

Corporate Governance Statement

Principle 1: Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of board and management.

Recommendations and response:

R1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The board has defined the specific functions reserved for the board and its committees and those matters delegated to management.

The board is accountable to shareholders for Norton's performance. It oversees and guides management in protecting and enhancing the interests of shareholders and other stakeholders. It sets the strategic direction of the Company, establishes goals for management and monitors progress towards those goals.

The board's functions encompass:

- setting of objectives, goals and corporate direction
- adopting, and monitoring progress regarding, agreed plans
- ensuring adequate internal controls are in place and appropriately monitored for compliance
- ensuring significant business risks are identified and managed
- setting compensation arrangements for executive directors and senior management
- encouraging ethical behaviour throughout the organization
- appointing the Managing director, and where appropriate, effecting his/her removal and that of other senior executives including the company secretary
- liaising with external auditors.

The board has delegated day-to-day management of the Company to the Managing director who is responsible for Norton's operating and financial performance, developing and recommending corporate strategy to the Board, and its subsequent implementation. Specific accountabilities are set out in the Managing director's role description encompassing strategy, operating performance, new business projects, risk management, systems, performance culture and the Company's image and reputation.

The Managing director holds the executive team individually and collectively accountable for contributing to discharging his/her delegated accountabilities. The specifics are set out in explicit role descriptions for each executive function.

Each director and senior executive has a formal letter of appointment setting out the key terms and conditions relative to their appointment.

R1.2 Companies should disclose the process for evaluating the performance of senior executives.

The board is accountable for the proper oversight of executive directors and senior management.

A process is in place for reviewing senior management performance and continuously improving the contributions executives make to the Company.

Performance objectives and business plans for the Company are set at least annually and refreshed each quarter in line with Norton's business strategy. The board monitors performance against plan and on this basis monitors and assesses the performance of the Managing director.

The process in place for monitoring senior executive performance is based on explicit role accountabilities encompassing regular systematic performance reporting, feedback and formal assessment. This is on a fortnightly, quarterly and annual basis. There is a strategic review at least annually.

R1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.

Performance evaluation of senior executives has taken place in FY2009 and is in accordance with the process as set out in R1.1 and R1.2 above.

Information related to Principle 1 is presented above and in the [Company's Annual Report](#).