

## Appendix 4G

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

Introduced 01/07/14 Amended 02/11/15

**Name of entity**

|  |
|--|
| Indoor Skydive Australia Group Limited |
|--|

**ABN / ARBN**

|                |
|----------------|
| 39 154 103 607 |
|----------------|

**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: <http://www.indoorskydiveaustralia.com.au/skydivecompany/charters-and-policies/>

The Corporate Governance Statement is accurate and up to date as at 26 September 2017 and has been approved by the Board.

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

Date: 26 September 2017

Name of Director or Secretary authorising lodgement: Fiona Yiend

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<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:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management.  | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at <i>[insert location]</i><br>... 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):<br><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><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.2   | A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and<br>(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:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><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><br><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:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><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><br><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:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><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><br><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.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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><input type="checkbox"/> at <i>[insert location]</i></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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input checked="" 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 <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>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 <b>OR</b></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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</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>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 <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>            |

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| 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><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></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 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 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 <i>[insert location]</i></p> | <p><input checked="" 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 <i>[insert location]</i></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>            |

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|--|---|---|---|
| 2.3  | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(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<br>(c) the length of service of each director. | ... the names of the directors considered by the board to be independent directors:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at <i>[insert location]</i><br>... and, where applicable, the information referred to in paragraph (b):<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at <i>[insert location]</i><br>... and the length of service of each director:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at <i>[insert location]</i> | <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:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at <i>[insert location]</i>  | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><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:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><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><br><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:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><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><br><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:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code or a summary of it.   | ... our code of conduct or a summary of it:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input checked="" type="checkbox"/> at <a href="http://www.indoorskydiveaustralia.com.au/skydivecompany/charters-and-policies/">www.indoorskydiveaustralia.com.au/skydivecompany/charters-and-policies/</a>  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |

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|---|--|--|--|
| <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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></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 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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input checked="" 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 <i>[insert location]</i></p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>            |

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|---|--|--|---|
| 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.                          | <p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><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><br><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: <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p> | <p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><input checked="" type="checkbox"/> at <a href="http://www.indoorskydiveaustralia.com.au/skydivecompany/charters-and-policies/">www.indoorskydiveaustralia.com.au/skydivecompany/charters-and-policies/</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.   | <p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at <a href="http://www.indoorskydiveaustralia.com.au/skydivecompany/charters-and-policies/">www.indoorskydiveaustralia.com.au/skydivecompany/charters-and-policies/</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.  | <p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><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.  | <p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><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><br><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.                           | <p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><input type="checkbox"/> at <i>[insert location]</i>  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |

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|--|--|--|--|
| <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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></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 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 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 <i>[insert location]</i></p> | <p><input checked="" 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 <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 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>            |



## Key to Disclosures Corporate Governance Council Principles and Recommendations

| 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   | A listed entity should disclose:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(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. | [If the entity complies with paragraph (a):]<br>... how our internal audit function is structured and what role it performs:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at <i>[insert location]</i><br>[If the entity complies with paragraph (b):]<br>... 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:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at <i>[insert location]</i> | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                          |
| 7.4   | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.  | ... 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:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at <i>[insert location]</i>  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                          |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></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 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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input checked="" 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  | <p>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>  | <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 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 <b>OR</b></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 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 <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> |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| 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>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>  |   |   |
| <p>- <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i><br/>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 <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><br/>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 <i>[insert location]</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |

# Statement of Corporate Governance

**As at: 26 September 2017**

**Indoor Skydive Australia Group Limited**  
ACN 154 103 607



## Corporate Governance Statement

This Corporate Governance Statement of Indoor Skydive Australia Group Limited (**ISA Group**) has been prepared in accordance with the 3<sup>rd</sup> edition of the ASX Corporate Governance Council's Corporate Governance Principals and Recommendations (**ASX Recommendations**).

This Statement has been approved by the ISA Group Board of Directors and is current as at 26 September 2017.

The ASX Recommendations and whether ISA Group has adopted that recommendation is set out below. More detailed information, including the reasons why some ASX Recommendations have not been adopted and the corporate governance practices ISA Group has implemented, follows the table.

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

| Recommendation   | ISA Group's Compliance with the Recommendation |
|--|--|
| 1.1 Roles and responsibilities of Board and Management                           | Adopted  |
| 1.2 Process of checking and providing information concerning director candidates | Adopted  |
| 1.3 Written agreements of appointment with each director and senior executive    | Adopted  |
| 1.4 Company Secretary accountable to the Board, through the Chair                | Adopted  |
| 1.5 Diversity Policy   | Not adopted: explanation provided              |
| 1.6 Periodic review of Board and director performance                            | Adopted  |
| 1.7 Periodic review of senior executive performance                              | Adopted  |

### PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

| Recommendation  | ISA Group's Compliance with the Recommendation |
|---|--|
| 2.1 Nominations Committee   | Not adopted: explanation provided              |
| 2.2 Board skills matrix   | Adopted  |
| 2.3 Disclose independence and length of service of Directors            | Adopted  |
| 2.4 Majority of Directors independent                                   | Not adopted: explanation provided              |
| 2.5 Independent Chair who is different to the CEO                       | Adopted  |
| 2.6 Program for the induction and professional development of Directors | Adopted  |

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### PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

| Recommendation   | ISA Group's Compliance with the Recommendation |
|--|--|
| 3.1 Code of Conduct for directors, senior executives and employees | Adopted  |

### PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

| Recommendation  | ISA Group's Compliance with the Recommendation |
|---|--|
| 4.1 Audit Committee                                   | Not adopted: explanation provided              |
| 4.2 CEO and CFO Certification of Financial Statements | Adopted  |
| 4.3 External Auditor at AGM                           | Adopted  |

### PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

| Recommendation                       | ISA Group's Compliance with the Recommendation |
|--------------------------------------|--|
| 5.1 Policy for Continuous Disclosure | Adopted  |

### PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

| Recommendation   | ISA Group's Compliance with the Recommendation |
|--|--|
| 6.1 Information on website                                   | Adopted  |
| 6.2 Investor Relations Program                               | Adopted  |
| 6.3 Facilitate participation at meetings of security holders | Adopted  |
| 6.4 Facilitate electronic communications                     | Adopted  |

### PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

| Recommendation                                 | ISA Group's Compliance with the Recommendation |
|--|--|
| 7.1 Risk Committee                             | Not adopted: explanation provided              |
| 7.2 Annual review of risk management framework | Adopted  |
| 7.3 Internal audit processes                   | Adopted  |
| 7.4 Disclosure of sustainability risks         | Adopted  |

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### PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

| Recommendation   | ISA Group's Compliance with the Recommendation |
|--|--|
| 8.1 Remuneration Committee   | Not adopted: explanation provided              |
| 8.2 Disclosure of Executive and Non-Executive Director Remuneration policy | adopted  |
| 8.3 Policy on hedging equity incentive securities                          | adopted  |

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

#### **Board Responsibilities**

The ISA Group Board of Directors (**Board**) oversees and monitors the performance of ISA Group. It is ultimately responsible for all corporate reporting systems, remuneration frameworks, governance issues and stakeholder communications. The Board is responsible for determining the strategic direction and objectives of ISA Group and overseeing management's achievement against the adopted strategic direction and objectives.

Day to day management of the business of ISA Group has been delegated to management.

ISA Group has formalised the respective roles and responsibilities of the Board and management in a Board Charter. A copy of the Board Charter is available in the "Our Corporate Governance" section of ISA Group's website at [www.indoorskydiveaustralia.com.au](http://www.indoorskydiveaustralia.com.au).

#### **Director Appointments**

ISA Group carefully considers the character, experience, education and skills of an individual prior to proposing or appointing a candidate as a Director. Appropriate independent checks are also undertaken. All material information obtained by ISA Group through this process is presented to shareholders to assist in determining whether to appoint a particular director.

Each Director and senior executive of ISA Group has an agreement in writing with ISA Group which sets out the terms and conditions of their appointment including their duties, roles and responsibilities, remuneration and rights on termination, amongst other things.

All directors other than the Chief Executive Officer are required to retire by rotation and must submit to re-election by shareholders at least every 3 years.

#### **Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. Each Director is entitled to directly access the advice and services of the Company Secretary.

#### **Diversity**

ISA Group does not discriminate on any grounds and determines all appointments and reviews solely on merit. Given ISA Group's stage of development and its size, the Board does not consider it appropriate to set measurable objectives based on gender.

As at 30 June 2017, ISA Group had a total of:

- 37 female employees out of a total of 95 employees;
- 1 female senior executives out of a total of 5 senior executives; and

## Corporate Governance Statement

- No female director out of a total of 4 directors.

### **Performance Reviews**

A review of the Board's performance, including its committees and individual non-executive directors, was undertaken in June and July 2016. This process involved a 360 degree review of performance the results of which was subject to Board discussion and review.

ISA Group has a formal established process for evaluating the performance of senior executives including the executive directors. This process takes into account criteria such as the achievement of individual and company goals, individual performance and adherence to key company values. It includes a self-assessment process and an agreed goals and development plan which forms part of the criteria of assessment in the following year. Any recommendations relating to the remuneration of senior executives is submitted to the Board for review and approval prior to being implemented.

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

Following a change in composition of the Board in April 2017, the Board determined that, taking into account the size of the Board, nomination matters should be referred to the full Board for consideration. Following that decision, the Board as a whole considers the composition of the Board, the appointment of new directors and identifies and considers suitable candidates as they arise. The consideration is undertaken in accordance with the nomination related sections of the Nomination & Remuneration Committee Charter, a copy of which is available at [www.indoorskydiveaustralia.com.au](http://www.indoorskydiveaustralia.com.au).

Prior to that time ISA Group had a Nomination & Remuneration Committee in accordance with Recommendation 2.1.

In keeping with the overall size of the Company and its stage of development, ISA Group seeks to maintain a small board comprised of individuals with a broad range of experience and expertise which will assist the Company in achieving its strategic goals.

Together, the Directors contribute the following key skills and experience:

- experience in dealing with high levels of government including the defence force;
- experience in strategic leadership;
- high level of business acumen including entrepreneurial experience;
- understanding of access to capital and debt markets including the ability to analyse the comparative cost of capital;
- financial skills and literacy;
- international indoor skydiving experience and freefall qualifications;
- experience with specialised vertical wind tunnel technology and operating systems;
- understanding of diverse operating environments and models including international operations.

The Board considers that collectively the Directors have the range of skills, knowledge and experience necessary to direct the Company.

Details concerning each director's appointment and independence is as follows:

| Director      | Date of Appointment | Length of Service | Executive Status | Independence States |
|---------------|---------------------|-------------------|------------------|---------------------|
| Ken Gillespie | 18 October 2012     | 5½ years          | Non-Executive    | Independent         |
| Steve Baxter  | 13 August 2012      | 6 years           | Non-Executive    | Not independent     |



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|             |                 |          |           |                 |
|-------------|-----------------|----------|-----------|-----------------|
| Danny Hogan | 4 November 2011 | 6½ years | Executive | Not Independent |
| Wayne Jones | 4 November 2011 | 6½ years | Executive | Not Independent |

The skills, experience and expertise of each director in office during 2017 or at the date of the 2017 Annual Report is detailed in the Directors' Report which forms part of the Annual Report and is available on the ISA Group website.

Since a change in the composition of the Board in April 2017, ISA Group has not had a majority of independent directors and does not comply with Recommendation 2.4. The Board believes that, given the size of ISA Group, the nature of its operations and the ability of all incumbent directors to bring independent judgement to bear in Board deliberations, the current Board composition is appropriate.

ISA Group's Chairman, Ken Gillespie, is independent and not ISA Group's Chief Executive Officer.

Each director has the right to access all relevant information and, subject to informing the Chairman, may seek independent professional advice at ISA Group's expense to them in carrying out their responsibilities. Where appropriate, a copy of this advice is made available to all other members of the Board.

New directors participate in an induction program co-ordinated by the Company Secretary to enable them to actively participate in decision-making from their appointment. The induction process includes: a detailed briefing of the Company's strategic, financial, operational and risk management issues; meeting with all members of the senior management team and the Board; and receipt of all relevant policies, charters and procedures including the Constitution and Code of Conduct.

Directors may also participate in appropriate professional development to assist in the fulfilment of their duties.

### PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

ISA Group has adopted a Code of Conduct which has been fully endorsed by the Board and applies to all ISA Group employees and directors. The Code is regularly reviewed and updated as necessary to incorporate the practices necessary to maintain confidence in the Company's integrity and to reflect the highest ethical standards.

A copy of the Code of Conduct is available in the Corporate Governance Section of ISA Group's website: [www.indoorskydiveaustralia.com.au](http://www.indoorskydiveaustralia.com.au).

### PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Prior to April 2017, ISA Group had an Audit & Risk Committee in compliance with Recommendation 4.1. Details of the relevant qualifications and experience of members, the number of committee meetings and the attendance of committee members at those meetings during 2017 is set out on page [x] of the 2017 Annual Report which is available at [www.indoorskydiveaustralia.com.au](http://www.indoorskydiveaustralia.com.au).

After a change in the composition of the Board in April 2017, the Board Committee structure was reviewed and it was determined that taking into account the size of the Company, the relative lack of complexity in its financial affairs and strong working relationship between all directors and the independent auditor, that audit matters should be dealt with directly by the Board. Accordingly ISA Group does not comply with Recommendation 4.1 at the date of this Statement.

The ISA Group Board is responsible for reviewing the adequacy of the Company's reporting processes, assessing ISA Group's financial statements, considering the appropriateness of the accounting judgments applied by management and approving all matters relating to the auditor and the provision of services by the auditor. These matters are considered in accordance with the Audit & Risk Committee Charter which is available at [www.indoorskydiveaustralia.com.au](http://www.indoorskydiveaustralia.com.au).

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Prior to the consideration of the financial reports for each full and half year, the Board holds a separate scheduled meeting for the consideration of audit and risk matters. The external auditor attends these meetings and as part of that meeting, meets with the non-executive directors without management being present. The external auditor may also contact the Chairman of the Board directly at any time if he considers it appropriate.

The Board has received a declaration in the form set out in Recommendation 4.2 (and provided under s295A of the *Corporations Act*) from its CEO and CFO in relation to the financial statements for the financial period ended 30 June 2017.

ISA Group's external auditor attends each AGM and a formal opportunity to ask questions of the auditor relevant to the audit is included in the AGM proceedings.

### PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

ISA Group has a Continuous Disclosure Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations under the Listing Rules. A copy of the Continuous Disclosure Policy is available in the Corporate Governance Section of ISA Group's website: [www.indoorskydiveaustralia.com.au](http://www.indoorskydiveaustralia.com.au).

### PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Information about ISA Group and its operations is located on the ISA Group website at [www.indoorskydiveaustralia.com.au](http://www.indoorskydiveaustralia.com.au). The Corporate Governance page provides information on ISA Group's governance practices and includes links to the relevant policies and charters.

ISA Group has adopted a Communications Policy which together with the Continuous Disclosure Policy sets out how ISA Group will keep all shareholders and potential shareholders up to date about the affairs of ISA Group.

As part of keeping shareholders informed about the Company and its operations ISA Group provides formal updates with the publication of its full and half year results and at the AGM. Information is also provided throughout the year on an ad hoc basis in relation to the performance of operations, key developments in projects and progress on new opportunities.

The Communications Policy also sets out how ISA Group facilitates and encourages participation at shareholder meetings. Shareholders are encouraged to participate in general meetings and are given an opportunity to ask questions of the Company and its auditors at the AGM.

ISA Group gives its security holders the option to receive communications from, and send communications to, the Company and its registry (Boardroom Pty Ltd) electronically.

### PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

As noted above, prior to April 2017 ISA Group had an Audit and Risk Committee which complied with Recommendation 7.1. Since that time the ISA Group Board has been directly responsible for overseeing risk management in accordance with the Audit & Risk Committee Charter.

ISA Group has adopted a risk management framework which provides risk management processes based on risk identification, risk evaluation, risk treatment/mitigation and risk monitoring and reporting. ISA Group is exposed to a variety of economic and commercial risks which are captured and managed through this process.

The senior management team are responsible for identifying, evaluating and implementing risk management as part of the day to day operations of the Company. The Board sets the Company's risk appetite, oversees the risk management framework and reviews and evaluates the reporting under the framework.

ISA Group's risk management framework is reviewed annually to confirm that in the Board's opinion it continues to be sound. A review of each risk, any emerging risk or the reduction of a risk is also

## Corporate Governance Statement

undertaken and implemented into the risk management process. Such a review occurred during the reporting period.

The Board is satisfied that this systematic process of continual review and improved risk management is appropriate given the Company's operations and size and that an internal audit function is not necessary at this time.

ISA Group does not have any material exposure to environmental or social sustainability risks.

### **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

ISA Group complied with Recommendation 8.1 from 1 July 2016 to April 2017. Since then the Board has been responsible for the consideration of remuneration matters in accordance with the Nomination & Remuneration Committee Charter available at [www.indoorskydiveaustralia.com.au](http://www.indoorskydiveaustralia.com.au).

ISA Group's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Non-executive directors are not entitled to performance based remuneration. The maximum aggregate fees that can be paid to non-executive directors is set by shareholders. There are no termination or retirement benefits for non-executive directors.

Executive remuneration consists of a fixed base salary and performance incentives. Performance incentives are based on pre-determined short and long term targets which are set taking into account the Company's strategic plan and goals.

Details of ISA Group's policies and practices regarding the remuneration of non-executive directors the executive directors and other senior executives is set out in the Remuneration Report which form part of the 2017 Annual Report available at [www.indoorskydiveaustralia.com.au](http://www.indoorskydiveaustralia.com.au).

Holders of any ISA Group equity based incentives (e.g. performance rights) are prohibited from entering into any hedging arrangement prior to exercising those rights. This prohibition is set out in the Securities Trading Policy and is a condition of the issue of performance rights under the ISA Group Performance Rights Plan.