internal control, and monitoring performance against agreed benchmarks. The Board will work with the three (3) Directors on the Executive Committee and the General Manager to advance the interests of DCDC.

This charter delegates authority and recognises that, once delegated; management needs to be free to manage. The DCDC Board will test and question management's assertions, monitor progress, evaluate management's Key Performance Indicators (KPIs) and, where warranted, take corrective action.

2.1 The Board is responsible for the management of the affairs of the DCDC including:

- Financial strategic objectives.
- Evaluating, approving and monitoring the strategic economic development strategies and financial plans of DCDC.
- Evaluating, approving and monitoring the annual budgets, Business Plan and Key Performance Indicators (KPI's) set out in its Business Plan.
- Evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions.
- Ensuring that, where possible, all DCDC's business activities, including planning and development, are consistent with Dubbo City Council's priorities and objectives including the Agreement made on 24 November 2009 currently in place between DCDC and Dubbo City Council until 25 May 2010.

3. Executive Management

- Managing succession planning for directors and executive directors on the Board of DCDC. It is envisaged that this would involve working with the General Manager to identify the requirements for critical positions, as per DCDC's Articles of Association and individuals who can fill those positions over the required term.
- Approving the appointment, and terms of appointment, of incoming directors and executive directors.

4. Risk management

- Monitoring DCDC's performance in relation to principles of best-practice corporate governance (as identified and resolved by the Board).
- Approving and monitoring DCDC's risk-management framework.
- Approving and monitoring compliance with DCDC's key corporate policies and protocols.
- Monitoring DCDC's operations in relation to, and compliance with, relevant regulatory requirements.

5. Guidelines for risk management and strategic planning

- The Board will be actively and regularly involved in risk management and strategic planning. Strategic planning will be based on the identification of opportunities and the full range of business risks that will determine which of those opportunities are most worth pursuing. The Board recognises that strategic planning is based on a set of Key Performance Indicators (KPI's) that underpins DCDC's performance and will endeavour to assess this criteria based on the KPI Schedule and its outcome dates.
- The Board's involvement in strategic planning and the monitoring of risks does not mean the Board intends to manage the business, but it recognises the Board is responsible for overseeing management and holding it to account.
- The Board will oversee the process that management has in place to identify business opportunities and risks.
- The Board will consider the extent and types of risk that it is acceptable for DCDC to bear.
- The Board will monitor management systems and processes for managing a broad range of business risks.
- The Board will, on an ongoing basis, review with management how the strategic environment is changing, what key business risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction including its KPI's should be adopted.

This DCDC Corporate Policy outlines the role and duties of directors of DCDC and provides guidelines for appropriate behaviour by directors of DCDC in the performance of their duties. It is to be read in conjunction with relevant legislation and DCDC policies.

6. Role

The role of the DCDC Board specifically includes the following:

- responsibility for DCDC's commercial policy and management;
- ensuring that, as far as possible, that DCDC achieves, and acts in accordance with its statement of corporate intent and carries out its objectives outlined in its statement of corporate intent;
- accounting to DCDC's stakeholders for its performance as required by the *Corporations Act 2001(Cth)* and other laws applying to DCDC; and
- ensuring that DCDC performs its functions in a proper, effective and efficient way.

7. Duties

Section s191 of the *Corporations Act 2001(Cth)* deals with the duties and liabilities of directors. Directors of DCDC specifically have a duty:

- to act honestly in the exercise of their powers and discharge of functions;
- to disclose direct or indirect interests in a matter being considered, or about to be considered, by the Board;
- to exercise a degree of duty of care and diligence; and
- not to make improper use of information or position to gain, directly or indirectly, an advantage for himself or herself or to the detriment of DCDC. The DCDC Directors also have a duty to prevent insolvent trading, and not to make false or misleading statements concerning the affairs of DCDC.

8. Exercise of Powers and Discharge of Functions

Directors should endeavour to ensure that the functions of the DCDC Board have been specified clearly, are properly understood and are competently discharged in the interests of DCDC.

Directors should endeavour to ensure that DCDC is financially viable, properly managed and constantly improved, so as to protect and enhance the interests of the stakeholders.

Directors of DCDC have an obligation to be independent in judgment and actions, and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

9. Conflict of Interest

The personal interests of a Director, or those of a Director's family, must not be allowed to prevail over those on the Board of DCDC. A director should seek to avoid conflicts of interest wherever possible. Full disclosure of any conflict, or potential conflict, must be made to the Board of DCDC. In addition, Directors are required to make a disclosure of pecuniary interests at each Board meeting of DCDC and must notify the Board of any changes to these as and when they occur.

Where a conflict does arise, a Director must consider whether to refrain from participating in the debate, whether to be absent from discussion of the matter, arrange that the relevant DCDC Board papers are not sent, or, in extreme cases, resign from the Board. Directors of DCDC may be required to sign documentation indicating there is no conflict of interest.

10. Confidential Information

Confidential information received by a Director of DCDC in the course of the exercise of directorial duties remains the property of DCDC and it is improper for a Director to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by DCDC or is required by law.

Directors should ensure that all records and files in their possession are secured. This includes computer files that should not be accessed by unauthorised people.

11. Financial and Other Private Interests

A Director of DCDC must not take improper advantage of the position of Director. Directors should not use commercially sensitive information regarding DCDC's business, or any information acquired in the course of their employment, for their own personal gain or for that of others, such as friends, relatives or business associates.

12. Political and Community Participation

Directors should not engage in conduct likely to bring disrepute upon DCDC. Directors wishing to engage in any political, semi-political or community group activity do so at their sole discretion in their own right, and without involving the authority of their position in DCDC or any of DCDC's assets or information.

13. Public Comment

Directors must not make any public comment or comment to the media on behalf of or about DCDC without the approval of the Chairman (refer to DCDC's Media Policy). Directors have the right to make public comment and enter into public debate on political and social issues in a private capacity; however, it is important that these views are not presented in such a way that they may be interpreted as being the views of DCDC.

14. Fairness and Equity

Directors are expected to abide by the principles of Equal Employment Opportunity and anti-discrimination, and treat their fellow Directors and DCDC employees fairly and equitably with respect, courtesy, compassion and sensitivity.

15. Breaches of the Code of Conduct

A Director has an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

Any disciplinary action required will be determined by the Chairman of DCDC following discussion with the Board of directors, if warranted. The DCDC Code of Conduct is as follows:

CODE OF CONDUCT

Every Director on the Board of DCDC is expected to comply with the Code of Conduct determined by the DCDC Board from time to time. This Code of Conduct is set out below and is based on the Australian Institute of Company Directors (AICD) Guidelines.

A director should comply with the following standards of conduct:

The code of conduct is as follows:

1. The director should act honestly, in good faith and in the best interests of the company as a whole.
2. The director should have a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. The director should use the powers of office for a proper purpose, in the best interests of the company as a whole.
4. The director should recognise that the primary responsibility is to the company as a whole but may, where appropriate, have regard for the interest of all stakeholders of the company.
5. The director should not make improper use of information acquired as a director.
6. The director should not take improper advantage of the position of director.
7. The director should properly manage any conflict with the interests of the company.
8. The director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of directors.
9. Confidential information received by the director in the course of the exercise of directorial duties remains the property of DCDC from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by DCDC, or the person from whom the information is provided, or is required by law.
10. The director should not engage in conduct likely to bring discredit upon DCDC.
11. The director has an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.