

# HEADLINE GROUP LIMITED

## COMPOSITION OF THE BOARD

### 1. MEMBERSHIP, COMPOSITION AND TERM

- 1.1 The HeadLine Constitution provides for a minimum of three (3) directors and a maximum of ten (10) directors excluding the Managing Director. The Company may review this requirement from time to time.
- 1.2 The Board has adopted a policy that the position of Chairman will be held by a non-executive, independent director.
- 1.3 The HeadLine Board is to be structured in a way that seeks to add value in the context of the size of its business and the industry in which it operates. To this end, the current Board consists of one director with extensive plastics and consumer goods industry experience, two directors with extensive corporate advisory roles and financial experience, and a director who has extensive experience in funds management, corporate advisory roles and as a member of other listed company boards. The Board will review its composition from time to time to determine its effectiveness.
- 1.4 The Board shall consist of a majority of non-executive directors, and where possible, independent directors.
- 1.5 HeadLine has defined the concept of '*independence*' for the purposes of making its assessment of the independence of individual directors. A copy of this definition is available in the designated corporate governance area of its website at [www.headlinegroup.com.au](http://www.headlinegroup.com.au).
- 1.6 In summary, an *independent* director is a non-executive director and:
  - 1.6.1 is not a substantial shareholder<sup>1</sup> of HeadLine, or an officer of, or otherwise associated directly with, a substantial shareholder of HeadLine;
  - 1.6.2 has not within the last three (3) years, been employed in an executive capacity by HeadLine or another HeadLine group member, or been a director of HeadLine after ceasing employment with HeadLine;
  - 1.6.3 has not within the last three (3) years, been a principal of a material professional adviser or a material consultant to HeadLine or another HeadLine group member, or an employee materially associated with the service provided;
  - 1.6.4 has not within the last three (3) years, had a present or former affiliation with or employment by a present or former external auditor of HeadLine or

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<sup>1</sup> A "substantial shareholder" is a person with a "substantial holding" (as defined in section 9 of the *Corporations Act*).

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another HeadLine group member who has worked on the HeadLine (or HeadLine group member) audit;

- 1.6.5 has not been a material supplier or customer of HeadLine or another HeadLine group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer of HeadLine or any other HeadLine group member;
- 1.6.6 has no material contractual relationship with HeadLine or another HeadLine group member other than as a director or committee member of HeadLine or another HeadLine group member;
- 1.6.7 has not served on the Board of HeadLine or of another HeadLine group member for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company;
- 1.6.8 if free from any interest or a business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of HeadLine.
- 1.7 The threshold for materiality for the purpose of assessing the materiality of relationships between a non-executive director and HeadLine (other than as a director) will be judged according to the significance of the relationship to the director in the context of their activities as a whole.
- 1.8 Membership of the Board shall be disclosed in the annual report including whether a director is independent or non independent. Loss or gain of independence will be disclosed to the market immediately.
- 1.9 The Board has not adopted a tenure policy.
- 1.10 There is no requirement in the HeadLine Constitution for a director to be a shareholder of the company though the Board considers there are good governance reasons for doing so and, in fact, all existing directors of HeadLine are shareholders of the company.