

## Appendix 4G

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

Name of entity:

KOLLAKORN CORPORATION LIMITED

ABN / ARBN:

41 003 218 862

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:

X This URL on our website: <http://kollakorn.com/investor-relations/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 30 June 2017 and has been approved by the board.

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

Date: 3 October 2017



Tom Bloomfield

<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><b>X</b> 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><b>X</b> 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><b>X</b> 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><b>X</b> 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.

| 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>                                                                                                                            |
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| 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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></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 <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.6                                         | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>            |
| 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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>            |

| 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>                                                                                                 |
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| 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 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><b>X</b> 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p><b>X</b> 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>                                                                                                                 |
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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 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            |
| 2.5                                                | 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 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 checked="" 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 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                                                                                                                                          |

| 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> |
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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><b>X</b> 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><b>X</b> 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>                                                                                                                                                               |
|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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:<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 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:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it. | ... our continuous disclosure compliance policy or a summary of it:<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>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:<br><input checked="" type="checkbox"/> at www.kollakorn.com                                                                                                              | <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:<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                                                                                                                                                                                        |
| 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:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br>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 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:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input checked="" type="checkbox"/> at www.kollakorn.com                                             | <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> |
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| PRINCIPLE 7 – RECOGNISE AND MANAGE RISK     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                       |
| 7.1                                         | <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><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><b>X</b> 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 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p><b>X</b> 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):]<br/>... 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):]<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:</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><b>X</b> 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>                                                                                                                                                                                                                                                                                                                                                                          | <p><b>X</b> 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 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                                                    | 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 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 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 checked="" 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> |

|                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                       |                                                                                                                       |
|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| 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></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 <i>[insert location]</i></p>         | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |
| -                                                                              | <p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>                                                                                                                                                                                                  | <p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <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 Statement

This statement summarises the main corporate governance practices of Kollakorn Corporation Limited ("Kollakorn" or "Company"). Unless otherwise indicated, all practices were in place for the entire year ended 30 June 2017.

The Board of Directors of Kollakorn is responsible for the corporate governance of the Group. The Board is responsible for protecting the rights and interests of the shareholders through the implementation of sound strategies and action plans and the development of an integrated framework of controls over the Company's resources, functions and assets. This process is achieved through the application of appropriate corporate governance policies and procedures given the size of the Company and the scale of its operations. The Board guides and monitors the business and affairs of Kollakorn on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board of Kollakorn supports the principles of good corporate governance and best practice recommendations as set out in the 3rd edition of the ASX Corporate Governance and Recommendations' as issued by the ASX Corporate Governance Council, unless it believes compliance with individual guidelines is not appropriate. The Company is currently complying with all aspects of the 'Corporate Governance Principles and Recommendations' except in two aspects. Firstly, there is no separate Nomination Committee and, secondly, the Remuneration Committee has only two members rather than the recommended three. In each of these cases it is the Board's view, given the scale of the Consolidated Entity and the size of the Board, that committees of the type and size recommended are not appropriate for Kollakorn.

Kollakorn's Corporate Governance Statement is structured with reference to the ASX's Corporate Governance Council's Principles and Recommendations, which are as follows:

Principle 1 - Lay solid foundations for management and oversight

Principle 2 - Structure the board to add value

Principle 3 – Act ethically and responsibly

Principle 4 - Safeguard integrity in corporate reporting

Principle 5 - Make timely and balanced disclosure

Principle 6 - Respect the rights of security holders

Principle 7 - Recognise and manage risk

Principle 8 - Remunerate fairly and responsibly

## **1. Lay Solid Foundations for Management and Oversight**

### **1.1 Governance Roles to achieve the Vision**

The skills, experience and expertise relevant to the position of director held by each director in office are included each year in the Company's Annual Report to shareholders.

The Board is accountable to the shareholders for the performance of the Company and has overall responsibility for its operations. Day to day management of the Company's affairs, and the implementation of corporate strategy and policy initiatives, has been formally delegated by the Board to the Chief Operating Officer ("CEO"). The Company Secretary is accountable to the Board, through the Chair, on all governance matters.

Key responsibilities of the Board include:

- Approving the strategic direction and related objectives of the Company, and monitoring management performance in the achievement of these objectives;
- Adopting budgets and monitoring the financial performance of the Company;
- Reviewing the performance of the CEO;
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- Ensuring all major business risks are identified and effectively managed;
- Ensuring that the Company meets its legal and statutory obligations; and
- Having regard to the size of the Company and the nature of its operations, the full Board carries out the functions that would otherwise be delegated to a nominations committee.

### **1.2 Role of the Chairman**

The role of the Chairman includes:

- Vision/Strategy: Ensuring leadership of the Board in setting and reviewing the Company's vision and strategy;
- Board meetings: Setting the agenda with the CEO and Company Secretary, ensuring directors receive all relevant information, chairing meetings and resolving conflicts;

- Shareholder Meetings: Chairing shareholder meetings and ensuring shareholders have an opportunity to speak on relevant matters and ensuring the attendance of the Auditor at the Annual General Meeting each year;
- External: Acting as the Spokesperson, with the CEO, on Company matters;
- Managing Director: Acting as the primary point of contact between the Board and the CEO ensuring the adequate flow of information between the two, chairing the performance of the CEO and providing mentoring;
- Board: Reviewing Board and Committee performance, ensuring appropriate composition is maintained and that proper director induction plans are in place.

### 1.3 Role of the Chief Executive Officer

The role of the CEO includes:

- Vision/Strategy: Formulating with the Board the vision and strategy of the Company.
- Management team and employees: Providing leadership, appointing and negotiating terms of employment of senior executives (with Board approval where necessary), developing a succession plan and ensuring procedures are in place for education and training to ensure compliance with laws and policies.
- Board: Responsibility for bringing all matters requiring review/approval to the Board, advising on changes in risk profile, providing certification of the half and full year financial statements together with the Chief Financial Officer and reporting to the Board on a monthly basis the performance of the Company.

### 1.4 Performance Evaluation

The Board will annually review the performance of the CEO having regard to performance measures set out at the commencement of each year. These will include financial measures, achievement of strategic objectives and other key performance indicators including compliance. The CEO, in turn, evaluates the performance of other key executives in a similar manner and reports as appropriate to the Board on such reviews.

A performance evaluation for the CEO took place during the year in accordance with the process outline above.

## 2. Structure the Board to Add Value

### 2.1 Composition and Balance of Skills of Directors

The Directors consider the size and composition of the Board is appropriate given the Company's status and the nature of its operations however, Directors' undertake regular reviews and compliance practices to assist including:

A periodic review either when a vacancy arises or if the Board considers it would benefit from an additional mix of skills and experience based on the strategic demands of the Company at that time.

### 2.2 Independence of Directors

The Board believes that the best interests of the Company will be served if a majority of the Directors are independent, as defined in the ASX Corporate Governance Principles and Recommendations. All of the directors are considered to be independent directors and free from any business or other relationship that could (or could reasonably be perceived to) materially interfere with the exercise of their unfettered and independent judgment.

The Board regularly reviews the status of each director. The skills, experience and expertise of each director is contained with the Company's 2017 financial report. The structure of the Board complies with the ASX principle for a majority of the Board to be independent.

The status of each director is as follows:

| Director:   |             | Appointed | Resigned  |
|-------------|-------------|-----------|-----------|
| N Somapa    | Independent | 3-Jun-11  | 30-Aug-17 |
| R Tayeh     | Independent | 3-Jun-11  |           |
| N J Aston   | Independent | 15-Jul-13 |           |
| C F Hunting | Independent | 10-Feb-15 |           |

### 2.3 Appointment of Directors

If the Board determines that there is a need to appoint another director the Board will determine the appropriate skills, experience and qualifications required, having regard to those of the existing directors and implement a system of recruitment aimed at locating the most appropriate person to meet the Board's needs. In appointing directors, appropriate background checks will be conducted before the Company appoints a person, or puts forward a candidate for election as a director. Each director receives a formal letter of appointment setting out the key terms, conditions and responsibilities of their appointment.

The Notice of Meeting will provide security holders with all material information relevant to a decision to elect or re-elect a director.

## **2.4 Performance Evaluation**

The Board, through the Chairman, will carry out an evaluation, at least every three years, to:

- Review the role of the Board;
- Assess the performance of the Board with a view to assisting the Board to better perform its duties;
- Review the type and timing of information provided to directors; and
- Review the performance and contribution of each of the non-executive directors.

The Board may, from time to time, use an independent adviser to assist in the reviews. The most recent review of the Board and its Committees were conducted in 2014 with significant changes made to the Board at that time. These processes were conducted in accordance with the Company's evaluation processes.

As stated above, the Company does not have a separate Nomination Committee and those functions are undertaken by the Board.

## **2.5 Access to Independent Advice**

Directors may obtain independent experts' advice to enable them to fulfil their obligations, at the expense of the Company, after obtaining approval from the Chairman. Deeds of access indemnity and insurance will be entered into with the directors to the extent permitted by law.

# **3. Act ethically and responsibly**

## **3.1 Code of Conduct of Directors**

The Directors are expected to use their skills commensurate with their knowledge and experience to increase the value of the Company.

To meet this obligation Directors must act honestly and should:

- Execute due care and diligence including confidentiality;
- Not misuse information or their position for their own gain;
- Avoid and fully disclose potential conflicts;
- Ensure that the market is fully informed of all matters that require disclosure;
- Be aware and abide by insider trading laws and strictly adhere to the Company's policies in this respect; and
- Actively promote the reputation of the Company.

In accordance with the Corporations Act and the Company's constitution, the Directors must keep the Board advised, on an ongoing basis, of any circumstance(s) that have the potential to conflict with those of the Company. Where the Board believes that a conflict exists, the Director concerned will not receive the relevant Board papers, will not be present at the meeting whilst the item is considered and will take no part in any decision.

Directors are to ensure that the financial statements are prepared in compliance with Australian Corporations Law and all relevant Australian and International Accounting Standards.

Directors must also be aware of environmental impacts of the Company's business and ensure the health, safety and wellbeing of their employees.

## **3.2 Trading in Securities**

The Company's policy on trading in its securities only permits trading by directors and management within one month after the day of the Annual General Meeting, and within one month after the day of the release to the ASX of the Company's full year and half-year results, and only after receiving the permission of the Chairman and Company Secretary. Trading is prohibited at anytime while the person is in possession of price sensitive information not disclosed to the market.

All such transactions will be reported to the Board.

This policy relates to Directors' and executives' spouses and other parties over whom they have significant influence.

## **3.2 Contracts and Transactions between the Consolidated Entity and its Officers**

Any proposed contract between an officer (including associates of the officer) and the Company must be approved by the Board prior to its execution. If the contract involves a director or an associate of a director then the director must abstain from any discussion and vote on the matter.

### **3.3 Interaction with the Media**

To ensure clear, consistent and accurate messages are conveyed to the general public via the ASX and the media, unless specifically approved otherwise, the Chairman and the CEO are the only authorised spokespersons of the Company.

### **3.4 Diversity**

The Board is responsible for developing policies in relation to a corporate culture that supports diversity and the implementation of measureable diversity objectives.

The Company's strategies may include:

- Recruiting from a diverse range of candidates for all positions including senior executive roles and Board positions
- Ensuring succession planning considers diversity
- Mentoring and professional development programs
- Networking opportunities
- Pay equity to ensure equal pay for equal work across our workforce
- Mentoring and support networks for women who return from maternity leave
- Training and awareness programs to foster a corporate culture that embraces and values diversity

Due to the current size, nature and scale of the Company's activities the Board has not yet developed objectives regarding gender diversity. As the size and scale of the Company grows the board will set and aim to achieve gender diversity objectives as director and senior executive positions become vacant and appropriately qualified candidates become available.

## **4. Safeguarding Integrity in Corporate Reporting**

### **4.1 Audit Committee**

The Audit Committee, in accordance with its formal charter, monitors the independence, objectivity, effectiveness and scope of the external audit, and reviews the external auditor's findings and recommendations. The committee oversees management's approach in identifying key financial risk areas, and ensures programs are in place to manage identified risks. The committee also reviews the processes governing any non-audit work undertaken by the external auditor to ensure the independence of the external auditor is not affected by conflicts. The Audit Committee is comprised of Riad Tayeh (Chairman) and Mr Nick Aston (Member). Due to the small size of the Board the Board believes it is not beneficial to have an Audit Committee comprising three members, as recommended by the ASX Corporate Governance Council. Both members are independent. The committee meets as required and, in conjunction with the external auditor, to ensure they are satisfied that the reporting systems in place provide an accurate representation of the Consolidated Entity's activities and position. Two meetings of the Audit Committee were held in the 2016/2017 financial year, and an additional meeting held post close of the full year audit, these meetings were attended by both members.

The Company has for a number of years, ensured that its external Auditor attends the Annual General Meeting.

## **5. Make Timely and Balanced Disclosure**

### **5.1 Continuous Disclosure**

It is the Company's policy that all shareholders and investors have equal access to material information. The Chairman, the CEO and the Company Secretary ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. The Company Secretary has primary responsibility for all communications with the ASX. The Company maintains a website which is regularly updated to provide the wider community with all information that is released.

## **6. Respect the Rights of Security Holders**

### **6.1 Communication Policy**

The aim of the Board is to ensure that shareholders are informed of all major developments affecting the Company and can communicate with the Company on these matters. Shareholders can access all announcements made by the Company to the ASX on the Company's website.

Information is communicated in the following manner:

- the Company's website, [www.kollakorn.com](http://www.kollakorn.com);
- The Annual Report is distributed to all shareholders who have elected to receive a copy and is made available on the Company's website;

- The half-yearly report contains summarised financial information and a review of the operations of the Company during the relevant period;
- The ASX quarterly cash reports will contain summarised financial information for the relevant period;
- Regular shareholder updates and other disclosures lodged with the ASX;
- Shareholders can access all announcements made by the Company to the ASX on the Company's website.
- Notices and explanatory memorandum for all meetings of the Company shareholders; and

## **7. Recognise and Manage Risk**

### **7.1 Risk Management and Internal Compliance and Control**

The Board, in consultation with the CEO and the Company's Auditors, determines the Consolidated Entity's risk profile and is responsible for overseeing and approving risk management strategy and policy.

The Company does not, at this stage, have an Internal Audit function. The need for such a function was considered during the year with the Board finding that the current process of internal reviews and in consideration of the Company's size and scale did not currently support an internal audit function,

The Company does not consider that it has any material exposure to economic, environmental and social sustainability risks.

This includes:

- Establishing and monitoring the Consolidated Entity's strategies, goals and objectives;
- Identifying and measuring risks that have the potential to impact upon the achievement of those strategies, goals and objectives;
- Formulating risk management strategies to manage the identified risks; and
- Monitoring and improving the effectiveness of risks and internal compliance controls.

### **7.2 Certificate from CEO and CFO**

Each year, the Chief Executive Officer and the Chief Financial officer certify to the Board in writing that:

- The integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

## **8. Remunerate Fairly and Responsibly**

### **8.1 Remuneration Committee**

The Board has a separate Remuneration Committee which ensures the implementation and effectiveness of the Company's Remuneration policies.

### **8.2 Remuneration Policies**

#### **a) Non-Executive Directors**

Fees including statutory superannuation paid to non-executive directors will be at or around the market average for a Company such as Kollakorn and are disclosed each year in the Company's annual report. Directors are not entitled to retirement benefits.

#### **b) Senior Executives**

Remuneration packages will generally be set to be competitive to both retain executives and attract executives to the Company. Further information regarding remuneration policies can be found in the Remuneration Report included in the Directors' Report at the end of each financial year.