

## Appendix 4G

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

Name of entity:

CML Group Limited

ABN / ARBN:

88 098 952 277

Financial year ended:

30 Jun 2019

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:
- ☒ This URL on our website: <http://cml-group.com.au/>

The Corporate Governance Statement is accurate and up to date as at 19 September 2019 and has been approved by the board.

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

Date: 19<sup>th</sup> September 2019

Name of Director authorising lodgement:



Greg Riley

<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: (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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 2,3,7 & 11) <b>OR</b> <input type="checkbox"/> at ... 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): <input checked="" type="checkbox"/> at Corporate Governance Statement (Section 2, 3, 7 & 11)	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 2) <b>OR</b> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 3, 10, 15) <b>OR</b> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 6) <b>OR</b> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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>
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 checked="" type="checkbox"/> in our Corporate Governance Statement (Section 21) <b>OR</b></p> <p><input type="checkbox"/> at</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at Corporate Governance Statement (Section 21)</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 checked="" type="checkbox"/> in our Corporate Governance Statement (Section 21) <b>OR</b></p> <p><input type="checkbox"/> at</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 21) <b>OR</b></p> <p><input type="checkbox"/> at</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>
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 (Section 10 &amp; 15) <b>OR</b></p> <p><input type="checkbox"/> at</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 10 &amp; 15) <b>OR</b></p> <p><input type="checkbox"/> at</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>
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 (Section 15) <b>OR</b></p> <p><input type="checkbox"/> at</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 15) <b>OR</b></p> <p><input type="checkbox"/> at</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>

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>
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 checked="" type="checkbox"/> in our Corporate Governance Statement (Section 15) <b>OR</b></p> <p><input type="checkbox"/> at ... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Corporate Governance Statement (Annexure 2)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 15) <b>OR</b></p> <p><input checked="" type="checkbox"/> in our financial report for the year ended 2019.</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>
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 checked="" type="checkbox"/> in our Corporate Governance Statement (Section 2) <b>OR</b></p> <p><input checked="" type="checkbox"/> in our financial report for the year ended 2019.</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>

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>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (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 (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> in our financial report for the year ended 2019 ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 8) <b>OR</b> <input type="checkbox"/> at ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> in our financial report for the year ended 2019	<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: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 8) <b>OR</b> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 5) <b>OR</b> <input type="checkbox"/> at	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement (Section 5) <b>OR</b> <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: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 9) <b>OR</b> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input 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: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 18) <b>OR</b> <input type="checkbox"/> at	<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>
<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 checked="" type="checkbox"/> in our Corporate Governance Statement (Section 14) <b>OR</b></p> <p><input type="checkbox"/> at</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Corporate Governance Statement (Annexure 1)</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 checked="" type="checkbox"/> at our financial report for the year ended 2019</p>	<p><input type="checkbox"/> 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><input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 22) <b>OR</b></p> <p><input type="checkbox"/> at</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: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 20) <b>OR</b> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: (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.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 20) <b>OR</b> <input type="checkbox"/> at	<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: <input checked="" type="checkbox"/> at <a href="http://cml-group.com.au/">http://cml-group.com.au/</a>	<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: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 20) <b>OR</b> <input type="checkbox"/> at	<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: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 20) <b>OR</b> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: <input checked="" type="checkbox"/> in our Corporate Governance Statement (Section 20) <b>OR</b> <input type="checkbox"/> at	<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>
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 checked="" type="checkbox"/> in our Corporate Governance Statement (Section 16) <b>OR</b></p> <p><input type="checkbox"/> at</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Corporate Governance Statement (Annexure 3)</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 checked="" type="checkbox"/> in our annual report for the year ended 30 June 2019</p> <p>[If the entity complies with paragraph (b):]</p>	<p><input type="checkbox"/> 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 checked="" type="checkbox"/> in our Corporate Governance Statement (Section 16) <b>OR</b></p> <p><input type="checkbox"/> at</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 checked="" type="checkbox"/> in our annual report for the year ended 30 June 2019</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>
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):] ... 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</p> <p>[If the entity complies with paragraph (b):] ... 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 checked="" type="checkbox"/> in our Corporate Governance Statement (Section 23) <b>OR</b></p> <p><input type="checkbox"/> at</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement (Section 23)</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 checked="" type="checkbox"/> in our financial report for the year ended 30 June 2019.</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>
<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 checked="" type="checkbox"/> in our Corporate Governance Statement (Section 15) <b>OR</b></p> <p><input type="checkbox"/> at ... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Corporate Governance Statement (Annexure 2)</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 checked="" type="checkbox"/> in our financial report for the year ended 30 June 2019</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>
8.2	<p>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>	<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 (Section 10, 15) <b>OR</b></p> <p><input checked="" type="checkbox"/> in our financial report for the year ended 30 June 2019</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 checked="" type="checkbox"/> in our financial report for the year ended 30 June 2019</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 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>

# **CML Group Limited**

## **Corporate Governance Statement**

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## 1. General

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CML Group Limited's (CML) corporate governance framework has been formulated in light of the principles and recommendations released by the Australian Stock Exchange Corporate Governance Council, 3<sup>rd</sup> edition ("The ASX Recommendations"). CML's framework largely complies with these recommendations. Consistent with CML's approach to sound corporate governance, opportunities for improvement are regularly considered.

The Directors are responsible to shareholders for the performance of CML and their focus is to enhance the interests of shareholders and other key stakeholders and to ensure CML is properly managed. The main processes that the Directors of CML use in doing so are set out in this statement.

## 2. Board Composition

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CML's Constitution requires that the minimum number of Directors is 3.

Membership of the Board currently comprises:

- 4 Non-Executive Directors (NEDs), 3 being independent Directors (as to "independence" see section 8 below); and
- 1 Executive Director

Directors are subject to retirement by rotation and election by shareholders at a general meeting. No Director may remain on the Board for more than three years without re-election. When a Director is appointed during the year that Director will hold office until the next Annual General Meeting and then be eligible for re-election.

When considering Board vacancies, Directors take into account the candidate's capacity to enhance the mix of skills and experience of the Board and to contribute to the ongoing development of CML. When a vacancy exists, the Nomination and Remuneration Committee identifies candidates with the relevant experience and expertise, using external consultants when required.

The Board considers that individually and collectively the directors bring a level of skill, knowledge, experience and diversity that enables the Board to discharge its responsibilities effectively. The following table summarises the key skills and experience of the directors:

Category	Skill or Experience
Leadership and Governance	Leadership and Strategy
Finance and Risk	Finance and Accounting
Industry Experience	Finance, Payroll, Health, Government and Recruitment
Other Relevant Skills and Experience	Sales, Marketing, People and Performance

Further information on the skills, experience and expertise of the directors are included in the annual financial reports

Details regarding the gender diversity of the Board are included in Diversity Statement.

Details of the number of Board meetings and the attendance of the directors are included in the annual financial reports.

### **3. Board Roles and Responsibilities**

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The Board is committed to maximising performance; generating appropriate levels of shareholder value and financial return; and sustaining its finance and businesses.

The responsibilities of the Board are:

- (a) Setting and overseeing the implementation of strategic objectives, and approval of long-term business plans and annual budgets including operating and capital expenditure budgets
- (b) Approval and monitoring the progress of all major capital expenditure projects and acquisitions and divestitures.
- (c) Regularly reviewing the operational and financial performance of CML.
- (d) Ensuring that appropriate policies and procedures are in place and implemented to satisfy the requirements of continuous disclosure to the investment market and shareholders about the performance and activities of CML so that they can make informed assessments of CML's prospects.
- (e) In conjunction with the Risk Committee ensuring appropriate risk management systems are in place to identify, assess and provide proper management of risk and communicate the Board's risk appetite to management.
- (f) Overseeing CML's commitment to the health and safety of employees and contractors, the environment and sustainable development.
- (g) Ensure the company maintains a commitment to diversity
- (h) Evaluation of potential business development opportunities.
- (i) Nomination and, where appropriate, appointment of Directors, evaluating their performance, reviewing their remuneration and ensuring an appropriate succession plan.
- (j) Appointing and removing the Chairperson, Chief Executive Officer (CEO), Company Secretary, Chief Financial Officer (CFO) and other senior executives, evaluating their performance, reviewing their remuneration and ensuring an appropriate succession plan.
- (k) Ensuring appropriate resources are available to senior executives.
- (l) Ensuring appropriate policies and delegations are sufficient to effectively govern CML.
- (m) Appointment of CML's external auditors.
- (n) Ensuring satisfactory internal controls are maintained over the financial reporting processes.

- (o) Approving and monitoring financial and other reporting.
- (p) Ensuring there is an effective Corporate Governance structure and practice in place.
- (q) Ensuring CML's Code of Conduct (Annexure 4) and other policies are adhered to.
- (r) Ensuring that an appropriate policy is in place regarding trading of CML's shares by employees of CML (Annexure 5).
- (s) Approval of the annual and half-year financial reports.
- (t) Determine the company's dividend policy, including quantum and timing of dividends and oversee the company's dividend reinvestment policy.
- (u) Ensuring all shareholders are treated equally and fairly.
- (v) Ensuring that appropriate policies and procedures are in place to ensure compliance with applicable laws.

All other responsibilities are delegated by the Board to management.

## **4. Board Processes**

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The Board currently schedules nine meetings per year. In addition, the Board meets whenever necessary to deal with specific matters needing attention between the scheduled meetings. Extraordinary meetings take place at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared by the Company Secretary in conjunction with the Chairperson and CEO, with periodic input from the Board. Comprehensive Board papers are distributed to Directors in advance of scheduled meetings. Board meetings take place at CML's head office in Sydney or other relevant locations.

To assist the Board in the execution of its responsibilities, the Board has established an Audit Committee, a Nomination and Remuneration Committee (NR Committee) and a Risk Management Committee (RM Committee). Any issues of corporate governance which are not dealt with specifically by these committees are the responsibility of the full Board.

## **5. Chairperson**

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The Chair is responsible for:

- (a) Leading the Board in reviewing and discussing Board matters;
- (b) Chairing Board meetings and shareholder meetings, including, setting the agenda for Board meetings (in consultation with the other directors and the Company Secretary) and ensuring that adequate time is available for discussion of all agenda items;
- (c) Ensuring the efficient organisation and conduct of the Board's function;
- (d) Briefing all directors in relation to issues arising at Board meetings;
- (e) Facilitating effective contribution by all directors and monitoring Board performance;

- (f) Promoting constructive and respectful relations between Board members and between the Board and management;
- (g) Overseeing the role of the Company Secretary, including, reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board; and
- (h) On the advice of the Nomination Committee, establishing and overseeing the implementation of policies and systems for Board performance review and renewal.

The Chairperson, Mr G Riley, is not considered an independent director due to the substantial shareholding clause. Mr G Riley is the founder of the CML Group. The Board has determined that the chairpersonship of Mr Riley is of significant benefit to the Company and Group due to his long standing contribution to, and association with, the company. Mr Riley has been Non-Executive Chairperson since 18 November 2014.

## **6. Company Secretary**

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Company Secretary is directly accountable to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.

The Company Secretary acts as secretary of the Board attending all meetings of the Board as required.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board and all Directors have access to the Company Secretary. The decision to appoint or remove the Company Secretary is made or approved by the Board.

The Company Secretary is responsible for:

- (a) Advising the Board and its committees on governance matters;
- (b) Monitoring that Board and committee policies and procedures are followed;
- (c) Coordinating the timely completion and despatch of Board and committee meeting minutes ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- (d) Organising and facilitating the induction and professional development of Directors.

## 7. Responsibilities of Directors

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Directors are expected to at all times act in accordance with legal and statutory requirements, and discharge all their duties as directors. Directors must:

- a) discharge their duties in good faith and in the best interests of the Company and for a proper purpose;
- b) act with care and diligence, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a director of a major company, including applying an independent and enquiring mind to their responsibilities;
- c) avoid conflicts of interest except in those circumstances permitted by the Corporations Act;
- d) not make improper use of information gained through their position as a director;
- e) not take improper advantage of their position as a director;
- f) notify other directors of a material personal interest when a conflict arises;
- g) in the case of non-executive directors, disclose to the Board all information that may be relevant for the Board to assess the director's independence;
- h) make reasonable enquiries if relying on information or advice provided by others;
- i) undertake any necessary enquiries in respect of delegates;
- j) give the Company or ASX Limited all the information required by the Corporations Act; and
- k) not permit the Company to engage in insolvent trading

## 8. Independence of Board Members

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The Board regularly assesses the independence of each of the Directors based on the interests and associations disclosed by them, in line with the ASX best practice guidelines on independence, which are listed below.

Currently three NEDs are deemed to be independent and two not to be independent. CML notes that majority of the Board are independent directors.

CML aims for its Directors to be independent in thought and judgement, as well as expecting the Directors to add value to CML. CML operates in an entrepreneurial environment, and both requires and benefits from the passionate involvement of Directors who have been instrumental in launching CML and the business, and who have specialised knowledge of, and expertise in, this business sector. The existing Board structure is considered appropriate for CML at this stage of its growth.

In respect to other matters arising, in accordance with the Board's guidelines, the Directors concerned declare their interest in those dealings to CML and, after discussion; the remaining Directors determine whether the potential conflict of interest should disqualify them from being present or voting on the matter.



## **Assessing the independence of Directors - The ASX guidelines**

An independent Director is a NED (i.e. is not a member of management) and is none of the following:

- (a) A substantial shareholder of CML or an officer of, or otherwise associated directly with, a substantial shareholder of CML;
- (b) An employee of CML in an executive capacity at any time within the last 3 years;
- (c) A principal of a material professional adviser or a material consultant to CML or another group member, or an employee materially associated with the service provided within the last 3 years;
- (d) A material supplier or customer of CML or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- (e) A holder of a material contractual relationship with CML or another group member other than as a Director of CML.

## **9. Director Education and Resources Available to the Board**

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The Company has a process to educate new directors about the nature of the business, current issues, corporate strategy and the Company's expectations of directors. All directors are made aware of their rights to access employees, information and resources. Directors are encouraged to visit the Group's locations and meet with management to gain a better understanding of the Group's operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge base.

In relation to their duties and responsibilities, Directors have the right to seek independent professional advice at CML's expense provided that before the advice is obtained, the Director discusses the requirement for the advice with the Chairperson. Any advice so received must be made available to all other Directors.

Where the Chairperson wishes to seek independent advice, she or he must make a formal request to the Chair of the Audit Committee. Any advice so received must be made available to all other Directors.

CML intends to enter into Deeds of Access and Indemnity with each Director giving them a right of access to all documents that were presented to meetings of the Board or to any committee of the Board or otherwise made available to the Director whilst in office. This right continues for a term of seven years after ceasing to be a Director or such longer period as is necessary to determine relevant legal proceedings that commenced during that term.

## 10. Remuneration of Non-Executive Directors

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The ASX Listing Rules state that the maximum aggregate remuneration for NEDs must be fixed and can be varied only at a general meeting. The maximum aggregate remuneration of \$500,000 per annum was approved by shareholders on 25 June 2019.

The fees are currently set as follows:

- Chairperson's fees \$140,000 p.a.
- Directors' fees \$80,000 p.a.

Executive Directors are not paid Directors' fees in addition to their remuneration as executives.

Fees paid to NEDs have superannuation contributions deducted as applicable as required by Commonwealth legislation. CML pays no other retirement benefits to Directors

## 11. Delegations

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### Delegation to Chief Executive Officer

- (a) The Board has delegated to the Chief Executive Officer the authority to manage the day to day affairs of the Company and the authority to control the affairs of the Company in relation to all matters other than those responsibilities reserved to itself in this Charter.
- (b) The Board may impose further specific limits on the Chief Executive Officer delegations. These delegations of authority will be maintained by the Company Secretary and will be reviewed by the Board from time to time.
- (c) The Chief Executive Officer has authority to sub-delegate to senior management.

### Role of Chief Executive Officer

- (a) The management function is conducted by, or under the supervision of, the Chief Executive Officer as directed by the Board, and by other officers to whom the management function is properly delegated by the Board or the Chief Executive Officer. The Board approves corporate objectives for the Chief Executive Officer to satisfy and, jointly with the Chief Executive Officer, develops the duties and responsibilities of the Chief Executive Officer, which includes those set out in any employment contract of the Chief Executive Officer.
- (b) The Chief Executive Officer is responsible for implementing strategic objectives, plans and budgets approved by the Board in accordance with the directions of the Board.

## 12. Meetings

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- a) All Board meetings will be conducted in accordance with the Company's Constitution and the Corporations Act.
- b) Directors are committed to collective decision making, but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the directors. Individual directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.
- c) Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.
- d) A meeting of the Board will usually be convened by the Chair, although under the Company's Constitution a meeting may be called by any director.
- e) All directors are expected to diligently prepare for, attend and participate in all Board meetings.
- f) At a minimum, a quorum of directors under the Company's Constitution is two directors. Meetings of the Board may be held or participated in by conference call or other electronic communications as permitted by the Company's Constitution.
- g) Resolutions of the Board may be passed by circular resolution or in writing in accordance with the Company's Constitution.
- h) The Board should assess the information that it receives and the timing of its distribution to ensure the Board has sufficient time to examine the material provided to it for approval.
- i) Non-executive directors will periodically meet without executive directors or management

## 13. Board Committees

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The Board has established three committees to assist in the execution of its duties. They are the:

- (a) Audit;
- (b) Nomination and Remuneration (NR); and
- (c) Risk Management (RM) Committees. Other committees can be formed to deal with specific issues, when required.

Each of the committees has its own charter setting out its role and responsibilities. All recommendations of the committees are submitted to the Board. The charters are approved by the Board. The Board and each committee annually revisit its objectives and duties and evaluate the effectiveness of its performance.

## 14. Audit Committee

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Unless otherwise determined by the Board, the Committee comprises only NEDs, a minimum of 2 being independent Directors. It is intended that a majority of the Committee at any time will be independent Directors. The Chair should be an independent Director and not the Chair of the Board of Directors. Members of the Audit Committee are:

- **Chair:** Geoff Sam;
- **Members:** Greg Riley, Ilkka Tales.

The Company Secretary is to provide administrative support.

The external auditors, the CEO, CFO and other officers of CML may attend meetings of the Committee by invitation.

Pitcher Partners Chartered Accountants have been appointed as external auditor to CML. Section 324DA of the *Corporations Act 2001* prescribes a limited term for eligibility of persons playing a significant role in the audit of a listed company. The key responsibilities of the Audit Committee are set out in the Audit Committee Charter (**Annexure 1**). The Audit Committee is responsible for the selection and recommendation of CML's external auditor. The audit committee has recommended the external audit service be put to tender on a tri-annual basis. Further that in the event the external auditor is retained post 3 years that the engagement partner be rotated on a 5-year basis.

The external auditors have direct access to the Chairperson of the Audit Committee and where necessary, the Chairperson of the Board. The Audit Committee meets with the external auditors without management present on an as required basis, but at least once a year.

The external auditor attends the Annual General Meeting and is available to answer questions from shareholders.

## 15. Nomination and Remuneration Committee

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Unless otherwise determined by the Board, the Nomination and Remuneration Committee (NR Committee) comprises a minimum of three NEDs. Members of the NR Committee are:

- **Chair:** Sue Healy;
- **Members:** Greg Riley, Geoff Sam.

The Company Secretary is to provide administrative support. The CEO is invited to attend meetings to discuss senior executives' performance and remuneration.

Majority of the committee are not independent directors. CML is an entrepreneurial company in which a number of the directors have been involved since the company's inception. At this stage of CML's development the Board feels the balance of Directors is the most suitable mix for the company's ongoing success.

In all cases Directors act with independence of thought and action. Directors with a direct interest in any matter are excluded from the decision process and/or discussion of the matter.

The key responsibilities of the NR Committee are set out in the NR Committee Charter (**Annexure 2**).

Management is responsible for recommending remuneration practices and policies. The NR Committee has the right to review, approve or refer to the Board for its approval, remuneration practices and policies.

(a) In relation to employees generally, the NR Committee reviews and approves remuneration policies and practices.

(b) In relation to senior management, the NR Committee reviews remuneration policies and practices and makes recommendations to the Board regarding their approval.

(c) In relation to the CEO, Company Secretary, and the CFO, the NR Committee determines and makes recommendations to the Board on remuneration packages and other terms of employment having regard to the need to attract, retain and develop appropriately skilled people.

Each member of the senior management team is employed under a contract covering a range of matters including their duties, rights, responsibilities and entitlements on termination.

Remuneration of the senior management team is reviewed on an annual basis by the NR Committee having regard to personal and corporate performance and relevant comparative information.

Remuneration for senior executives presently comprises a salary per annum, reviewed annually with reference to the progress of CML. Each may also be entitled to an annual bonus determined by the CEO or the Chairperson, reviewed by the NR Committee, and approved by the Board at the Board's absolute discretion.

Going forward the NR Committee may recommend a longer-term incentive component for the executive and senior management remuneration packages (equity based). The development of such a policy will need to be cognisant of prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under the equity-based remuneration scheme.

## **16. Risk Management Committee**

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CML has a risk management program that is reviewed by the Risk Management Committee (RM Committee) and approved by the Board. The program is designed to ensure risks (strategic, operational, legal, reputational and financial) are identified, assessed, addressed and monitored to enable CML to achieve its business objectives.

CML's risk management program is managed by the CEO and the CFO. The Board receives regular monthly reports on progress in addressing the risks. The RM Committee has the right to appoint external professional advisers to carry out regular investigations into control mechanisms and report their findings, including recommendations for improvement to controls, processes and procedures, to the Audit Committee.

The RM Committee Charter is provided in (**Annexure 3**).

Unless otherwise determined by the Board, the RM Committee comprises a minimum of three Directors with at least two members being NEDs. Members of the RM Committee are:

- **Chair:** Ilkka Tales
- **Members:** Greg Riley, Sue Healy

The Company Secretary is to provide administrative support. The majority of the committee are not independent directors and it is not chaired by the independent director. CML is an entrepreneurial company in which a number of the directors have been involved since the company's inception. At this stage of CML's development the Board feels the balance of Directors is the most suitable mix for the company's ongoing success. In all cases Directors act with independence of thought and action. Directors with a direct interest in any matter are excluded from the decision process and/or discussion of the matter.

## 17. Indemnities

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The Directors are indemnified under Deeds against liability in the fulfilment of their duties except for when an indemnity is not allowed under Section 199A of the Corporations Act, being:

- (a) A liability owed to CML or a related body corporate;
- (b) A liability for pecuniary penalty order under section 1317G or a compensation order under section 1317H or 1317HA of the Corporations Act; and
- (c) A liability owed to someone other than CML or a related body corporate and did not arise out of conduct in good faith.

CML also carries a Directors and Officers insurance policy. CML or a related body will not pay a premium for a contract insuring an officer or auditor against a liability arising out of:

- (a) Conduct involving a wilful breach of duty in relation to CML; or
- (b) A contravention of section 182 or 183 of the Corporations Act.

## 18. Code of Conduct

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The Code was adopted to reflect current business and community expectations.

In summary, the Code requires that at all times Directors and employees act with the integrity, objectivity and in compliance with the letter and spirit of the law and CML policies.

The Code requires employees who are aware of unethical practices within CML to report these using the avenues available under the Corporate Governance manual. Employees have direct access to the CEO or, if this would cause a conflict, the Chairperson of the Audit Committee or the Chairperson of the Board.

CML's Code of Conduct is provided in (**Annexure 4**).

## 19. Dealing in CML's Securities by Directors and Employees

Directors and officers of CML are prohibited from trading in CML securities apart from the period of 30 days commencing the day after CML is listed or announces its half-yearly and quarterly reports, preliminary final statement and full year results and any other announcement containing guidance as to financial results.

Directors and officers are also subject to the provisions of the Corporations Act relating to conduct by a person in possession of inside information. A person possesses inside information, if they know, or ought to reasonably know, that if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of CML's securities.

Directors and officers in possession of inside information are prohibited from trading in CML's securities.

Directors and officers must inform the Chairperson, or in her or his absence the Chairperson of the Audit Committee, of their intention to trade in CML's securities either by themselves or by an associate. In doing so they must confirm they hold no inside information. If the Chairperson intends to trade, he/she must inform the Chairperson of the Audit Committee. Such notification must be provided at least 24 hours prior to any proposed trade.

The Board is responsible for ensuring that management put in place an education program that makes all employees aware of their legal obligations with respect to insider trading.

CML's Directors and Employees Share Trading Policy is provided in (**Annexure 5**).

## 20. Continuous Disclosure and Shareholder Communications

The Company Secretary is responsible for communication with the Australian Stock Exchange (ASX). This includes ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing information disclosure to analysts, brokers, shareholders, the media and general public.

All information disclosed to the ASX is posted on CML's website as soon as practicable after it is disclosed to the ASX. Material used to brief analysts on CML's operations is released to the ASX when it provides new information and all presentation material is posted on the website.

CML announcements, annual and half-year reports and AGM presentations are available on the CML's website [www.CML-Group.com.au](http://www.CML-Group.com.au). Set out below are some of the common disclosures which must be notified to the ASX. The Company Secretary should seek advice as to whether the ASX requires notification of other changes which may affect the company.

Action Required	Details
Notice of material information	<p>Listing Rule 3.1 requires companies to immediately notify the ASX of information that a reasonable person would expect to have a material effect on the price or value of company shares.</p> <p>There are exceptions to this rule.</p>
Notice of specific information	A listed company must immediately notify the ASX of information relating to;

	<ul style="list-style-type: none"> <li>• A takeover bid</li> <li>• A company buy-back</li> <li>• A reorganisation of capital</li> <li>• A proposed issue of securities</li> <li>• Details of a call to be made on its securities</li> <li>• A conversion of securities</li> <li>• Release of restricted securities or securities subject to escrow</li> <li>• Options and changes to options</li> <li>• The lodging of any disclosure document</li> </ul>
Change in company details	<p>A listed company must immediately notify the ASX of a change of the company's;</p> <ul style="list-style-type: none"> <li>• Address</li> <li>• Telephone or fax number</li> <li>• Registered office or principal place of business</li> <li>• Chairperson, director, CEO or secretary</li> <li>• Auditor</li> </ul>
Registers	A listed company must immediately notify the ASX of changes of the address at which its register is kept.
Disclosure of Directors' interests	<p>Appendix 3X – “<i>Notifiable interests of a Director</i>” within 5 days from the date a Director is appointed.</p> <p>Appendix 3Y – “<i>Change to a notifiable interest of a Director</i>” within 5 days from when the change occurred.</p> <p>Appendix 3Z – “<i>Notifiable interests of a Director as of the date the former director ceases to be a director</i>” within 5 days of the Director ceasing to be a Director.</p>
Notification of proposed record date or changes to a proposed record date	Appendix 3A – “ <i>Notification of proposed record date or changes to a proposed record date</i> ” at least 7 days before the proposed record date or changes to a proposed record date.
Change to the nature or scale of activities	Whenever a company proposes a change to the nature or scale of activities (either directly or indirectly) the company must notify the ASX as soon as possible BEFORE making the change
Annual Financial Report	<ul style="list-style-type: none"> <li>• Lodge within three months of the company's end of financial year, all annual reports that the company has to lodge with ASIC – annual financial report, auditor's report and Directors' report.</li> <li>• Lodge 2 copies of the Annual Report sent to Members on the earlier of the day the documents are sent to members or 17 weeks after the company's end of financial year.</li> <li>• Any non-compliance with reporting requirements.</li> <li>• Appendix 4E – “<i>Preliminary final report</i>” within 2 months of the company's end of financial year.</li> </ul> <p>Appendix 4F if the company changes its balance date so the next annual accounts cover more than 12 months.</p>
Financial reporting to members	<p>The annual financial report, auditor's report and Directors' report must be sent to members by the earlier of;</p> <ul style="list-style-type: none"> <li>• 21 days before the AGM</li> </ul> <p>4 months after the end of the financial year</p>
Half-year financial reporting	<ul style="list-style-type: none"> <li>• Lodge within two months of the company's end of half year, all financial reports that the company has to lodge with ASIC – half-year financial report, auditor's report and Directors' report.</li> <li>• Appendix 4D – lodged with the ASX along with the above reports</li> </ul>



The Board's philosophy is to encourage full participation of shareholders at any general meeting to ensure a high level of accountability and identification with CML's strategy and goals. Important issues are presented to shareholders as single resolutions and in plain English. The meeting is held in Sydney and shareholders can attend in person or send a proxy as their representative. Where possible, all current directors and senior executives attend the meeting. The external auditor also attends the meeting to answer shareholder questions about the conduct of the audit and the preparation and content of the independent auditor's report.

The CEO and CFO meet with shareholders and analysts from time to time. Presentations to be made to those persons are released to the market via the ASX and published on the Company's website. In addition, the CEO and CFO endeavour to respond to all queries from shareholders and analysts in relation to the Group, provided the information requested is not price sensitive or is already publicly available.

The Chairperson meets with shareholders and proxy advisors to discuss matters relevant to the Group's corporate governance, and issues to be considered at the Annual General Meeting.

Routine shareholder enquiries are dealt with by the Company Secretary.

The Company also communicates with its shareholders via its share registry, Computershare. The registry provides shareholders with the option of receiving communications from and sending communications to it electronically, except in certain limited circumstances, for example, in which an original signature or document must be provided.

## 21. Diversity Statement

CML is a company that prides itself on the diversity of its workforce. The company is made up from individuals with various skills, backgrounds and experiences. CML is proud of its multicultural team with employees from eleven countries (2018: eleven). In order to attract and retain a diverse and highly skilled workforce, CML is dedicated to providing a workplace in which all employees are treated equally and with respect. The group recognises that diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

CML is committed to fostering gender diversity in its workforce. The following table shows the split of genders throughout the group.

	YE2019		
	Male	Female	Total
Board - Non Executive	3	1	4
Executive	3	2	5
Middle Management	8	4	12
All Other Staff	26	38	64
<b>TOTAL</b>	<b>40</b>	<b>45</b>	<b>85</b>

CML believes in employing the right person for the right job, regardless of gender. Rather than setting specific targets, CML has a workplace that is fair to all employees.

CML Group has submitted reports to the Workplace Gender Equality Agency in accordance with the Workplace Gender Equality Act 2012 ("WGEA").

## **22. Financial Reporting**

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The Group are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The declarations for the half year ended 31 December are received in February, and the declarations for the year ended 30 June are received in September each year.

## **23. Internal Audit**

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The company is in the process of establishing robust internal assurance processes in lieu of a dedicated internal audit program. The company utilises both external and internal resources to provide an internal control function. The company is mindful to ensure a suitable level of independence is achieved in this internal control program and reports to the Board, Audit Committee and RM Committee in an objective manner allowing for assurance that key risks are being accurately evaluated and reported.

Each divisional manager reports on risk in the monthly report to the Board and coordination of the internal controls program is undertaken by the CEO and CFO.

An internal controls plan is established and designed to provide a suitable level of assurance to the Audit Committee that internal controls are operating effectively and efficiently.

A number of different approaches are utilised as part of the Internal Controls Review Plan.

These include:

- Utilisation of external audit firms to review specific risks in high-risk areas. Currently Price Waterhouse Coopers audits the finance division processes and financials quarterly. The results of this audit are made available to security holders and financiers via the CML-Group.com.au website and the ASX website.
- Six-monthly accounting sign-offs completed by all accountants.

## **Annexure 1 - Audit Committee Charter**

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The Board of CML has established an Audit Committee. The purpose for which the Audit Committee has been established and the powers of the Audit Committee are set out in this document.

### **(a) Roles and Objectives**

The primary role of the Audit Committee is to monitor and review, on behalf of the Board, the effectiveness of the control environment of CML in the areas of operational and balance sheet risk, legal/regulatory compliance and financial reporting.

The overriding objective of the Audit Committee is to provide an independent and objective review of financial and other information prepared by management, in particular that to be provided to members and/or filed with regulators, including:

- (1) Overseeing CML's discharge of its responsibilities with respect to:
  - The financial statements, financial report and annual report;
  - Legal/regulatory compliance;
  - Protection of capital; and
  - Risk management systems.
- (2) Overseeing CML's relationship with external auditors; and
- (3) Determining the competence and independence of the external auditors.

The Audit Committee is also responsible for the review of CML's risk management program as submitted by the RM Committee.

The Audit Committee meets and receives regular reports from its external auditors concerning matters that arise in connection with their audit. The Audit Committee is also responsible for review of performance and nomination of the external auditors.

### **(b) Membership of the Audit Committee**

Unless otherwise determined by the Board, the Committee comprises only NEDs and a minimum of 2 independent Directors. It is intended that a majority of the Committee at any time will be independent Directors such that they are independent of management and free of any conflicts, business or other relationship that could materially interfere with – or could reasonably be perceived to interfere with – the exercise of their unfettered and independent judgement.

The Chair should be an independent Director and not the Chairperson of the Board of Directors. The Board will appoint the Chair of the Audit Committee.

The current members of the Audit Committee are:

- **Chair:** Geoff Sam; and
- **Members:** Greg Riley; Ilkka Tales

Other NEDs who are not Audit Committee members may attend meetings of the Audit Committee should they wish. The external auditors, the CEO, CFO and other officers of CML may attend meetings of the Committee by invitation.

All persons appointed to the Audit Committee will be financially literate (able to read and understand financial statements) and have sufficient financial knowledge and understanding to allow them to discharge their responsibilities.

The Board will review the membership and charter of the Audit Committee annually, in accordance with paragraph 6.

### **(c) Administrative matters**

It is intended that the Audit Committee will meet at least 3 times each year, or as often as the Audit Committee members deem necessary in order to fulfil their role and objectives set out in this Charter.

Except as set out in this Charter, the Audit Committee is subject to the Board's general policy for engaging or seeking advice from financial and legal advisers.

The Company Secretary will attend all Audit Committee meetings as minute secretary. All minutes of the Audit Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any Director.

### **(d) Reporting**

It is intended that a report of the actions of the Audit Committee and/or a copy of the minutes of the Audit Committee meeting will be included in the Board papers for the Board meeting next following a meeting of the Audit Committee.

The Chair will, if requested, provide a brief oral report as to any material matters arising out of the Audit Committee meeting. All Directors may, within the Board meeting, request information of members of the Audit Committee.

### **(e) Responsibilities and Functions**

#### **(1) Overview**

The Audit Committee's key responsibilities and functions are to:

- (a) Oversee CML's relationship with the external auditor (including forming a policy on the provision of non-audit services and the rotation of external auditor personnel on a regular basis) and the external audit function generally;
- (b) Oversee the adequacy of the control processes in place in relation to the preparation of financial statements and reports;
- (c) Oversee the adequacy of the CML's financial controls and systems; and

- (d) Oversee the process of identification and management of business, financial and commercial risks (other than credit and financial market risk).

## **(2) Audit**

The Committee's specific function on audit is to review and report to the Board that:

- (a) The system of control, which management has established, safeguards the assets of CML;
- (b) Processes are in place such that accounting records are properly maintained in accordance with statutory requirements; and
- (c) Processes exist to reasonably guarantee that financial information provided to investors and the Board is accurate and reliable.

The following are intended to form part of the normal procedures for the Committee's audit responsibility:

- (a) Recommending to the Board the appointment and removal of the external auditors and reviewing the terms of engagement;
- (b) Approving the audit plan of the external auditors;
- (c) Monitoring the effectiveness and independence of the external auditors;
- (d) Obtaining assurances that the audit is conducted in accordance with the Auditing Standards and all other relevant accounting policies and standards;
- (e) Providing recommendations to the Board as to the role of the internal auditor/internal audit function, if any;
- (f) Reviewing and appraising the quality of audits conducted by CML's external auditors and confirming their respective authority and responsibilities;
- (g) Monitoring the relationship between management and the external auditors;
- (h) Evaluating the adequacy, effectiveness and appropriateness of CML's administrative, operating and accounting control systems and policies;
- (i) Reviewing and evaluating controls and processes in place to ensure compliance with approved policies, controls, and with applicable accounting standards and other requirements relating to the preparation and presentation of financial results;
- (j) Overseeing CML's financial reporting and disclosure processes and the outputs of that process;
- (k) Determining the reliability, integrity and effectiveness of accounting policies and financial reporting and disclosure practices; and

- (l) Reviewing (in consultation with management and external auditors) the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports and approving all significant accounting policy changes.

### **(3) Risk and Compliance**

The Audit Committee's specific function with respect to risk management is to review and report to the Board that:

- (a) CML's ongoing risk management program effectively identifies all areas of potential risk;
- (b) Adequate policies and procedures have been designed and implemented to manage identified risks;
- (c) A regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- (d) Proper remedial action is undertaken to redress areas of weakness.

The following are intended to form part of the normal procedures for the Audit Committee's risk responsibility:

- (a) Evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks;
- (b) Evaluating the adequacy and effectiveness of CML's financial and operational risk management control systems by reviewing risk registers and reports from management and external auditors;
- (c) Evaluating the structure and adequacy of CML's own insurances on an annual basis;
- (d) Reviewing and making recommendations on the strategic direction, objectives and effectiveness of CML's financial and operational risk management policies;
- (e) Overseeing the establishment and maintenance of processes to ensure that there is:-
  - An adequate system of internal control management of business risks and safeguard of assets; and
  - A review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control;
- (f) Evaluating CML's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance;
- (g) Reviewing CML's main corporate governance practices for completeness and accuracy;

- (h) Overseeing the proper evaluation of the adequacy and effectiveness of CML's legal compliance control systems; and
- (i) Providing recommendations as to the propriety of related party transactions.

**(f) Review**

The Board will, at least once in each year:

- (a) Review the membership and charter of the Audit Committee to determine its adequacy for current circumstances. Where necessary, the Board, upon the recommendation of the Audit Committee may, by resolution, alter the responsibilities, functions or membership of the Audit Committee. The Audit Committee may also recommend to the Board the formal adoption of the revised charter for future operations of the Audit Committee; and
- (b) Oversee the preparation of any report or other disclosures to be included in CML's annual report or other communications to shareholders relating to the external auditors and CML's financial statements.

## **Annexure 2 - Nomination & Remuneration Committee Charter**

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### **1. Introduction**

The Nomination and Remuneration Committee (NR Committee) is a committee of the Board of directors of the CML Group Limited (Company and, together with its controlled entities, the Group).

The Board established the NR Committee under CML's constitution.

This charter sets out the scope of the NR Committee's responsibilities in relation to the Group.

### **2. Objective**

The objective of the NR Committee is to help the board to achieve its objective to ensure that the Group:

- Oversees the nomination and appointment, and monitor the performance, of Board members and senior management;
- Conducts succession planning;
- Has appropriate remuneration policies and practices to attract, motivate and retain executives and Directors who will create value for shareholders and who are appropriately skilled and diverse;
- Observes those remuneration policies and practices;
- Fairly and responsibly rewards executives having regard to CML and individual performance;
- Has policies to evaluate the performance of the Board, individual Directors and executives on an annual basis; and
- Integrates human capital and organisational issues into its overall business strategy.

### **3. NR Committee Composition**

The NR Committee must comprise:

- A minimum of 3 directors;
- With a majority being independent Directors, if possible.

Members of the NR Committee are:

- **Chair:** Sue Healy;
- **Members:** Greg Riley, Geoff Sam

The NR Committee will vote to appoint its Chairperson

- The Chair of the NR Committee is to be an independent Director and cannot be the Chairperson of the Board.
- The Chair of the Board can attend committee meetings at the request of the Chair of the NR Committee.

No executive officer of the CML may participate in deliberations on the NR Committee (whether as a member of the NR Committee or in an ex-officio capacity) where he or she has a personal interest.



#### **4. Nominations – Responsibilities**

The responsibilities of the NR Committee are:

Reviewing and making recommendations to the Board on;

- The termination and appointment of senior management positions and where appropriate make recommendations to the Board;
- Potential nominees for membership of the board including the CEO and recommending approval to appoint;
- Identifying and assessing the necessary and desirable competencies and characteristics for Board membership and assessing the extent to which those competencies and characteristics are represented on the Board;
- Establishing processes for identifying suitable candidates for appointment to the Board and executive team, to ensure an appropriate mix of expertise, experience and succession;
- The implementation and review of succession plans for Board and executives;
- Induction and ongoing training and education programs for the Board members ensuring the directors are adequately informed on the business operations and potential risks, the industry and their legal responsibilities; and
- Any other responsibilities as determined by the NR Committee or the Board from time to time.

#### **5. Performance of Directors – Responsibilities**

The responsibilities of the NR Committee are:

- Annually reviewing the performance of the CEO;
- Establishing processes for evaluating the performance of the Board, both collectively and individually;
- Evaluating the performance of the Board, both collectively and individually;
- Evaluating the performance of directors before they stand for re-election; and
- The recommendation of removal of Directors to the board when appropriate; and
- Any other responsibilities as determined by the NR Committee or the Board from time to time.

Members of the NR Committee must not participate in any review or assessment of their own performance.

## 6. Remuneration Policies and Practices

Executive remuneration and incentive policies and practices must be performance-based and aligned with CML's vision, values and overall business objectives.

Executive remuneration and incentive policies and practices must be designed to:

- Motivate the Directors and executives to pursue the CML's long term growth and success; and
- Demonstrate a clear relationship between the CML's overall performance and the performance of executives.

## 7. Remuneration – Responsibilities

The responsibilities of the NR Committee are:

- Reviewing the remuneration of NEDs and the Chair and any fees payable for membership of Board Committees;
- Reviewing and approving remuneration of the CEO including incentive policies and practices on at least an annual basis;
- Determining if shareholder approval is needed for any change to remuneration of Directors or executives;
- Reviewing and approving, on the recommendation of the CEO the total remuneration and terms of employment, and any subsequent changes thereto, of direct reports of the CEO;
- Reviewing and approving on behalf of the Board any report on executive remuneration that may be required and reporting to the Board as appropriate;
- Reviewing and approving the design and total proposed payments from any executive incentive plan;
- Reviewing and approving the proposed award to each executive under the rules of any incentive plan;
- Reviewing, approving and monitoring the performance hurdles for any equity-based plan;
- Recommending to the Board the remuneration, retirement and termination policies for NEDs having regard to market trends and shareholder interests; and
- Any other responsibilities as determined by the NR Committee or the Board from time to time.

## 8. NR Committee Meetings

- The Board decides appointments, rotations & resignations within the NR Committee having regard to the ASX Listing Rules, the Corporations Act 2001 (Cth) and the CML's constitution.
- The NR Committee will meet at least 3 times each, or however many times is deemed necessary to fulfil its obligations.
- The quorum for a NR Committee meeting is two NR Committee members.
- The NR Committee may invite anyone it considers appropriate to attend NR Committee meetings.
- The NR Committee must keep minutes of its meetings and shall report these regularly to the Board.

## **9. Access to Information and Independent Advice**

The NR Committee may seek any information it considers necessary to fulfil its responsibilities. Approval for any expenditure is to be provided by the Chairperson of the Board.

- The NR Committee has access to management to seek explanations and information from management, at the CML's cost.
- The NR Committee may seek professional advice from appropriate external advisers with the approval of the board at the CML's cost. The NR Committee may meet with external advisers without management being present.

## **10. Review and Changes to this Charter**

The NR Committee will review this charter annually or as often as it considers necessary.

## **Annexure 3 – Risk Management Committee Charter**

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### **(a) Risk Profile & Management of Risks**

Risk is an inherent part of CML's business. CML is in a highly competitive market sector.

CML regards business risks as threats to the achievement of CML's objectives and goals and to the successful execution of its strategies.

The main risks faced by CML are:

- (1) Loss of key personnel and management;
- (2) Fraud within the finance and equipment finance business;
- (3) Failure of business of CML's customers;
- (4) Unforeseen expenditure risk;
- (5) Downturn in the employment market;
- (6) Changes in the outsourcing trend for recruitment;
- (7) Reputation of the CML brand name; and
- (8) Exposure to changes in corporate regulations.

### **(b) Risk Oversight - The Risk Management Committee and the Board**

The RM Committee reviews and the Board approves:

- (1) CML's risk management strategy and policy as prepared by management;
- (2) CML's risk management framework, including key policies and procedures, including any changes to the risk management framework or any key risk policies and procedures; and
- (3) Compliance with the endorsed risk management framework through monthly reporting to the Board.

Authority may be delegated to management where appropriate.

The RM Committee regularly reviews business risks applicable to the business and ongoing operations. Additionally, the RM Committee considers risk profiles as part of the annual strategy review and budget planning review.

As part of the monitoring process, the RM Committee is provided with monthly management reports, documenting as applicable:

- (1) Reports on exposures, non-compliance with key policies and general effectiveness of risk management systems, when necessary;
- (2) Results of independent reviews of the control environment; and
- (3) Other management information.

### (c) Risk Management

The Board has also delegated various authorities to the Non-Executive Chairperson and the CFO to enable the setting of the policy and procedures to assist with the management of CML's risk profile. The management of operational risk and the implementation of mitigation measures is the responsibility of management.

The risk management and internal control systems within CML encompass all policies, processes, practices and procedures established by management and/or the Board to provide reasonable assurance that:

- (1) Established corporate and business strategies and objectives are achieved;
- (2) Risk exposure is identified and adequately monitored and managed;
- (3) Resources are acquired economically, adequately protected and managed efficiently and effectively in carrying out CML's business;
- (4) Significant financial, managerial and operating information is accurate, relevant, timely and reliable; and
- (5) There is an adequate level of compliance with policies, standards, procedures and applicable laws and regulations.
- (6) Ensure the procedures concerning key areas of risk are proactively reviewed and updated.'

The RM Committee reviews how senior management:

- (1) Delegate approvals required under the risk management framework;
- (2) Report risk management including operational issues, operational losses;
- (3) Monitor operational control weaknesses and breakdowns, including fraud;
- (4) Monitor due diligence conducted for appointment and ongoing monitoring of outsourced arrangements; and
- (5) Perform in self-assessment reviews and their monitoring of results of workshops for other employees.

**(d) Risk Management Committee**

The Company has a risk management program that is reviewed by the RM Committee and approved by the Board. The program is designed to ensure risks (strategic, operational, legal, reputational and financial) are identified, assessed, addressed and monitored to enable the Company to achieve its business objectives.

The Company's risk management program is managed by the CEO and the CFO. The Board receives regular monthly reports on progress in addressing the risks. The RM Committee has the right to appoint external professional advisers to carry out regular investigations into control mechanisms and report their findings, including recommendations for improvement to controls, processes and procedures, to the Audit Committee.

Unless otherwise determined by the Board, the RM Committee comprises a minimum of three Directors with at least two members being NEDs.

Members of the RM Committee are:

- **Chair:** Ilkka Tales
- **Members:** Greg Riley, Sue Healy

The Company Secretary is to provide administrative support.

## **Annexure 4 – Code of Conduct**

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CML is committed to the highest standards of business conduct. It is important that all of us at CML observe the highest standards of ethics, integrity and behaviour. This Code of Conduct outlines the standards of behavior everyone at CML including Directors, employees, consultants and contractors, must meet. A more detailed business conduct policy is contained in the company's Employee Handbook.

### **(a) Business and Personal Conduct**

- (1) We always act with honesty and integrity.
- (2) We avoid conflicts of interest.
- (3) We protect confidential and proprietary information.
- (4) We treat others equitably and with courtesy, trust, dignity, respect and fairness.

### **(b) Adherence to the Law**

As part of the company's commitment to being a good corporate citizen, everyone at CML complies with all legislation and codes that govern its business.

- (1) We are committed to implementing any directives of the company which aid it in complying with legal requirements.
- (2) If we become aware of any potential or actual breaches of a law by the company, we will report it to our managers immediately.

### **(c) Privacy**

CML takes privacy very seriously.

- We will all comply with the company's Privacy Policy, which is set out in the company's Operations Manual.

### **(d) Conflicts of Interest**

We will avoid circumstances that could compromise our ability to act with objectivity and exercise independent judgment.

- (1) We will not have a direct or indirect personal financial interest in any business transaction involving the company or competing with the company without disclosing it and obtaining an appropriate level of approval.
- (2) We will not direct or divert business away from the company to any other party.
- (3) We will take care that relationships we may form with people while conducting business on the company's behalf do not lead to a situation in which impartiality or allegiances could be or appear to be compromised.
- (4) We will make sure that all transactions with all suppliers, customers and others doing business with CML are conducted in a completely transparent and arm's length manner without favour or preference based upon any personal considerations.

**(e) Ethical Standards**

CML is committed to fostering a climate of ethical behaviour and business practice. Key issues which we will consider when making any decision on the company's behalf are:

- (1) Is it the right thing to do?
- (2) Is the decision or contemplated business conduct lawful?
- (3) Is it consistent with company policy?
- (4) What will be the outcome for the company, shareholders, colleagues and other stakeholders?
- (5) Does a conflict of interest arise?
- (6) Is the decision one that would stand public examination and scrutiny?

**(f) Gratuities**

- (1) We do not accept any substantial gifts such as trips away, anything which put us in a position of significant financial gain, or an item worth a significant amount of money, e.g. cameras, laptops, mobile phone and so on, in the course of conducting business on the company's behalf.

**(g) Confidentiality**

- (1) We will not disclose or use any confidential information that we obtain, unless we have been authorised to do so.

**(h) Health, Safety and the Environment**

- (1) The safety of all our people is of paramount concern to all of us at CML and we will do all we can to maintain a safe working environment.
- (2) We will always have regard to matters of Health & Safety and observe all relevant law and regulations, and apply responsible standards.
- (3) If we become aware of any potential threat to anyone's Health & Safety, we will report it immediately.
- (4) We will always act in an environmentally responsible way.

**(i) Internal Controls**

- (1) We will not approve or make any payment on the company's behalf except in accordance with board-approved delegations, or with the intention that it is to be used or applied for a purpose other than what appears in the documents supporting the payment.
- (2) We will not establish undisclosed or unrecorded funds or assets for any purpose.
- (3) We will not make false or misleading entries in any books or records of the company.



**(j) Harassment and Discrimination**

(1) We are committed to providing all employees with a harmonious equal opportunity working environment free of harassment or discrimination.

(2) Any one breaking this code will be subject to disciplinary action which may, depending on the circumstances, include dismissal proceedings.

## **Annexure 5 – Directors and Employees Share Trading Policy**

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### **(a) Introduction**

(1) This policy:

(a) Outlines when trading in CML's securities by Directors, officers and employees is permitted; and

(b) Sets out procedures to reduce the risk of insider trading.

(2) A person undertakes insider trading if that person trades in a company's shares while possessing information about the company that is:

(a) Not generally available; and

(b) Price sensitive.

(3) The prohibition against insider trading applies to:

(a) Direct trading in a company's shares;

(b) Procuring another person to trade in a company's shares; and

(c) Communicating (tipping) price sensitive information to another person who is likely to trade in a company's shares.

(4) Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. CML may also be liable if an employee or Director engages in insider trading.

### **(b) Definitions**

**Dealing** includes any sale or purchase of any securities (including shares) and the grant, acceptance, acquisition, disposal, exercise or discharge of any option or other right or obligation to acquire or dispose of securities.

**Employee** means any person employed as CML, whether as an employee, contractor or consultant, who is not a Director or an officer.

**CML Group's Securities** mean any securities of CML and any securities or derivatives or other financial products issued or created over the company's securities by third parties.

**Officer** has the meaning given to that term in section 9 of the *Corporations Act 2001*.

**Unpublished price sensitive information** means information that:

(1) Is not generally available; and

(2) If it were generally available, a reasonable person would expect it to have a material effect on the price or value of any securities (that is, the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities).

### **(c) When a Director or Officer can deal**

A Director or Officer may only deal in CML's securities:

- (1) During the 30 days immediately following (i.e. not including the day of) announcement to ASX of the listing of the company's shares, CML's half-yearly and quarterly reports, preliminary final statement and full year results and any other announcement containing guidance as to financial results;
- (2) During the 30 days immediately following (i.e. not including the day of) the AGM. The Company Secretary will notify staff and Board members of each trading window; and
- (3) At other times with the prior permission of the Chairperson of CML.

### **(d) When an Employee can deal**

Subject to **paragraph (e)**, an employee can only deal in CML's securities if that employee has successfully completed an educational program approved by the Board covering the employee's legal obligations with respect to trading in CML's securities.

### **(e) When a Director, Officer or Employee can't deal**

A Director, Officer, or an employee must not ever deal in CML's securities when he or she:

- (1) Is in possession of information that he or she knows or ought reasonably to know is unpublished price sensitive information in relation to those securities;
- (2) Has not been given permission to deal under **paragraph (g)**.
- (3) The Chairperson will inform the Board when Directors and/or employees should not deal within a normal trading window.

### **(f) Telling Others**

A Director, Officer, or employee must not communicate unpublished price sensitive information in relation to CML's securities if the employee knows, or ought reasonably to know, that the other person would subscribe for, sell, purchase, or agree to subscribe for, sell or purchase CML's securities.

### **(g) Notification and Permission from the Board**

- (1) Directors and officers must inform the Chairperson, or in her or his absence the Chairperson of the Audit Committee, of their intention to trade in CML's securities, including indicative volumes, either by themselves or by an associate. In doing so they must confirm they hold no inside information. If the Chairperson intends to trade, he/she must inform the Chair if the Audit Committee. Such notification must be provided at least 24 hours prior to any proposed trade.

If the advice is a "sell" advice, the Director must notify other Directors so a 'sell/buy' can be arranged if possible.

- (2) CML must maintain a written record of all advice received from a Director or Officer, and clearances given, under this policy.

(3) The Directors of the company are required to provide to the Company Secretary all of the information necessary for the completion of Appendix 3Y (Change of Director's Interest) forms as soon as practicable after the dealing they have undertaken has taken place so that they can be filed with the ASX for the purposes of Section 205G of the Corporations Act and Listing Rule 3.19A. The company is obliged to file 3Y forms within five business days of any dealing by a Director.

#### **(h) Dealings by Associated Persons and Investment Managers**

(1) If a Director, Officer or employee is prohibited from dealing in CML's securities, that Director, Officer or employee must (so far as is consistent with his or her duties of confidentiality to CML) prohibit any dealing in CML's securities by:

- (a) Any person associated with him or her (including that Director, Officer or employee's family, nominee companies, companies and family trusts); or
- (b) An investment manager on his or her behalf or on behalf of any person connected with him or her.

(2) For the purposes of paragraph 8.1, a Director, Officer, or employee must advise all associated persons and investment managers:

- (a) Of the periods during which they can deal in CML's securities;
- (b) Of the periods during which the Director, Officer or employee knows he or she is not free to deal in CML's securities under this policy, (unless his or her duties of confidentiality to CML prohibit him or her from disclosing those periods); and
- (c) To notify him or her immediately after they have dealt in CML's securities.

#### **(i) Prohibition on Short-Term Trading**

A Director, Officer or employees must not deal in any securities of the company on considerations of a short-term trading nature. {Short-Term being both buying and selling within 30 days}

#### **(j) Special Approval to deal during the Non-Trading Period**

If there are exceptional circumstances, for example a pressing financial commitment, then approval may be given by:

- (1) The Chairperson, in his or her discretion, to a Director or Officer to deal outside of the periods set out in paragraph 3;
- (2) The Chairperson of the Audit Committee, in his or her discretion, to the Chairperson to deal outside of the periods set out in paragraph 3; and
- (3) Any such approval must be obtained in advance. It cannot be given after the event.

#### **(k) Actions should a Breach occur**

Should a breach of the Trading Policy occur, the Board will convene within 24 hours of notification and decide the action that should be taken with respect to:-

- (1) Informing ASIC and the ASX. When the 3Y is submitted the Board may wish to include commentary about corrective and or disciplinary action taken:

(2) Corrective and/or disciplinary action which may include:

- (a) If the trade is a disposal, require the seller to donate any profit to a charity of the Board's choice;
- (b) If the trade is an acquisition, require the buyer to sell at the first opportunity and donate any profit to a charity of the Board's choice; and
- (c) Other action the Board deems appropriate or that employment contracts require.

**(j) Market Manipulation**

The Corporations Act carries severe criminal and civil penalties for anybody attempting to manipulate the market for a Company's securities.

For a small company like CML Group, market manipulation and/or perceptions of market manipulation are a real danger.

Therefore it is prohibited for any person to:

- (a) Engage in buying or selling securities for the purpose of either setting an artificial price or maintaining an artificial price for a security.
- (b) Create a false impression of trading activity by buying and selling at essentially the same price or making arrangements with others to buy and sell at essentially the same price.
- (c) Enter into false trading arrangements designed to maintain or manipulate the market price of securities.

## **Annexure 6 – Investor Communications**

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### **1) Purpose**

CML Group has adopted this Shareholder Communication Policy (Policy) to ensure that shareholders are informed in a timely and readily accessible manner of all major developments affecting the Company.

The purpose of this policy is to promote effective communication with shareholders and to encourage and facilitate participation at the Company's general meetings and deal promptly with the enquiries of shareholders.

### **2) Methods of communication**

Information is provided to shareholders through, but is not limited to:

- a. the Company's annual and half-yearly reports;
- b. market releases to the Australian Securities Exchange (ASX) in accordance with continuous disclosure obligations;
- c. the investor relations section of the Company's website; and
- d. the annual general meeting

The Company encourages shareholders to receive company information electronically by registering their email address online with the Company's share registry.

### **3) ASX releases**

The Company will make announcements to ASX in a timely manner in accordance with the ASX Listing Rules (see also the Company's Continuous Disclosure Policy).

All announcements made to ASX are available to shareholders under:

- a) the investor relations section of the Company's website; and
- b) the company announcements section of the ASX website.

### **4) Website**

The investor relations section of the Company's website is the primary medium of providing information to all shareholders.

The investor relations section of the Company's website will contain information relevant to shareholders and stakeholders, including statements lodged with the ASX by the Company (including all financial results, annual reports and press releases), board and board committee charters and corporate governance policies and other material relevant to shareholders.

### **5) Annual General Meeting (AGM)**

The AGM provides an important opportunity for the Company to provide information to its shareholders and a reasonable opportunity for informed shareholder participation. At the AGM, shareholders can express their views to the Board and vote on the Board's proposals.

All shareholders are encouraged to attend the AGM.

The date, time and location of the AGM will be provided in the notice of meeting, in the annual report and on the Company's website.

The notice of meeting and proxy form will be distributed to all shareholders prior to the AGM in the timeframe set by the Corporations Act, and will be available on the Company's website.

The Company's auditor will attend its AGM and will be available to answer any questions regarding the conduct of and any issues arising from the audit or the preparation and content of the auditor's report.

## **6) Analysts and institutional investors**

The Company may conduct briefings for analysts and institutional investors from time to time to discuss matters concerning the Company. The Company's policy in relation to such briefings is that:

- (a) Only the Chief Executive Officer, the Chief Financial Officer or other representative of the Company approved by the Board will be authorised to speak to analysts and institutional investors;
- (b) the Company will not comment on price sensitive issues not already disclosed to the market; and
- (c) any questions raised in relation to price sensitive issues not already disclosed to the market will not be answered or will be taken on notice. If a question is taken on notice and the answer would involve the release of price sensitive information, the information must be released through ASX before responding.

## **7) General**

**Annual report:** Unless shareholders have elected to have a hardcopy of the annual report mailed to them, the annual report (or a link where it can be downloaded) will be emailed to shareholders (to the email address recorded on the Company's share register) prior to the AGM within the timeframe set by the Corporations Act.

**Half-year and full year results:** The half-year and full-year results are announced to the ASX pursuant to the ASX Listing Rules and are available to shareholders in the same manner as other ASX announcements.

**Share registry:** Shareholders with any questions related to their shareholding should contact the Company's share registry, Computershare Investor Services Pty Limited, Ph. 1300 850505, website: <https://www.computershare.com/au>

## **Annexure 7 – Privacy Policy**

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We are bound by the Privacy Act and will protect your personal information in accordance with the Australian Privacy Principles. These principles govern how we can collect, use, hold and disclose your personal information.

This is a summary of our Privacy Policy.

### **a) What kinds of personal information do we collect and hold?**

When you apply for our products or services, we collect information that is necessary to be able to provide you with those products or services. For instance, we may ask for identification information such as your name, address and date of birth.

### **b) Why do we collect, hold, use and disclose personal information?**

The main reason we collect, use, hold and disclose personal information is so we can provide you with products and services. This may include:

- (1) Checking your eligibility for the product or service
- (2) Providing you with the product or service; and
- (3) Helping you manage the product or service.

### **c) How do we collect personal information?**

We collect most personal information directly from you. We may also collect information from you electronically; for instance, when you visit our website.

Sometimes we collect personal information about you from other people. For instance, from other CML Group companies or from publicly available sources of information.

### **d) How do we hold personal information?**

Much of the personal information we hold will be stored electronically in secure CML-owned data centres. These data centres are located in Australia. We use a range of security measures to protect the personal information we hold.

### **e) Who do we disclose your personal information to, and why?**

We may share your personal information with other CML companies. Sometimes we may disclose your personal information to organisations outside the CML. For example, service providers such as mailing houses, insurers, and credit reporting bodies.



**f) Do we disclose personal information overseas?**

We may disclose your personal information to recipients located outside Australia. These entities may include:

- (1) CML companies
- (2) CML service providers; and
- (3) Partner organisations.

**g) Do we use or disclose personal information for marketing?**

We will use your personal information to offer you products and services that we believe may interest you. We will not do this if you tell us not to.

Unless you tell us not to, we will disclose your personal information to companies within the CML so they can market their products and services to you. We may also disclose your personal information to companies outside the CML who assist us to market our products and services.

If you don't want to receive marketing offers from us please contact us on the details listed at 'Contact us'.

**h) Access to and correction of personal information**

You can request access to the personal information we hold about you. You can also ask for corrections to be made. To do so, please contact us on the details listed at 'Contact us'.

**i) Resolving your privacy concerns and complaints – your rights**

If you are concerned about how your personal information is being handled or if you would like to make a complaint, please contact us on the details listed at 'Contact us'.

If you are unhappy with our response, there are other bodies you can go to.

The Financial Ombudsman Service (FOS) can consider most complaints about your credit information involving providers of financial services.

FOS can be contacted at:-  
 Financial Ombudsman Service  
 GPO Box 3  
 Melbourne VIC 3001  
 Phone: 1300 78 08 08  
[www.fos.org.au](http://www.fos.org.au)

Under the Privacy Act you may complain to the Office of the Australian Information Commissioner about the way we handle your credit information.

The Commissioner can be contacted at:-

GPO Box 5218

Sydney NSW 2001

Phone: 1300 363 992

Email: [enquiries@oaic.gov.au](mailto:enquiries@oaic.gov.au)

[www.oaic.gov.au](http://www.oaic.gov.au)

You can contact CML Group at:-

Level 11, 201 Miller St

North Sydney NSW 2060

Ph. 1300 666177

Email: [info@CML-Group.com.au](mailto:info@CML-Group.com.au)

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