

Corporate Governance Statement

for the year ended 31 December 2019

The Future Generation Investment Company Limited (FGX or the Company) Board of Directors is responsible for the corporate governance of the Company. The Board has followed the principles and best practice recommendations established by the ASX Corporate Governance Council with regard to the nature of the Company's activities and its size. The Company has adopted the ASX Corporate Governance Principles and Recommendations with 2014 Amendments (3rd Edition) for the 2019 financial year, subject to the exceptions noted below.

Principle 1: Lay solid foundations for management and oversight (Recommendations 1.1 to 1.7)

The Company has a Board of Directors, an Investment Committee and a Chief Executive Officer (CEO). The Company's Board Policy sets out the specific responsibilities of the Board. The Investment Committee Charter provides details of responsibilities delegated to the Investment Committee. The role of the Board is to monitor and set the Company's strategic direction. The Board is also responsible for the overall corporate governance of the Company, together with risk management and reporting.

The Investment Committee manages the Company's investment portfolio and is responsible for selecting fund managers with whom the Company will invest capital as well as any occasional direct investments made by the Company.

The CEO will execute strategic direction and oversee the investment in the chosen charities of the Company, assist the Investment Committee and the Board as required with their responsibilities and ensure effective shareholder communication is maintained.

The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of Directors through having regard to the law and the best standards of governance. This will include undertaking background and other checks before appointing a person or putting them forward to security holders as a candidate for election as a Director, together with providing all material information relevant to a decision for election as a Director. The qualifications, experience and special responsibilities of the Board members are contained in the Directors' Report in the Annual Report. The terms of appointment have been recorded in a letter of appointment and are in accordance with the Company's constitution, the *Corporations Act 2001* and ASX Listing Rules.

The Board has appointed an experienced Company Secretary who is directly accountable to the Board.

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The Company has a Diversity Policy designed to support its commitment to fair and equitable representation, including fostering gender diversity and ensuring 30% female representation on the Board. The Board's composition is reviewed on an annual basis. In the event a vacancy arises, the Board will consider diversity in its nomination process. The Board currently has three female Directors and a female CEO.

The Company is not a relevant employer under the Workplace Gender Equality Act.

The process for periodically evaluating the performance of the Board is set out in the Company's Corporate Governance Charter. The Board is responsible for undertaking an annual performance evaluation of itself and its members in light of the Company's Corporate Governance Charter. A copy of the Company's Corporate Governance Charter is available at futuregeninvest.com.au.

The Board completed a review of the Board, the Investment Committee and the individual Directors' performance during the year.

The Company appointed Louise Walsh as CEO on 8 March 2016. The CEO's performance is evaluated on an annual basis.

The business of the Company is managed by the Board in accordance with the Board Policy which is contained in the Company's Corporate Governance Charter and is disclosed at futuregeninvest.com.au.

Principle 2: Structure the board to add value (Recommendations 2.1 to 2.6)

A nomination committee has not been formed under Recommendation 2.1. The Board as a whole considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise with consideration to the optimal mix of skills, independence and diversity.

The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience. The mix of skills and diversity represented on the Board as at 31 December 2019 is as follows:

CATEGORY	SKILL/QUALITY	LEVEL
Professional skills	Leading and managing	Very strong
	Corporate governance	Strong
	Strategy	Strong
	Finance and Audit	Strong
	Risk management	Strong
	Investment management	Strong
	Communications and issues management	Strong
	Community engagement and not for profit experience	Strong
Gender diversity	Female	38%
	Male	62%

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The Board skills matrix is based on the average ratings received from each Director as part of a reasonable self-assessment process whereby each Board member rates their individual skills and qualities across the above-mentioned categories. Each skill and quality is based on a range from no knowledge or experience in this area, to very strong experience and demonstrated capability in this area.

The qualifications, skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report and their attendance at Board and Committee meetings is included in the Directors' Report.

The Board is comprised of eight members, six of whom are considered to be independent and therefore it complies with the best practice recommendation that Boards contain a majority of independent non-executive Directors:

- Caroline Gurney – Independent
- Stephanie Lai – Independent
- David Leeton – Independent
- David Paradice AO – Independent
- Gabriel Radzynski – Independent
- Kate Thorley – Non-Independent
- Jonathan Trollip – Independent
- Geoff Wilson AO – Non-Independent

The Company has disclosed the interests of the current Directors and their appointment date and length of service in the Directors' Report in the Annual Report.

Jonathan Trollip, as Chairman of the Board, is considered independent. Louise Walsh is employed as the CEO of the Company.

On appointment, new Directors participate in an induction process to familiarise themselves with the business of the Company. New Directors are fully briefed on the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning the performance of Directors.

Principle 3: Act ethically and responsibly (Recommendation 3.1)

The Company has adopted a formal Code of Conduct. This is incorporated in the Company's Corporate Governance Charter. The Company requires Directors and Executives to comply with the standards of behaviour and business ethics in accordance with the law and the code of conduct. These include acting honestly, with integrity and fairness in all dealings. The Code of Conduct is contained in the Company's Corporate Governance Charter and is available at futuregeninvest.com.au.

Principle 4: Safeguard integrity in corporate reporting (Recommendations 4.1 to 4.3)

The Company has established an Audit and Risk Committee which plays a key role in assisting the Board of Directors with its responsibilities relating to accounting, developing internal control systems, reporting practices, risk management and ensuring the independence of the Company auditor.

Members of the Committee are:

- David Leeton – Independent (Chairman)
- Kate Thorley – Non-Independent
- Stephanie Lai – Independent

Details of the Directors' qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Directors' Report in the Annual Report.

The Audit and Risk Committee Charter is included in the Company's Corporate Governance Charter and is available at futuregeninvest.com.au.

The Company's external accountants and CEO provide written confirmations to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results. These are in accordance with relevant accounting standards.

The external auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions regarding the conduct of the audit and preparation of the Auditor's Report.

Principle 5: Make timely and balanced disclosure (Recommendation 5.1)

The Company has adopted a Continuous Disclosure Policy designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by the Company. The Company's Continuous Disclosure Policy is contained in the Company's Corporate Governance Charter which is available at futuregeninvest.com.au.

Principle 6: Respect the rights of security holders (Recommendations 6.1 to 6.4)

The Company's website has a dedicated news section and endeavours to ensure all important company information and relevant announcements made to the market are available on the website.

The Company is committed to:

- ensuring that shareholders and financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the monthly investment updates, annual and half yearly reports, semi-annual shareholder presentations, investment forums, investor conference calls, ASX announcements, investor newsletters, Annual General Meetings and the Company's website;
- complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the *Corporations Act 2001*, and;
- encouraging shareholder participation at Annual General Meetings and at presentations which offer an opportunity to meet with the fund managers and charities.

The Board encourages full participation of shareholders at the Company's Annual General Meetings and any other general meetings to ensure a high level of accountability and understanding of the Company's strategy. The external auditor will also be invited to attend the Annual General Meeting and will be available to answer any questions concerning the conduct, preparation and content of the Auditor's Report in the Annual Report.

The Company's registry, Boardroom Pty Limited, provides the option for shareholders to receive and send communication electronically. Shareholders are encouraged to create an online account at clientonline.com.au.

Principle 7: Recognise and manage risk (Recommendations 7.1 to 7.4)

The Board of Directors takes a proactive approach to the Company's risk management and internal compliance and control system.

The Audit and Risk Committee is responsible for ensuring that risks, and mitigation of these risks, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified.

Details of the Directors' qualifications, their membership and attendance at Audit and Risk Committee meetings are set out in the Directors' Report in the Annual Report.

The Audit and Risk Committee reviews the adequacy and effectiveness of the Company's risk management framework by gaining assurances that major risks have been identified and are appropriately managed. The Audit and Risk Committee also oversees market risk protocols and ensures the Investment Committee complies with the asset allocation guidelines.

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The Company does not have an internal audit function. The Audit and Risk Committee has been established and reviews the internal control processes as necessary. The Board works closely with all of its service providers to identify and manage operational, financial and compliance risks.

At the end of each annual reporting period, the Company will disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it intends to manage those risks.

Principle 8: Remunerate fairly and responsibly (Recommendations 8.1 to 8.3)

The Company has one employee being the CEO. The Company does not have a need for a remuneration committee. The remuneration of the CEO is considered by the Board. Given the charitable nature of the Company, the Directors have chosen not to receive Director fees.

The details of the remuneration paid to the CEO are included in the Remuneration Report section of the Annual Report.

The Company does not have an equity based remuneration scheme

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INVESTMENT & SOCIAL RETURNS