VELOCITY
PROPERTY GROUP

VISION INTEGRITY LIFESTYLE

Corporate governance charter

Velocity Property Group Limited ACN 605 935 153

Adopted on 1 November 2016

VELOCITY PROPERTY GROUP
VISION INTEGRITY LIFESTYLE

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Corporate governance charter

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1 Definitions and interpretation

1.1 Definitions

In this document:

Term	Definition
AGM	means Velocity's annual general meeting.
ARM Committee	means the Committee responsible for the matters set out in Schedule.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Board	means the board of Directors.
Board Charter	means the charter of corporate governance in relation to the Board, set out in paragraph 2.
Chairman	means the chairman of the Board.
CEO	means the executive officer (by whatever title known, whether chief executive officer, managing director or otherwise) with sole responsibility for the strategic and operational management of the Group.
Code of Conduct	means the code of conduct set out in paragraph 3.
Committee	means a committee of the Board.
Constitution	means Velocity's constitution.
Continuous Disclosure Policy	means the Company's policy regarding continuous disclosure which is set out in the document, referred to in paragraph 4.
CFO	means Velocity's chief financial officer or equivalent officer (by whatever title known).
Company or Velocity	means Velocity Property Group Limited ACN 605 935 153.
Corporations Act	means *Corporations Act 2001* (Cth).
Deputy Chairman	means the deputy chairman appointed by the Board in circumstances where the Chairman is not an Independent Director.
Director	means a director of Velocity.

Term	Definition
Diversity	means but is not limited to diversity of gender, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity.
Group	means Velocity and its controlled entities.
Group Operating Policies and Procedures	means the policy and procedures applicable to the Group from time to time, adopted by the Board.
Independent Director	means a Director who is not a Senior Executive and who: (a) is not a substantial Shareholder, or an officer of a substantial Shareholder, and is not otherwise associated, directly or indirectly, with a substantial Shareholder; (b) has not, within the last three years: (i) been employed in an executive capacity by Velocity or another Group member; or (ii) been a Director after ceasing employment in an executive capacity for Velocity or another Group member; (c) has not, within the last three years, been a principal of a professional adviser to Velocity or another Group member or an employee materially associated with the service provided, except where the adviser might be considered to be independent due to the fact that fees payable by Velocity to the adviser's firm represent an insignificant component of the adviser's firm overall revenue; (d) has not, within the last three years, been: (i) a material supplier or customer of Velocity or another Group member; or (ii) an officer of or associated, directly or indirectly, with a material supplier or customer; (e) has no material contractual relationship with Velocity or another Group member other than as a Director; (f) is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in Velocity's best interests; (g) does not have close family ties with any person who falls within any of the categories described in paragraphs (a) to (f) above; and (h) has not served on the Board for a period which could, or could reasonably be perceived to,

Term	Definition
	materially interfere with the Director's ability to act in Velocity's best interests.
Listing Rules	means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Price Sensitive Information	means information that: (a) relates to the financial affairs of Velocity or the Group; (b) may give the person proposing to deal in Securities an advantage over other persons holding or dealing in Securities; and (c) if it were generally available, would be likely to materially affect the price of the Securities in question. For the avoidance of doubt, the following will be typically regarded as Price Sensitive Information: (a) a transaction that will lead to a significant change in the nature or scale of the Group's activities; (b) a material acquisition or disposal; (c) the granting or withdrawal of a material licence; (d) the entry into, variation or termination of a material agreement; (e) Velocity or another member of the Group becoming a plaintiff or defendant in a material law suit; (f) the fact the Group's earnings will be materially different from market expectations; (g) the appointment of a liquidator, administrator or receiver; (h) the commission of an event of default under, or other event entitling a financier to terminate, a material financing facility; (i) under subscriptions or over subscriptions to an issue of Velocity Securities; (j) Velocity giving or receiving a notice of intention to make a takeover; and (k) any rating being applied by a rating agency to Velocity or its Securities and any change to that rating.
Secretary	means the company secretary of Velocity.
Securities	means all securities issued by the Company of any kind including ordinary shares, preference shares, debentures, convertible notes and options.

Term	Definition
Securities Trading Policy	means Velocity's securities trading policy which is set out in the document, referred to in paragraph 3.11.
Senior Executives	means the senior management team (excluding Board members), being those who have the opportunity to materially influence the integrity, strategy and operation of Velocity, and its financial performance.
Shareholder	means a holder of shares in Velocity.

1.2 Interpretation

Concepts not defined in this document which are given a meaning in the Corporations Act have the same meaning as in the Corporations Act.

2 Board Charter

2.1 Introduction

This policy outlines Velocity's corporate governance practices. If, however, the Constitution is inconsistent with this document, the Constitution prevails to the extent of the inconsistency.

2.2 Guiding principle

Each Director has an overriding responsibility to act in good faith and the best interests of Velocity. In assessing Velocity's best interests, the Board may, however, have regard to the interests of:

(a) Shareholders (with a view to building sustainable value for them);

(b) employees of the Group; and

(c) other people or entities with whom the Group deals.

2.3 Functions of the Board

The Board's broad functions are to:

(a) chart strategy and set financial targets for the Group;

(b) monitor the implementation and execution of strategy and performance against financial targets;

(c) appoint and oversee the performance of executive management; and

(d) generally take an effective leadership role in relation to the Group.

2.4 Responsibilities of Board

The Board's responsibilities include:

(a) providing leadership and setting the strategic objectives of the Group;

(b) determining the Board's composition, including appointment and retirement or removal of the Chairman and Deputy Chairman (if applicable);

(c) oversight of the Group (including its control and accountability systems);

(d) appointing and removing the CEO or equivalent;

(e) if appropriate, ratifying the appointment and the removal of Senior Executives;

(f) reviewing, ratifying and monitoring the risk management framework and setting the risk appetite within which the Board expects management to operate;

(g) approving and formulating company strategy and policy and monitoring Senior Executive's implementation of strategy;

(h) approving and monitoring operating budgets and major capital expenditure;

(i) overseeing the integrity of the Group's accounting and corporate reporting systems, including the external audit;

(j) monitoring industry developments relevant to the Group and its business;

(k) developing suitable key indicators of financial performance for the Group and its business;

(l) overseeing the Group's corporate strategy and performance objectives developed by management;

(m) overseeing the Group's compliance with its continuous disclosure obligations;

(n) approving the Group's remuneration framework;

(o) monitoring the overall corporate governance of the Group (including its strategic direction and goals for management, and the achievement of these goals); and

(p) oversight of Committees.

2.5 Board Composition

(a) The Chairman:

(i) subject to paragraph 2.5(b), should be an Independent Director;

(ii) is responsible for the Board's leadership and for its efficient organisation and conduct; and

(iii) should facilitate the effective contribution by all Directors and promote constructive and respectful relations between Directors, and between the Board and the Senior Executives.

(b) If the Chairman is not an Independent Director, the Board should appoint a Deputy Chairman who can act when the Chairman is conflicted.

(c) The Board should comprise:

(i) members with a broad range of experience, expertise, skills and contacts relevant to the Group and its business;

(ii) no less than three Directors, half of whom should be non-executive Directors;

(iii) more than four Directors if the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified; and

(iv) a majority of Independent Directors.

(d) The Board should implement and maintain a skills matrix setting out the mix of skills and Diversity that the Board currently has or aims to achieve.

2.6 Independence of Directors

(a) The Board must regularly assess whether each Director remains an Independent Director in the light of the interests disclosed by them.

(b) A Director should only be characterised as an Independent Director if they are free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgment to bear on issues before the Board.

(c) Each Director must give the Board all relevant information for this purpose.

(d) The independence of Directors will be disclosed in the annual report.

(e) If the Board decides a Director has ceased to be an Independent Director, this must be immediately disclosed to the market.

2.7 Appointment and retirement of Directors

(a) The terms of the appointment of all new Directors should be set out in a letter of appointment for non-executive Directors and service contract for executive Directors.

(b) The material terms of any employment, service or consultancy agreement with a Director or the CEO should be disclosed in accordance with the Listing Rules.

(c) All Directors, excluding the CEO (if a Director), must retire in accordance with the Constitution and the Listing Rules. Retiring Directors may, in these circumstances, be eligible to be re-elected.

2.8 Background checks

(a) The Board should undertake appropriate checks before appointing a person, or putting forward a candidate for election, as a Director.

(b) All material information in the Board's possession, relevant to whether or not to elect or re-elect a Director, should be provided to Shareholders including:

(i) in the case of a new Director, any materially adverse information revealed by checks undertaken; and

(ii) for all Directors, details on the independence of the Director.

2.9 Performance review and evaluation of Directors

(a) The performance of all other Directors and Senior Executives should be reviewed and assessed each year by the Chairman.

(b) The Chairman's performance should be reviewed and assessed each year by the Deputy Chairman (if applicable) and otherwise in consultation with the other Directors.

(c) The evaluation criteria and process to be followed is the same in each case.

(d) The Chairman determines the evaluation criteria and process.

(e) A Director, whose performance is unsatisfactory, may be asked to retire.

(f) An external assessment of the Board's policies and procedures, and its effectiveness generally, should be conducted by independent professional consultants at intervals of no more than three years.

(g) The Board should satisfy itself that its performance is efficient so that all Directors meet their obligations and are not exposed to any legal liability.

(h) Each Director must cooperate fully with any review or assessment of performance, whether collective or individual, and whether conducted by:

(i) the Chairman;

(ii) any other Director; or

(iii) any independent third party externally appointed for the purpose.

2.10 Training and advice for Directors

(a) Directors must be provided with information about the Group before accepting the appointment and complete an induction course after their appointment, in each case appropriate for them to discharge their responsibilities.

(b) Directors must be given access to continuing education in relation to the Group, extending to its business, the industry in which it operates, and other information required by them to discharge their responsibilities.

(c) Each Director may seek independent legal or other professional advice at Velocity's expense. Prior approval from the Chairman is required but may not be unreasonably withheld or delayed.

2.11 Board meetings

(a) Board meetings should occur not less than six times in any year.

(b) Papers for Board meetings must be circulated, if practical, at least five days before the relevant meeting.

(c) Draft minutes of Board meetings (for consideration and approval at the next relevant meeting) should be circulated within ten business days following each meeting.

(d) The non-executive Directors should meet at least twice each financial year for a private discussion of management issues.

2.12 Secretary

The Secretary is accountable to the Board, through the Chairman, for all matters to do with the proper functioning of the Board and is responsible for:

(a) advising the Board and any Committee on governance matters;

(b) monitoring this policy and any Committee charter, to ensure they are followed; and

(c) coordinating the timely completion and despatch of:

(i) Board and Committee papers; and

(ii) draft minutes of Board and Committee meetings, that accurately capture the business of the meeting, for approval at the next meeting.

(d) assisting with the organisation and conduct of the induction and professional development of Directors.

2.13 Committees

(a) The Board may establish (and delegate powers to) Committees to assist the Board to carry out its functions effectively and efficiently. The Board will adopt a charter for each Committee setting out the scope of its responsibility and relevant administrative and procedural arrangements.

(b) The Committees Audit & Risk Management (**ARM**) Committee has been established at the date of this document (charter set out in Schedule).

2.14 Business risks

(a) The risks of Velocity's and the Group's business should be a standing item on the agenda for each regular meeting of the Board. Once a risk is identified, an action plan should be proposed by management for submission to the Board. That plan may also be submitted to the ARM Committee for review.

(b) Corrective action should be taken as soon as reasonably practicable after adoption of an action plan.

(c) The Group Operating Policies and Procedures should contain risk management procedures that aim to address risk management issues including professional indemnity claims.

(d) The Senior Executives should take steps to ensure staff are provided with, and comply with, the Group Operating Policies and Procedures.

(e) The Board should regularly review (at least annually) and approve the Group Operating Policies and Procedures.

(f) The Board should record in its minutes as and when Senior Executives have reported on the effectiveness of Velocity's management of its material business risks.

2.15 Communication with Shareholders

(a) Velocity's continuous disclosure obligations should be a standing item on the agenda for each regular Board meeting.

(b) Directors must promptly give details of any matter within their knowledge that might require disclosure to the market under the continuous disclosure obligations.

(c) The Board should consider the appropriate location for the Group's corporate governance policies and practices, whether in the annual report or on an appropriate page of the Group's website.

(d) The annual report must be distributed to all Shareholders in accordance with the Corporations Act and Listing Rules.

(e) The annual report should include relevant information about the operations of the Group during the year, changes in the state of affairs of the Group, and details of future developments, in addition to:

(i) if not included on the Group's website, the corporate governance statement required by the Listing Rules (which must specify the date it is current and state that it has been approved by the Board); and

(ii) any other disclosures required by the Corporations Act.

(f) An Appendix 4G should also be completed, lodged and released in accordance with the Listing Rules.

(g) The Shareholders at an AGM should be asked to vote on:

(i) proposed major changes in the Group which may impact on share ownership rights; and

(ii) the removal and appointment of Directors.

(h) If resolutions are required to be put to Shareholders before the next AGM, a general meeting will be convened.[1]

(i) The Board should encourage the full participation of Shareholders at the AGM and at other general meetings to ensure a high level of accountability and identification with the Group's strategy and goals (which includes considering the use of webcasting and direct voting mechanisms for appropriate meetings).

(j) The Board should design and implement an investor relations program to facilitate two-way communication with Shareholders and potential investors.

(k) The half-yearly report should contain summarised financial information and a review of the operations of the Group during the period. The report should be lodged with and available from ASX and ASIC. It should also be sent to any Shareholder who requests it from Velocity.

(l) Company announcements must be made in a factual, timely, clear, and objective manner, and include any information material to decisions of Shareholders and potential investors in the Company.

(m) Information about Velocity and the Group, including copies of announcements made through ASX and the annual report and half-yearly report, should be made available to Shareholders and prospective investors in Velocity on the Company's website.

[1] In accordance with the Constitution.

(n) Velocity has a continuing commitment to electronic communication with Shareholders and stakeholders generally, including through its website.

2.16 Recognition of interests of stakeholders

(a) Velocity must function within, and operate with a sense of responsibility to, the wider community as well as to Shareholders. This sense of responsibility to stakeholders generally is an important part of Velocity's role within the broad community and represents not only sound ethics but also good business sense and commercial practice.

(b) Constructive feedback on Velocity's contribution to and role within the community will be sought (and welcomed) at AGMs and through Velocity's website.

2.17 Velocity's budget

(a) An annual budget must be prepared by Senior Executives and approved by the Board before the commencement of each financial year.

(b) Actual results, including both the profit and loss statement and cashflow statement, must be reported on a monthly basis against budget, and revised forecasts for the year are prepared regularly.

2.18 Disclosure to market

Price Sensitive Information and other information reasonably required by an investor to make an informed assessment of Velocity and the Group's activities and results must be reported to ASX in accordance with continuous disclosure requirements.

2.19 CEO and CFO responsibilities

(a) Each of the CEO and CFO must state in writing to the Board, when providing it with financial reports, that Velocity's financial reports:

(i) have been properly maintained;

(ii) present a true and fair view, in all material respects, of Velocity's financial conditions and operational results;

(iii) are in accordance with relevant accounting standards; and

(iv) are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

(b) The CEO is also primarily responsible for:

(i) making decisions about whether a matter must be disclosed under Velocity's continuous disclosure obligations;

(ii) ensuring that Velocity complies with those obligations;

(iii) notifying the Board of these matters;

(iv) monitoring and promoting an understanding within Velocity of compliance;

(v) acting as the contact for media and comment, including analyst briefings and responses to shareholder questions; and

(vi) keeping the Board informed of other relevant matters.

3 Code of Conduct

3.1 Objective

This code seeks to give the Directors guidance on how best to perform their duties, meet their obligations and understand Velocity's corporate governance practices.

3.2 Obligation to comply with code and law

(a) A Director must, at all times, comply with this code as well as the law.

(b) All Directors must act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

(c) A Board position involves important legal and ethical responsibilities and a commitment to upholding the values of good corporate citizenship, in both individual conduct and corporate actions. A person should not accept a Board position if they have any doubt about their ability to comply with this code.

3.3 General duties

(a) Directors must:

(i) act in good faith in the best interests of Velocity and for a proper purpose;

(ii) avoid any potential conflict of interest or duty;

(iii) exercise a reasonable degree of care and diligence;

(iv) not make improper use of information; and

(v) not make improper use of their position.

(b) Breaches of these duties may expose Directors to potential liability in damages, fines and disqualification.

(c) A Director, in the exercise of his or her powers, and in the discharge of his or her duties, must exercise the degree of care and diligence that a reasonable person would exercise if he or she were a Director:

(i) in the circumstance prevailing;

(ii) occupying the same position; and

(iii) with the same responsibilities within Velocity as the Director.

(d) A Director is a fiduciary and must act with fidelity and trust in company matters. The Board has been appointed to manage Velocity's affairs and should have regard not only to the interests of Shareholders but (in appropriate circumstances) the interests of other third parties including creditors, regulators and the community.

(e) Directors must act with a reasonable degree of care and diligence in the exercise of their powers and duties and to carry out their duties.

(f) A Director who does not acquire and maintain a reasonable level of competence may be considered negligent.

(g) All Board members should attend at least one educational seminar a year to remain fully informed of matters relevant to their position as a Director.

(h) The Company maintains directors' and officers' liability insurance. Directors must be fully aware of the terms of this insurance to qualify for protection under it.

3.4 Business judgment rule

(a) A director's duty to act with care and diligence may be satisfied if the director:

(i) makes a decision in good faith and for a proper purpose;

(ii) has no material personal interest in the subject matter of the decision made;

(iii) is informed about the subject matter of the decision to the extent the director reasonably believes to be appropriate; and

(iv) rationally believes the decision to be in the best interest of the Company.

(b) The business judgment rule:

(i) relates only to decisions about the ordinary business operations of the Company; and

(ii) does not relieve a Director from other duties.[2]

(c) A business judgment is any decision to take or not to take action relating to the business operations of the Company; it does not apply to any failure to make a decision.

3.5 Independent decision making and soundness of decisions

(a) A Director must be independent in his or her judgment and actions, and must take all reasonable steps to be satisfied about the soundness of all Board decisions.

(b) To satisfy this requirement a Director must:

(i) make a reasonable effort to become and remain familiar with the affairs of the Group;

(ii) attend all Board meetings and Board functions unless there are valid reasons for non-attendance;

(iii) have a sufficient understanding of accounting matters to fulfil their responsibilities for the Group's financial statements; and

(iv) commit the necessary time and energy to Board matters.

(c) Directors may rely on advice about Velocity or the Group or their affairs only if that advice is given or prepared by:

[2] Such as to act in good faith, not to misuse the position of director and not to make improper use of information obtained because they are, or have been, a director or other officer or employee of the Company.

(i) an employee whom the Director believes on reasonable grounds to be reliable and competent in the relevant subject;

(ii) a professional adviser or expert in a subject the Director believes on reasonable grounds to be within the person's professional or expert competence;

(iii) another Director or officer on the subject within that Director's or officer's authority; or

(iv) a Committee (on which the Director did not serve) on a subject within the Committee's authority.

(d) Directors should only rely on information or advice if the Director's reliance was made in good faith, after independently assessing the information and advice, considering the Director's knowledge of Velocity and the Group and the complexity of their structure and operations.

3.6 Confidentiality of Board matters and other information

(a) Directors must keep confidential any Board matters and all confidential information[3] received by the Directors in the course of the exercise of their duties.

(b) All information received by Directors to carry out their duties must be regarded as confidential and is the property of Velocity.

(c) A Director may not disclose information, or allow it to be disclosed, to any other person unless disclosure is authorised by Velocity or the information is required by law to be disclosed.

(d) All discussions and resolutions of the Board must also be kept confidential and their content must not be disclosed, or allowed to be disclosed to persons who are not Directors, except in cases where disclosure:

(i) has been authorised by Velocity; or

(ii) is required by law.

(e) Authorisation by Velocity is presumed to the extent the Board (or Committee) minutes state or imply that it is intended that disclosure should be made to third parties.

(f) A Director in any doubt about his or her obligations of confidentiality or about a matter of disclosure should consult with the Chairman before making any disclosure.

3.7 Improper use of information

A Director must not make improper use of information acquired as a Director to gain, directly or indirectly, any personal advantage or any advantage for any other person detrimental to Velocity or the Group.

3.8 Cooperation

(a) Directors must observe solidarity with Board resolutions and cooperate in their implementation.

[3] Confidential information includes Price Sensitive Information and information that is not Price Sensitive Information but might reasonably be of use or of interest to retail investors.

(b) Directors are part of a team and should work cooperatively with the Chairman and other Directors and with management.

3.9 Personal interests and conflicts

(a) A Director must not take improper advantage of their position as a director or officer.

(b) No Director may allow any personal interest, or the interest of any associated person, to influence or prejudice the Director's conduct or any Board (or Committee) decision.

(c) A Director has a duty to avoid any conflict between:

(i) the interests of, or duty to, Velocity; and

(ii) his or her own personal interests or the interests of, or duty to, any third party.

(d) Every Director should be actively vigilant for both actual and potential conflicts of interest or duty.

(e) A Director with a conflict of interest or duty should refrain from voting, or entering into any discussion, at, or even being present during, relevant Board discussions.

(f) A Director who has any material personal interest in a matter must not be present at a meeting while the matter is being considered and must not vote on the matter.[4]

(g) Papers relevant to any matter on which there is a known conflict of interest or material personal interest, will either not be, or be appropriately redacted before being, given to any Director concerned.

3.10 Conduct by Directors

(a) A Director must not engage in conduct likely to discredit Velocity or the Group.

(b) Each Director should be aware of, and observe, any standing orders adopted by the Board from time to time for the conduct of Board and Committee meetings.

(c) Directors must at all times comply with the spirit as well as the letter of the law and with the principles of this code.

(d) Directors should conduct themselves at all times in a sober, polite, lawful and restrained manner in carrying out their duties, at both Board and Committee meetings, at Company functions and meetings, and where otherwise dealing with matters about or involving the Company.

3.11 Dealings in Securities

Each Director must comply with the Securities Trading Policy in relation to any dealings in Securities.

3.12 Complaints procedure

(a) Directors are bound by the complaints procedure the Board adopts in the Group Operating Policies and Procedures.

[4] A personal interest may be either direct or indirect and either pecuniary or otherwise.

(b) Directors may be approached by Shareholders, staff or other persons who have a complaint about a matter relating to Velocity or the Group. That complaint must be handled under the relevant procedure in the Group Operating Policies and Procedures.

(c) The CEO and CFO must each ensure Velocity's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects, and give a detailed statement to the Board about this with each financial report.

4 Continuous Disclosure Policy

(a) The Company must comply with the continuous disclosure regime in section 674 Corporations Act and under Listing Rule 3.1.

(b) The continuous disclosure regime requires the Company to immediately disclose information which may materially affect the price or value of the Company's Securities. The continuous disclosure regime reflects the expectation of investors and the market to have ready access to that type of information. The continuous disclosure regime also requires the Company to correct a false market in its Securities.

(c) The Company is committed to complying with the continuous disclosure regime. The Board has adopted policies on continuous disclosure, including a framework to identify, report and disclose Price Sensitive Information, as set out in the Continuous Disclosure Policy.

5 Standing rules for Committees

5.1 Application

These rules apply to, and are deemed incorporated into the charter of each Committee, except to the extent of any conflict with any of its terms.

5.2 Composition

(a) Each Committee should consist of a majority of non-executive Directors, who are also Independent Directors.

(b) The chairman of each Committee should be an Independent Director, but not the Chairman.

(c) Each Committee must consist of no fewer than three members.

(d) Committees are appointed by the Board and serve as the Board determines.

(e) The Board will appoint one member of any Committee to act as its Chairman.

5.3 Role

Each Committee's role is to improve the efficiency of the Board through accepting the delegation of tasks and performing them in a forum where they can receive greater attention to detail than would be practical solely at Board level.

5.4 Proceedings

(a) Any meeting may be held by means of conference call or any other means of communication that may, under the Corporations Act or the Constitution, be used for Board meetings.

(b) The quorum for a Committee meeting is any two members.

(c) A Director may attend (but not vote at) a meeting of a Committee of which that Director is not a member, as the Committee decides, for discussion of any particular matter relevant to that Director or about which that Director may have a special contribution to make.

(d) A Committee may delegate any specific task to one of its members or to a sub-committee consisting of two or more of its members.

(e) The procedural provisions of paragraph 5.4 apply to any sub-committee of a Committee.

5.5 Reporting

After a Committee meeting, each Committee must give a written report and a copy of the minutes to the Board.

5.6 Secretary

The Secretary has responsibility for coordinating the completion and despatch of Committee agenda and briefing materials, as well as draft minutes of meetings of each Committee for approval at the next meeting.

5.7 Performance review and evaluation

(a) The Board procedures for performance review and evaluation apply to Committees[5] subject only to the role of the Chairman being taken by the chairman of the Committee and any other necessary changes.

(b) Review and evaluation are conducted against the Board Charter and any criteria the Chairman decides.

(c) The Committee must report to the Board on the conduct and results of its review and evaluation and make recommendations it considers appropriate.

[5] See paragraph 2.9.

Schedule

ARM Committee charter

1 Standing rules

The standing rules for Committees[6] apply to the ARM Committee subject to this charter.

2 Purpose of ARM Committee

The ARM Committee's role is to:

(a) advise on the establishment and maintenance of a framework of internal controls for the Group's management; and

(b) assist the Board with policy on the quality and reliability of financial information prepared for use by the Board.

(c) The ARM Committee will review Velocity's risk management framework and policies and monitor their implementation.

3 Scope of responsibility

The ARM Committee is responsible for:

(a) monitoring the establishment of an appropriate internal control framework, including information systems, and its operation and considering enhancements;

(b) assessing corporate risk (including economic, environmental and social sustainability risks) and compliance with internal controls;

(c) overseeing business continuity planning and risk mitigation arrangements;

(d) assessing the objectivity and performance of the internal audit function and considering enhancements;

(e) reviewing reports on any material misappropriation, frauds and thefts from the Group;

(f) reviewing reports on the adequacy of insurance coverage;

(g) monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Secretary about those requirements;

(h) reviewing material transactions which are not a normal part of the Group's business;

(i) reviewing the nomination, performance and independence of the external auditors, including recommendations to the Board for the appointment or removal of any external auditor and the rotation of the audit engagement partner;

[6] See section 5.

(j) liaising with the external auditors and monitoring the conduct, scope and adequacy of the annual external audit;

(k) reviewing management processes supporting external reporting, including the appropriateness of the accounting judgments or choices made by management in preparing the financial reports and statements;

(l) reviewing financial statements and other financial information distributed externally, including considering whether the financial statements reflect the understanding of the ARM Committee and otherwise provide a true and fair view of the financial position and performance of the Group;

(m) preparing and recommending for approval by the Board the corporate governance statement for inclusion in the annual report or any other public document;

(n) reviewing external audit reports and monitoring, if major deficiencies or breakdowns in controls or procedures have been identified, remedial action taken by management;

(o) reviewing any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor; and

(p) reviewing and monitoring compliance with the Code of Conduct.

4 Powers

4.1 The ARM Committee has an advisory role, to assist the Board with matters set out in paragraph 3 and does not have any power to commit the Board to any recommendation or decision made by it except:

(a) for matters relating to the appointment, oversight, remuneration and replacement of the external auditors; and

(b) if and to the extent that (in other respects) it has express delegated authority from the Board.

4.2 The ARM Committee has unrestricted access to management and to internal audit personnel as well as to the external auditors (with or without management present) to carry out its function.

5 Risk reporting

If the ARM Committee identifies a significant business risk, it should report that risk to the Board immediately following the relevant ARM Committee meeting.

6 Selection of auditors

6.1 External auditors are selected according to criteria set by the ARM Committee which include:

(a) the lack of any current or past relationship with Velocity or with any Senior Executive that could impair, or risk impairing, the independent external view they are required to take in relation to Velocity and the Group;

(b) their general reputation for independence, probity and professional standing within the business community; and

(c) their knowledge of the industry in which Velocity and the Group operate.

6.2 Employees of the external audit partner (including the partner or other principal with overall responsibility for the engagement), should be rotated periodically (at least every five years) to avoid any risk of impairing the independent external view that the external auditors are required to take in relation to Velocity and the Group.

7 Audit planning

7.1 The ARM Committee reviews the performance of the external auditors throughout the year.

7.2 During each year, the ARM Committee should meet with the external auditor to:

(a) discuss the external audit plan;

(b) discuss any potential significant problems;

(c) discuss the impact of proposed changes in accounting policies on the financial statements;

(d) review the nature and impact of any changes in accounting policies adopted by the Group during the year; and

(e) review the proposed audit fees.

7.3 Before the announcement of Velocity's results the ARM Committee should meet with the external auditor to:

(a) review the pro-forma half-yearly and pro-forma preliminary final report before lodgement of those documents with ASX, and any significant adjustments required as a result of the audit;

(b) make the necessary recommendation to the Board for the approval of these documents;

(c) review the results and findings of the audit, the adequacy of accounting, financial and operating controls, and monitor the implementation of any recommendations made; and

(d) review the draft financial report and the audit report and make the necessary recommendation to the Board for the approval of the financial report.

8 Proceedings

8.1 Meetings are held at least three times during each year and more often as required.

8.2 The external auditor, the CEO and the CFO should be invited to attend meetings, or specific parts of meetings, at the discretion of the ARM Committee.