



**HANSEN**  
TECHNOLOGIES

CORPORATE GOVERNANCE  
STATEMENT

June 2017

FOR THE YEAR ENDED  
30 JUNE 2017

The Corporate Governance Principles and related Charters and Policies for the management and operation of the Hansen Group of Companies are available for review on the corporate website: [www.hsntech.com](http://www.hsntech.com)

Hansen Technologies Ltd (Hansen or the Company) regularly reviews its Principles, Policies and Charters to ensure they remain consistent with the Board's objectives, current laws and best practice.

The Hansen Corporate Governance Principles provide direction to the business to help meet our responsibilities to shareholders, customers, employees and community. In relation to corporate governance, the Board aims to:

- embrace leading practice in corporate governance;
- remain mindful of operating practices in the international jurisdictions in which we operate;
- recognise and comply with the principles of the ASX Corporate Governance Council; and
- ensure Directors, executives, management, and staff are cognisant of the Hansen Governance Principles.

In accordance with the most recent edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (the Principles), the Corporate Governance Statement contains specific information and also reports on the Company's adoption of the Council's good practice recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted by the Company and why. The Company's Corporate Governance Principles and Policies are therefore structured with reference to the Principles.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The primary role of the Board of Directors is to provide effective governance over the performance and affairs of the Hansen Technologies Group. In carrying out its responsibilities, the Board undertakes to serve the interest of shareholders, employees, customers and the broader community honestly, fairly, diligently and in accordance with applicable laws.

The specific functions established and reserved for the Board are:

- providing strategic direction and approving corporate strategies;
- selecting and appointing the CEO, determining conditions of service and monitoring performance against established objectives. If necessary removing the CEO from office;
- monitoring financial performance against budgeted objectives;
- ensuring adequate risk management controls and reporting mechanisms are maintained;
- approving and monitoring progress of major capital expenditure, capital management, acquisitions and divestments;
- ensuring that continuous disclosure requirements are met; and
- ensuring responsible corporate governance is understood and observed at management, executive and Board level.
- review recommendations from sub-committees.
- ensure compliance with all applicable legislative and regulatory obligations.

The Board has delegated to the CEO the authority and responsibility for implementing the Group's strategic direction and overseeing the everyday affairs of the Hansen Group. The CEO's specific responsibilities include ensuring business activities are in accordance with the Group's overall business strategy, ensuring the Group conducts its affairs within the law and the principles outlined in Hansen's Corporate Governance Policies, keeping the Board informed of all major developments and approving expenditure and setting remuneration levels of personnel within the normal course of business. The CEO consults with the Chairman of the Board and respective Committees on matters that are sensitive, extraordinary or of a strategic nature.

Through the CEO, the Board has delegated authority and responsibility to other executives and management for their respective business functions.

In identifying suitable persons to become Directors, after undertaking appropriate background checks, the Board will look to achieve an appropriate balance of relevant legal, commercial and financial management skills as well as expertise specific to the industries in which our Company operates. In pursuing this objective the Board will be cognisant of its policy to pursue a balance of gender diversity at all levels of the Company's management. Additionally, the Board will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

All Directors and senior executives are engaged under a written contract of service that clearly specifies roles, responsibilities and any terms of employment.

#### The Company Secretary

The Company Secretary is accountable through the Chairman to the Board for the proper functioning of the Board. The Company Secretary also advises the Board on corporate governance issues as well as monitoring the activities of Committees for compliance with policy and procedures.

#### Diversity

The Board recognises that a diverse and inclusive workforce is not only good for our employees, but also good for the business. The Diversity Policy can be found in the Ethics and Responsibilities document in the corporate governance section of the Company's website.

This focus on diversity at all levels of the business is intended to reinforce the importance of equality in the workplace and is a logical extension of Hansen's active participation in the Workplace Gender Equality initiatives of the Australian Government's Workplace Gender Equality Agency. A copy of the public report submitted by Hansen may be found on the Workplace Gender Equality Agency's website:  
[www.wgea.gov.au](http://www.wgea.gov.au)

The table below shows the gender diversity of the Company (worldwide) as at 30 June 2017:

	Female %	Male %
Board	17	83
Senior Management	23	77
Hansen Group	30	70

For this purpose senior management is defined as the corporate leadership team reporting directly to the CEO.

### Performance of the Board

Board members may periodically review and evaluate the Board's performance and that of the Board Committees. Given the limited size of the Board and its Committees, an annual formal review is not deemed warranted. However, there is an ongoing and constant provision for each Director to contribute judgements and observations at any time.

The performance evaluation process is as follows:

- each Director, as they see fit, will periodically evaluate the effectiveness of the Board and its Committees and submit observations to the Chairman;
- the Chairman of the Board will make a presentation incorporating his assessment of such observations to enable the Board to assess and, if necessary, take action;
- the Board will agree and develop actions that may be required to improve performance;
- outcomes and actions will be minuted; and
- the Chairman will assess the progress of the actions to be achieved.

This process aims to ensure that individual Directors have an unlimited opportunity to assess and comment on the performance of the Board and its Committees with the objective of enhancing the Board's effectiveness in achieving its duties and responsibilities.

Periodically the Chairman may propose a formal performance evaluation review and he may commission a third party to assist in such a review if deemed desirable. No such formal review was conducted during this reporting period.

### Performance of senior executives

The Company has a defined process for periodically evaluating the performance of its senior executives as set out in the Remuneration Policy available in the the corporate governance section of the Company's website. A performance evaluation of the CEO and senior executives was undertaken during the reporting period in accordance with this Remuneration Policy.

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Considering the level of operations of the Group and the current number of Board members, the appointment of a formal Nominations Committee is not deemed necessary. Nominations for positions on the Board are considered during a meeting with all Board members present.

The Board determines the Board's size and composition, subject to limits imposed by the Company's Constitution. The Constitution determines the basis for the election and appointment of Directors and specifies a minimum of three Directors and a maximum of 10. The Board considers a diverse range of qualifications, skills and expertise when appointing a new Director and ensures that an appropriate background check is performed to the Board's satisfaction. Currently, the Board comprises six Directors, five of whom are Non-Executive Directors: the Chairman, David Trude; four other Non-Executive Directors, being Bruce Adams, David Osborne, Sarah Morgan and Jennifer Douglas; and one Executive Director, the CEO Andrew Hansen. Peter Berry resigned as a Director on 6 December 2016.

The skills, tenure of office, experience and expertise relevant to the position of Director held by each Director is detailed in the Annual Report.

### Director independence

It is the Board's objective to strive for a majority of independent Directors and has for a number of years been successful in this endeavour. The Chair of the Board, Mr David Trude, is an independent Director.

The Board has three independent Directors, David Trude, Sarah Morgan and Jennifer Douglas. This represents 50% of the Board's total membership. The Company is satisfied with the structure, skills and experience of the Board having regard to the Company's size and level of operations.

#### Board Skills Matrix

Directors must collectively possess the appropriate skills, experience and independence to effectively discharge the Board's responsibilities. The Board's current "skills matrix" includes expertise and experience in the financial services within banking and securities industries, information technology, mergers and acquisitions, ASX listed governance, corporate advisory, corporate finance and accounting, risk management, commercial and legal.

The Board also carefully assesses director independence as a core requirement in discharging its governance obligations.

#### Director induction training and continuing education

All incoming Directors are required to undertake the standard Company induction program so as to become informed of the Company's business activities and policies. Directors are encouraged to pursue professional development opportunities and the Company will provide information and advice that may be of relevance to allow Directors to maintain the skills and knowledge required to perform their role within the business.

### PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

At Hansen we recognise that our Company is made up of the individual employees representing our operations globally. Each person has an individual responsibility for their own behaviour and should take accountability for their actions and choices.

The Hansen Technologies Code of Conduct has been established to assist all Hansen representatives to make considered choices with regard to their behaviour. The Code of Conduct reflects the Hansen Group's primary values of ethical behaviour, compliance with legal obligations, and respecting the expectations of all stakeholders.

The Code of Conduct outlines how the Company expects Directors, senior executives and staff to behave and conduct business in a range of circumstances. Directors, management and staff are expected to act ethically and responsibly. All Board members are qualified professionals within their respective industries and accordingly conduct themselves in a professional and ethical manner in both their normal commercial activities and the discharge of their responsibilities as Directors. The Company's Code of Conduct can be found in the Ethics & Responsibilities document in the Corporate Governance section of its website.

Employees who breach this Code may face disciplinary action, which could result in changes to their employment. Where potential for conflict is identified, the Board appoints a sub-committee specifically structured, authorised and tasked to determine the appropriate actions or responses so as to eliminate any potential for conflicts.

### PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

#### Audit and Risk Committee

The Audit and Risk Committee monitors and reviews the effectiveness of the Company's controls in the areas of operational reporting. The Audit and Risk Committee makes an assessment of external auditor performance and makes recommendations in respect of the external auditor's appointment and remuneration.

The Committee has a formal charter, which is contained in the 'Board' document and is posted in the Corporate Governance section of the Company's website.

The members of the Committee as at 30 June 2017 were Non-Executive Directors David Osborne, Jennifer Douglas and the Chairman of the Committee, Sarah Morgan, with 67% of the membership being deemed independent.

The skills, tenure of office, experience and expertise relevant to the positions of the members of the Audit and Risk Committee is detailed in the Annual Report.

The Committee shall meet as required, but no less than twice each year. In the relevant reporting period the Committee met four times and the attendances at these meetings are detailed with the Directors' Report, which forms part of the Annual Report.

#### Declarations from the CEO and CFO

The integrity of the Group's financial reporting depends upon the existence of a sound system of risk oversight and management and internal control.

The Board receives regular reports about the financial condition and operational results

The CEO and the CFO annually provide a formal declaration to the Board that the financial records of the Group for the financial year have been properly maintained in that they:

- accurately record and explain its financial position and performance;
- enable true and fair financial statements to be prepared and audited;
- the financial statements and notes required by the accounting standards for the financial year comply with the accounting standards; and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

Such a statement has been provided in respect of the financial year ending 30 June 2017.

#### External auditor

The external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

#### PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Hansen Continuous Disclosure and Communication Policy has been developed to provide clear guidelines for the operations of the Hansen business and establishes appropriate processes and criteria for continuous disclosure to ensure compliance with the requirements of the ASX and other securities and corporations legislation. The policy is included in the 'Ethics and Responsibilities' document on the Company's website. The Policy's primary objective is the promotion of effective communication with shareholders and related stakeholders.

The key principles of the Policy are that:

- material Company information is issued to shareholders and the market in a timely manner and in accordance with our obligations to the market;
- such information is communicated in a way that allows for all interested parties to have equal and timely access;
- communication is presented in a clear, factual and balanced manner; and
- ASX reporting obligations are met.

#### PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Hansen encourages the use of electronic communications by providing up-to-date information on the Group website, [www.hsntech.com](http://www.hsntech.com). The 'Investors' section of the website contains a range of information relevant to shareholders. In particular:

- the Annual Report is distributed either over the web or by post;
- notice of the AGM is distributed by mail or, where a shareholder has requested, by email; and
- whenever there are other significant developments to report, these are communicated via the Company's website or direct communication to shareholders

Hansen is committed to continuing to improve communication with shareholders.

The AGM is seen as an important communication forum. In preparing notices of meeting and related explanatory information, Hansen aims to provide all information that is relevant to shareholders in making a decision on the matter to be voted on by shareholders in a clear and concise format. During the meeting, time is dedicated to accommodating shareholders questions. Following the meeting, Directors and shareholders are able to further communicate informally.

Communication mechanisms will be reviewed regularly to ensure they provide the optimum information flow to shareholders and potential investors, enabling them to make decisions in an informed manner.

The Company gives security holders the option to receive and send communications to the entity and its security registry electronically.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Company has established a Risk Management Policy for the oversight and management of material business risks. The Policy is available from the corporate governance section of the Company's website. The Audit and Risk Committee is responsible for overseeing the Company's risk management framework.

The Audit and Risk Committee reviews the Company's risk management framework regularly to satisfy itself that it continues to be sound and reports its findings to the Board.

At this stage of the Company's development it is deemed that a formal internal audit function is not warranted. However, the Company does acknowledge the risk represented by its decentralised infrastructure and has put in place a number of internal controls that are regularly tested by internal review tasks to ensure they are operating satisfactorily.

The key risk categories to which the Company is exposed, and how it manages or intends to manage those risks are set out in the Risk Management Policy on the Company's website. In addition, the Audit and Risk Committee Charter is set out in the 'Board' document posted in the corporate governance section of the Company's website.

The Company considers environmental risk to be the ability to continue its undertakings without compromising the health of the ecosystems in which it operates. The Company views social sustainability as the ability to continue operations in a manner that is acceptable to social norms.

The Board does not consider that the Company has any material exposure to environmental or social-sustainability risk however the Audit and Risk Committee has policies and procedures in place to identify and manage such a risk should it arise in the future.

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

### Remuneration Committee

The Remuneration Committee members as at 30 June 2017 were Bruce Adams plus independent Non-Executive Directors Sarah Morgan and Jennifer Douglas.

The Committee meets at least annually to assess annual remuneration changes, and will hold additional meetings where required. The Remuneration Committee met four times during the financial year and all members of the Remuneration Committee at the time were present.

The Remuneration Committee Charter is set out in the 'Board' document posted in the corporate governance section of the Company's website.

### Remuneration policies and practices

The Remuneration Report contained in this Annual Report sets out the remuneration details and structures for the specified key management personnel including all Non-Executive Directors.

The Company has share and option plans for its employees. The Company's Employee Option Plan was approved by shareholders at the 2011 AGM.

The Group's aim in remunerating the CEO and other executives is to provide base pay plus rewards and other benefits that will attract, motivate and retain key executives while aligning their financial interests with those of our shareholders. Our policy is to provide individual executives with a level of income that:

- recognises the market value of each position in a competitive market;
- rewards the individual's capabilities and experience;
- recognises the performance of individuals;
- assists in executive retention; and
- is structured to provide a mix of fixed and variable pay, and a blend of short and long term incentives.

The Remuneration Committee sets the remuneration package for the CEO and engages with external third party consultants from time to time to verify the appropriateness and market competitiveness of the CEO's remuneration package. The CEO establishes employment arrangements and remuneration packages for the executives. Each year performance-based incentives, at the discretion of the Directors, are set for the CEO and the executives incorporating objectives designed around Group, business unit and individual goals, with agreed short and long term performance incentives. The CEO submits the proposed annual executive package to the Remuneration Committee where it is assessed for reasonableness. The Remuneration Committee then makes its recommendations in respect of the CEO and executives to the Board for approval.

The structure of Hansen executive pay and reward is made up of three parts: a base salary package (inclusive of superannuation); short term performance incentives; and long term performance incentives. The combination of these comprises the executive's total compensation. Details of the pay and rewards for Hansen's KMP and their total remuneration are set out in the Annual Report each year.

The Remuneration Committee recommends the remuneration of Non-Executive Directors to the Board for consideration and approval. Remuneration for Non-Executive Directors consists of a base salary package, inclusive of superannuation contribution, as required by the Superannuation Guarantee Scheme. Non-Executive Directors are excluded from participation in the Company's share and option plans. The maximum collective amount payable to Non-Executive Directors, in their capacity as Directors, is established by resolution passed by a majority of shareholders at an AGM of the Company. Any increase in the maximum amount is required to be submitted to shareholders for approval. No separate or additional retirement benefits are provided for Non-Executive Directors.

### Share trading policy

The Company has a share trading policy that can be found in the corporate governance section of the Company's website.

The Corporations Act prohibits the KMP of an ASX listed company established in Australia, or a closely related party of such personnel from entering into an arrangement that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock.