

## **PETER LEHMANN WINES LIMITED BOARD OF DIRECTORS CHARTER**

### **Role of the Board**

The directors have the overall obligation to act in the best interests of the shareholders and to protect the shareholders' investment.

### **Responsibilities of the Board**

The board is responsible for the strategic direction of the business, establishing goals for management and monitoring the achievement of goals directly and through its committees. Responsibility for the operation and administration is delegated to the managing director and executive management.

### **Matters considered by the Board**

The board charter defines the purpose, responsibilities and operation of the board. Issues of substance affecting PLW are considered by the full board of directors, with advice from appropriate committees and external advisers as required.

Specific matters reserved for the board -

- Review and approval of the business strategies developed by management
- Approval of financial and other reporting
- Review and approval of the operating budget and capital expenditure projects
- Monitoring the financial performance and capital management of the business
- Reviewing the risk management system and ensuring the integrity of internal controls and adherence to the codes of conduct and legal compliance program
- Monitoring senior management's performance and implementation of the business strategy
- Appointment and, where appropriate, removal of the managing director
- Ratifying the appointment and, where appropriate, the removal of the chief financial officer and company secretary.

### **Composition**

The Constitution requires a minimum of three and a maximum of ten directors. Up to five directors may be executive directors. The board's policy is for the chairman to be a non-executive director and for there to be a majority of non-executive directors.

All directors, with the exception of the managing director, are subject to election by shareholders at the first opportunity after their appointment. With the exception of the managing director, by rotation one third of the directors are required to be re-elected at each annual general meeting. New directors appointed by the board are required to seek election at the first general meeting of shareholders following their appointment.

The ownership of the Company whereby two shareholders control 96% of the shares has determined the board structure. It is not considered appropriate to set a maximum term of office for individual directors.

The composition of the board is reviewed regularly to ensure it meets its responsibilities. The board has determined that a broad portfolio of skills and experience are required to complement the specific wine industry experience of the executive directors.

All the directors are involved in the process of appointing new directors by firstly defining the characteristics required and then deciding whether the prospective appointee is best secured by way of consultancy advice or by the board's own research. A nominations committee is not considered to be appropriate given the size and culture of the business.

### **Process**

The board generally schedules at least 8 meetings each year at the winery and this provides directors with the opportunity to visit the production facilities and for contact with a wide group of employees. Other meetings and any extraordinary meetings may be convened at shorter notice and held at other venues or conducted by conference calls.

The chairman of the Company resides in Switzerland and in his absence some of his authority has been delegated to the deputy chairman. The deputy chairman's responsibilities include –

- leading the board, including ensuring meetings are conducted in an open and professional manner so that matters discussed are debated and analysed objectively
- providing effective leadership on formulating the board's strategy
- representing the views of the board to shareholders and the public
- conducting shareholder meetings in an open and democratic manner for shareholders to express their views and to ask questions of the board, management and external auditors
- ensuring new directors are properly briefed on the terms of their appointment and their rights, duties and responsibilities
- setting an example of the culture and values for which PLW stands.

Meeting agendas are prepared by the company secretary in conjunction with the deputy chairman and managing director. Standing items include the managing director's report, finance report, strategic matters, sales and marketing reports, governance and compliance. Board papers are circulated in sufficient time to allow effective preparation. All directors have access to the company secretary.

The Company has induction procedures designed to allow new board appointees to participate fully and actively in board decision-making at the earliest opportunity.

To assist in the execution of its responsibilities the board has established an audit committee and a remuneration committee. Following each audit committee meeting the board is given a verbal report by the committee chairman. Audit committee minutes are circulated to all board members.

Each director has the right to seek independent professional advice at the Company's expense after first obtaining the deputy chairman's approval. The deputy chairman has the discretion to approve expenditure without prior reference to the board or to refer the request to the board.

Board members are expected to devote sufficient time to prepare for meetings and contribute to the governance of the business.

### **Conflict of Interest**

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the board believes there is a significant conflict of interest exists, the director concerned does not receive the relevant board papers and does not attend the meeting whilst the item is considered.

### **Non-Executive Directors' Remuneration & Expenses**

Directors' fees and retirement allowances are to be considered annually by the Remuneration Committee. Travel expenses incurred in attending PLW meetings are to be reimbursed regularly.

### **Access & Indemnity Deeds**

PLW received shareholder approval of the indemnification of the directors at the 1998 AGM. A retired director has the right of access to board papers and materials for the period during which they held office.