

BOARD CHARTER

NATIONAL HIRE GROUP LIMITED ("COMPANY")

1. Role of the Board

The role of the Board is to provide leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

2. Role of Senior Management

Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be part of senior management.

The role of senior management is to progress the strategic direction provided by the Board. In particular, the Chief Executive Officer, or equivalent, is responsible for the day-to-day activities of the Company in advancing the strategic direction.

3. Responsibilities of the Board

The Board is collectively responsible for promoting the success of the Company by:

- (a) overseeing the Company, including its control and accountability systems;
- (b) appointing the Chief Executive Officer, or equivalent, for a period and on terms as the directors see fit and, where appropriate, removing the Chief Executive Officer, or equivalent;
- (c) ratifying the appointment and, where appropriate, the removal of senior executives, including the Chief Financial Officer and the company secretary;
- (d) evaluating the performance of the Chief Executive Officer;
- (e) ensuring the Company's *Policy and Procedure for Selection and (Re)Appointment of Directors* is reviewed in accordance with the Company's *Nomination Committee Charter*;
- (f) approving the Company's policies on risk oversight and management, internal compliance and control, *Code of Conduct*, and legal compliance;

- (g) satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system;
- (h) assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate;
- (i) monitoring, reviewing and challenging senior management's performance and implementation of strategy;
- (j) ensuring appropriate resources are available to senior management;
- (k) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (l) approving the annual budget of the Company;
- (m) monitoring the financial performance of the Company;
- (n) ensuring the integrity of the Company's financial (with the assistance of the Audit Committee, if applicable) and other reporting through approval and monitoring;
- (o) providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- (p) appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- (q) engaging with the Company's external auditors and the Audit Committee (where there is a separate Audit Committee);
- (r) monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment and occupational health and safety; and
- (s) making regular assessment of whether each non-executive director is independent in accordance with the Company's *Policy on Assessing the Independence of Directors*.

The Board may not delegate its overall responsibility for the matters listed above. However, it may delegate to senior management the responsibility of the day-to-day activities in fulfilling the Board's responsibility provided those matters do not exceed the Materiality Threshold as defined below.

Directors are encouraged to request information from senior executives where they consider such information necessary to make informed decisions.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. It is usual practice for the Board to meet eleven times per year usually monthly other than in January.

If a director believes that he may have a conflict of interest or duty in relation to a particular matter, the director should consult with the Chair of the Board. If the Chair of the Board believes that he may have a conflict of interest or duty in relation to a particular matter, the Chair should consult with the Chief Executive Officer.

An opportunity must be provided for a director to put his views on issues before the Board or a Committee on which he or she sits. While directors must treat each other with courtesy and observe the other rules in this Charter, directors should be able to engage in vigorous debate on matters of principle.

Confidential information (including Board or committee papers) received by a director in the course of the exercise of directorial duties remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been duly authorised by the Company, or the person by whom the information was provided, or is required by law or by the ASX Listing Rules.

A director must not disclose the content of discussion at Board meetings or Committee meetings outside appropriate and responsible circles within the Company with a legitimate interest in the subject of the disclosure, unless that disclosure has been authorised by the Company, or is required by law or by the ASX Listing Rules.

A director generally must not engage in conduct, or make any public statement likely to prejudice the Company's business or likely to harm, defame or otherwise bring discredit upon or denigrate the Company, fellow directors or staff. A director may make such a statement only if the director believes in good faith that it is in the best interests of the Company as a whole to make such a statement.

A director must, unless exempted by the Board, co-operate in corporate governance procedures prescribed by the Board including periodic appraisals of the performance of the Board conducted by the Nomination Committee.

4. Materiality Threshold

The Board has agreed on the following guidelines for assessing the materiality of matters:

Materiality – Quantitative

Balance sheet items

Balance sheet items are material if they have a value of more than 5% of pro-forma net assets.

Profit and loss items

Profit and loss items are material if they will have an impact on the current year operating results of 5% or more.

Materiality – Qualitative

Items are also material if:

- (a) they impact on the reputation of the Company;
- (b) they involve a breach of legislation or may potentially breach legislation;
- (c) they are outside the ordinary course of business;
- (d) they could affect the Company's rights to its assets;
- (e) if accumulated they would trigger the quantitative tests;
- (f) they involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items; or
- (g) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.

Material Contracts

Contracts will be considered material if:

- (a) they are outside the ordinary course of business;
- (b) they contain exceptionally onerous provisions in the opinion of the Board;
- (c) they impact on income or dividend distribution in excess of the quantitative tests;
- (d) any default, should it occur, may trigger any of the quantitative or qualitative tests;
- (e) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, that they trigger one or more of the quantitative tests;
- (f) they contain or trigger change of control provisions;
- (g) they are between or for the benefit of related parties; or

(h) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold ("**Materiality Threshold**").

5. Statement of Position or Authority

The division of responsibilities between the Chair, the lead independent director, if any, and the Chief Executive Officer is set out below.

6. Responsibilities of the Chair

The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chair is also responsible for shareholder communication and arranging Board performance evaluation. The Chair should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between board and senior management.

Any other position which the Chair may hold either inside or outside the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of the Company.

7. Responsibilities of the Lead Independent Director

Where the Chair is not an independent director, a lead independent director will be appointed. The lead independent director will take over the role of the Chair when the Chair is unable to act in that capacity as a result of their lack of independence.

8. Responsibilities of the Chief Executive Officer

The Chief Executive Officer is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out their responsibilities the Chief Executive Officer must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other matter that is likely to have to fall within the Materiality Threshold.

All reports to the Board must present a true and fair view of the Company's financial condition and operational results.

The Chief Executive Officer is also responsible for appointing and, where appropriate, removing senior executives, including the Chief Financial Officer and the company secretary, with the approval of the Board. The Chief Executive Officer is responsible for evaluating the performance of senior executives.

9. Responsibilities of Non-Executive and/or Independent Directors

The Board determines whether each of the non-executive directors of the Company is independent on a regular basis in accordance with its *Policy on Assessing the Independence of Directors*. The Board recognises the importance of the appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the skills and experience required, in the context of the Company's operations and activities.

The independent directors may meet without other directors present, if appropriate.

The non-executive directors may meet without senior management present at times scheduled from time to time. Such meetings may be facilitated by the Chair or the lead independent director, as appropriate.

10. Responsibilities of Directors and Officers

Individual directors should devote the necessary time to the tasks entrusted to them. All directors should consider the number and nature of their directorships and calls on their time from other commitments.

Directors and officers of the Company should be aware of their legal obligations, some of which are set out in the *Overview of Duties Imposed on Directors of Public Companies*.

11. Responsibilities of Senior Management

Senior Management is responsible for supporting the Chief Executive Officer and to assist the Chief Executive Officer implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the Chief Executive Officer or, if the matter concerns the Chief Executive Officer, then directly to the Chair or the lead independent director, as appropriate.