

Australian Governance & Ethical Index Fund (ARSN 625 826 646) (Fund) Corporate Governance Statement

This Corporate Governance Statement sets out the Fund's current compliance with the ASX Corporate Governance Council's 3rd edition Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory. However, the Fund will be required to provide a statement in future annual reports disclosing the extent to which the Company has followed the Recommendations.

	Recommendations	Compliance	Comment
1.	Lay solid foundations for management and oversight		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	N/A	The Fund's Board Policy, the Investment Management Agreement between Walsh & Company Investments Limited in its capacity as responsible entity of the Fund (Responsible Entity) and Walsh & Company Asset Management Pty Limited (Investment Manager) set out the specific responsibilities of the board and those delegated to the Investment Manager.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	N/A	The Fund is 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.	N/A	The Fund is an externally managed entity and this recommendation is therefore not applicable.

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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.	N/A	The Fund is an externally managed entity and this recommendation is therefore not applicable.
1.5	A listed entity should: <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either: <ul style="list-style-type: none"> (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. 	N/A	The Fund is an externally managed entity and this recommendation is therefore not applicable.
1.6	A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	N/A	The Fund is an externally managed entity and this recommendation is therefore not applicable.
1.7	A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	N/A	The Fund is an externally managed entity and this recommendation is therefore not applicable.

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2.	Structure of 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>	N/A	The Fund is an externally managed entity and this recommendation is therefore not applicable.
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.	N/A	The Fund is an externally managed entity and this recommendation is therefore not applicable.
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the Board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Corporate Governance Principles and Recommendations 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</p> <p>(c) the length of service of each director.</p>	Will Comply	<p>No independent directors have been appointed to the Board of the Responsible Entity. The Fund's compliance committee has a majority of independent members (currently one representative from the Responsible Entity and two external representatives).</p> <p>The board of the Responsible Entity has appointed the Investment Manager to manage the Fund's investments.</p> <p>A Board of the Responsible Entity has adopted a Code of Conduct which will be outlined the Fund's Corporate Governance Charter and will be available to download from the Fund's website.</p> <p>The Fund will disclose all the information required by Recommendation 2.3 under the Directors Report at the end of each annual report.</p>

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2.4	A majority of the Board of a listed entity should be independent directors.	N/A	The Fund is 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.	N/A	The Fund is 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.	N/A	The Fund is an externally managed entity and this recommendation is therefore not applicable.
3.	Act ethically and responsibly		
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.	Will Comply	The Responsible Entity in its corporate capacity has adopted various policies and procedures including a Code of Conduct and Unit Trading Policy (both will be available on the Fund's website) that apply to all directors and relevant employees of the Responsible Entity. All codes and policies are designed to promote integrity, responsibility, accountability and adherence to relevant legislation.
4.	Safeguard integrity in corporate reporting		
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	Does not comply with 4.1(a). Complies with 4.1(b)	The board of the Responsible Entity (the Board) does not intend to establish such a committee for the Fund because the formation of such a committee would be inefficient given the Fund's size and nature. The Board has instead adopted a policy to ensure that it reviews the adequacy of the Fund's corporate reporting process, whether the Fund's financial statements provide a true and fair view of the financial position of the Fund, the scope and adequacy of the external audit and the independence and performance of the external auditor. Prior to appointment of an external auditor, the Board will obtain and consider proposals from auditors before signing the external auditor's engagement letter to finalise the appointment. The Board of the Responsible Entity will ensure that all necessary requirements have been met during the appointment and removal of the external auditor and rotation

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	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.		of the audit engagement partner as required by the Corporations Act.
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.	Complies	The Board is responsible for preparing the declaration under section 295A of the Corporations Act as the Fund does not have a chief executive officer (or equivalent) or a chief financial officer (or equivalent). The Board will provide these declarations for each financial period. Accordingly, the Board will seek to procure that the Investment Manager puts in place sound systems of risk management and internal controls and ensure that the systems are operating effectively in all material respects in relation to financial reporting risks.
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.	N/A	This recommendation is not applicable; the Fund does not have an AGM.
5.	Make timely and balanced disclosure		
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.	Will comply	The Fund will operate under the continuous disclosure requirements of the ASX Listing Rules as set out in its Continuous Disclosure Policy. The Fund will ensure that all information which may be expected to affect the value of the Fund's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Fund. The Company Secretary of the Responsible Entity has the responsibility for ensuring that all relevant information for the Fund is released to the market in a timely manner in consultation with the Board. The Board considers this to be a satisfactory protocol given the size and nature of the Fund. The Board will make this policy publicly available.
6.	Respect the rights of security holders		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Will comply	The Board will place the Corporate Governance Charter on the Fund's website.

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6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Will comply	The Fund promotes effective communication with shareholders. The Board aims to keep Unitholders informed of all major developments affecting the Fund's activities and its state of affairs through announcements to the ASX, releases to the media and dispatch of financial reports. All such announcements and information relating to the Fund's governance are also placed on the Fund's website.
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.	N/A	The Fund is an externally managed entity that does not usually have 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.	Will comply	Unitholders have the option to send any communication to the Responsible Entity using any of the methods listed on the Fund's website. Each Unitholder is also provided an online access to the Registry to allow them to receive communications directly from the Registry.
7.	Recognise and manage risk		
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 (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.	Does not comply with 7.1 (a). Complies with 7.1(b)	The Board does not have and does not intend to establish such a committee for the Fund because the formation of such a committee would be inefficient given the Fund's size and nature. It would not serve to protect or enhance the interest of Unitholders. Should the size of the Fund change, the Board will consider establishing a separate risk committee. The Board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Fund and its operations. The Board liaises with the Manager to identify and manage risk.
7.2	The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Will comply	The Board will review the Risk Management Framework during each annual reporting period and will provide a disclosure at the end of each annual reporting period on when the review last took place.

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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.	Will comply	In order to evaluate and continually improve the effectiveness of its risk management and internal control processes, the Board has adopted a Risk Management Framework. The Risk Management Framework will be reviewed at least annually (see above 7.2).
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.	Will comply	At the end of each annual reporting period, the Fund will provide a disclosure on whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how the Responsible Entity intends to manage those risks.
8.	Remunerate fairly and responsibly		
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 at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Will Comply	The Fund is an externally managed entity and this recommendation is therefore not applicable. Information relating to management fees is outlined in Section 9.2 of the Product Disclosure Statement (PDS) lodged with ASIC on 17 May 2018. A copy of the PDS is available on the Fund's website. A detailed summary of the ongoing management fees and costs associated with the Fund will be made available on the Fund Website under a separate tab titled Services & fees.
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.	N/A	The Fund is an externally managed entity and this recommendation is therefore not applicable.

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8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	N/A	The Fund is an externally managed entity and this recommendation is therefore not applicable.