



BOARD CHARTER

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AHL BOARD CHARTER

1. INTRODUCTION

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 AHL's shareholders, as well as its employees, customers and the community. It will work to promote and maintain an environment within AHL that establishes these principles as basic guidelines for all employees and representatives at all times.

2. PURPOSE AND ROLE OF THE BOARD

Under the Company's constitution, the Board is vested with accountability to shareholders for the management of the Company and its controlled entities (the "Group"), businesses and areas. The Board delegates responsibility for day-to-day management of the Group to the Chief Executive Officer ("CEO"). The CEO is an executive Director (the "Managing Director"). The Chairman and other members of the Board are non-executive Directors.

3. SPECIFIC RESPONSIBILITIES

In addition to the matters expressly required by law to be approved by the Board, the role and powers of the Board are set out below.

3.1 Strategic Direction

- Providing input into, reviewing and approving the corporate and divisional strategic plans.
- Decision-making in relation to matters of a sensitive, extraordinary or strategic nature.
- Providing advice and counsel to management on a periodic and ad hoc basis.

3.2 Governance

General

- Ensuring best practice corporate governance.
- Monitoring the performance of the Managing Director and senior management and approving remuneration policies and practices for such Managing Director and senior management.
- Enhancing and protecting the reputation of the Group.
- Reporting to shareholders.

Compliance

- Ensuring appropriate compliance frameworks and controls are in place and are operating effectively.
- Approving and monitoring the effectiveness of and compliance with policies governing the operations of the AHL Group.
- Monitoring compliance with regulatory requirements and ethical standards.

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Risk Management

- Monitoring the integrity of internal control and reporting systems.
- Monitoring strategic risk management systems, including review of processes for identifying areas of significant business risk, including those associated with legal compliance obligations, monitoring risk management policies and procedures, oversight of internal controls and review of major assumptions used in the calculation of significant risk exposure.

3.3 Operating Performance

- Reviewing and approving business plans, the annual budget and financial plans, including available resources and major capital expenditure initiatives.
- Monitoring and assessing management's performance in achieving any strategies and budgets approved by the Board.
- Approving decisions concerning the capital of the Company, including capital restructures.
- Reviewing and approving annual and half-yearly statutory accounts and other reporting and monitoring financial results on an on-going basis.
- Determining dividend policy and declaring dividends.

3.4 Organisational Development

- Appointing and where appropriate removing the Managing Director and approving succession plans.
- Ratifying the appointment and where appropriate the termination of the direct reports to the Managing Director.

3.5 Other

- Any matters in excess of discretions that it may have, from time to time, delegated to the Managing Director and senior management in relation to major transactions, limits of authority and expenditure.

In performing the responsibilities set out above, the Board should act at all times:

- In a manner designed to create and continue to build sustainable value for shareholders.
- In accordance with the duties and obligations imposed upon them by the Constitution and by law.

4. MEETINGS

- The Board meets regularly in accordance with an agreed schedule and special meetings are held as required. Under the Company's constitution, any Director may, and the Company Secretary on the request of a Director must, convene a meeting of the Board.

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5. KEY BOARD FUNCTIONS

5.1 Strategy

Under the present arrangements a schedule has been established of matters that are to be developed by management for consideration and approval by the Board in relation to strategic, corporate and financial planning for the Group.

Matters approved by the Board are executed by management and monitored by the Board in accordance with a business unit/specific project reporting timetable developed annually.

5.2 Delegation

Board Committees

The Board also operates through committees that hold responsibility for particular areas. Committees comprise Directors chosen by the Board and are accountable to the Board. As with all delegations made by the Board, Directors must be satisfied that the Committee members are competent and reliable and will exercise the delegated functions in conformity with Directors' duties.

The two main committees and their responsibilities are detailed below.

Audit Committee

This committee assists the Board in its oversight of:

- The reliability and integrity of accounting policies and financial reporting and disclosure practices including approving the appointment and monitoring the performance and independence of the audit firm that undertakes the audit role for the Company and its subsidiaries.
- The provision of advice to the Board on matters of financial statements, due diligence, financial systems integrity and business risks enabling the Board to fulfil its fiduciary and stewardship obligations.
- The establishment and maintenance of processes to ensure that there is:
 - Compliance with all applicable laws, regulations and Group policy.
 - An adequate system of internal control, management of business risks and safeguard of assets.

The Audit Committee has its own Charter, which is approved by the Board.

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Nomination & Remuneration Committee

This Committee reviews Board and senior management remuneration and appointments including:

- Recommending the appointment of the Managing Director to the Board.
- Reviewing and reporting to the Board on the proposed remuneration strategy and package for the Managing Director and senior executives.
- Succession plans for senior executives.

The Committee also reviews the need for appointment of new Directors for recommendation to the Board and shareholders for approval. All such newly appointed Directors receive a letter of appointment setting out the terms and conditions thereof.

The Nomination & Remuneration Committee has its own Charter, which is approved by the Board.

Delegation to the Managing Director

The Managing Director must consult with the Chairman on any matters which the Managing Director considers are of such a sensitive, extraordinary or strategic nature as to warrant the attention of the Board regardless of value.

In addition, the Managing Director has power to approve "Routine Matters" arising in the ordinary course of business in accordance with Board approved Limits of Authority.

Management Delegations

The Managing Director may sub-delegate his or her powers to management. The Managing Director has sub-delegated certain management delegation to Divisional Managing Directors. The Managing Director has also put in place general delegations in relation to the day-to-day running of the Group, which are subject to limits relating to expenditure level and job level.

The exercise of certain powers is restricted to joint approval of management and technical specialists within the Group including: determining conditions of employment, staff dismissals, instructing external legal advisers, entering into legal contracts, insurance cover, taxation matters and treasury transactions.

Special Purpose Committees

From time to time the Board may constitute committees to address special matters or provide oversight to specific business projects or request one of the main committees to undertake specific tasks.

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5.3 Nominee Directors of Subsidiaries and Related Entities

Governance of subsidiaries and controlled entities is formalised through a Group policy on appointment, conduct and indemnification of subsidiary and related entity nominee Directors which sets out the circumstances in which nominee Directors are required to comply with Amalgamated Holdings Limited directions, consult with the Amalgamated Holdings Limited Board and senior management.

5.4 Continuous Disclosure

The Company has in place a comprehensive continuous disclosure procedure, which it has followed since its securities first became quoted for trading on the Australian Stock Exchange ("ASX"). The procedure is reviewed and updated on a regular basis. The aim of the procedure is to ensure that the Company releases price-sensitive information in a timely fashion to the ASX on which its shares and debt securities are listed.

The procedure runs as follows:

- Ultimate management responsibility for continuous disclosure rests with the Managing Director and the Director of Finance and Accounting.
- The Company Secretary is responsible for all advices to the Australian Stock Exchange.

6. ROLE OF THE CHAIRMAN

Under the Company's Constitution, the Chairman is appointed by the Board. The Chairman's responsibilities are to ensure that the Board discharges its role including:

- Chairing Board meetings and shareholders' General meetings.
- Providing the appropriate leadership to the Board and the Group.
- Ensuring membership of the Board is skilled and appropriate for the Company's and the Group's needs.
- Facilitating Board discussions to ensure the core issues facing the Group are addressed.
- Maintaining a regular dialogue and mentoring relationship with the Managing Director.
- Monitoring Board performance.
- Guiding and promoting the on-going effectiveness and development of the Board and individual Directors.

The Chairman should be a non-executive Director. If a Chairman is not, or ceases to be, an independent Director then the Board will consider appointing a lead independent Director.

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7. ROLE OF THE MANAGING DIRECTOR

The Managing Director is responsible to the Board for the development of corporate strategy and performance objectives and implementation thereof and the overall management and performance of the Group. The Managing Director manages the organisation to achieve the agreed goals in accordance with the strategy, business plans and policies approved by the Board.

8. DUTIES OF INDIVIDUAL DIRECTORS

8.1 Participation in Board Meetings

Directors are encouraged to question, request information, raise any issue which is of concern to them, fully canvas all aspects of any issue confronting the Group and cast their vote on any resolution according to their own judgement. Outside the boardroom, Directors should support the letter and spirit of Board decisions.

Directors must keep confidential Board discussions, deliberations and decisions that have not been publicly disclosed by the Company.

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

8.2 Legal Obligations

In accordance with legal and statutory requirements, Directors must:

- Discharge their duties in good faith and honestly in the best interests of the Company and for a proper purpose.
- Act with required care and diligence, demonstrating commercial reasonableness in their decisions and with the level of skill and care expected of a Director.
- Avoid conflicts of interest - ie. Be alert to potential conflicts of interest and do not vote on or participate in the discussion of matters where the Directors have a material personal interest in the matter (except as permitted by the Corporations Act) (see 8.3 below).
- Act for the benefit of the company at all times.
- Not make improper use of information gained through their position as a Director.
- Not take improper advantage of the position of Director.
- Make reasonable enquiries to ensure that the Company and the Group is operating efficiently, effectively and legally towards achieving its goals.
- Undertake diligent analysis of all proposals placed before the Board.

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Directors decide which Company matters are delegated to management and must ensure that delegates are reliable and competent and that adequate controls are in place to oversee the operation of the delegated powers.

Individual Directors, other than the Managing Director, must not purport to bind the Company unless expressly authorised to do so by the Board.

8.3 Conflicts of Interest

The Corporations Act 2001 and the Company's constitution require Directors to disclose any conflicts of interest and to abstain from participating in any discussion or voting on matters in which they have a material personal interest. In addition, the Board has developed procedures to be followed by a Director who believes he or she may have a conflict of interest or material personal interest.

Directors must:

- Disclose to the Board any actual or potential conflicts of interest which may exist or might reasonably be thought to exist as soon as they arise.
- If deemed appropriate by the Board or the Director, take such steps as are necessary and reasonable to resolve any conflict of interest within an appropriate period.
- Comply with the Corporations Act provisions about disclosing interests and restrictions on voting.

Generally speaking, a Director should absent themselves from the room when the Board discusses and votes on matters to which the conflict relates.

It is expected that a Director would inform the Chairman of any related party transactions, other than personal and domestic dealings with the Company or a related entity that are on normal commercial terms and conditions. Related party transactions should be reported in writing to the Company Secretary, and where appropriate raised for consideration at the following Board meeting.

8.4 Code of Ethics and Business Conduct

The Company has adopted a Code of Ethics and Business Conduct outlining the standards of personal and corporate behaviour required of all officers and employees. This Code reinforces an already strong ethical culture for the benefit of all stakeholders and has application to Director's conduct.

8.5 Dealing with the Media, Analysts and Institutional Investors

Generally, communication with the media, analysts or institutional investors on issues relating to the Company and Group, will be overseen by the Managing Director or the Chairman. Non-executive Directors are not expected to become involved in such communications in the normal course of business.

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8.6 Access to Senior Management

Directors have access to the Company's senior management. In addition to regular representations by senior management to Board meetings, Directors may seek briefings from senior management on specific matters after first conferring with the Chairman or Managing Director.

8.7 Directors' Remuneration

Directors' remuneration is determined by the Board upon recommendation of the Nomination & Remuneration Committee and is reviewed each financial year. It is subject to the aggregate cap on non-executive Directors' remuneration approved in the Company's general meeting.

8.8 Retirement of Directors

The tenure of the Managing Director is linked to his executive office while, under practice of the Company's constitution, one third of all other Directors are subject to re-election by rotation each year. The Directors to retire by rotation are those who have been longest in office computed from the date of their last election. A Director, appointed by the Directors, is subject to re-election at the next annual general meeting. The Chairman may negotiate the retirement or resignation of individual Directors after consultation with the Board.

9. ROLE OF THE OFFICE OF COMPANY SECRETARY

The Board is supported by the Office of the Company Secretary which is responsible for:

- Organising Board meetings.
- Preparing agendas.
- Preparing Board packs.
- Organising Directors' attendances.
- Providing technical and telecommunications support and maintenance to Directors.
- Providing a point of reference for all dealings between Board and Management.

As well as certain statutory requirements relating to the Company's registered office, annual returns and lodgement of other documents with Australian Securities and Investment Commission ("ASIC") and all communications with the Australian Stock Exchange.

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10. COMPANY POLICIES

The Company has introduced internal policies and operating principles on a wide range of matters designed to define the business directives and rules of the Company and to articulate the minimum requirements for practices within the Group. The following codes and manuals apply personally to Directors:

- Code of Ethics and Business Conduct
- Legal Compliance Manual
- Employee Manual.

The Board is ultimately responsible for ensuring compliance with all Group policies and reporting systems including:

- Equal employment opportunity
- Employee's and Corporate Regulation
- Health & Safety
- Regulatory compliance
- Privacy
- Environment
- Security
- Treasury transactions.

11. INDEMNITIES AND INSURANCE

11.1 Directors' and Officers' Indemnity

Under article 106 of the Company's constitution, the Company indemnifies each officer to the maximum extent permitted by law for any liability incurred as an officer provided that:

- The liability is not owed to the Company or a related body corporate.
- The liability is not for a pecuniary penalty or compensation order made by a court under the Corporations Act.
- The liability does not arise out of conduct involving a lack of good faith.

The Company also indemnifies each officer to the maximum extent permitted by law, for legal costs and expenses incurred in successfully defending civil or criminal proceedings.

If an officer or employee of the Company is asked by the Company to be a nominee Director or alternate Director of a non-related company, the Company may indemnify the officer or employee out of its property for any liability he or she incurs. This indemnity only applies if the liability was incurred in the officer's or employee's capacity as a Director of that other company. It is also subject to any corporate policy made by the Managing Director.

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11.2 Deeds of Indemnity, Access and Insurance

The Company may, from time to time, execute deeds of indemnity in favour of:

- Directors (including past Directors)
- Executive officers (other than Directors) and certain employees generally.

These deeds provide an indemnity on substantially the same terms as the indemnity provided in the constitution in favour of officers.

The deeds of indemnity in favour of Directors also allows each Director to access, inspect and make copies of the Company's books and Board papers at reasonable times during their directorship and for 7 years after ceasing to be a Director. Under the deed, the Company undertakes to ensure that it will take out and maintain insurance cover for the Directors.

11.3 Directors' and Officers' Insurance

The Company maintains a Directors' and Officers' insurance policy that is subject to some exceptions. It provides worldwide insurance cover to past, present or future Directors, Secretaries and Executive Officers of the Company and its subsidiaries for wrongful acts committed by them in their capacity as a Director or officer of the Company or a subsidiary.

12. SELF ASSESSMENT

The Board shall undertake an annual performance evaluation of itself that:

- Review performance of all Directors.
- Compares the performance of the Board with the requirements of its Charter.
- Effects any improvements to the Board Charter deemed necessary or desirable.

The performance evaluation shall be conducted by the Chairman or in such other manner as the Board deems appropriate.

13. ACCESS TO THIS BOARD CHARTER

This Board Charter will be available for viewing by any person on the Company's website or is otherwise available upon request from the Company Secretary.