

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE STATEMENT

Progen Industries Limited ("the Company") and its Board are committed to achieving and demonstrating the highest standard of corporate governance. The Board guides and monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company is committed to implementing the highest standards of corporate governance.

In setting standards, the Company has considered the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (

ASX Governance Recommendations). The Company continues to develop and improve corporate governance processes and standards and Progen's practices are largely consistent with the ASX guidelines. Formal written policies or disclosure practices have been disseminated throughout the organisation and measures are in place to achieve compliance.

A detailed description of the Company's corporate governance framework is set out in the following pages. Unless otherwise stated, the corporate governance framework operated throughout the entire year.



## BOARD OF DIRECTORS

### → BOARD COMPOSITION

Directors are appointed to the Board based on the specific skills required by the Company and on the independence of their decision-making and judgement. The skills, experience and expertise relevant to the role for each director in office at the date of the annual report is included in the directors' report.

Progen's Board is not composed of a majority of independent directors and the Chair is not an independent director as recommended by Principles 2.1 and 2.2 of the ASX Governance Recommendations. The directors currently consider the composition of the Board to be adequate given Progen's stage of development. The Board considers that the individuals on the Board can make quality and independent judgements in the best interests of the Company on all relevant matters.

### → RESPONSIBILITIES

The Board recognises the need to clearly delineate its roles and those of management. In its board charter, the Board has formalised a list of those responsibilities reserved for itself and has delegated certain authority to management. Full details of the Board's role and responsibilities are included in the board charter, a copy of which can be found on the Company's website ([www.progen.com.au](http://www.progen.com.au)).

The Company's Board charter was formalised in June 2006, however, the policies and practices contained within this charter have been followed for many years.

### → BOARD CONDUCT

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a director of the Company. The number of meetings of the Company's Board of directors, and of each board committee, held during the year ended 30 June 2006, and the number of meetings attended by each director are disclosed in the directors' report under the heading "Directors' Attendance at Board and Committee Meetings".

### → CONFLICTS OF INTEREST

Directors must declare their interests in any dealings with the Company and, in accordance with board policy, are precluded from participating in discussions or decision-making on such dealings.

### → PERFORMANCE ASSESSMENT

During August and September 2005 the directors undertook a self-assessment of its performance with recommendations being made on ways to improve. Many of those recommendations have been implemented.

## BOARD COMMITTEES

### → NOMINATION COMMITTEE

Principle 2.4 of the ASX Recommendations requires listed entities to establish a nomination committee. Progen does not have a separately established nomination committee because the duties and responsibilities typically delegated to such a committee are accepted as being the responsibility of the full Board. The Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee and believes the existing arrangement is appropriate for a company of Progen's size and stage of development.

### → REMUNERATION COMMITTEE

The remuneration committee consists of two non-executive directors, Dr Eutick and Mr Burns.

The remuneration committee reviews remuneration policies and practices generally, and makes specific recommendations on remuneration packages of the Company's executive having regard to performance, relevant comparative information and independent expert advice where necessary.

Further information on directors' and executives' remuneration is set out in the Remuneration Report section of the directors' report.

→ **AUDIT & RISK  
MANAGEMENT COMMITTEE**

The Board has established an audit and risk management committee that operates under a charter approved by the Board. The members of this committee consist of three non-executive independent directors, Mr Burns, Dr Eutick and Prof Zalberg. The Chief Executive Officer and Chief Financial Officer attend audit and risk committee meetings as invitees.

The charter for the audit and risk management committee can be found at the Company's website ([www.progen.com.au](http://www.progen.com.au)).

Details on the number of meetings of the audit and risk management committee held during the year and the attendees at those meetings can be found in the directors' report under the heading "Directors' Attendance at Board and Committee Meetings".

**CODES OF CONDUCT**

The Company has introduced two codes of conduct, a Code of Business Conduct to guide all employees in respect of ethical behaviour and a Code of Ethics for Executive Directors and Chief Financial Officer. These codes of conduct cover conflicts of interest, confidentiality, fair dealing, protection of assets, compliance with laws and regulations, whistle-blowing, security trading and commitments to shareholders. Copies of these two codes of conduct are on the Company's website ([www.progen.com.au](http://www.progen.com.au)).

The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains accounts fairly and accurately in accordance with generally accepted accounting and financial reporting standards. The Chief Executive Officer and the Chief Financial Officer made the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing this annual report.

**SECURITIES TRADING**

The Company has a Board-approved policy concerning trading in the Company's shares by directors, officers and employees. It is disclosed on the Company's website ([www.progen.com.au](http://www.progen.com.au)).

**COMPANY COMMUNICATIONS**

→ **COMMUNICATION POLICY**

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Board has designated the Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

All information once disclosed to the ASX is posted on the Company's website ([www.progen.com.au](http://www.progen.com.au)) as soon as possible. Material used in presentations to shareholders, analysts, brokers and

the media is released to the ASX and posted on the Company's website. All recent Company announcements, media briefings, press releases, financial reports and other information about the Company generally are available on the Company's website ([www.progen.com.au](http://www.progen.com.au)).

→ **DISCLOSURES**

The following documents are disclosed in full on the Company's website at ([www.progen.com.au](http://www.progen.com.au)).

- Progen's Code of Business Conduct
- Code of Ethics for Executive Directors and Chief Financial Officer
- Audit and Risk Management Committee Charter
- Insider Trading Policy
- Communication Policy