

# Corporate Governance Statement

**Consolidated Operations Group Limited (ACN 100 854 788) (the “Company”) and its controlled entities (together, the “Group”)**

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Consolidated Operations Group Limited (**Company**) and its Board are committed to achieving and demonstrating high standards of corporate governance. In this statement, the Company's corporate governance framework has been assessed against the third edition of the Australian Securities Exchange Corporate Governance Council's Principles and Recommendations (**Recommendations**). The Company and its controlled entities together are referred to as the Group in this statement. The Board continues to review the Group's corporate governance framework and practices to ensure they meet the interests of shareholders.

A description of the Company's main corporate governance practices is set out below. The information provided in this statement relates to the year ended 30 June 2018 and is current as at 28 August 2018. This statement has been approved by the Board on 28 August 2018. Company policies and charters are available in the Investors section of the Company's website at <http://www.coglimited.com.au/>

### **Board responsibilities**

The Board of Directors is responsible for setting the strategic direction of the Company and for overseeing and monitoring its businesses and affairs. Directors are accountable to shareholders for the Company's performance.

The Board reviews and approves the Company's strategic and business plans and guiding policies. The functions and responsibilities of the Board include:

1. overseeing development of the Company's strategy, reviewing and approving strategy plans and performance objectives, monitoring implementation of strategic plans;
2. overseeing senior management performance and implementation of strategy, appointing and removing senior management including the Chief Executive Officer, approving succession plans for key individuals, ensuring that appropriate resources are available to senior management and approving senior management remuneration policies;
3. effective communication with, and reporting to, shareholders;
4. establishing and monitoring policies governing the Company's relationship with other stakeholders;
5. promoting ethical and responsible decision-making and maintaining a code of conduct;
6. monitoring financial performance including approval of the annual and half-year financial reports and overseeing the Company's accounting and financial management systems;
7. approving and monitoring the progress of major capital expenditure, capital management, major acquisitions and divestitures and determining the Company's dividend policy;
8. establishing and overseeing the Company's control and accountability systems, and the system for identifying, assessing, monitoring and managing significant risks facing the Company and its investments; and
9. establishing, overseeing and regularly reviewing systems of internal compliance, risk management, control and legal compliance.

### **Role of the Board and management**

There is a clear division of responsibilities between the Chairman and the CEO/Managing Director.

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the Board's relationship with the Company's senior executives.

The CEO/Managing Director is responsible for implementing Group strategies and policies. Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the CEO/Managing Director and senior executives as set out in the Group's delegations policy. These delegations are reviewed on an annual basis. The Board ensures that the CEO/Managing Director is appropriately qualified and experienced to discharge their responsibilities.

New directors are provided with a letter of appointment setting out the Company's expectations, their responsibilities, rights and the terms and conditions of their employment. All new directors participate in a formal induction program which covers the operation of the Board and its committees and financial, strategic, operations and risk management issues.

Directors undertake an induction program, including:

- information pack containing company documentation including the Code of Conduct, policies and committee charters
- introduction meetings with other Board members
- meetings with the executive management and company secretary.

Generally, directors undertake their own continuing education.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description.

### **Performance of senior executives**

Senior executives are reviewed through a formal process of evaluation by the Remuneration Committee. During the year, the Remuneration Committee conducted a formal evaluation of the CEO/Managing Director's performance against a number of key deliverable outcomes. The executives were assessed against strategic, operational, financial, human resource related and risk management measures.

### **Board composition**

Company recognises the importance of having a Board of appropriate composition, size and diversity.

The current Board comprises Bruce Hatchman, Cameron McCullagh, Steve White, David Gray and Rohan Ford. During the year, Andrew Grant resigned as a director on 30 April 2018.

Bruce Hatchman (appointed on 1 June 2014) is the Independent Non-Executive Chairman. Steve White (appointed on 21 September 2010) and David Gray (appointed on 1 March 2017) are Independent Non-Executive Directors. Rohan Ford (appointed 1 March 2017) is an Executive Director. Cameron McCullagh (appointed on 5 October 2015) is Managing Director and an Executive Director. Andrew Grant (appointed on 24 July 2012 and resigned on 30 April 2018) was an Executive Director.

Due to their executive natures, Andrew Grant and Rohan Ford are not considered independent. Due to his executive nature and substantial shareholder, Cameron McCullagh is not considered independent.

The Board did not meet the requirements of Recommendation 2.4 from 1 July 2017 to 30 April 2018 as it did not consist of a majority of independent directors for the period. However from 30 April 2018, the Board

did meet this requirement as the Board consisted of 3 independent and 2 non-independent directors, with the Chairman being independent. Under Clause 6.10(f), in the case of equality of votes of directors, the Chairman of the Meeting has a casting vote in addition to his deliberative vote.

### ***Directors' independence***

The Board annually assesses the independence of each director, and has adopted specific principles in relation to directors' independence. These state that to be deemed independent, a director must be a non-executive and:

- not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years, not have been employed in an executive capacity by the Company or any other Group member, or been a director after ceasing to hold any such employment;
- within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided;
- not be a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- must have no material contractual relationship with the Company or a controlled entity other than as a director of the Group;
- not have been on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

The company secretarial role is held by Mr David Franks. The Company Secretary is accountable to the Board through the Chairman on corporate governance matters pertaining to the company secretarial role. All directors have access to the Company Secretary.

The non-executive directors met during the 2018 financial year, in scheduled sessions without the presence of management, to discuss the operation of the Board and a range of other matters.

### ***Board selection, appointment and re-election***

Due to the size of the Board and the Company, no separate nomination committee has been established however the 'Nomination and Remuneration Committee' charter provides that committee has nomination committee responsibilities and completes this function.

The Company has in place an external supplier to undertake appropriate checks on any potential director appointments.

The Company's Constitution specifies that:

- all directors appointed throughout the year as an additional director or to fill a casual vacancy hold office until the next general meeting;
- at every annual general meeting (**AGM**),  $\frac{1}{3}$  of the Directors or, if their number is not a multiple of 3, then, subject to the Listing Rules, the number nearest to  $\frac{1}{3}$  (rounded up to the nearest whole number), must retire from office and be eligible for re-election;
- all non-executive directors must retire from office no later than the third AGM following their last election; and
- where eligible, a director may stand for re-election. The Board's nomination of existing directors for reappointment is not automatic and is contingent on their past performance, contribution to the Company and the current and future needs of the Board and the Company.

All directors, whether appointed throughout the year as an additional director or to fill a casual vacancy or who are due for election under the Listing Rules, are disclosed in the Notice of AGM, with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Board considers the following factors when selection new directors and when recommending directors to shareholders for appointment or re-election:

- The size and complexity of the company and the cost of appointing additional directors; the aim of having a majority of independent directors on the Board;
- in recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairman must be an independent non-executive director;
- the Company is to maintain a mix of directors on the Board from diverse backgrounds with complementary skills, expertise and experience;
- that each individual has sufficient time to meet his/her commitments as a director of the Company;
- the duration of each existing director's tenure, noting the retirement provisions of the constitution, as set out above, and the Board's wish to have an appropriate balance of directors with experience and knowledge of the Group, and directors with an external or fresh perspective; and
- whether the size of the Board is conducive to effective discussions and efficient decision-making.

It is the Company's practice to allow its executive directors to accept appointments outside the Company with prior written approval of the Board. The commitments of non-executive directors are considered by the Board/nomination committee prior to the directors' appointment to the Board of the Company and are reviewed each year as part of the annual performance assessment. Prior to appointment or being submitted for re-election, each non-executive director is required to ensure that they have and will continue to have the time available to discharge their responsibilities to the Company.

Details of the directors' skills, experience, expertise, special responsibilities and attendance at Board and committee meetings are set out in the Directors' Report. The Board has developed a Board skills matrix, to simplify the process for identifying any 'gaps' in the Board's skills, expertise and experience. The Board achieved its assessed skills rating for all criteria, being for skills in Financial/Audit, Legal/Governance, Investor Relations, Risk Management and Compliance, Human Resources/Remuneration, IT/Technology, Marketing/Social Media, Strategic Planning, Government Affairs, Policy Development, Executive Management, International Experience, Listed Company Director Experience, Investment/M&A/Business Disposal/Capital Raising Experience, Finance – Equipment Leasing Experience, Retail Buying Group /Franchise/Co-operative Experience, Finance Arrangement (Corporate Structure) Experience, Non-Bank Financing Experience, Treasury Experience and Small Listed Company Experience. Details of the Directors' skills, experience, expertise and attendance at meetings are set out in the Directors' Report in each year's Annual Report.

The Board selection process involves determining the type of skills, experience and expertise sought to enhance the current Board and preparing a short-list of appropriate candidates. To date, the Company has

sought appropriate candidates through referrals and professional intermediaries to identify and assess candidates. The full Board appoints the most suitable candidate, who must stand for election at the next general meeting of the Company.

As part of the risk management process of the Company, succession planning is considered and addressed where possible. The Board also considers management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

#### **Board, committee and director performance reviews**

The Board undertakes an annual self-assessment of its collective performance and considers the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group. The Board also reviews the performance of the Chairman and of Board committees. Management are invited to contribute to this appraisal process which may be facilitated by an independent third party. To date, this has been actioned internally. The results and any action plans are documented, together with specific performance goals which are agreed for the coming year.

The Chairman undertakes an annual assessment of the performance of individual directors and meets privately with each director to discuss this assessment.

During the year, performance evaluations for the Board, its committees and directors took place in accordance with the above disclosed process.

#### **Code of Conduct**

The Group has developed a statement of values and a Code of Conduct (**Code**) which has been endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the high standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code requires that at all times all Group personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Group policies.

New employees are introduced to the Code as part of their induction training. The Code includes requirements to:

- act in good faith in pursuing the objectives of the Company;
- avoid situations which may give rise to a conflict of interest;
- maintain confidentiality in relation to the affairs of the Company, its customers and its suppliers;
- comply with the laws and regulations relating to the Company, particularly the prohibition on insider trading;
- treat each other, suppliers, competitors, clients, customers and other stakeholders fairly and with respect;
- protect and ensure efficient use of the Company's assets for legitimate business purposes; and
- report unlawful or unethical behaviour, with those who report violations in good faith to be protected from harassment or discriminatory treatment. Reports can be made anonymously.

The Code is available on the Company's website.

## Diversity Policy

No Company employee or potential employee will be denied equal treatment compared with another employee or potential employee because of gender, age, national origin, race, marital status, sexual preference, pregnancy, potential pregnancy, political conviction, religious beliefs, disability or health status (including HIV or AIDS). In addition, the Company does not require employees to retire because of their age.

The Company is committed to the merit principle, whereby employees are recruited, trained, promoted and remunerated based on the individual's skills, qualifications, experience, abilities and aptitudes. The Company acknowledges the need of its employees to balance career and family obligations and engages flexible work options in accordance with relevant industrial agreements, to enable employees to balance work and family.

The Company does not have set measurable objectives relating to achieving gender diversity as required by Recommendation 1.5, noting that the Company only has two employees comprising one male and one female employee.

A copy of the Diversity Policy is available on the Company's website.

The proportion of women employees at different levels in the Group is set out below as at 30 June:

Level	2018	2017
Women on the Board	0%	0%
Women in senior management roles*	0%	33%
Women employees in the Group*	44%	25%

\* reported on a full-time equivalent employee basis.

Senior management roles are defined as direct reports to the CEO/Managing Director or CFO.



## **Audit arrangements**

During the year, the Board had an Audit and Risk Committee to assist in the execution of its duties by overseeing the material aspects of the Company's financial reporting, control and audit functions.

### ***Audit and risk committee***

The committee comprised Mr Steve White (Chairman and independent, non-executive director), Mr Bruce Hatchman (independent non-executive director) and Mr David Gray (independent non-executive director).

The committee meets the requirements of Recommendation 4.1 in that it consists of a majority of independent directors, is chaired by an independent chair and consists of only non-executive directors. The Chair is not chair of the Board and it has at least three members.

All members of the Audit and Risk Committee are financially literate and have an appropriate understanding of the industry in which the Group operates.

The Audit and Risk Committee operates in accordance with a charter, which is available on the Company's website. The main responsibilities of the committee are to:

- review the annual report, the half-year financial report and other financial information released to the market by the Company;
- assess whether external reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;
- assess the suitability of the Company's financial accounting policies, practices and procedures;
- review and assess the effectiveness of the Company's system of internal controls;
- oversee the effective operation of the risk management framework;
- recommend policies and procedures to the Board on the selection and appointment of the external auditors and the rotation of external audit engagement partners;
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance;
- consider the independence and competence of the external auditor on an ongoing basis;
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;
- review and monitor related party transactions and assess their propriety; and
- report to the Board on matters relevant to the committee's role and responsibilities.

### ***External auditors***

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. The Company requires the periodic rotation of the audit partner in accordance with the Corporations Act 2001.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' Report in each year's Annual Report. The external auditors provide an annual declaration of their independence to the Audit and Risk Committee.



### **Market disclosure**

The Company has a Disclosure and Communication Policy and a Disclosure and Materiality Guideline. The Disclosure and Communication Policy promotes timely and balanced disclosure of material matters concerning the Company, to comply with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules. The Disclosure and Communication Policy and a Disclosure and Materiality Guideline are available on the Company's website.

Company officers and senior managers are responsible for monitoring all information regarding the Company's day to day activities and if a potential disclosure obligation arises, to report it to the CEO/Managing Director and CFO who will make an assessment regarding disclosure. The CEO/Managing Director and CFO will determine whether disclosure to the ASX is required, discussing and taking advice from the Company Secretary if necessary.

### **Shareholder communications**

The company discloses information about itself, its Corporate Governance Statement and all its Corporate Governance Policies on the Company's website.

The Disclosure and Communication Policy outlines the procedures in place to promote effective communication with shareholders. The Company seeks to ensure that shareholders are well informed of the Company's activities. The Company communicates with shareholders through annual and half yearly reports, ASX releases, general meetings and the Company's website.

The Board encourages shareholder participation at general meetings. Shareholders who are unable to attend general meetings are encouraged to lodge proxy appointments in advance of the meeting.

The external auditor is required to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Shareholders may elect to receive electronic notifications when the Annual Report is available on the Company's website, and may electronically lodge proxy instructions for items of business to be considered at general meetings.

The Disclosure and Communication Policy is available on the Company's website.

### **Business risks**

The Audit and Risk Committee operates in accordance with a charter, which is available on the Company's website.

The Audit and Risk Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

The committee assists the Board by identifying material business risks and implementing procedures to manage those risks. The committee has formalised its processes for documenting the Group's risk profile in a risk management matrix, which will be reviewed by the Board on a regular basis. The risk management matrix identifies areas of risk for the Group and records any remedial action taken in the management of those risks.

Senior executives from each business unit, such as Finance, Business Development and Operations are responsible for monitoring, mitigating and reporting on material risks within that business unit. Senior executives report to the Audit and Risk Committee on a periodic basis as to whether all identified material risks

are being managed effectively across the Company. The Managing Director reports to the Board on a periodic basis as to whether all identified material risks are being managed effectively across the Company. The Committee receives such reports from the Managing Director on an ongoing basis.

During the year, ongoing monitoring, mitigating and reporting on material risks by senior executives, the Audit and Risk Committee and the Board took place in accordance with the process disclosed.

### **Internal control framework**

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

Detailed control processes cover management accounting, financial reporting, project appraisal, environment, health and safety, IT security, compliance and other risk management issues.

In addition, the Board requires that each major proposal submitted to the Board for decision is accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies.

The CEO/Managing Director and CFO have reported and declared in writing to the Board that the Group's management of its material business risks is effective. The Board has also received a written assurance from the CEO/Managing Director and CFO that the declaration provided under section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks, as required by Recommendation 4.2, for all financial reports that are released to the ASX.

Under the Charter of the Audit and Risk Committee, the committee reviews if an internal audit function is required and how the function should be structured and what role it performs. Where there is an internal audit function, it reviews and recommends the appointment or removal of the head of internal audit, the scope and adequacy of the internal audit work plan and the objectivity and performance of the internal audit function.

The Audit and Risk Committee and the Board has determined not to have an internal audit function due to the size of the Company.

The Company's external auditors under a half year review and full year audit as required under the Corporations Act 2001. The Audit and Risk Committee have regular meetings and contact with the external auditors during the year and for the review and audits.

The Company monitors whether it has any material exposure to economic, environmental and social sustainability risks through its Audit and Risk Committee. The Company also has in place a Health and Safety Policy and Environmental Policy. A copy of the Health and Safety Policy and Environmental Policy is available on the Company's website.

### **Remuneration Committee**

The committee comprised Mr Bruce Hatchman (Chair, independent, non-executive director), Mr Steve White (independent non-executive director) and Mr David Gray (independent non-executive director).

The committee meets the requirements of Recommendation 8.1 in that it consists of a majority of independent directors and is chaired by an independent chair. It also has at least three members.

The Remuneration Committee provides the Board with advice on remuneration, recruitment, retention, termination and incentive policies and practices generally. It makes specific recommendations on remuneration packages for executive directors, other senior executives and non-executive directors, and considers superannuation arrangements for employees. The CEO/Managing Director is not permitted to have direct involvement in the determination of her remuneration. The committee charter is available on the Company's website.

The structure of non-executive directors' remuneration is clearly distinguished from the structure of executive director and senior management remuneration, in that non-executive directors' remuneration is not linked to the performance of the Group. The non-executive directors receive not retirement benefits, other than statutory superannuation contributions. Any increase in the maximum total remuneration of the non-executive directors of the Company, which was set at \$250,000 per annum, would be subject to the approval of shareholders.

Further information on directors' and executives' remuneration is set out in the directors' report under the heading Remuneration Report in the Directors' Report in each year's Annual Report.

Any employees participating in equity based remuneration schemes are prohibited from entering into transactions in products which would limit the economic risk of holding unvested entitlements under those schemes. To date there has not been any equity based remuneration schemes however this policy was formalised in writing in the Share Trading Policy on 24 August 2015.

ASX CGC's Best Practice Recommendations		
Principle 1	Lay Solid Foundations for Management and Oversight	
1.1	<p>(1.1) Companies should disclose:</p> <p>(a) the respective roles and responsibilities of its Board and management; and</p> <p>(b) those matters expressly reserved to the Board and those delegated to management</p>	Comply
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Comply
1.3	<p>A listed entity should have written agreements with each director and senior executive setting out the terms of their appointment.</p>	Comply
1.4	<p>The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board</p>	Comply
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p>	<p>Does not comply with section (a)</p> <p>Comply (b) and (c)</p>

Principle 1	Lay Solid Foundations for Management and Oversight (Continued)	
	<p>(1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined 'senior executive' for these purposes); or</p> <p>(2) if the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators' as defined in and published under the Act</p>	
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of the Board, its Committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Comply
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior management; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Comply
Principle 2	Structure the Board to Add Value	
2.1	<p>The Board of a listed entity should:</p> <p>(a) have a Nomination Committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director; and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p>	Comply

Principle 2	Structure the Board to Add Value (Continued)	
	(b) if it does not have a nomination committee, disclose that fact and the process it employees to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Comply
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the Board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in the governance principles but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each director</p>	Comply
2.4	A majority of the Board should be independent directors.	<p>From 1 March 2017 to 30 April 2018, the Company had equal number of independent and non-independent directors. From 30 April 2018 the Company has complied with Principal 2.4, with 3 Independent director and 2 Non-independent directors, with the Chairman (who is independent) having a casting vote in addition to his deliberative vote.</p>
2.5	The Chair of the Board should be an independent Director and in particular, should not be the same person as the CEO of the entity.	Comply
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Comply

Principle 3	Act Ethically and Responsibly	
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose the code or a summary of it.</p>	Comply
Principle 4	Safeguard Integrity In Corporate Reporting	
4.1	<p>The Board of a listed entity should:</p> <p>(a) have an Audit Committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director who is not the chair of the Board; and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the process it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Comply
4.2	<p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Comply
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is</p>	Comply



	available to answer questions from security holders relevant to the audit.	
<b>Principle 5</b>	<b>Make Timely and Balanced Disclosure</b>	
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Comply
<b>Principle 6</b>	<b>Respect the Rights of Security Holders</b>	
6.1	A listed entity should provide information about itself and its governance to investors via its website	Comply
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Comply
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Comply
6.4	A listed entity should give security holders the option to receive communications form, and send communications to, the entity and its security register, electronically.	Comply
<b>Principle 7</b>	<b>Recognise and Manage Risk</b>	
7.1	<p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director; and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p>	Comply

	(b) if it does not have a risk committee or committees that satisfy (a), disclose that fact and the process it employs for overseeing the entity's risk management framework.	
<b>Principle 7</b>	<b>Recognise and Manage Risk</b>	
7.2	<p>The Board or committee of the Board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review have taken place</p>	Comply
7.3	<p>A listed entity should disclose</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes</p>	Comply
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.	Comply
<b>Principle 8</b>	<b>Remunerate Fairly and Responsibility</b>	
8.1	<p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director; and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the process it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Comply

Principle 8	Remunerate Fairly and Responsibility	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and senior executives	Comply
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it</p>	Comply

#### Policy history

Last review: 28 August 2018

Review frequency: As required