



## HUDSON INVESTMENT GROUP LIMITED

### CORPORATE GOVERNANCE STATEMENT

Hudson Investment Group Limited (**the Company**) has adopted a Corporate Governance Plan, which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("**Principles and Recommendations**").

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

#### **Overview**

The Company and the Board of Directors are committed to achieving and demonstrating the highest standards of corporate governance and aim to comply with the Principles and Recommendations set by the ASX Corporate Governance Council.

However, given the current size of both the Company's operations and the Board of Directors, it is not appropriate, cost effective or practical to comply fully with those principles and recommendations.

Consistent with the ASX best practice recommendations, the Company's corporate governance practices have been disclosed in the Annual Report, are regularly reviewed and will be available on the Company's website.

#### **Compliance with ASX Corporate Governance Council best practice recommendations**

The ASX Listing Rules require public listed companies to include in their annual report a statement regarding the extent to which they have adopted to ASX Corporate Governance Council best practice recommendations.

This statement provides details of the Company's adoption of the best practice recommendations.

#### **Principle 1 – Lay solid foundations for management and oversight**

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

##### **Board responsibilities**

The Board of directors is accountable to shareholders for the performance of the group. In carrying out its responsibilities, the Board undertakes to serve the interest of shareholders honestly, fairly and diligently.

The Board's responsibilities will be encompassed in a formal charter to be published on the Company's website. The charter will be reviewed annually to determine whether any changes are necessary or desirable.

The responsibilities of the Board include:

- Reporting to shareholders and the market;
- Ensuring adequate risk management processes exist and are complied with;
- Reviewing internal controls and external audit reports;
- Ensuring regulatory compliance;
- Monitoring financial performance, including approval of the annual and half-yearly financial reports and liaison with the Company auditors;
- Reviewing the performance of senior management;

- Monitoring the Board composition, Director selection and Board processes and performance;
- Validating and approving corporate strategy;
- Reviewing the assumptions and rationale underlying the annual plans; and
- Authorising and monitoring major investment and strategic commitments.

#### **Directors' education**

The Company issues a formal letter of appointment for new directors setting out the terms and conditions relevant to that appointment and the expectations of the role of the director.

The Company also provides an informal induction process to provide key information on the nature of the business and its operations.

#### **Role of Chairman**

The Chairman is appointed by fellow Board members and acts as the link between the Board and the Chief Executive Officer (CEO).

He acts as the link between the Board and the Company, establishing and maintaining an effective working relationship with the CEO. The Chairman sets the tone for the Board, including the establishment of a common purpose. He is responsible for chairing Board meetings and shaping the agenda in relation to goals, strategy, budget and executive performance.

The Chairman ensures all Board members contribute and reach consensus in making decisions. He also assists in the selection of Board committee members.

The Chairman provides direction to the Board in matters of corporate governance.

#### **Role of Chief Executive Officer**

The Board delegates responsibility for implementing the strategic direction and for managing the day to day operations of the Company to the CEO.

There are clear lines of communication established between the Chairman and CEO to ensure that the responsibilities and accountabilities of each are clearly understood.

The CEO has a formal service contract in place setting out duties, responsibilities, and rights, conditions of service and termination entitlements. Performance will be assessed against pre-determined objectives on an annual basis or more frequently if required.

The assessment and monitoring of the CEO is the responsibility of the Chairman. The Chairman provides an initial assessment and recommendation to the Board. The matter is then considered by the Board and their views are communicated to the CEO by the Chairman.

#### **Process for evaluating the Performance of Senior Executives**

An induction program is in place to allow new directors to participate fully and actively in management decision-making at the earliest opportunity. The purpose of the induction is to provide a good deal of knowledge about the company and industry.

The program also sets out the company's financial position, strategies, operations and risk management policies. There is also a focus on the respective rights, duties and responsibilities and roles of the board and senior executives.

Continuous feedback is given through the CEO to Senior Executives and when required, the board through the Chairman.

### **Principle 2 – Structure the Board to add value**

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

#### **Composition of the Board**

The Board of Directors is comprised of one Executive director and four Non-Executive directors, all of whom have a broad range of skills and experience.

In determining independence the Board has regard to the guidelines of directors' independence in the ASX Corporate Governance Council and Best Practice Recommendations and other best practice guidelines.

Each director's independent status is regularly assessed by the Board.

The Company does comply with recommendation 2.1 which provides that a majority of the Board be independent directors.

The Board considers that its composition provides for the timely and efficient decision making required for the Company in its current circumstances.

The Board's size and composition is subject to limits imposed by the Company's constitution which provides for a minimum of three directors and a maximum of ten. Details of the Board, their experience, expertise and qualifications are set out in the Directors Report in the Annual Report.

The position/status and time in office of each director at the date of Annual Report is as follows:-

Director	Independent	Position	Date of Appointment	Term
John Farey	Yes	Non Executive Chairman	1 February 2002	15 years 1 month
John Foley	Yes	Non Executive Director	6 August 2014	2 years 7 months
Alan Beasley	No	Managing director	19 January 2015	2 years 1 month
Ian Mutton	Yes	Non Executive Director	1 September 2016	6 months

The Board currently holds scheduled meetings each year together with any ad hoc meetings as may be necessary. The number of Board meetings and Directors attendance are disclosed in the Directors' Report.

#### **Access to independent professional advice**

All directors are required to bring an independent judgement to bear on Board decisions.

To facilitate this, the Board has adopted a procedure which allows each Director the right of access to all relevant Company information and to the Company's Executives. The directors also have access to external resources as required to fully discharge their obligations as Directors of the Company. The use of these resources is co-ordinated through the Chairman of the Board.

#### **Nomination Committee**

The role of the Nomination Committee is undertaken by the full Board due to the size of the Company.

The Board will review its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reasons, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisors may be used to assist in such a process. The Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

For directors retiring by rotation the Board assesses that Director before recommending re-election.

#### **Board performance evaluation**

The Company has processes in place to review the performance of the Board and its committees and individual directors. Each year the Board of Directors will give consideration to broad corporate governance matters, including the relevance of existing committees and to reviewing its own and individual directors' performance. The



Chairman is responsible for monitoring the contribution of individual directors and consulting with them in any areas of improvement.

### **Principle 3 – Promote Ethical and Responsible Decision making**

Companies should actively promote ethical and responsible decision making.

#### **Code of conduct**

The Board acknowledges the need for continued maintenance of the highest standards of Corporate Governance Practices and ethical conduct by all Directors and employees of the consolidated entity.

The Company has established a code of conduct applicable to all Directors and employees. The requirement to comply with the code is mandatory and is communicated to all employees. The code sets out standards of conduct, behaviour and professionalism.

The shareholder communications policy, the securities trading policy, the continuous disclosure policy collectively form a solid ethical foundation for the Company's ethical practices.

A copy of these documents has been posted on the Company's website.

#### **Policy on dealing in Company securities**

The Company has a policy on how and when the Directors and employees may deal in the Company's securities.

In addition to these legal and regulatory restrictions, the Company has adopted a robust trading policy whereby trading in Company shares are prohibited under certain circumstances, and short-term trading is discouraged.

The purpose of this policy is to ensure that the Directors and employees deal in the Company's securities in a manner which properly reflects their fiduciary duty, and that they do not transact in those securities whilst in possession of price sensitive information.

This policy requires that all Directors and Senior Executives to disclose their share trade intentions to the Managing Director or Chairman prior to dealing in the Company's securities.

The Company maintains compliance standards and procedures to ensure that the policy is properly implemented. In addition there is also an internal review mechanism to assess compliance and effectiveness.

Details of both the Company's Code of Conduct and Share Trading Policy which, among other things, describes 'closed periods' and 'prohibited periods' that describes when trading is restricted. Share Trading Policy has been lodged with the ASX and is contained on the Company's website under Corporate Governance.

#### **Approach to diversity**

The Board recognises the benefits of diversity at Boards in senior management and within the organisation generally and recognises the organisational strengths, deeper problem solving ability and opportunity for innovation that diversity brings to an organisation.

The Company has established a diversity policy which set out the beliefs, goals and strategies of the Company and makes reference to all the characteristics that makes individuals different from each other. The policy sets out the positive steps taken to ensure that current and prospective employees are not discriminated against, either directly or indirectly on such characteristics as gender, age, disability, marital status, sexual orientation, religion, ethnicity or any other area of potential difference. The Company is committed to gender diversity at all levels of the organisation. Gender equality is a key component of the Company's' diversity strategy. The implementation of this policy aims to reflect both the circumstances of the Company and the industry in which it operates.

The Company's diversity policy includes a requirement that:

- the Board establish measurable objectives for achieving gender diversity;
- the Board assess annually the objectives set for achieving gender diversity; and
- the Board assess annually the progress made towards achieving the objectives set.

Representation of female employees in the organisation workforce is as follows:

	Actual at 31 December 2016		Company Objective		Progress towards meeting objective	
	Number	Percentage	Number	Percentage	Number	Percentage
Whole organisation	-	-	-	-	-	-
Senior Executive Positions	-	-	-	-	-	-
Board	-	-	-	-	-	-

A copy of the Company's diversity policy has been posted on the Company's website.

#### Principle 4 – Safeguard Integrity in Financial Reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

##### Audit committee

The audit committee consists of the full Board. The structure of the audit committee does not comply with recommendation 4.1 which recommends that the audit committee consists of only Non-Executive Directors and the committee should have an independent Chairperson who is not the Chairperson of the Board.

The Board considers that given its current size and structure it is neither appropriate nor cost effective for the establishment of a separate audit committee.

The committee met twice during the year. The audit committee has adopted a formal charter which set out the responsibilities of the audit committee.

Details of the Formal Charter have been posted on the Company's website.

These responsibilities include:

- Reviewing the annual and half year financial reports to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- Monitoring corporate risk management practices;
- Review and approval of the Group's accounting policies and procedures;
- Reviewing the external audit plans;
- Reviewing the nomination, performance and independence of the external auditors; and
- Organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board.
- The audit committee receives confirmation in writing from the Chief Executive Officer and the Chief Financial Officer that the Company's Financial Report for the financial year presents a true and fair view in all material respects of the Company's financial position and operational results and are in accordance with relevant accounting standards.

##### External auditors

The full Board is responsible for the appointment, removal and remuneration of the external auditors, and reviewing the terms of their engagement, and the scope and quality of the audit. In fulfilling its responsibilities, the Board will receive regular reports from management and the external auditors at least once a year, or more frequently if necessary. The external auditors have a clear line of direct communication at any time to the Chairman of the Board.

K.S. Black & Co was appointed auditor in 2009.

The Australian accounting bodies' statement on professional independence requires mandatory rotation of audit partners for listed companies every five years.

K.S. Black & Co confirms that they conform with the requirements of the statement.

K.S. Black & Co is required to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

#### Principle 5 – Make timely and balanced disclosure

The Company promotes timely and balanced disclosure of any material matters concerning the Company.

The Company has a written policy on information disclosure that focuses on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Company Secretary in consultation with the Chairman is responsible for communications with the ASX. He is also responsible for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules, and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the general public. A copy of the policy is posted on the company's website.

## **Principle 6 – Respect the rights of shareholders**

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

### **Communication with shareholders**

The Board recognises and respects the rights of our shareholders as the beneficial owners of the Company. In order to facilitate the effective exercise of those rights, the Company has adopted a shareholder communications policy that aims to empower shareholders by:

- communicating effectively with them;
- providing easy access to balanced and understandable information about the Company; and
- encouraging and facilitating shareholder participation in general meetings.

The Company achieves this through the following avenues:

### **Regular mailings**

The Company provides shareholders with copies of all announcements made to the ASX by mail on request. Copies are also available via an electronic link to the ASX web site, ensuring that all shareholders are kept informed about the Company.

Shareholders also have the option of receiving a hard copy of the Annual Report each year.

### **Email update service**

An email update service has been established and is available to the general public as well as shareholders at the Company's website or upon request.

### **General meetings**

All shareholders are invited to attend the Annual General Meetings which are held at the Company's Head Office in Sydney. The full Board and senior executives will be present and available to answer questions from the floor, as are the External Auditor and a representative from the Company's legal advisors.

A copy of the Company's Shareholder Communication Policy is posted on the Company's website. The Company also posts Corporate Information in the investor section of its company website at [www.higl.com.au](http://www.higl.com.au).

## **Principle 7 – Recognise and Manage Risks**

Companies should establish a sound system of risk oversight and management and internal control.

The Board oversees the establishment, implementation and review of the Company's Risk Management System. To ensure it meets its responsibilities, the Board has implemented appropriate systems for identifying, assessing, monitoring and managing material risk throughout the organisation.

Management is required to provide status reports to the Board which identify potential areas of business risk arising from changes in the financial and economic circumstances of its operating environment.

The Board regularly assess the Company's performance in light of risks identified by such reports.

Management are also required to design implement and review the Company's risk management and internal control system. The Board reviews the effectiveness of the implementation of the Company's risk management and internal control system on a regular basis.

The Board does not employ an internal auditor, although as part of the Company's strategy to implement an integrated framework of control, the Board requested the external auditors review internal control procedures. Recommendations once presented are considered by the Board.

The Board receives written declaration from the Chief Executive Officer and the Chief Financial Officer that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and the Company's risk management and internal compliance and control system is operating efficiently in all material respects.

The Board requires the declaration prior to the directors signing the Company's financial statements.

### **Principle 8 – Remunerate fairly and responsibly**

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Due to the size of the Company, the full Board sit as the remuneration committee.

The Board has adopted a Remuneration Charter.

The main responsibilities of the Remuneration Committee include:

- review and approve the Group's policy for determining executive remuneration and any amendments to that policy;
- review the on-going appropriateness and relevance of the policy;
- consider and make recommendations to the Board on the remuneration of executive Directors (including base salary, incentive payments, equity awards and service contracts);
- review and approve the design of all equity based plans;
- review and approve the total proposed payments under each plan; and
- review and approve the remuneration levels for non-executive Directors.
- The committee will meet as often as required but not less than once per year.

The Committee met once during the year as disclosed in the table of Directors Meetings disclosed in the Annual Report.

### **Executive directors and executive remuneration**

The remuneration committee reviews and approves the policy for determining executive's remuneration and any amendments to that policy.

Executive remuneration and other terms of employment are reviewed annually having regard to relevant comparative information and independent expert advice.

Remuneration packages include basic salary, superannuation and the rights of participation in the Company's Share Option Plan and Employee Share Purchase Plan.

Remuneration packages are set at levels that are intended to attract and retain executives capable of effectively managing the Company's operation.

Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of operations.

### **Non-Executive directors**

Remuneration of Non-Executive Directors will be determined by the Board based on relevant comparative independent expert advice and the maximum amount approved by shareholders from time to time.

Directors have the right to participate in the Company's Share Option Plan and Employee Share Purchase Plan.

Further information on the Directors and Executives remuneration is included in the Remuneration Report which forms part of the Directors' Report.



The Company's compliance and departures from Recommendations as at the date of this Prospectus are set out in the following table:

**ASX Corporate Governance Council's Corporate Governance Principles and Recommendations**

PRINCIPLE	Response
<b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>	
Recommendation 1.1	
The entity should have and disclose a charter, which sets out the respective roles and responsibilities of the board, the Chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management	<p>Complies.</p> <p>The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board. The responsibilities delegated to the senior management team are set out in the Board Charter.</p> <p>The Board Charter can be viewed at the Company's website <a href="http://www.higl.com.au">http://www.higl.com.au</a></p>
Recommendation 1.2	
<p>The entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.</p> <p>The entity should 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>	<p>Complies.</p> <p>The Company conducts appropriate checks for all Directors.</p> <p>These checks will be expanded to include the required checks described in Guidance Note 1, paragraph 3.15 issued by the ASX before appointing a person, or putting forward to Shareholders a candidate for election, as a Director.</p>
Recommendation 1.3	
The entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies.
Recommendation 1.4	
The company secretary of the entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<p>Complies.</p> <p>The Joint Company Secretaries have been appointed and are accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.</p>
Recommendation 1.5	
The entity should establish a diversity policy and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and the progress in achieving them.	Complies.
The entity should disclose in its annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and its progress towards	The Diversity Policy is disclosed on the Company's website.



achieving them.	
The entity should disclose in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Details of the Company's measurable objectives for achieving gender diversity and its progress towards achieving them and the entity's gender diversity figures are set out in the Company's annual report.
Recommendation 1.6	
The entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	<p>Will comply.</p> <p>The Company will disclose the process for evaluating the performance of the Board, its committees and individual directors in its future annual reports.</p> <p>Details of the performance evaluations undertaken will be set out in future annual reports.</p>
Recommendation 1.7	
The entity should have and disclose a process for periodically evaluating the performance of its senior executives; and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	<p>Complies.</p> <p>Senior executive key performance indicators are set annually, with performance appraised by the Board, and reviewed in detail by the Board.</p> <p>The internal review is to be conducted on an annual basis and if deemed necessary an independent third party will facilitate this internal review.</p> <p>Details of the performance evaluations undertaken will be set out in future annual reports.</p>
<b>PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE</b>	
Recommendation 2.1	
The entity's board should have a nomination committee which has at least three members, a majority of whom are independent directors; and is chaired by an independent director.	<p>Does not comply.</p> <p>The Company does not have a nomination committee</p>
The entity should disclose the charter of the committee, the members of the committee; and 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.	Currently the role of the nomination committee is undertaken by the full Board. The Company intends to establish a nomination committee once the Company's operations are of sufficient magnitude.
If the entity does not have a nomination committee, it should disclose that fact and the processes it employs 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.	The Company does not have a nomination committee. The Board evaluates the skills, experience of its members and then determines whether additional members should be invited to the Board to complement or replace the existing members.
Recommendation 2.2	
The entity should have and disclose a board skills matrix setting out the mix of skills and diversity	Does not yet comply.

that the board currently has or is looking to achieve in its membership.	The Company intends to develop a board skill matrix setting out the mix of skills and diversity the Board has and requires. The skill matrix will be available at the Company's website once finalised.
Recommendation 2.3	
The entity should disclose the names of the directors considered by the board to be independent directors and the length of service of each director.	Complies.  The Company's independent directors are John Foley, John Farey: John Dawkins and Ian Mutton (both of whom were appointed as a director on 1 September 2016).
The entity should disclose if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3 <sup>rd</sup> edition) 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	The independence of the directors and length of service of each director are set out in the Company's annual report.  Details of any relevant interest, position, association or relationship impacting upon a director's independence are set out in the Company's annual report.
Recommendation 2.4	
A majority of the board of the entity should be independent directors.	Complies.  The Company has 5 directors. Four of these directors are non-executive directors.
Recommendation 2.5	
The chair of the board of the entity should be an independent director and, in particular, should not be the same person as the CEO / Managing Director of the entity.	Complies.  The Chair is an independent and is not the Managing Director or CEO..
Recommendation 2.6	
The 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.	Does not yet comply.  Currently the induction of new directors and plan for professional development is managed informally by the full Board.  The Company intends to develop a formal program for inducting new directors and providing appropriate professional development opportunities consistent with the development of the Company.
<b>PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY</b>	
Recommendation 3.1	
The entity should establish a code of conduct for its directors, senior executives and employees and disclose the code or a summary of the code.	Complies.  The Board has a Code of Conduct to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Group's personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code.

	The Code of Conduct is available on the Company's website.
<b>PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</b>	
<b>Recommendation 4.1</b>	
<p>The board of the entity should have an audit committee, which consists only of non-executive directors, a majority of which are independent directors and is chaired by an independent chair that is not the chair of the board.</p> <p>The entity should disclose the charter of the committee, the members of the committee and 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.</p>	<p>Partially complies.</p> <p>The board has established an audit and risk committee Charter. Members of the committee comprise the whole board of directors who have appropriate and relevant financial experience to act in this capacity.</p> <p>A summary of the charter and details of the number of times the audit and risk committee met throughout the period and the individual attendances of the members at those meetings are set out in the Company's annual report.</p> <p>The full audit and risk committee charter is available on the Company's website</p>
<b>Recommendation 4.2</b>	
<p>The board should disclose whether it has, before approving the entity's financial statements for the financial period receive assurance from its Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) a declaration that 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 in all material respects in relation to financial reporting risks.</p>	<p>Complies.</p> <p>The Board requires the Managing Director and Chief Financial Officer to provide such a statement before approving the entity's financial statements for a financial period.</p>
<b>Recommendation 4.3</b>	
<p>When the entity has an AGM it should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>Complies.</p> <p>The external auditor attends AGMs and is available to answer questions from Security Holders relevant to the audit.</p>
<b>PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE</b>	
<b>Recommendation 5.1</b>	
<p>The entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.</p>	<p>Complies.</p> <p>The Company has a written policy on information disclosure. The focus of these policies and procedures is continuous disclosure and improving access to information for investors.</p> <p>The Company's continuous disclosure policy can be viewed at the Company's website.</p>
<b>PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS</b>	

Recommendation 6.1	
The entity should provide information about itself and its governance to investors via its website.	<p>Complies.</p> <p>The Company has provided specific information about itself and its key personnel and has developed a comprehensive Corporate Governance Plan.</p> <p>Details can be found at the Company's website.</p>
Recommendation 6.2	
The entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>Complies.</p> <p>The Company has established a Shareholder's Communication Policy. The Company recognises the importance of forthright communications and aims to ensure that the shareholders are informed of all major developments affecting the Company.</p> <p>Details of the Shareholder's Communication Policy can be found on the Company's website.</p>
Recommendation 6.3	
The entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>Complies.</p> <p>The Shareholder's Communication Policy is available on the Company's website and details are set out in the Company's annual report.</p>
Recommendation 6.4	
The entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>Complies.</p> <p>The Company has provided the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>
<b>PRINCIPLE 7: RECOGNISE AND MANAGE RISK</b>	
Recommendation 7.1	
<p>The board of a listed entity should have a committee or committees to oversee risk, each of which has at least three members, a majority of whom are independent directors and is chaired by an independent director.</p> <p>The entity should disclose the charter of the committee, the members of the committee and 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.</p>	<p>Complies.</p> <p>The Board has established an audit and risk committee to oversee risk which is comprised of the whole Board.</p> <p>Complies</p> <p>The Company's charter for the audit and risk committee is available at the Company's website and the details of the number of times the committee met and the individual attendances is set out in the Company's annual report.</p>
Recommendation 7.2	
The board or board committee should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risk the	<p>Complies.</p>

<p>entity faces and to ensure that they remain with the risk appetite set by the board.</p>	
<p>The entity should also disclose in relation to each reporting period, whether such a review has taken place</p>	<p>The Company's Corporate Governance Plan includes a Risk Management Review Procedure and Compliance and Control policy.</p> <p>The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.</p> <p>The Board has delegated to the audit and risk committee the responsibility for implementing the risk management system.</p> <p>Details of the number of times the committee conducted a risk management review in relation to each reporting period will be disclosed in its annual reports.</p>
<p>Recommendation 7.3</p>	
<p>The entity should disclose if it has an internal audit function, how the function is structured and what role it performs. If the entity does not have an internal audit function, the entity should disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Does not yet comply.</p> <p>The Board has delegated the internal audit function to the audit and risk committee and intends to establish and implement the structure and role of the internal audit function.</p> <p>The Company will disclose the details of the internal audit function in its future annual reports.</p>
<p>Recommendation 7.4</p>	
<p>The 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.</p>	<p>Complies.</p> <p>The Company has an Audit and Risk committee appointed to manage economic sustainability and risk.</p>
<p>PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY</p>	
<p>Recommendation 8.1</p>	
<p>The board should establish a remuneration committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director.</p>	<p>Does not yet comply due to the size of the Company. The entire board undertakes the functions normally delegated to a Remuneration Committee.</p>
<p>If the entity does not have a remuneration committee, the entity should disclose that fact and the processes 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>	<p>The Board has adopted a Remuneration Committee Charter.</p> <p>However, the Company is not of a size that justifies having a separate Remuneration Committee so matters typically considered by such a committee are dealt with by the full Board.</p> <p>The Board has reviewed, through independent sources, the level and composition of remuneration for Directors and senior executives to ensure that such remuneration is appropriate and not excessive.</p>

Recommendation 8.2	
<p>The entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration..</p>	<p>Complies.</p> <p>The Company distinguishes the structure of Non-executive Directors' remuneration from Executive Directors and senior executives.</p> <p>Details of the policies and practices regarding remuneration are set out in the Company's annual report.</p> <p>The Remuneration Committee Charter is disclosed on the Company's website.</p>
Recommendation 8.3	
<p>If the entity has an equity-based remuneration scheme it should 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 disclose that policy or a summary of it.</p>	<p>Complies.</p> <p>The Company's Policy on dealing with Company securities prohibits executive staff from undertaking hedging or other strategies that could limit the economic risk associated with Company Securities issued under any equity based remuneration scheme.</p> <p>The Company's Share Trading Policy can be viewed on the Company's website</p>