



Henry Morgan

Henry Morgan Limited
ACN 602 041 770
Corporate Governance Statement

1 The Company's commitment to corporate governance

The Board is committed to a high standard of corporate governance practices ensuring that the Company complies with the Corporations Act, Listing Rules, the Company's Constitution and other applicable laws and regulations. Good corporate governance is a fundamental part of the culture and business of the Company.

The Company has followed the ASX Corporate Governance Council's Principles and Recommendations (third edition) where the Board has considered the Recommendations to be an appropriate benchmark for the Company's corporate governance practices. Where, after due consideration, the Company's corporate governance practices depart from a Recommendation, the Board has offered full disclosure and reason for adoption of its own practice, in compliance with the "if not, why not" regime.

The Directors monitor the business affairs of the Company on behalf of its Shareholders and have adopted this Corporate Governance Statement to encourage the Directors to focus their attention on accountability, risk management and ethical conduct. A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. The Board continues to review the framework and practices to ensure they meet the interests of its Shareholders.

2 Recommendation 1.1 - Roles and responsibilities of the Board and Senior Executives

The Board has adopted a Board Charter which sets out the roles and responsibilities of the Board and its governance requirements. The Board Charter clearly articulates the division of responsibilities between the Board and Senior Executives to help manage expectations and avoid misunderstandings about their respective roles and responsibilities. A copy of the Board Charter can be found on the Company's website: <http://www.henrymorgan.com.au/>

3 Recommendation 1.2 – Checks on Board candidates and provision of information to Shareholders

The Company undertakes appropriate checks before appointing a person or putting forward to Shareholders a candidate for election as a Director of the Company. The Company endeavours to provide the following information to Shareholders to enable the Shareholders to make an informed decision as to the candidate's character, experience, education, criminal record and bankruptcy history:

- biographical details, including their relevant qualifications and experience and the skills they bring to the Board;
- details of any other material Directorships currently held by the candidate;
- in the case of a candidate standing for election as a Director for the first time:
 - any material adverse information revealed by the checks the Company has undertaken on the candidate;
 - details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to act in the best interests of the Company and its Shareholders; and
 - if the Board considers that the candidate will if elected, qualify as an independent Director, a statement to that effect;



- in the case of a candidate standing for re-election:
 - the term of office currently served by the Director; and
 - if the Board considers the Director to be an independent Director, a statement to that effect;
- a statement by the Board as to whether it supports the election or re-election of the candidate.

4 Recommendation 1.3 – Written agreements with Directors and Senior Executives of the Company

The Company has entered into written agreements with each of its Directors setting out the terms of his or her appointment.

Each member of the Senior Executive team has signed a formal employment contract covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the Board on an annual basis and, where necessary, is revised in consultation with the relevant employee.

5 Recommendation 1.4 – Company secretary is accountable to the Board

The Company Secretary plays an important role in supporting the effectiveness of the Board and its committees. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The responsibilities of the Company Secretary include:

- advising the Board and its committees on governance matters;
- monitoring that Board and committee policy and procedures are followed;
- coordinating the timely completion and despatch of Board and committee papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes;
- helping organise and facilitate the induction and professional development of Directors; and
- attending to ASX and statutory filings.

Any decision to appoint or remove a Company Secretary will be made or approved by the Board.

Each Director of the Company is able to communicate directly with the Company Secretary and vice versa.

6 Recommendation 1.5 - Diversity Policy

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has developed a Diversity Policy which is available on the Company's website. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.



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The Board will abide by the following principles:

- the Board is to establish measurable Board gender diversity objectives and assess annually the objectives and progress in achieving them;
- the Company is to maintain a mix of Directors on the Board from different backgrounds with complementary skills and experience; and
- the Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Company.

The Company will disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee with the Company's Diversity Policy and its progress towards achieving them.

The Company has not yet established measurable objectives for achieving diversity. However, in line with the Recommendations the Board expects to set measurable objectives in the ensuing year.

At 30 June 2018 there was one woman on the board of six Directors, and one of the two joint Company Secretaries is a woman. The Company has no other executives or staff.

As the Company is not a "relevant employer" for the purposes of the Workplace Gender Equality Act 2012, there is no requirement for the Company to disclose Gender Equality Indicators.

7 Recommendation 1.6 – Process for the periodic evaluation of the Board

On an annual basis the Board (pending the establishment of a Nomination Committee) conducts a review of the Board structure, composition and performance and also reviews the performance of the Board committees and individual Directors. The Board has developed an informal annual self-assessment process for its collective performance, the performance of the Chair and its committees. A questionnaire is to be completed by each Director, evaluating his or her individual performance, that of other Board members and of the Board as a whole. The results and any action plans are to be documented together with specific performance goals which are to be agreed for the coming year. No formal reviews were conducted during the year ended 30 June 2018 as the composition of the Board has been evolving since the Company was admitted to the official list of ASX on 4 February 2016 and in 2017 increased from three to six Directors. The performance evaluation is to be undertaken annually in future.

8 Recommendation 1.7 – Process for the periodic evaluation of Senior Executives

The Company has developed a process for the annual appraisal of Senior Executives, including contribution to the overall success of the business. The appraisal is designed to measure success in achieving objectives set for the past twelve months and to set objectives for the ensuing twelve months. Succession planning is also built into the appraisal process to encourage development of future leaders within the Company. There were no senior executives due for annual appraisal during the year ended 30 June 2018.

9 Recommendation 2.1 -Nomination Committee



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Due to the small size of the board a separate Nomination Committee has not been established. Matters normally assigned to the Nomination Committee will be dealt with by the Board as a whole pending the establishment of a Nomination Committee.

10 Recommendation 2.2 – Board skills matrix

The Board considers that a diverse range of skills, background, knowledge and experience is required in order to effectively govern the Company. The Board has developed a skills matrix to help identify any gaps in the collective skills of the Board skills and diversity that the Board currently has or is looking to achieve in its membership. The Board regularly evaluates the mix of skills, experience and diversity of background, skills and perspectives will be effective in supporting and enabling delivery of good corporate governance and value for Shareholders.

When the need for a new Director is identified, the required experience and competencies of the new Director are defined in the context of this matrix and any gaps that may exist.

The Directors believe that the Board is of an appropriate size and has the requisite commitment, diversity and mix of skills to enable it to discharge its duties effectively. The table below sets out the skills and experience of the Board in those areas relevant to Directors' duties and the Company's operations.

Skills/Experience of the current Board	No. of Directors
Investing in global equity, bond, currency and commodity markets	2
Funds management and financial markets	2
Law	1
Accounting, corporate advisory, property advisory, wealth management services	4

11 Recommendation 2.3 – Director's independence

The Board has adopted specific principles in relation to Directors' independence. These state that to be independent, a Director must be a non-executive Director and:

- not be a substantial Shareholder of the Company or an officer of, or otherwise associated directly with, a substantial Shareholder of the Company;
- within the last three years, not have been employed in an executive capacity by the Company or any other Group member, or been a Director after ceasing to hold any such employment;
- within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided;
- not be a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- must have no material contractual relationship with the Company or a controlled entity other than as a Director of the Group;



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- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors' ability to act in the best interests of the Company; and
- must not have any close family ties with any person who falls within any of the categories described above.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or Group or 5% of the individual Director's net worth is considered material for these purposes.

In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the Shareholders' understanding of the Directors performance.

Recent thinking on corporate governance has introduced the view that a Directors' independence may be perceived to be impacted by lengthy service on the Board. To avoid any potential concerns, the Board has determined that a Director will not be deemed independent if he or she has served on the Board of the Company for more than ten years.

Having regard to the factors listed above, three directors; Vanessa Gunner, Dr William (George) Earl and Peter Ziegler, are considered by the Board to be independent Directors.

12 Recommendation 2.4 – Majority of the Board are independent Directors

Due to the small size of the Board, the composition of which is still evolving, the Company does not have a majority of independent Directors.

13 Recommendation 2.5 – Independence of Chair

The Chair of the Board is currently not an independent Director and, however in accordance with the Recommendations, the Chair is not the same person as the CEO.

The Board Charter provides for the Directors to elect an independent Director, who was not the previous Managing Director, to perform the role of the Chair and it is anticipated that this will occur in the future.

14 Recommendation 2.6 – Induction program for new Directors

The Company has a program for inducting new Directors and provides appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. All new Directors are provided with an induction including comprehensive meetings with the CEO, Senior Executives and management and the provision of information on the Company including Company and Board policies and other material documents.

All Directors are expected to maintain the skills required to effectively discharge their duties and obligations to the Company. Directors are strongly encouraged to undertake continuing professional development education.

15 Recommendation 3.1 – Code of Conduct

The Company has developed a Code of Conduct (the **Code**) which has been fully endorsed by the Board and applies to all Directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and practices necessary to maintain confidence in the Company's integrity.



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In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

A copy of the Company's Code of Conduct can be found on the Company's website.

16 Recommendations 4.1 and 7.1 –Establishment of an Audit Committee and Risk Committee

Currently the size of the Board is not sufficient to warrant two separate committees for Audit and Risk. As a result, the Company has established an Audit and Risk Management Committee.

The Charter of the Audit and Risk Management Committee can be found on the Company's website.

In accordance with its Charter, the Audit and Risk Management Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Audit and Risk Management Committee monitors the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks.

The Audit and Risk Management Committee will ensure that the number of times the Audit and Risk Management Committee met throughout each reporting period and the individual attendances of the members at those meetings are disclosed.

The Audit and Risk Management Committee is comprised of a majority of independent Directors. The Audit and Risk Management Committee is chaired by an independent director.

17 Recommendation 4.2 – CEO and CFO declaration

Before the Board approves the Company's financial statements for a financial period it will receive from the Managing Director and the CFO a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the Company and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

18 Recommendation 4.3 – External auditor attends AGM

The external auditor attends the Company's annual general meeting to be available to answer Shareholders questions about the conduct of the audit and the preparation and content of the audit report.

19 Recommendation 5.1 – Written policy for complying with its continuous disclosure obligations

The Company has a Continuous Disclosure and Shareholders Communication Policy setting out the requirements aimed to ensure full and timely disclosure to the market of all material issues relating to the Company to ensure that all stakeholders have an equal opportunity to access information. The Company's Continuous Disclosure Policy reflects the continuous disclosure requirements of the Listing Rules and Corporations Act.

A copy of the Company's Continuous Disclosure and Shareholders Communication Policy can be found on the Company's website.



20 Recommendation 6.1 – Provision of information via the Company's website

The Company provides information about itself and its governance to investors via its website - <http://www.henrymorgan.com.au>. The Company's corporate governance information can be accessed from the "Corporate Governance" section of the Company's website. In particular, the Company's website has links to:

- the names and brief biographical information for each of its Directors and Senior Executives;
- its constitution, its Board charter and the charters of each of its Board committees;
- its corporate governance policies;
- copies of its annual reports and financial statements (once prepared);
- copies of its announcements to ASX; and
- copies of notices of meetings of Shareholders and any accompanying documents.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

21 Recommendation 6.2 – Investor relations program to facilitate effective two way communication

The Company has a Continuous Disclosure and Shareholders Communication Policy that outlines the processes followed by the Company to ensure communications with Shareholders and the community is effective, consistent and adheres to the principles of continuous disclosure. A copy of the Continuous Disclosure and Shareholders Communication Policy is available on the Company's website.

The Company will engage with its Shareholders by providing information about itself and its governance via its website. The Company's website includes:

- once known, the time, venue and other relevant details for results presentations and the AGM;
- a description of the Company's dividend policy;
- copies of media statements;
- contact details for enquiries from Shareholders, analysts or the media;
- contact details for the Company's securities registry; and
- dividend or distribution reinvestment plan forms.

22 Recommendation 6.3 – Disclosure of the policies and processes it has in place to facilitate and encourage participation at meetings of Shareholders

The Company permits Shareholders to cast their proxies prior to a General Meeting if they are unable to attend.



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23 Recommendation 6.4 –Shareholders have the option to receive communications from and send communications to the Company and its share registry electronically

Shareholders are encouraged to communicate with the Company electronically, including via the “contact us” facility on the Company website and receiving forms and documents electronically or accessing material directly from the Company’s website. The Company gives Shareholders the option to receive communications from, and send communications to, the Company and its security registry electronically, as provided for in the Company’s Shareholders Communication Policy. Shareholders not already receiving information electronically can elect to do so through the share registry, Link Market Services Pty Ltd.

24 Recommendation 7.2 – Review of the Company’s risk management framework annually

The Audit and Risk Management Committee Charter requires the Committee to at least annually undertake a structured review of the risk management framework of the Company to satisfy itself it continues to be sound and that the Company is operating within the risk appetite set by the Board.

The Audit and Risk Management Committee will ensure the disclosure of whether such a review has taken place during each reporting period.

A structured review was undertaken in the year ended 30 June 2016. A formal review is to be undertaken in the current financial year.

25 Recommendation 7.3 – Internal audit function

The Company does not have an internal audit function.

The Company is committed to understanding and managing risk and to establishing an organisational culture that ensures risk management is included in all activities, decision making and business processes. The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit and Risk Management Committee and reviewed by the full Board. The Audit and Risk Management Committee’s Charter can be accessed on the Company’s website. The Audit and Risk Management Committee recommends any action it deems appropriate to the Board for its consideration.

The Board’s collective experience will enable accurate identification of the principal risks that may affect the Group’s business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

26 Recommendation 7.4 – Material exposure to economic, environmental and social sustainability risks

The Company recognises that how it conducts its business activities impacts directly on a range of stakeholders, including its Shareholders, employees, customers, suppliers, creditors, consumers, government and the local communities in which it operates. In recent times there has been an increase in calls for the business community to address matters of economic, environmental and social sustainability and there has been an increase in demand from investors for greater transparency on these matters so they can assess investment risk.



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In accordance with Recommendation 7.4, the Company's operations do not cause economic, environmental and social sustainability risk.

27 Recommendation 8.1 – Remuneration Committee

The Company has established a Remuneration Committee.

The Charter of the Remuneration Committee is available on the Company's website.

In accordance with its Charter, the Remuneration Committee is responsible for ensuring that the Company's executive remuneration policies, practices and procedures are:

- aligned with the Company's overall business objectives and market practice;
- motivate executives to pursue the Company's long term growth;
- demonstrate a clear relationship between the Company's performance and performance of executives; and
- align the interests of executives with the creation of value for Shareholders.

The Remuneration and Nomination Committee will ensure that the number of times the committee meets throughout the relevant reporting period and the individual attendances of the members at those meetings are disclosed.

All members of the Board are currently members of the Remuneration Committee and consequently it does not follow the Recommendation that it be comprised of a majority of independent directors, however it is chaired by an independent director.

28 Recommendation 8.2 – Disclosure of policies and practices regarding remuneration of non-executive Directors and remuneration of executive Directors and other Senior Executives

The Company's policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other Senior Executives is set out in the Remuneration Committee Charter. The Remuneration Committee Charter is accessible on the Company's website.

Further information on Directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' report under the heading "Remuneration Report" in the Company's Annual Report.

29 Recommendation 8.3 – Transactions which limit the economic risk of participating in the Company's equity based remuneration scheme

The Company has an equity based remuneration scheme. The Company's Securities Trading Policy provides that participants in the scheme must not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested equity interest. A copy of the Company's Securities Trading Policy is accessible on the Company's website.

30 Endorsement

- The Company is committed to this document and to its implementation.



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- This document was adopted by the Board on 30 October 2018.

31 Definitions

In this document:

ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Board	means the Board of the Company.
Chair	means the Director of the Company appointed as the chairperson of the Board from time to time.
CFO	means the chief financial officer or equivalent officer (by whatever title known) of the Company.
Company	means Henry Morgan Limited ACN 602 041 770.
Company Secretary	means the person appointed company secretary of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a Director of the Company.
Group	means the Company and its controlled entities.
Listing Rules	means the listing rules of ASX.
Managing Director/CEO	means the managing Director (or if there is no managing Director, the CEO) or equivalent officer (by whatever title known) of the Company.
Shareholders	means Shareholders of the Company.
Recommendation/s	means recommendation/recommendations of the ASX Corporate Governance Council contained in the Corporate Governance Principles and Recommendations (third edition).