

## Corporate Governance Statement

### Principle 2: Structure the board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

*Recommendations and response:*

#### **R2.1 A majority of the board should be independent directors.**

Norton recognises the importance of having a board of the appropriate composition, size and commitment for it to discharge its responsibilities and duties and believes that its board has a balance of skills, experience and independent thinking appropriate to the nature and scope of the Company's operations.

A majority of the directors on the board do not meet the ASX definition of independence. Two of the four board members, Mr McLellan and Mr McCauley, meet the definition.

The board has determined the independence status of each current director as follows:

Director	Position	Independent	Reason
A. Anthony McLellan	Non-executive Chairman	Yes	The board considers that Mr McLellan is free of any relationship that could, or could be seen to, materially interfere with the independent exercise of judgement
Jon B. Parker	Managing director	No	Mr Parker is an executive director
A. Timothy Prowse	Executive Director	No	Mr Prowse is an executive director
Mark McCauley	Non-executive Director	Yes	For the reasons discussed below, the board considers that Mr McCauley is free of any relationship that could, or could be seen to, materially interfere with the independent exercise of judgement Disclosures in relation to Mr Mark McCauley

Mark McCauley is related to (the son of) Ian McCauley. Ian McCauley is the controller of BPI Norton Pty Ltd, a substantial shareholder and noteholder in Norton.

Mark McCauley is also the principal of the investment banking and consulting firm, RMM Capital Pty Ltd. RMM Capital has provided consultancy services to Norton which the board considers to be of an immaterial nature.

In relation to these matters, the board has been advised by Mark McCauley that:

- (a) From time to time, RMM Capital provides services, including investment advice, to substantial shareholders and noteholders in Norton, namely BPI Norton and PR Norton Pty Ltd (Holders).
- (b) From time to time, Mark McCauley holds a power of attorney to perform administrative tasks on behalf of those substantial Holders.
- (c) Mark McCauley does not control the Holders and RMM Capital merely acts on instructions from Holders.

Against the background of these disclosures, the other members of the board have determined that:

- (a) The family relationship with Ian McCauley does not disqualify Mark McCauley from being considered an independent director, there being an independent exercise of judgement by Ian McCauley with respect to matters concerning his indirect interest in Norton securities.
- (b) Although RMM Capital does advise the Holders and Mark McCauley is the principal of RMM Capital, the board does not consider that based on its understanding of the nature of the services provided by RMM Capital to the Holders, that such relationship could or could be seen to, materially interfere with the independent exercise of judgement by Mark McCauley.

#### *Disclosures in relation to Mr Ian McCauley*

Ian McCauley is an alternate director (for Mark McCauley). Although the board has not included alternate directors for the purposes of determining compliance with Recommendation 2.1, for the avoidance of doubt, given Ian McCauley's relationship with PR Norton, the board considers that Ian McCauley would not be independent.

The Board recognises that there are occasions when the board or directors believe that it is in their interests and the interests of the Company to seek independent professional advice. Directors can seek independent professional advice at the Company's expense in furthering their duties.

The first point of contact for a director in need of external advice is the Company secretary.

#### **R2.2 The chair should be an independent director.**

The chair, A. Anthony McLellan, is an independent director.

#### **R2.3 The roles of chair and chief executive officer should not be exercised by the same individual.**

The role of chief executive officer is exercised by the Managing director Jon Parker.

#### **R2.4 The board should establish a nomination committee.**

The board itself acts as the Nominations Committee rather than having a separate committee constituted for that purpose.

The directors believe that this is appropriate in light of the size of the board and the particular circumstances of the Company. The nominations process involves working within a formal procedure for the nomination, selection and appointment of new directors. The procedure is set out in the "[Directors and management](#)" section of this website.

The size and composition of the board will undoubtedly grow as Norton delivers on its strategy and the mix of skills and capabilities requisite for the Company evolve. This will be kept in continuous review.

**R2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.**

The board does not have a formal process for evaluating the performance of the board, its committees and individual directors.

However, a process is in effective use for continuously improving the Board's systems, procedures and quality of decision making. This encompasses continuous attention to all matters that provide an opportunity to improve the creation of value to the Company's shareholders via actions of the board, its committees and individuals in developing strategy, decision making and monitoring the Company's performance. The Chairman is accountable for ensuring this improvement process is effective and works closely with the Company secretary and Managing director for putting this into effect.

The Company secretary is accountable to the board, through the chair, on all governance matters.

The directors believe that the approach being followed, as described above, is appropriate in light of the current size of the board and the particular circumstances of the Company and honors the spirit of Recommendation R2.5.

**R2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.**

The **Directors and management** section of the Company's website sets out:

- the skills, experience and expertise of each Board member relevant to their role as a director
- the basis on which Mr McLellan and Mr McCauley have been identified as independent directors by the Board
- the procedure for directors to take independent advice at the Company's expense
- how the functions of a nomination committee are carried out by the board.

Departures from Recommendations R2.1, R2.4 and R2.5 are explained above.