



28 August 2017

The Manager  
Company Announcements Office  
Australian Securities Exchange  
Level 6, Exchange Centre  
20 Bridge Street  
Sydney, NSW 2000

FOR RELEASE TO THE MARKET

Dear Sir / Madam,

**Re: Appendix 4G and Corporate Governance Statement**

Please find attached on behalf of AUB Group Limited (ASX: AUB) the following documents:

- Appendix 4G
- Corporate Governance Statement

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'J2 Coss'.

Justin Coss  
**Company Secretary**

For further information, contact Justin Coss

Tel: (02) 9935 2224

[justinc@aubgroup.com.au](mailto:justinc@aubgroup.com.au)

**AUB Group Limited**

Level 21, 111 Pacific Highway,  
North Sydney, NSW 2060

ABN 60 000 000 715  
ACN 000 000 715

[aubgroup.com.au](http://aubgroup.com.au)

## Appendix 4G

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

Name of entity:

AUB GROUP LIMITED

ABN / ARBN:

60 000 000 715

Financial year ended:

30<sup>th</sup> 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.aubgroup.com.au](http://www.aubgroup.com.au)

The Corporate Governance Statement is accurate and up to date as at 28 August 2017 and has been approved by the board.

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

Date: 28 August 2017

Name of Director or Secretary authorising  
lodgement:

Mr Justin Coss, Group Legal Counsel & Company Secretary

<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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <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): <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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 checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/corporate-governance</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></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>
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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b></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 <b><u>OR</u></b></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>
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at pages 27 of the Annual Report</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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>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>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/corporate-governance</a>	<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>
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
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 checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Director's Report pages 7 and 11 in the Annual Report.</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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> 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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</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 <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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 <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/corporate-governance</a>	<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 <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/corporate-governance</a>	<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 <b>OR</b> <input type="checkbox"/> at <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/corporate-governance</a>	<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 <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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 <input checked="" type="checkbox"/> at <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/corporate-governance</a>	<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>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at page 27 of 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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</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):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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 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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the 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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at pages 27 of Annual Report</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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></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><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at pages 17-27 of the Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></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>
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</p> <p><input checked="" type="checkbox"/> at <a href="http://www.aubgroup.com.au/irm/content/corporate-governance">http://www.aubgroup.com.au/irm/content/corporate-governance</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of AUB Group Limited (the Company) is committed to ensuring that its Corporate Governance framework meets and exceeds the requirements set out in the ASX Corporate Governance Council's Principles and Recommendations 3<sup>rd</sup> Edition (the Governance Principles).

AUB Group Limited's corporate governance practices were in place throughout the year ended 30 June 2017 and were compliant with the ASX Corporate Governance Council's guidance set out in the Governance principles.

Consistent with the Company's commitment to transparency in its dealings with stakeholders, this Statement has been prepared by reference to each recommendation contained in the Governance Principles.

This Statement is current as at 28 August 2017 and has been approved by the Company's Board.

### Principle 1: Lay solid foundations for management and oversight

#### *Recommendation 1.1 - Adopted*

*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 responsibilities of the Chair, the Board of Directors and those functions reserved to the Board together with the responsibilities of the Chief Executive Officer & Managing Director (CEO) and the Company Secretary are set out in a [Board Charter](#) published on the Company's website [www.aubgroup.com.au](http://www.aubgroup.com.au) in the [Corporate Governance](#) Section under the [Investor Centre](#) tab.

The Board seeks to identify the expectations of shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of Directors and the operation of the Board.

The responsibility for the operation and administration of the Group is delegated, by the Board to the CEO and the Executive Management Team (EMT). The Board ensures that the CEO and EMT are appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the EMT.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, to assist in discharging its stewardship, it makes use of sub-committees.

To this end the Board has established an Audit & Risk Management Committee, a Nomination Committee and a Remuneration & People Committee. The roles of these committees are discussed throughout this Statement. Due to the relatively small Board all Non-executive Directors are currently members of all Board Committees.

The Board is responsible for ensuring that management's objectives and activities are aligned with expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk.

- Ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success on the entity.
- Implementation of budgets by management and monitoring progress against budget through the establishment of both financial and non-financial key performance indicators.

Other functions reserved to the Board are:

- Approval of annual and half-yearly financial reports.
- Approving and monitoring the progress of major acquisitions and divestitures.
- Ensuring any significant risks that arise are identified, assessed, appropriately managed and monitored.
- Reporting to shareholders.

#### ***Recommendation 1.2 – Adopted***

*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 Company has a process governing the appointment of Directors. Each of the Directors is screened for matters of skill, character, experience, education, criminal record and bankruptcy history.

Before Board candidates are appointed, the Board will consider the current Board's skills and competencies, and will assess its needs at that time and in the future and develop selection criteria for the candidates. Candidates will be required to disclose their other commitments and confirm that they are able to dedicate sufficient time to their duties. A shortlist of candidates is considered by the Board relative to its selection criteria.

The Company provides shareholders in the relevant notice of meeting with information to enable them to make an informed decision on all Directors standing for election or re-election as a Director including age, experience, qualifications, relevant memberships and details of other material directorships held.

#### ***Recommendation 1.3 – Adopted***

*A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

All Non-executive Directors and senior executives have written agreements in place governing the terms of their appointment in order to ensure that roles and responsibilities are clearly defined. Non-executive Directors have in place letters of appointment and Senior Executives have detailed service contracts in place with appropriate performance criteria.

#### ***Recommendation 1.4 – Adopted***

*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 Company's [Board Charter](#) expressly provides that the Company Secretary is directly accountable to the Board through the Chair on all matters to do with the proper function of the Board. The Company Secretary is engaged under a contract of service with appropriate performance criteria including the timely provision of governance advice to the Board and appropriate documentation of Board and Board Committee meetings.

### **Recommendation 1.5 - Adopted**

*A listed entity should:*

- (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;*
- (b) disclose that policy or a summary of it; and*
- (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:*
  - (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*
  - (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.*

The company recognises that to remain competitive in today's commercial environment it is necessary to focus on developing a talented and diversified workforce. The Company is committed to developing the quality and skills of its people and by encouraging diversity at all levels of the organisation to enable individuals to realise their maximum potential.

The Company recognises that diversity not only includes gender diversity but also matters of age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity.

To achieve this, a Diversity and Inclusion Policy has been put in place. The primary function of this policy is to:

- Promote a culture that embraces diversity when determining the composition of employees, senior management and the Board, including recruitment of employees and directors from a diverse pool of qualified candidates.
- Maximise the pool of potential job applicants and recruit the most qualified person for the relevant role.
- Embrace workforce diversity – age, gender, race, national or ethnic origin, religion, language, political beliefs, sexual orientation, and physical ability.
- Value diversity of perspective – leveraging the diverse thinking, skills, experience and working styles of our employees and other stakeholders.
- Building a flexible organisation – providing opportunities for work arrangements that accommodate the diverse needs of individuals at different career and life stages.
- Respecting stakeholder diversity – developing strong and sustainable relationships with diverse shareholders, communities, employees, customers and suppliers.
- Safeguard the organisation with good succession planning and knowledge transfer.
- Comply with relevant equality legislation, codes of practice and relevant best practice guidelines.

The Diversity and Inclusion Policy is overseen by the Remuneration and People Committee of the Board. Management reports to the Committee on an annual basis on the status of the implementation of the Policy and the progress towards achieving its objectives.

Objectives were set in 2017 as follows:

- AUB Group supports AICD's recommendation of a minimum of 30% female Board representation and will work to achieve this goal.
- Implementation of recruitment procedures to ensure equal number of male and female candidates are put forward for Senior Management and Board Positions.
- Ensuing that at least one female candidate is shortlisted as one of the final 3 candidates for any position
- Ensuring representation of both genders on recruitment panels.



- Highlighting promotion of women in network communications including the AUB Group intranet and website.
- Mentoring and career resiliency programs that are focused on equal opportunity to senior positions.
- Attracting and promotion of talented women into senior leadership positions.
- Regular review and updating of company policies to ensure diversity is considered.
- Introduction of paid parental and spousal leave policy.
- Programs focussed on attracting females to the industry and development of key talent.
- Regular remuneration reviews ensuring remuneration is relevant to market and commensurate to the role regardless of gender.
- Introduction of a proactive wellness and mental health strategy for the business.

Continuing focus will be given to increasing diversity and in particular to increasing female representation in leadership roles. The Company is undertaking a stakeholder consultation process during the course of FY18 to determine new objectives for the next period.

The Company is a relevant employer under the Workplace Gender Equality Act and lodged its 2016-2017 report on 12 May 2017. This report covers 29 insurance businesses within the Group where the Company holds equity greater than 50% and outlines the most recent Gender Equality Indicators.

Key highlights of the 2016-2017 report are as follows:

- The gender composition of the workforce is 66.8% female and 33.2% male.
- 100% of all employees awarded promotions were women.
- 100% of all non-manager promotions were awarded to women.

A copy of the public version of the report may be accessed on the Company's website or by clicking [here](#).

### ***Recommendation 1.6 - Adopted***

*A listed entity should:*

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Chairman has a responsibility to ensure that the performance of the Board, its Committees and individual Directors is reviewed regularly in accordance with the [Nomination Committee Charter](#). The performance of the Board is reviewed every two years against both measurable and qualitative indicators. During the previous reporting period, the Board conducted a self-evaluation that involved an assessment of the Board's performance against various criteria. The Board is able to engage an external consultant to assist it in this process although it elected not to do so during the previous reporting period. The Board's intention is to consider engaging an external consultant to assist with this process in the next scheduled Board assessment in FY18

Individual Directors did not undergo a performance assessment during the reporting period but it is the Board's intention to do so in the reporting period of each Director's re-election to the Board. A Director whose performance is consistently unsatisfactory will be asked to retire from the Board.

### ***Recommendation 1.7 - adopted***

*A listed entity should:*

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and*
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The performance of the senior executives is reviewed regularly and at least annually against both measurable and qualitative key performance indicators. The performance criteria against which senior executives are assessed are aligned with the financial and non-financial objectives of the Company. Senior executives whose performance is consistently unsatisfactory may have their employment terminated.

## Principle 2: Structure the board to add value

### *Recommendation 2.1 - adopted*

The board of a listed entity should:

- (a) *have a nomination committee which:*
  - (1) *has at least three members, a majority of whom are independent directors; and*
  - (2) *is chaired by an independent director, and disclose:*
  - (3) *the charter of the committee;*
  - (4) *the members of the committee; and*
  - (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*
- (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.*

The Board has established a Nomination Committee which meets at least annually to ensure that the Board is of a suitable size and composition, review Board Succession, recommend candidates for the position of Director and ensure that Board performance is reviewed. The Committee operates under the [Nomination Committee Charter](#) approved by the Board and comprises all Non-executives Directors as follows:

D. C. Clarke (Committee Chair)  
 R. J. Carless  
 R. J. Low  
 P. A. Lahiff

For details on the number of meetings of the Nomination Committee held during the year and the attendees at those meetings, refer to the Company's annual report.

### *Recommendation 2.2 - adopted*

*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.*

The Board maintains a Board Skills Matrix which lists the skills, qualifications, education, experience and diversity of the Board including the following:

Qualifications	Professional Experience	Skills & Expertise
Insurance	General Insurance	Corporate Governance
Accounting	Life Insurance	Strategic Planning & Leadership
Legal/Regulatory	Risk Services	Mergers & Acquisitions
Finance/Investment	Accounting	Information Technology
	Legal	Public Relations and Marketing
	Finance/Investment	Compliance
		Risk Management
		Human Resources

Upon analysis of the matrix, the Board is satisfied that that it has the necessary mix of skills and experience appropriate to the current size and complexity of the Company's business.

***Recommendation 2.3 - adopted***

*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.*

In accordance with the definition of independence set out below and the established materiality thresholds, the following Directors of the Company, constituting a majority of directors, are independent:

<b>Name</b>	<b>Position</b>
D. C. Clarke	Non-executive Director and Chair
R. J. Carless	Non-executive Director
R. J. Low	Non-executive Director
P. A. Lahiff	Non-executive Director

In the context of Director independence, 'materiality' is considered from both the Company and individual Director perspective. None of the Non-executive Directors of the Company has an interest, position, association or relationship described in the examples set out in box 2.3 of the Governance Principles that in the opinion of the Board would compromise the independence of any Non-executive Director.

The term in office held by each Director in office at the date of this report is as follows:

<b>Name</b>	<b>Term in Office</b>
R. J. Carless	7 years
D. C. Clarke	4 years
R. J. Low	4 years
M.P.L. Searles	4 years
P. A. Lahiff	2 years

There are procedures in place, agreed by the Board, to enable Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

For additional details regarding Board appointments, please refer to information included in the Annual Report and on the Company's website under the section entitled [Our People](#).

***Recommendation 2.4 - adopted***

*A majority of the board of a listed entity should be independent directors.*

Four Directors of the Company's Board comprised of 5 Directors are considered to be independent. The CEO, Mark Searles, is not independent on the basis that he is a member of the EMT. Hence, a majority of the Board are independent Directors.

### ***Recommendation 2.5 - adopted***

*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 Chair, D.C. Clarke, is considered by the Board to be an independent Director and has never served as CEO or Senior Executive of the Company.

### ***Recommendation 2.6 - adopted***

*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 Company mandates that new Directors participate in an induction program. In addition, Directors will be informed about developments within the Company and the financial services industry more generally in order to maintain the currency of knowledge, skills and experience necessary to perform their roles.

## **Principle 3: Act ethically and responsibly**

### ***Recommendation 3.1 - adopted***

*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.*

The Company has established a [Code of Conduct](#) that sets out a framework of the ethical standards expected of all employees, Directors and senior executives of the Company.

## **Principle 4: Safeguard integrity in corporate reporting**

### ***Recommendation 4.1 - adopted***

*The board of a listed entity should:*

- (a) have an audit committee which:*
  - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*
  - (2) is chaired by an independent director, who is not the chair of the board,*  
*and disclose:*
    - (3) the charter of the committee;*
    - (4) the relevant qualifications and experience of the members of the committee; and*
    - (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*
- (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.*

The Board has established an Audit & Risk Management Committee, which operates under the [Audit & Risk Management Committee Charter](#) approved by the Board. It is the Board's responsibility to monitor that management fulfil their responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business

processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit & Risk Management Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit & Risk Management Committee are Non-executive Directors.

The members of the Audit & Risk Management Committee during the year, who were all considered independent, were:

R. J. Low (Committee Chair)  
R. J. Carless  
D. C. Clarke  
P. A. Lahiff

The Audit & Risk Management Committee is responsible for monitoring the external audit process and ensuring the rotation, independence and competence of the external auditor.

Detailed internal control questionnaires are completed by key finance managers in relation to financial and other risk reporting on a six monthly basis. These are reviewed by the Company's senior finance team as part of half-yearly reporting to the market and to achieve compliance with section 295A of the Corporations Act and Recommendation 4.2 of the Governance Principles.

For details on the number of meetings of the Audit & Risk Management Committee held during the year and the attendees at those meetings, refer to the Annual Report.

#### ***Recommendation 4.2 - adopted***

*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.*

The Board, before it approves the Company's financial statements for a financial period, receives from its Chief Executive Office & Managing Director, Financial Controller and Chief Financial Officer 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.

#### ***Recommendation 4.3 - adopted***

*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 Company's external auditor is Ernst & Young. The external auditor is required to attend the annual general meeting and is available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

### **Principle 5: Make timely and balanced disclosure**

## Recommendation 5.1 - adopted

*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.*

The Company is committed to making timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its shares in accordance with the Corporations Act and ASX Listing Rules.

To this end, the Company has established a [Continuous Disclosure Policy](#) to ensure that the Company, its Directors, Senior Management and employees comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act.

The Company is required to immediately disclose to the ASX any information concerning the Company which is not generally available and which, if it was made available, a reasonable person would expect to have a material effect on the price or value of the Company's shares.

The [Continuous Disclosure Policy](#) outlines the processes that the Company implements to ensure compliance with its continuous disclosure obligations, including the establishment of a Disclosure Committee comprising the CEO, the CFO and Group Legal Counsel & Company Secretary. In addition, and where practical bearing in mind Listing Rule 3.1, the Board is consulted in advance of any matter of key significance to be announced to the market such as half-year and full-year results, changes to the Company's Board, earnings updates and any request for a trading halt.

## Principle 6: Respect the rights of security holders

### *Recommendation 6.1 - adopted*

*A listed entity should provide information about itself and its governance to investors via its website.*

The Company publishes detailed information on itself and its corporate governance policies including the [Constitution](#), Board Charter, Board Committee Terms of Reference and the policies and procedures referred to in this Statement, in the [Corporate Governance Section](#) under the [Investor Centre](#) on the Company's website: [www.aubgroup.com.au](http://www.aubgroup.com.au)

### *Recommendation 6.2 - adopted*

*A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

The company's objective is to promote effective communication with its shareholders at all times. It is committed to:

- Ensuring shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way.
- Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia.
- Communicating with its shareholders and making it easier for shareholders to communicate with the Company.

To this end, the Company has established a [Communications Policy](#) which details strategies to promote and enhance communication with securityholders.

#### ***Recommendation 6.3 – adopted***

*A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

To promote effective communication with shareholders and encourage participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX.
- Through the distribution of the annual report and notices of annual general meeting.
- Through shareholder meetings and investor relation presentations.
- By posting relevant information on the Company's website: [www.aubgroup.com.au](http://www.aubgroup.com.au)

The Company's website has a dedicated [Investor Centre](#) for the purposes of publishing all important company information and relevant announcements made to the market.

#### ***Recommendation 6.4 - adopted***

*A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

Shareholders have the option to receive communications electronically from, and send communications to the Company's registry service provider Link Market Services.

### **Principle 7: Recognise and manage risk**

#### ***Recommendation 7.1 - adopted***

*The board of a listed entity should:*

- (a) *have a committee or committees to oversee risk, each of which:*
  - (1) *has at least three members, a majority of whom are independent directors; and*
  - (2) *is chaired by an independent director,**and disclose:*
  - (3) *the charter of the committee;*
  - (4) *the members of the committee; and*
  - (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*
- (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.*

The identification and effective management of risk, including calculated risk taking is viewed as an essential part of the Group approach to creating long term shareholder value. An overarching [Risk Management Framework](#) has been established by the Board which includes ongoing assessment of the Group's risk profile and documenting its Risk Appetite Statement (RAS). AUB Group's RAS sets out the Board's expectations regarding the consideration of risk in pursuit of strategy decision making processes and expected behaviours. The RAS sets out the risk appetite principles, risk appetite statements aligned to the three categories of risk namely strategic, operational and financial.

Management, through the CEO, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Board Audit & Risk Management Committee on the Company's key risks and the extent to which it believes these risks are being managed. This is performed on a quarterly basis or more frequently as required by the Board or relevant sub-committee.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Board Audit & Risk Management Committee and is reviewed by the Board. The Board Audit & Risk Management Committee also oversees the adequacy and comprehensiveness of risk reporting from management.

AUB Group's risk management process is designed to align with the risk management principles defined in the Australian / New Zealand Standard for Risk Management (AS/NZS ISO 31000 Risk Management Principles and Guidelines).

A detailed compliance program in the insurance broking operations also operates to ensure the Company meets its regulatory obligations. Executive risk management committees also meet regularly to deal with specific areas of risk such as compliance, occupational health and safety and financial risk and report to the Board through the Audit & Risk Management Committee as to the company's management of its material business risks.

The Board also receives a written assurance from the CEO and the CFO that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgment, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

The AUB Group's intermediary and services business model is to purchase and hold shareholdings (generally between 50 - 100%) in underlying insurance and related businesses, whereby the shareholder partners manage day to day operations, including risk and compliance at the business level ('owner-driver model'). The Company has in place oversight functions that review the business processes undertaken in the businesses and their financial performance.

For details on the number of meetings of the Audit & Risk Management Committee held during the year and the attendees at those meetings, refer to the Annual Report.

### ***Recommendation 7.2 - adopted***

*The board or a committee of the board should:*

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- (b) disclose, in relation to each reporting period, whether such a review has taken place.*

The Board through the Board Audit & Risk Management Committee keeps the adequacy of the risk management framework continuously under review and has done so in this reporting period. The Board considers that the risk management framework is sound subject to the limitations and caveats expressed in this Statement.

### ***Recommendation 7.3 – adopted***

*A listed entity should disclose:*

- (a) if it has an internal audit function, how the function is structured and what role it performs; or*



*(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.*

AUB Group does not currently have an internal audit function.

The company currently reviews, evaluates and improves the effectiveness of its risk management and internal controls through, management processes, the tools and assistance provided to partner businesses through the risk and compliance oversight function and external audit input, all overseen by the Board Audit & Risk Management Committee.

In the context of this environment, the role of internal audit is potentially limited to its corporate functions and the AUB Group Business Centre.

It is acknowledged that the company is growing and diversifying and given these changes the Group's risk management framework is frequently reviewed and continues to consider the need for an internal audit.

#### ***Recommendation 7.4 - adopted***

*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.*

The operations of the Group are not subject to any particular or significant Commonwealth, State or Territory environmental regulations.

Insurance services, which require associated expert advice, typically provided by insurance intermediaries, are regarded as a significant part of an entity's risk management solution and therefore it is unlikely that there would be a material risk in relation to economic sustainability. Risks that may arise include changes in technology, increasing commoditisation of the market and the need for lower cost digital distribution. The risks in relation to economic sustainability are considered as part of determining strategy and management regularly monitor market developments.

Australia's financial regulatory framework generates consumer confidence that insurance companies will remain viable and solvent to meet future claims obligations, that insurance broking intermediaries act in their clients' interest and are viewed as serving the social need to protect assets. The insurance and broking industries serve the community by supporting community causes, sponsorships, creating consumer awareness of natural disasters and ways to mitigate risk, lobbying governments for disaster mitigation schemes.

Risks that may arise in relation to remuneration practices largely in the life insurance and financial planning sectors and developments in that regard are regularly monitored.

Part of the Company's commitment to managing these risks is ensuring that it has governance systems, structures, values, principles, frameworks and policies to define its decision making context for managing its business sustainably.

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

#### ***Recommendation 8.1 - adopted***

**The board of a listed entity should:**

- (a) have a remuneration committee which:*
  - (1) has at least three members, a majority of whom are independent directors; and*
  - (2) is chaired by an independent director, and disclose:*
  - (3) the charter of the committee;*

- (4) the members of the committee; and*
- (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*
- (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.*

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves and the CEO and executive team. The Board has established a [Remuneration & People Committee](#) comprising all Non-executive Directors. Members of the Committee, who were all considered independent, throughout the year were:

D. C. Clarke (Committee Chair)  
R. J. Carless  
R. J. Low  
P. A. Lahiff

For details on the number of meetings of the Remuneration & People Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

#### ***Recommendation 8.2 - adopted***

*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.*

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration and People Committee links the nature and amount of executive Directors' and officers' emoluments to the company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives.
- Attraction of high quality management to the company.
- Performance incentives that allow executives to share the Company's success.
- Retention and performance of Directors.

For a full discussion of the company's remuneration philosophy and framework and the remuneration received by Directors and executives in the current period please refer to the remuneration report, which is contained within the Annual Report.

There is no scheme to provide retirement benefits, other than payments made by way of the superannuation guarantee charge, to Non-executive Directors.

#### ***Recommendation 8.3 - adopted***

*A listed entity which has an equity-based remuneration scheme should:*

- (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*
- (b) disclose that policy or a summary of it.*

Under the company's [Securities Trading Policy](#), a Designated AUB Person (including Directors, Key Management Personnel and certain designated senior executives) must not trade in any securities of the company at any time when they are in possession of un-published price sensitive information in relation to those securities.

Before commencing to trade, a Designated AUB Person must first notify and obtain approval of the Chairman. Only in exceptional circumstances will approval be given by the Chairman to trade outside any of the 30 day periods which commence immediately after the announcement of the half yearly result or the full year results, the annual general meeting or the date of the release of a disclosure document offering equity securities in the company.

As required by the ASX Listing Rules, the company notifies the ASX of any transaction conducted by Directors in the securities of the company.

In accordance with the Company's [Securities Trading Policy](#):

- Designated Persons are prohibited from entering into transactions in financial products which operate to limit the economic risk of unvested options granted under a Company share option plan.
- Designated Persons may enter into transactions in financial products which operate to limit economic risk of vested options granted under a Company share option plan or Company shares otherwise obtained by the Designated Person, provided that the prior written approval of the Chairman of the Board has been obtained.

**Approved by the Board**  
**AUB Group Ltd**  
**28<sup>th</sup> August 2017**