

BOARD CHARTER

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1. Introduction

- 1.1 In carrying out its responsibilities and powers as set out in this Charter, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of UCW's shareholders, as well as its employees, clients, and the community. It will work to promote and maintain an environment within UCW that establishes these principles as basic guidelines for all of its employees and representatives at all times.

2. Purpose and Role

- 2.1 The Board is responsible for:
 - (a) charting the direction, strategies and financial objectives for UCW and monitoring the implementation of those policies, strategies and financial objectives;
 - (b) monitoring compliance with regulatory requirements and ethical standards; and
 - (c) appointing and reviewing the performance of the Chief Executive Officer.
- 2.2 In performing the responsibilities set out above the Board should act at all times:
 - (a) in a manner designed to create and continue to build sustainable value for shareholders; and
 - (b) in accordance with the duties and obligations imposed upon them by the Constitution and by law.



3. Powers

3.1 In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

- (a) appointment of the Chief Executive Officer and determination of his or her terms and conditions (including remuneration);
- (b) approval of any matters in excess of discretions that it may have delegated to the Chief Executive Officer and senior management in relation to credit transactions, market risk limits and expenditure; and
- (c) Approvals of each of the following:
 - (i) the strategic plan, at least annually;
 - (ii) the budget, at least annually;
 - (iii) the remuneration and conditions of service including financial incentives for any executive directors and the Company Secretary, at least annually;
 - (iv) significant changes to organisational structure and the appointment of such senior officers as the Board may determine;
 - (v) the acquisition, establishment, disposal or cessation of any significant business of UCW;
 - (vi) the issue of any shares, options, equity instruments or other securities in UCW;
 - (vii) any public statements which reflect significant issues of UCW policy or strategy, and
 - (viii) any changes to the discretions delegation from the Board.

4. Specific Responsibilities

4.1 The Board has a specific responsibility to:

- (a) contributing to the development of and approving the corporate strategy
- (b) reviewing and approving business results, business plans, the annual budget and financial plans
- (c) authorising and monitoring major investment and strategic commitments



- (d) ensuring the maintenance of credit quality
- (e) ensuring regulatory compliance
- (f) reviewing internal controls
- (g) monitoring and influencing the culture, reputation and ethical standards of the Company
- (h) ensuring adequate risk management processes
- (i) monitoring the Board composition, director selection and Board processes and performance
- (j) overseeing and monitoring:
 - organisational performance and the achievement of the Company's strategic goals and objectives
 - compliance with the Company's code of conduct
 - progress of significant corporate projects
- (k) monitoring financial performance including approval of the annual report and half-year financial reports
- (l) contributing to the performance assessment for the members of the senior executive team including the Chief Executive Officer and other senior management
- (m) ensuring there are effective management processes in place and approving major corporate initiatives
- (n) enhancing and protecting the reputation of the Company
- (o) reporting to shareholders

5. Board Membership

- 5.1 The Constitution of UCW Limited provides for a minimum of three (3) directors and a maximum of ten (10) directors. The Board has adopted a policy to have four (4) directors – two executive and 2 non-executive, which may be reviewed from time to time.
- 5.2 In recognition of the importance placed on direct selling experience, the majority of the Board may need not be independent (the criteria for independence is described in section 6. below).
- 5.3 The directors shall appoint a chairperson of the Board.



6. Independence

6.1 In accordance with the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council in March 2003, a director is only to be regarded as independent if he or she is a non-executive director (ie not a member of management) and:

- (a) is not a substantial shareholder of the company or an officer of, or otherwise associated directly with a substantial shareholder of the company. In accordance with Section 9 of the Corporations Act, a substantial shareholder holds greater than 5% of UCW's issued capital.
- (b) within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold such employment.
- (c) within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided.
- (d) is not 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.
- (e) has no material contractual relationship with the company or another group member other than as a director of the company.
- (f) has not served on the board 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.
- (g) is free from any interests and any business or other relationship with could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

6.2 Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the company is considered material. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it impacts the shareholders' understanding of the director's performance.

7. Meetings

7.1 Board and Committee papers should where possible be provided to directors at least four days prior to the relevant meeting.



- 7.2 The non-executive directors should meet at least once each year for private discussion of management issues.
- 7.3 The Board should meet formally at least 5 times per year. In addition the Board will meet whenever necessary to deal with specific matters needing attention between the scheduled meetings.

8. Board Committees

- 8.1 The Board may from time to time establish Committees to assist it in carrying out its responsibilities, and shall adopt Charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.
- 8.2 The Board shall as a minimum establish the following Committees, and shall adopt Charters setting out all matters relevant to the composition, responsibilities and administration of those Committees:
- (a) Audit Committee;
 - (b) Remuneration Committee, and
 - (c) Nominations Committee

9. Self Assessment

- 9.1 The Board and committees shall undertake an annual performance evaluation of itself that:
- (a) compares the performance of the Board with the requirements of its Charter;
 - (b) sets forth the goals and objectives of the Board for the upcoming year; and
 - (c) effects any improvements to the Board charter deemed necessary or desirable.
- 9.2 The performance evaluation shall be conducted in such a manner as the Board deems appropriate.
- 9.3 The Chairman must annually assess the performance of each director and meet privately with each director to discuss this assessment.
- 9.4 The Chairman's performance is reviewed by the Board.



10. Procedures for Handling a Conflict of Interest

10.1 A Director who has:

- (a) a material personal interest in a matter which relates to the affairs of the company; or
- (b) any other interests which the Director believes is appropriate to disclose in order to avoid an actual conflict of interest or the perception of a conflict of interest,

may not be present at a meeting when the matter is being considered, and may not vote on the matter.

The minutes of the meeting should record the decision taken by the Directors who do not have an interest in the matter.

