

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Desane Group Holdings Ltd

ABN / ARBN:

61 003 184 932

Financial year ended:

30 June 2017

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

These pages of our annual report:



This URL on our website:

[www.desane.com.au/about-us/corporate-governance](http://www.desane.com.au/about-us/corporate-governance)

The Corporate Governance Statement is accurate and up to date as at 23 August 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 23 August 2017

Name of Secretary authorising lodgement: JACK SCIARA

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ✓ in our Corporate Governance Statement and Board Charter which can be accessed here: <a href="http://www.desane.com.au/about-us/corporate-governance">www.desane.com.au/about-us/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> ✓ in our Board Charter which can be accessed here: <a href="http://www.desane.com.au/about-us/corporate-governance">www.desane.com.au/about-us/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	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.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a 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>(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 that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p>✓ at <a href="http://www.desane.com.au/about-us/corporate-governance">www.desane.com.au/about-us/corporate-governance</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically 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>	<p>... the evaluation process referred to in paragraph (a):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; 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>	<p>... the evaluation process referred to in paragraph (a):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
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> <p>(b) if it does not have a nomination committee, 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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at <a href="http://www.desane.com.au/about-us/corporate-governance">www.desane.com.au/about-us/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement <u>and</u></p> <p>✓ in our Annual Report each year</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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.	<p>... our board skills matrix:</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 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 (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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,</p> <p>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 processes 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>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at <a href="http://www.desane.com.au/about-us/corporate-governance">www.desane.com.au/about-us/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p>✓ an explanation why that is so in our Corporate Governance Statement</p>
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>	<p>... the fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – 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.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at www.desane.com.au	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
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> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at <a href="http://www.desane.com.au/about-us/corporate-governance">www.desane.com.au/about-us/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement <u>and</u></p> <p>✓ in our Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a 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 has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p>✓ in our Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>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.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
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 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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at <a href="http://www.desane.com.au/about-us/corporate-governance">www.desane.com.au/about-us/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ 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><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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 other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p>✓ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

A low-angle, upward-looking photograph of a modern building's facade. The building features large, light-colored panels and dark structural lines, creating a strong geometric pattern. The sky is a clear, bright blue. The text is overlaid on the left side of the image.

# DESANE GROUP HOLDINGS LTD

ABN: 61 003 184 932

## Corporate Governance Statement 2017

This statement is current as at 30 June 2017 and has been approved by the Board of Desane Group Holdings Limited.

# Corporate Governance Statement

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# Corporate Governance Statement

## INTRODUCTION

Desane Group Holdings Limited (“Desane” and “the Company”) and the Board are committed to achieving and demonstrating high standards of corporate governance. The Board has established an appropriate corporate governance framework, including committees, policies, and charters, to demonstrate its support of and commitment to corporate governance. The framework is reviewed regularly and updated to ensure its relevance in accordance with developments in corporate governance and changes to affairs of the Company. A copy of the Company’s charters and policies are available on the governance page of Desane’s website, [desane.com.au](http://desane.com.au).

As a listed entity on the Australian Securities Exchange (“ASX”), Desane must comply with Australian laws including the Corporations Act 2001 (Cth) (Corporations Act) and the Australian Securities Exchange Listing Rules (ASX Listing Rules), and to report in line with the ASX Corporate Governance Council’s Principles and Recommendations (ASX Principles). In June 2014, the ASX Corporate Governance Council released a third edition of the ASX Principles, which Desane has chosen to adopt.

The Corporate Governance statement will cover the eight principle categories as per the ASX Corporate Governance Council third edition of the ASX Principles.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

This principle, in summary, requires Desane to establish and disclose the respective roles and responsibilities of the Board, executives and management.

### **Roles and Responsibilities of the Board and management**

The Company has established a **Board Charter** which sets out the Board’s role and responsibilities, and those functions which the Board delegates to management. A copy of the Board Charter can be viewed via our Company website, [desane.com.au/about-us/corporate-governance](http://desane.com.au/about-us/corporate-governance).

The Board operates in accordance with its Board Charter and its responsibilities as stated in the Board Charter are:

- Review, approve and monitor the corporate strategies and objectives of the Company;
- Review, approve and monitor the business plan and financial budget of the Company;
- Establish Board committees to assist the Board in discharging its responsibilities;
- Monitor the operational and financial performance of the Company regularly;
- Review and approve the financial reports and documents;
- Review and approve all shareholder communications and other documents provided to the investment community and for public view;
- Review and approve the declaration and payment of dividends;
- Review and approve capital management strategies, including approval of all share issue offers such as share purchase plans and dividend reinvestment plans;
- Review risk management systems and policies;
- Appoint (and remove) the Managing Director and determine their remuneration, terms and conditions of employment as well as reviewing their performance;
- Review the performance of senior executives and the Board itself;
- Review and approve the remuneration of the senior executives and key personnel;
- Approve the appointment of senior executives;
- Make recommendations regarding the election of directors;
- Ensure all directors undergo appropriate background checks before appointment or re-appointment; and
- Ensure there are written contractual agreements in place for all directors, the Managing Director, senior executives and key personnel, outlining their roles, responsibilities and terms of their appointment.

In addition to the above, the Board delegates to the Managing Director and senior executives, all matters involving the day-to-day affairs and operations of the Company.

The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Board has direct access to the Company Secretary at all times. The Company Secretary is responsible for:

- Advising the Board on corporate governance matters;
- Managing the company secretarial duties and responsibilities;
- Attending all Board and Board Committee meetings; and
- Taking minutes of meetings and communication with the ASX.

A performance review is undertaken annually in relation to the Board and the Board Committees. The Board has established a Remuneration Committee and a Nomination Committee to evaluate the performance of the Board, individual directors, senior executives and key personnel. The Remuneration Committee and the Nomination Committee convenes at least one meeting every 12 months. If required, the Board may convene additional meetings.

Details on Board and management performance evaluations will be contained in the Remuneration Report section of the Directors' Report in the Annual Report each year.

## **Diversity**

Desane and all its controlled entities are committed to workplace diversity. Desane recognises the benefits arising from Board and employee diversity in a competitive labour market, and being able to attract, retain and motivate employees from the widest possible pool of available talent.

Diversity includes, but is not limited to, gender, age, disability, ethnicity, marital or family status, religious or cultural background.

Desane, to the extent practicable, will address the recommendations and guidance provided by the ASX Corporate Governance Council.

The objectives and strategies of the Diversity Policy are for Desane to achieve the following:

- When recruiting for positions for the Board, senior executives, key personnel and all employment positions, the Board will recruit from a diverse pool of candidates;
- Review the succession plans, in accordance with the Board Charter and the Nomination Committee, to ensure consideration of diversity;
- A workplace environment that values the contributions of employees with diverse backgrounds, skills, qualifications and experiences;
- Establishing a flexible workplace environment that will assist both male and female employees who may have domestic responsibilities, meet those responsibilities;
- Establish and maintain a workplace environment that promotes awareness in all staff, of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity; and
- Establish and maintain a workplace environment in which all employees are treated with fairness and respect, and have equal access to opportunities within the Company.

As part of the Diversity Policy and the Company's Code of Conduct, Desane, its directors and all employees are obligated to not engage in any conduct or activity which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia. Discrimination, harassment, vilification and victimisation will not be tolerated in the workplace.



In addition to the above, the Diversity Policy includes a requirement for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. As of 30 June 2017, the measurable objectives have not yet been developed to a practicable level due to the size and composition of the Company and its Board. The Board, however, will conduct director appointments and employee appointment processes in a manner that promotes diversity as per the Diversity Policy and the Board will disclose measurable objectives, if any, set by the Board in the Annual Report each year.

As part of the process towards achieving gender diversity, the current representation of female employees is outlined below.

**Proportion of female employees in Desane as at 30 June 2017:**

	<b>Board</b>	<b>Senior Executive</b>	<b>Employees</b>
Female	0%	0%	40%
Male	100%	100%	60%

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

The Company Constitution provides for a minimum of three directors. A copy of the Company Constitution can be viewed via our Company website, [desane.com.au/about-us/corporate-governance](http://desane.com.au/about-us/corporate-governance).

The Board has been established so that it has appropriate composition and size to enable it to adequately discharge its responsibilities and duties. The Board has a range of experience, expertise, skills and qualifications relevant to the operations and business of the Company.

To add value to the Board, the Board has established a Nomination Committee and a Nomination Committee Charter. A copy of the Nomination Committee Charter can be viewed via our Company website, [desane.com.au/about-us/corporate-governance](http://desane.com.au/about-us/corporate-governance).

In conjunction with the Board Charter and the Remuneration Committee, the Nomination Committee has been established to assist the Board in:

- Reviewing the Board composition and size and considering any appropriate changes;
- Ensuring the Board and Board Committees consist of individuals who are best able to discharge the responsibilities of those committees;
- Identifying and assessing necessary director skills and competencies that may enhance the Board;
- Ensuring the Board has the required skills, experience and attributes for the Company;
- Ensuring the Board maintains the highest standard of corporate governance;

- The selection, recommendation, and appointment of the Managing Director;
- The selection, recommendation and appointment of the Company Secretary;
- Evaluating the performance of the Board and the Managing Director and making recommendations on whether any directors whose term of office is due to expire, should be nominated for re-election;
- Reviewing the Company's Diversity Policy and making decisions as to any strategies required to address Board diversity;
- Establishing and implementing a succession planning programme for the Board and the Managing Director; and
- Ensuring the appointment of new directors is in accordance with the Board Charter.

The Committee will comprise two independent directors, including the Chairman, and the Managing Director. The Committee will meet at least once annually, unless required to convene additional meetings in the year.

Currently the Board comprises two independent non-executive directors, a managing director and an executive director.

The following individuals currently form the Board of Desane Group Holdings Limited:

Director	Position	Independent	Date appointed to Board
Prof John Sheehan	Chairman (non-executive director)	Yes	1987
Phil Montrone	Managing Director	No	1987
John Bartholomew	Non-executive Director	Yes	2010
Rick Montrone	Executive Director	No	2015

Details of the individual skills, capabilities and experiences of all Directors are disclosed in the Annual Report and on the Company's website.

Set out below is a list of the skills, experience and attributes that have been identified as the optimum skills the Company seeks in its Board membership.

The Board currently possesses an effective blend of these skills. However, the Board is conscious that recently announced developments will require some dimensions to be supplemented in the near future, should the Company expand its operations and increase the number of Board members.

Skills and experience required	Representation on the Desane Board
<p><b>Corporate</b></p> <p>Extensive corporate board experience with an understanding of legal, ethical and fiduciary duties. A commitment to promoting high standards of corporate governance. An ability to review and assess the effectiveness of the Board, senior management and key personnel.</p>	
<p><b>Strategic planning skills and experience</b></p> <p>Expertise, skills and experience in developing, implementing and monitoring business strategies and objectives, including oversight of senior management and key personnel, effectively delivering those strategies and objectives.</p>	
<p><b>Leadership &amp; communication experience</b></p> <p>Recognised and successful career at senior level. Extensive communication and corporate relations experience.</p>	
<p><b>Industry experience</b></p> <p>Extensive experience and expertise in the property real estate industry, in particular:</p> <ul style="list-style-type: none"> <li>• Property transactions, construction and property development;</li> <li>• Property project management;</li> <li>• Property and asset management and property valuations; and</li> <li>• Local and State Government planning controls.</li> </ul>	
<p><b>Financial</b></p> <p>Senior executive experience in financial accounting and financial reporting, corporate and property finance, internal controls and risk management.</p>	

Skills and experience required	Representation on the Desane Board
<b>Occupational Health &amp; Safety and Environmental Management</b> Experience related to workplace health and safety, environmental impact and responsibilities and community relations.	✓
<b>Remuneration</b> Senior management level experience in relation to remuneration frameworks and procedures, including remuneration reviews and assessments.	✓

The Board has adopted the following criteria to determine the independence of a non-executive director and all non-executive directors on the Board (including the Chair) satisfy the conditions of being independent:

- Does not own more than 10% of shares in the Company, either as an individual or as a director of any entity that owns shares in the Company;
- Is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer of the Company;
- Has no material contractual relationship with the Company other than as a non-executive director of the Company;
- Is free from any interest and any business or other relationship which could, or could reasonably be expected to interfere with the Director's ability to act in the best interest of the Company.

Furthermore, the Board has adopted a rotation policy, as per the Company Constitution, that at every Annual General Meeting, one third (by number) of the directors, other than the Managing Director, must retire by rotation. Retiring directors may offer themselves for re-election to the Board at the Annual General Meeting, in addition to any new director who is nominated for election.

In line with the Company's Board Charter, the Board's review process involves regularly reviewing the composition of the Board to ensure that directors have an appropriate mix of skills, expertise, experience and background relevant to the management of the Company. Directors and executives who offer themselves for re-election to the Board, or are nominated by the Board for election as a director on the Board, are viewed as having the relevant expertise, qualification and experience that will benefit the Company. The Board will undertake appropriate background checks before any individual is nominated for election on the Board.

New directors who are elected as either non-executive or executive directors of the Company, undergo a comprehensive induction process in which they are given a detailed briefing on the Company and its operations and systems. This includes meetings with key personnel and management on business segments and operations, tours of the relevant business property assets, an induction package and investor relation information. A formal letter of appointment is also provided.

Directors have the right to obtain independent legal advice, at the Company's expense, on any matters that they consider important. Before exercising this right, they are required to discuss the issue with the Chairman and seek his consent which will not be unreasonably withheld.

In order to achieve continuing improvement in Board performance, all directors are encouraged to undergo continuing professional development in their relevant area of expertise.

### **PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING**

The Board expects all of the Company's directors, senior executives and employees to observe high standards of conduct and ethical behaviour. All of the Company's directors, senior executives and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the Company. The Board has adopted a Code of Conduct for directors, senior executives and employees and a copy of the Company Code of Conduct document can be viewed via the Company website, [www.desane.com.au/about-us/corporate-governance](http://www.desane.com.au/about-us/corporate-governance). The Code of Conduct is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour, professionalism and practices necessary to maintain confidence in the Company's integrity.

The Company's **Code of Conduct** states that all directors and employees will:

- Act in the best interests of the Company;
- Act honestly and with high standards of personal integrity;
- Comply with the laws and regulations that apply to the Company and its operations;
- Not knowingly participate in any illegal or unethical activity;
- Not enter into any arrangement or participate in any activity that would conflict with the Company's best interests or that would be likely to negatively affect the Company's reputation;
- Not take advantage of the property or information of the Company or its customers for personal gain or to cause detriment to the Company or its customers; and
- Not take advantage of their position or the opportunities arising from their position for personal gain.

In addition to the Company's Code of Conduct, policies are also in place to ensure that confidentiality of information is maintained and that both actual and potential conflicts of interest are identified and managed. All directors and employees of the Company sign Confidentiality Agreements in conjunction with their letter of appointment or written agreements with the Company.

Directors and all employees are made aware of their obligation to comply with the law with regard to trading in the Company's shares, so as not to take advantage of property, information or position, or opportunities from these, for personal gain or to compete with the Company. The Board has established and enforces a share trading policy. A copy of the company Share Trading Policy can be viewed via our Company website, [desane.com.au/about-us/corporate-governance](https://desane.com.au/about-us/corporate-governance).

#### **Summary of the Share Trading Policy:**

Directors and all employees are prohibited from dealing in the Company's shares:

- 45 days prior to the release of the Company's half-year and annual results to the ASX (except where a prospectus has been issued);
- At any time whilst in possession of price sensitive information;
- All trades must be advised to the Chairman before dealing and confirmed afterwards (except for dividend reinvestment plans, share purchase plans and new issues).

## **PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

The Company recognises the critical importance of accurate and timely reporting of financial information, performance and management of risk.

Independent external auditors are appointed by shareholders and the Board takes steps to ensure that there are no actual or potential conflicts of interest in any additional work they are requested to do. In general, such additional work is confined to advice on taxation matters and providing accounting advice in the normal course of business.

To assist the Board in fulfilling its duties and governance obligations in this area, the Board has established an **Audit & Risk Committee** and an **Audit & Risk Committee Charter**. A copy of the Audit & Risk Committee Charter can be viewed via our Company website, [desane.com.au/about-us/corporate-governance](https://desane.com.au/about-us/corporate-governance). The Audit & Risk Committee comprises all the independent non-executive directors. The Company currently only has two independent non-executive directors. Once the Company grows to a size where it has additional board members it will increase the number of members on the Audit & Risk Committee to at least three.

The Chair of the Committee is required to be a different person to the Chair of the Company. The members of the Audit & Risk Committee are appropriately experienced and qualified. Details of the members of the Audit & Risk Committee and meetings held during the year are disclosed in the Annual Report. The Audit & Risk Committee meets at least two times per financial year.

The Audit & Risk Committee carries out its responsibilities in line with the Audit & Risk Committee Charter set out below:

**Audit & Risk Committee Charter:**

The responsibilities of the Audit & Risk Committee include –

- Reviewing the financial reports;
- Monitoring compliance with internal management and financial control systems;
- Reviewing the scope of activities, performance and remuneration of the external auditors;
- Ensuring that any deficiencies identified are subject to prompt remedial action by management;
- Monitoring compliance with the Corporations Act, ASX Rules and related reporting requirements;
- Identifying and monitoring the risks inherent in the Company's business activities; and
- Revision of and approach to internal audit procedures to provide transparency and accuracy.

**Summary of procedures for the selection, appointment and rotation of external auditor:**

*Responsibility for Selection and Appointment*

The Audit & Risk Committee, reporting to the Board of Desane Group Holdings Limited, is responsible for the initial appointment of the independent external auditor and the appointment of a new independent external auditor when any vacancy arises. Any appointment made by the Board of Desane Group Holdings Limited must be approved by shareholders at the next occurring Annual General Meeting of the Company.

*Selection Criteria*

Any candidates eligible for the position of external auditor of Desane Group Holdings Limited must be able to demonstrate complete independence from Desane Group Holdings Limited and also an ability to maintain independence throughout the engagement period.

Desane Group Holdings Limited requires its external auditor to review, test and challenge its present accounting policies, processes and internal control systems to ensure that they meet all applicable Australian and International Accounting standards and practices. In addition, the external auditor is required to make recommendations to the Audit & Risk Committee, if necessary.

Furthermore, the successful candidate must have arrangements in place for the rotation of the audit engagement partner every five successive financial years.

#### *Review*

The Audit & Risk Committee will review the performance and independence of the external auditor and the auditor's remuneration, annually and make any recommendations to the Board, if required.

The Audit & Risk Committee will also ensure that key partners within the appointed audit firm are rotated every five successive financial years, in accordance with the Board's policy, Section 324DA of the Corporations Act, and the requirements of the Australian Securities and Investments Commission (ASIC) and ASX.

The appointed external auditor will always be available and present at the Company's Annual General Meeting to answer any questions shareholders may have in relation to the audited financial reports.

In respect of the current year, the Managing Director and Chief Financial Officer have provided the Board with a statement confirming that Desane's financial reports present a true and fair view of its financial position and are in accordance with the relevant accounting standards and the Corporations Act. They also acknowledge their role in the prevention and detection of fraud and error.

## **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

The Company promotes timely and balanced disclosure of all material matters to ensure a fully informed market. The Company's systems ensure that all such matters are brought to the Board's attention promptly. Where there is legal restraint or where immediate disclosure would compromise the Company's interests, the directors may limit the extent of the disclosure. Where appropriate, the directors seek external advice to ensure that announcements do not omit any material information.

Desane must comply with the continuous disclosure requirements of the ASX Listing Rules and the requirements of the Corporations Act. The Listing Rules can be viewed on the ASX website [www.asx.com.au](http://www.asx.com.au).

The Board has established a **Disclosure Policy** with the objective of this policy being to ensure that all directors and employees of Desane are fully aware of their responsibilities to ensure the Company meets its obligations.

A copy of the Company's Disclosure Policy can be viewed via our Company website, [desane.com.au/about-us/corporate-governance](http://desane.com.au/about-us/corporate-governance).



In summary, and as per the Company Disclosure Policy:

- Listing Rule 3.1 - *immediate notice of material information* - requires Desane to inform the ASX immediately it becomes aware of any information that a reasonable person would expect to have a material effect on the Company's share price or value.
- Desane will be considered to be "aware of information" if a director or executive officer has, or ought reasonably to have, come into possession of information in the course of their duties as a director or executive officer of the Company.
- In addition if the ASX considers that there is or is likely to be a false market in Desane's shares, and asks Desane to give information to correct or prevent a false market, Desane must provide the information. (Please refer to ASX Listing Rule 3.1B).
- The ASX Listing Rules also require the Company to comply with periodic reporting requirements, such as Desane's half yearly and full year results, annual report and information regarding significant shareholder movements.
- The Company Secretary is responsible for administering this policy and ensuring Desane complies with its obligations. All employees and directors have a responsibility to report any price sensitive information to the Company Secretary immediately they become aware of it. If there is any doubt as to whether information is price sensitive, the details should be discussed with the Company Secretary. The Company Secretary, together with the Managing Director, will determine if the information should be disclosed to the ASX and if necessary, the Chairman will be consulted.
- The Company may request a trading halt from the ASX to prevent trading in the Company's shares by an uninformed market. All releases to the ASX, except certain periodic reports, must be approved by the Board. However if this is impractical then the release will be referred to the Chairman for approval and the other directors advised.
- Once the ASX has confirmed receipt of the disclosure, the details of the release will be:
  - Circulated to all directors;
  - Emailed to all shareholders that have subscribed to this service via the Share Registry; and
  - Posted to Desane's website, [desane.com.au/investor-information](http://desane.com.au/investor-information).

All information released to the ASX is posted on the Company's website shortly thereafter. Any presentations to shareholders or at any General Meeting are also released to the ASX and available for viewing from the Company website.

## PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Board is committed to promoting investor confidence and recognises the important rights of shareholders. The Board strives to communicate with shareholders regularly and clearly – both by electronic means and using more traditional communication methods. Shareholders are encouraged to attend and participate at the General Meetings and in the election of directors.

The Board has adopted a **Communication Policy** to facilitate effective two-way communication with shareholders using the following methods:

- Communicating effectively with shareholders through releases to the share market via the ASX, various media outlets, Desane's website [desane.com.au](https://desane.com.au), information mailed to shareholders and the Annual General Meeting;
- Giving shareholders the option to receive communications from and send communications to the Company and its share registry electronically;
- All information disclosed to the ASX is posted on the Desane website when it is disclosed to the ASX. Presentation material used in public presentations and to brief analysts is also released to the ASX and posted on Desane's website;
- Giving shareholders ready access to balanced and understandable information about Desane and corporate proposals;
- The external auditor attending the Annual General Meeting and being available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report; and
- Promote participation of shareholders at the Annual General Meeting, and encourage shareholders to ask questions at the Annual General Meeting.

A copy of the Company's Communication Policy can be viewed via our Company website, [desane.com.au/about-us/corporate-governance](https://desane.com.au/about-us/corporate-governance).

Desane's website contains easily located links and menus for shareholders to locate information about the Company, including the Company Constitution, financial information, investor information, ASX announcements and corporate governance information.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board, in consultation with senior executives, is responsible for identifying relevant risks and regularly reviewing the effectiveness of the Company's risk management process for the identification, monitoring and mitigation of risk.

The Board conducts an internal review of its accounting systems and processes annually.

This review, coupled with the comprehensive nature of the monthly reporting systems, assists in the risk minimisation process.

The Company, within the Audit & Risk Committee, has formulated a formal **Risk Management Policy**. The Risk Management Policy formalises the current culture and processes of the Company, which is focused on the identification and management of risk through regular board reporting and exception reporting in between. A copy of the Company's Risk Management Policy can be viewed via our Company's website, [desane.com.au/about-us/corporate-governance](https://desane.com.au/about-us/corporate-governance).

The Company has established an Audit & Risk Committee which is responsible for considering the effectiveness of the system of risk management and internal controls, financial reporting and other matters at the request of the Board. The Committee comprises at least three members, at least two of which are independent directors. The Chairman of the Audit & Risk Committee will be an independent director. A copy of the Company's Audit & Risk Charter can be viewed via our Company's website, [desane.com.au/about-us/corporate-governance](https://desane.com.au/about-us/corporate-governance).

There are a number of material business risks that could adversely affect the Company and the achievements of the Company's financial performance objectives. The Company manages its exposure to economic, environmental and social sustainability risk through the Audit & Risk Committee that considers these issues and whether they pose any material risks to the Company from time to time.

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

This principle requires Desane to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance for the Company is transparent.

The Board has established a **Remuneration Committee** to assist the Board in performing its duties in remunerating fairly and responsibly. The Remuneration Committee has adopted a **Remuneration Committee Charter** which contains the functions and responsibilities of the Remuneration Committee. A copy of the Remuneration Committee Charter can be viewed via our Company website, [desane.com.au/about-us/corporate-governance](https://desane.com.au/about-us/corporate-governance).

### Remuneration Committee Charter:

The functions and responsibilities include -

- Reviewing the performance of the Managing Director, senior executives and key personnel;
- Reviewing and making recommendations to the Board the remuneration packages of the Managing Director, senior executives and key personnel;
- Recommending the Company's remuneration policy; and
- Reviewing and recommending the non-executive directors' fees.

The Board has established a Remuneration Committee which, consists of all non-executive directors and is chaired by an independent director. The majority of the members of this Committee are independent.

The members of the Remuneration Committee are:

- Prof John Sheehan
- John Bartholomew

Senior executive remuneration and other terms of employment are reviewed annually, having regard to performance goals set at the start of the year, relevant comparative information, independent advice and industry market comparison reports. The Company will disclose, at the end of each reporting period, the number of times that the Remuneration Committee met throughout that period.

Senior executives and key personnel are remunerated on the basis of packages which comprise a base salary, superannuation and fringe benefits. At present, there are no bonuses or incentive schemes in place. Salary sacrifice provisions apply within the limits allowed by taxation law. Overall packages are set at levels that are intended to retain and attract senior executives and key personnel who are capable of managing the consolidated entity's operations. Details are disclosed in the Remuneration Report contained in the Directors' Report of the Annual Report.

The Company does not operate its own superannuation fund and contributions are made to complying funds on the instructions of directors and employees and in compliance with the relevant legislation.

Fees for non-executive directors are determined each year by the Board. Details are disclosed in full in the remuneration report contained in the Directors' Report of the Annual Report.

Details of the members of the Remuneration Committee and of meetings held are included in the remuneration report and of meetings are included in the Director's Report of the Annual Report.

# DESANE GROUP HOLDINGS LTD

## **Principal Registered Office in Australia**

68-72 Lilyfield Road, Rozelle, NSW 2039

Postal Address: PO Box 331, Leichhardt NSW 2040

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Facsimile: (02) 9555-9944

Email Address: [info@desane.com.au](mailto:info@desane.com.au)

Website: [desane.com.au](http://desane.com.au)

ABN: 61 003 184 932

## **Share Registrar**

Shareholders with questions about their shareholdings should contact Desane's external share registrar:

Computershare Investor Services Pty Limited

Address: Level 5, 115 Grenfell Street, Adelaide SA 5000

Postal Address: GPO Box 1903, Adelaide SA 5001

Telephone enquiries – Australia: 1300-556-161

Telephone enquiries – outside Australia: 61-3-9615-4000

Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)

Website: [www.computershare.com](http://www.computershare.com)

## **Auditor**

GCC Business & Assurance Pty Ltd

Suite 807, 109 Pitt Street, Sydney NSW 2000

## **Solicitors**

Cordato Partners

Level 5, 49 York Street, Sydney NSW 2000

## **Bankers**

Commonwealth Bank of Australia

## **Australian Securities Exchange Listing**

Desane Group Holdings Limited shares are listed on the Australian Securities Exchange.

The ASX code is **DGH**.