

18 April 2018

ASX Announcement (ASX: JKL)

### **Corporate Governance Statement**

Attached is the Corporate Governance Statement for JustKapital Limited ("the Company").

This Corporate Governance Statement relates to the year ended 30 June 2017 and to the Appendix 4G lodged by the Company on 28 August 2017.

This Corporate Governance Statement is also available on the Company's website [www.justkapital.com.au](http://www.justkapital.com.au).

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# Corporate Governance Statement

JUSTKAPITAL LIMITED (ACN 088 749 008)

This Corporate Governance Statement sets out JustKapital Limited's (**Company**) compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, the Company is required to provide this statement to ASX disclosing the extent to which the Company has followed the ASX Principles and Recommendations.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<b>1. Lay solid foundations for management and oversight</b>		
<p>1.1 A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	Yes	<p>The Company's board of directors (<b>Board</b>) is responsible for the corporate governance of the Company.</p> <p>Pursuant to the Company's board charter, the Board has delegated specific authorities to the Chairman, its CEO and to its various Committees.</p> <p>Subject to these delegated matters, the Chairman is authorised to exercise all the powers of the Directors, except with respect to the following:</p> <p>(a) approval of major elements of strategy including any significant change in the direction of that strategy;</p> <p>(b) approvals above delegated levels of credit limits, risk exposure, market risk limits and loans and encumbrances;</p> <p>(c) capital expenditure in excess of delegated levels of expenditure outside the ordinary course of business;</p> <p>(d) certain remuneration matters including material changes to remuneration policies and specific remuneration recommendations relating to the Board members and other executive officers of the Company;</p> <p>(e) adoption of the Company's annual budget;</p> <p>(f) approval of the interim and final accounts and related reports to the ASX;</p> <p>(g) specific matters in relation to conflicts management of cases in which the Company is involved;</p> <p>(h) specific matters in relation to continuous disclosure as defined in the Continuous Disclosure Police; any proposal to issue securities of the Company (except under a program previously approved by the Board); and</p>

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
		<p>(i) other matters as the Board may determine from time to time.</p> <p>The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis.</p> <p>It is expected that the division of responsibility of the Board and senior executives will vary with the evolution of the Company.</p> <p>The Company intends to regularly review the balance of responsibilities to ensure that the division of functions remains appropriate to the needs of the Company.</p>
<p>1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director; and</p> <p>(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.</p>	Yes	<p>The Remuneration and Nomination Committee will identify and recommend candidates for the Board to the Board. These recommendations will occur after considering the necessary and desirable competencies of new Board members, the range of and depth of skills and the diversity of the Board, and making appropriate checks regarding an individual being put forward.</p> <p>The Committee will also ensure that all material information in its possession relevant to a decision of whether to appoint or re-elect a director is made available to security holders.</p>
<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	<p>Directors are given letters of appointment and/or service agreements, and senior executives are given employment contracts prior to their engagement with the Company.</p>
<p>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.</p>	Yes	<p>The Company Secretary is appointed by and responsible to the Board of Directors through the Chairman. The Chairman and the Company Secretary will co-ordinate the Board agenda.</p>
<p>1.5 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>	No	<p>Given its current size and stage of development, the Company has not found it necessary to create a formal diversity policy or to annually report on measurable objects with respect to achieving gender diversity or diversity generally. However, the Company has and continues to remain committed to ideals of diversity throughout its business practices.</p>

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<p>b) disclose that policy or a summary of it; and</p> <p>c) disclose as at the end of each reporting period the measureable 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>As the Company continues to grow, the Board intends to review its practices, and if deemed necessary in the future, the Board may consider adopting a formal diversity policy.</p>
<p>1.6 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>Yes</p> <p>No</p>	<p>The performance of the Board as a group and of individual Directors is to be assessed each year. In particular, all Directors seeking re-election at an annual general meeting will be subject to a formal performance appraisal to determine whether the Board (with the Director absenting themselves) recommend their re-election to shareholders.</p>
<p>1.7 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>Yes</p> <p>No</p>	<p>The Board and senior management team will regularly review the performance of its senior executives and address any issues that may emerge.</p>

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<b>2 Structure the board to add value</b>		
<p>2.1 The board 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</p> <p>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 meeting; or</p> <p>(b) if a listed entity does not have a nomination committee, it should disclose the fact and 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>No</p> <p>No</p> <p>Yes</p> <p>Yes</p> <p>No</p>	<p>The Company has a remuneration and nomination committee (<b>Remuneration and Nomination Committee</b>) which has at least two directors. Considering the size of the Company and that the full board comprises three directors, the Company considers that it is not appropriate to strictly follow the Principles and Recommendations. Currently, all directors on the Board are non-executive directors.</p> <p>As the Company grows, the Board will continue to evaluate whether it will be appropriate for independent directors to be appointed to this committee and whether the minimum number of members should be varied.</p> <p>The Company has a Remuneration and Nomination Committee Charter which is available on the Company's website.</p>
<p>2.2 A listed entity should disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve its membership.</p>	No	<p>The Board strives to ensure that it is comprised of directors with a blend of skills, experience and attributes appropriate for the Company and its business.</p> <p>The Board is of the belief that a Board Skills Matrix is not required given the stage of development of the business. The Board will continue to monitor whether it will be appropriate for the company to adopt a Board Skills Matrix as the company continues to develop.</p>

<b>ASX Principles and Recommendations</b>	<b>Comply (Yes/No)</b>	<b>Explanation</b>
2.3 A listed entity should disclose the names of the directors considered to be independent and also the interests, positions and associations that might cause doubts as to the independence of a director and the length of service of each director.	Yes	<p>The Company has disclosed the details of the Directors in the 2017 Annual Report.</p> <p>The Company will continually evaluate whether it will be appropriate to consider independent Directors as the business evolves and expands.</p>
2.4 A majority of the board should be independent directors.	No	<p>The Board considers that it not appropriate given the size and stage of development of the Company to appoint independent directors.</p> <p>The Board will continue to monitor whether this remains appropriate as the scale of its activities evolves and expands.</p>
2.5 The chair of the board should be an independent director and, in particular should not also exercise the role of chief executive officer of the entity.	No	<p>The Board's current Chairman, Mr Tim Storey is a non-executive director. Although Mr Storey, does not satisfy the ASX Corporate Governance Principles and Recommendations definition of an independent director because he was an executive of the Company within the last three years, Mr Storey brings an independent judgement to bear on issues before the Board.</p> <p>Ms Diane Jones was recently appointed as the Chief Executive Officer of the Company.</p> <p>The Company continues to refine its focus on the strategic development of the business and a number of changes have been made at the senior management level.</p>
2.6 Companies 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.	Yes	<p>Each new director of the Company will, upon appointment, participate in an induction program. This will include meeting with members of the existing Board, Company Secretary, management and other relevant executives to familiarise themselves with the Company, its procedures and prudential requirements, and Board practices and procedures.</p>

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<b>3 Act ethically and responsibly</b>		
3.1 A listed entity should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of the code.	Yes	The Board is committed to the establishment and maintenance of appropriate ethical standards in order to instil confidence in both clients and the community in the way the Company conducts its business. These standards are encapsulated in the Code of Conduct which outlines how the Company expects each person who represents it to behave and conduct business. In addition the Board has adopted Privacy and Conflicts policies appropriate to its business.
<b>4 Safeguard integrity in corporate reporting</b>		
<p>4.1 The board should establish an audit committee which is structured so that:</p> <ul style="list-style-type: none"> <li>• has at least three members;</li> <li>• consists only of non-executive directors and a majority of whom are independent directors; and</li> <li>• is chaired by an independent director who is not the chair of the board.</li> </ul> <p>And should disclose:</p> <ul style="list-style-type: none"> <li>• the charter of the committee;</li> <li>• the qualifications and experience of the members of the committee; and</li> <li>• the number of times the committee meets throughout the reporting period and the individual attendances of the members at those meetings.</li> </ul> <p>If no committee satisfying the above exists, it should disclose that fact and the processes it uses to safeguard the integrity of its reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>No</p> <p>No</p> <p>No</p> <p>Yes</p> <p>Yes</p> <p>No</p>	<p>The Company has a separately constituted audit and risk committee (<b>Audit and Risk Committee</b>) which consists of at least two members.</p> <p>Considering the size of the Company and that the full board comprises three directors, the Company considers that it is not appropriate to strictly follow the Principles and Recommendations. Currently, all directors on the Board are non-executive directors.</p> <p>As the Company grows, the Board will continue to evaluate whether it will be appropriate for independent directors to be appointed to this committee and whether the minimum number of members should be varied.</p> <p>This committee charter outlines the keys areas of responsibility for the audit committee, outlining its responsibility for oversight of the quality and integrity of the accounting, auditing, financial reporting and operational risks of the company. A copy of the Charter can be located on the Company website.</p>

<b>ASX Principles and Recommendations</b>	<b>Comply (Yes/No)</b>	<b>Explanation</b>
4.2 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 their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	The Company has received a declaration from the Company's previous Executive Chairman (Mr Philip Kapp) and the CFO that, in their opinion, the financial records have been properly maintained and comply with the proper standards.
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.	Yes	The Company's external auditor will be present at the AGM and be available to answer questions from security holders relevant to the audit.
<b>5 Make timely and balanced disclosure</b>		
5.1 A listed entity should have a written policy for complying with its continuous disclosure requirements under the Listing Rules and disclose that policy or a summary of it.	Yes	<p>The Company is committed to providing timely, complete and accurate disclosure of information to allow a fair, and well-informed market in its securities and compliance with the continuous disclosure requirements imposed by law including the Corporates Act and the ASX Listing Rules.</p> <p>A copy of the Company's Continuous Disclosure Policy can be located on the Company's website.</p>
<b>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.	Yes	The Company's website <a href="http://www.justkapital.com.au">www.justkapital.com.au</a> contains all relevant information about the Company. The Company will regularly update the website and its contents.
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	No	The Company does not have an investor relations program in place, but ensures that all material information is conveyed to its investors so as to facilitate communication.
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.	No	Although the Company does not have a formal communications policy in place, shareholders are encouraged to participate at general meetings and contact the Company Secretary or Chairman if they have any queries with respect to announcements and/or presentations made by the Company or its operations.



ASX Principles and Recommendations	Comply (Yes/No)	Explanation
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.	Yes	The Company encourages shareholders to register for receipt of announcements and updates electronically.
<b>7 Recognise and manage risk</b>		
<p>7.1 The Board should establish a risk committee, structured so that it:</p> <ul style="list-style-type: none"> <li>• has at least three members, a majority of whom are independent directors and;</li> <li>• is chaired by an independent director,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>• the charter of the committee;</li> <li>• the members of the committee; and</li> <li>• 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.</li> </ul> <p>If the listed entity does not have a risk committee or committees that satisfy the above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>No</p> <p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>The Company has a separately constituted Audit and Risk Committee which consists of at least two members. Considering the size of the Company and that the full board comprises three directors, the Company considers that it is not appropriate to strictly follow the Principles and Recommendations. Currently, all directors on the Board are non-executive directors.</p> <p>As the Company grows, the Board will continue to evaluate whether it will be appropriate for independent directors to be appointed to this committee and whether the minimum number of members should be varied.</p> <p>A copy of the charter can be located on the Company website.</p>
7.2 The Board or a committee of the board should review the listed entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.	No	The Board annually reviews and approves the risk management and oversight policies of the Company. The Board does not consider that disclosure of when these reviews took place is necessary.
7.3 A listed entity should disclose if they have an internal audit function, how the function is structured and what role it performs. If the company does not have an internal audit function, the company should disclose the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	The Company does not have an internal audit function, and does not disclose the processes it uses to improve risk management. Nonetheless, it remains committed to effective management and control of these factors.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if they do, how they manage or intend to manage those risks.	No	<p>The nature of the Company's operations are such that the Board does not consider it to have any material exposure to economic, social and sustainability risks.</p> <p>The Board will continue to monitor that it does not consider that these are relevant risks to the Company.</p>
<b>8 Remunerate fairly and responsibly</b>		
<p>8.1 The Board should establish a remuneration committee, structured so that it:</p> <ul style="list-style-type: none"> <li>• has at least three members, a majority of whom are independent directors; and</li> <li>• is chaired by an independent director</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>• the charter of the committee;</li> <li>• the members of the committee; and</li> <li>• as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings.</li> </ul> <p>If no committee satisfying the above exists, it should disclose that fact and the processes it uses 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>No</p> <p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>The Company has a remuneration and nomination committee (<b>Remuneration and Nomination Committee</b>) which has at least two directors. Considering the size of the Company and that the full board comprises three directors, the Company considers that it is not appropriate to strictly follow the Principles and Recommendations. Currently, all directors on the Board are non-executive directors.</p> <p>As the Company grows, the Board will continue to evaluate whether it will be appropriate for independent directors to be appointed to this committee and whether the minimum number of members should be varied.</p> <p>The Company has a Remuneration and Nomination Committee Charter which is available on the Company's website.</p>
8.2 A listed entity should disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	The Company discloses its remuneration policy in its annual report.
8.3 A listed entity which has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.	Yes	The Company has a securities trading policy that prohibits directors, offices and employees from entering into transactions or arrangements which limits the economic risk of participating in unvested entitlements under any equity based remuneration scheme.