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Australian Securities Exchange

By: e - lodgement

Attention Company Announcements

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**Corporate Governance Report**

**Raptis Group Limited**

We are pleased to lodge a copy of the Corporate Governance Report updated to 28 September 2017. This report is required to be lodged under listing rule 4.7.4 at the time of lodging the annual report.

This report is to be read in conjunction with Appendix 4G Key to Disclosures, Corporate Governance Council Principals and Recommendations as lodged on 2 October 2017.

Malcolm Cory

Company Secretary

## Corporate Governance Statement

Updated as at 28 September 2017

This statement outlines the main Corporate Governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations Edition 3, and should be read in conjunction with Appendix 4G Key to Disclosures Corporate Governance Council Principals and Recommendations.

Raptis Group Limited ("the company") is nearing completion of its first project after restructuring. The support of major shareholders has enabled the directors to restructure the affairs of the company and undertake its this project. It is the intention of the Company to implement an appropriate standard of corporate governance as the company re-establishes profitable trading, and the Board is restructured within the next two years. Practices currently in operation and those intended to be adopted as is appropriate to the scale and nature of operations are outlined in the following table.

### ***Recommendation 1.1***

A listed entity should disclose:

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|--|--|
| (a) The respective roles and responsibilities of its Board and management; and       | The Board Charter is contained in the Corporate Governance section of our website. |
| (b) those matters expressly reserved to the Board and those delegated to management. | The Board Charter is contained in the Corporate Governance section of our website. |

### ***Recommendation 1.2***

A listed entity should:

- |   |   |
|---|---|
| (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and        | The Policy and Procedure for Selection and Appointment of Directors is disclosed in the Corporate Governance Section of our website.  |
| (b) provide security holders with all material information in its' possession relevant to a decision on whether or not to elect or re-elect a director. | The company seeks to provide full information to all security holders as part of the papers for each AGM. See Policy and Procedure for Selection and Appointment of Directors in the Corporate Governance section of our website. |

### ***Recommendation 1.3***

A listed entity should:

- |  |  |
|--|--|
| have a written agreement with each director and senior executive, setting out the terms of their appointment | Contracts of appointment are in place with all directors and contracts of employment will be in place when management staff are appointed. |
|--|--|

#### ***Recommendation 1.4***

***The company secretary of a listed entity should:***

be accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters.

#### ***Recommendation 1.5***

***A listed entity should:***

- (a) have a Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them.

The Diversity Policy is available in the Corporate Governance section of our website.

#### ***Recommendation 1.6***

***A listed entity should:***

- (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and

The Board has a process for evaluating the performance of the Board and Committees.

- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period

The Company is conducting its first project since restructuring, a review was not considered applicable .

#### ***Recommendation 1.7***

***A listed entity should:***

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and

The Board has a process for evaluating the performance of all Senior Management on an Annual basis.

- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The company is undertaking its first project since restructuring an evaluation is considered appropriate at the end of the project .

***Recommendation 2.1***

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

- (a) have a nomination committee which:
- (1) has at least three members, a majority of whom are independent directors; and
  - (2) is chaired by an independent director,
- and disclose:
- (3) the charter of the committee;
  - (4) the members of the committee; and
  - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members
- (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.
- (a) The Board meets as a Remuneration, Nomination and Diversity Committee.
- (1) The Committee is comprised of three directors as per the Directors' report,
  - (2) The Chair is not independent but his experience and support make him appropriate at this stage, the company has only three directors and no direct employees at this point in time.
  - (3) The Charter is in the Corporate Governance section of the company website.
  - (4) The members of the Committee are the three directors detailed in the Directors' report.
  - (5) The details of meetings held and attended is listed in the Directors' report.
- The Board meets as a nomination committee and follows the charter of the nomination committee. It is proposed to restructure the Board within the next two years of the Company resuming trading to constitute the nomination committee in accordance with governance principals.

### ***Recommendation 2.2***

**A listed entity should**

have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

The Board skills matrix is detailed in the Policy and Procedure for Selection and Appointment of Directors. The Company will look to enhance the requisite skills as the Board is reconstituted in the next two years.

### ***Recommendation 2.3***

**A listed entity should disclose:**

the names of the directors considered by the Board to be independent directors;

(b) if a director has an interest, position, association or relationship that might cause doubts about the independence of a director, but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and

(c) the length of service of each director.

(a) The Company is undertaking its first project since restructuring and plans to appoint independent directors as the business is established.

(b) Mr James Raptis is not an independent Director. He has arranged for development and administrative personnel, office facilities and certain loan funds at no cost to the company until to 31 December 2017. The Board is of the opinion that this is appropriate to re-establish trading. see Directors' report

(c) see Directors' report

### ***Recommendation 3.1***

***A listed entity should:***

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

The Company has developed Director and Employee Codes of Conduct. These apply to all directors, managers, employees and contractors.

The Director Code of Conduct is disclosed in the Corporate Governance section of the Company website.

**Recommendation 4.1**

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

- (a) have an audit committee which:
  - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
  - (2) is chaired by an independent director, who is not the chair of the Board, and disclose:
    - (3) the charter of the committee;
    - (4) the relevant qualifications and experience of the members of the committee; and
    - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board does not have an audit committee. The Board does have an Audit and Risk Charter for the committee when it is constituted. It is intended to reconstitute the Board when the Company has re-established its trading after the restructure, and at this time to appoint a committee in compliance with recommendation 4.1

The Board does not have an Audit Committee but it does have an Audit and Risk Charter. The Board meets and considers the requirements of the Audit and Risk Charter. Audit partner rotation is part of the audit appointment arrangements. On the resumption of trading the Board will ensure appropriate safeguards for the integrity of reporting are set in process.

## ***Recommendation 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 the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

It is the policy of the Company to comply with Recommendation 4.2.

## ***Recommendation 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 external auditor is required to attend the AGM and be available to answer questions from security holders relevant to the conduct of the Audit.

## ***Recommendation 5.1***

***A listed entity should:***

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) disclose that policy or a summary of it.

The Company has a Continuous Disclosure Policy which is available in the Corporate Governance section of the Company website.

The Policy is available in the Corporate Governance section of the Company website.

## ***Recommendation 6.1***

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

The Corporate Governance policy and related policy documents are disclosed in the Company website.

## ***Recommendation 6.2***

### ***A listed entity should:***

design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company has a policy for Investor Relations communication refer to the Corporate Governance section of our website.

## ***Recommendation 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.

Refer to the policy for Investor Relations communication in the Corporate Governance section of our website.

## ***Recommendation 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.

This is covered in the policy for Investor Relations communication in the Corporate Governance section of our website.

## ***Recommendation 7.1***

### **The Board of a listed entity should:**

(a) have a committee or committees to oversee risk, each of which:

- (1) has at least three members, a majority of whom are independent directors; and
- (2) is chaired by an independent director, and disclose:
- (3) the charter of the committee;
- (4) the members of the committee; and
- (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(a) The Board has an Audit and Risk Committee Charter.

- (1) The Board convenes and considers matters under the charter but does not have a separate independent committee at this stage.
- (2) Due to the scale and nature of the companies activities an independent Chair is not considered appropriate at this time.
- (3) The Charter is available in the Corporate Governance section of the Company website
- (4) Due to the scale and nature of the companies activities a separate committee has not been constituted.
- (5) Not applicable.



## ***Recommendation 7.2***

**The Board or a committee of the board should:** The risk management framework is evolving. The company resumed trading in December 2015. The risk management strategy will be managed consistent with the scale and nature of activities of the company, as we re-establish.

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

As set out above, this is evolving and expected to be subject to annual reviews from 2017.

## ***Recommendation 7.3***

**A listed entity should disclose:**

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The company does not have an internal audit function. Due to the scale and nature of the activities of the company an internal audit function is not currently relevant. We are re-establishing trading.

The nature and size of Raptis operations do not warrant a separate internal audit function. Given the low volume of transactions, the external audit work and management oversight is considered sufficient to identify any material breakdown in the control environment. The Board will periodically review the need for an internal audit function.

## ***Recommendation 7.4***

**A listed entity should** disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company does not have any material exposure to economic, environmental and social sustainability risks, not consistent with a return to trading in property development.

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

A Listed entity should:

pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

Directors hold an interest in the securities of the company to align their interests with those of security holders. The board will review remuneration policy in line with company growth.

### ***Recommendation 8.1***

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

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members

(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.

(a) The Board has a Remuneration, Nomination and Diversity Committee Charter but does not have a separate committee at this time.

(1) The Company intends to constitute a committee when the scale of operations make this appropriate this is expected within the next two years.

(2) Not applicable.

(3) The Committee charter is on the Company website.

(4) Not applicable.

(5) Not applicable.

No Directors fees will accrue in the period up to 30 June 2017. An entity associated with Mr James Raptis will provide development and administrative personnel at no cost to the company up until 30 June 2017. The Board has a Remuneration, Nomination and Diversity Committee Charter but does not have a separate committee at this time.

### ***Recommendation 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.

The Company's practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives are outlined in the Remuneration report.