

## Corporate Governance Statement

The Board of Directors of Easton Investments Limited (the Company) is responsible for the corporate governance of the Company and its subsidiaries (the "Group"). The Board guides and monitors the business and affairs of the Company on behalf of its shareholders.

The table below summarises the Company's compliance with the Third Edition of the ASX Corporate Governance Council's Principles and Recommendations (CGPR).

### **PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance</b>	<b>Disclosure</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.	Complies	<p>The Board of Directors (the Board), together with the Management team, are collectively experienced in the management of listed companies and more particularly the Group's principal business activities.</p> <p>The Board is responsible for providing strategic guidance and for contributing to the development of the corporate strategy and performance objectives, including:</p> <ul style="list-style-type: none"> <li>• the implementation of a business strategy;</li> <li>• the annual budget;</li> <li>• monitoring the Company's financial performance;</li> <li>• meeting its regulatory reporting obligations;</li> <li>• approving and monitoring the progress of existing investments, capital management and acquisitions and disposals of investment assets; and</li> <li>• ensuring that appropriate management processes and procedures are in place to achieve these objectives.</li> </ul> <p>The Board appoints the Chairman, Managing Director and Company Secretary.</p> <p>The Board has delegated to the Managing Director the authority to manage and control the day to day affairs of the Group and the implementation of the corporate strategy.</p>
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	Complies	<p>The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance.</p> <p>This will necessarily 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, as well as providing all material information relevant to a decision for election as a director. The</p>

	relevant to a decision on whether or not to elect or re-elect a director.		qualifications, experience and special responsibilities of the Board members are set out in the Company's Annual Report (the Annual Report).
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	The Directors, including the Managing Director, have received a letter of engagement setting out the terms of their appointment.
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.	Complies	The Board has appointed joint Company Secretaries who are directly accountable to the Board.
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</p>	Does not comply in full	<p>The Group has adopted a Diversity Policy, a copy of which is available on the Company's website.</p> <p>The Company does not presently have set targets for the representation of women employees in senior executive positions or on the Board. Due to the Company's size and relatively small Board structure, the Company does not propose the implementation of measurable objectives at this stage of its development.</p> <p>The Company is not a relevant employer under the Workplace Gender Equality Act.</p>

	Indicators”, as defined in and published under that Act.		
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>	Complies	<p>The performance of Directors will be assessed and reviewed by the Board. To determine whether it is functioning effectively, the Board shall:</p> <ul style="list-style-type: none"> <li>• review its Corporate Governance Statement annually; and</li> <li>• perform an evaluation of the board's performance at intervals considered appropriate.</li> </ul> <p>The Board is responsible for undertaking a performance evaluation from time to time of itself and its members in accordance with the Company's Board Charter. The Board will review its performance by discussion and by individual communication with the Chairman and by reference to generally accepted board performance standards and measurement methodologies.</p> <p>With the addition of a new Director, the Board intends to carry out a review in the 17/18 financial year. The last review was undertaken in August 2015.</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>	Complies	<p>The Managing Director is responsible for evaluating the performance of senior executives against performance indicators established for senior management.</p> <p>The Board is responsible for evaluating the performance of the Managing Director against set criteria.</p> <p>A performance review was undertaken during the reporting period to which the Annual Report relates.</p>

## **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> <ol style="list-style-type: none"> <li>1. has at least three members, a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, and disclose the charter of the committee, the members of the committee; and</li> <li>3. as at the end of each reporting period, the number of times the committee met throughout the</li> </ol>	Complies	<p>The responsibility for monitoring succession and nominating new directors is currently a function reserved for the Board as a whole.</p> <p>Specifically, the Board monitors and reviews:</p> <ul style="list-style-type: none"> <li>• the necessary and desirable competencies of directors;</li> <li>• director nominees for election to the Board and to identify and recommend candidates to fill casual vacancies; and</li> <li>• Board succession plans.</li> </ul>
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	<p>period and the individual attendances of the members at those meetings: <b>OR</b></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>		
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>	Does not comply	<p>The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience. While the Company does not have or disclose a formal skills matrix it does consider directors' attributes prior to any appointment. 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 is included in the Annual Report.</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Complies	<p>The Board is comprised of four Directors two of whom are considered independent directors.</p> <p>Rodney Green – Deputy Chairman, independent Non-executive Director – appointed 26/04/12  Carl Scarcella – independent Non-executive Director – appointed 15/05/14</p>
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>	Does not comply	<p>The Board is comprised of four Directors of which two are considered independent and therefore, does not comply with the best practice recommendation that Boards contain a majority of independent Non-executive Directors.</p>

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.	Does not comply	Kevin White as Chairman of the Board is not considered independent. The Board believes the experience and expertise Mr White brings to the role of Chairman derived from his experience in the financial services sector adds significant value to the Company to the benefit of all Shareholders. In accordance with commentary to Recommendation 2.5 Rodney Green has been appointed Deputy Chairman to fulfil the role should Mr White be placed in a position of conflict. Gregory Hayes is the Managing Director and CEO of the Company.
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.	Complies	Due to the Board's relatively small composition, the Company has an informal induction process. New directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors. Directors receive a formal letter of appointment setting out the key terms and conditions and corporate expectations relevant to that appointment. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

**PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY**

3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Complies	The Company and the Board promotes ethical and responsible decision making and has a Code of Conduct. This is communicated to management and requires staff to adhere to the core values, together with a number of other key attributes that have been identified as being imperative to the success of the Company.  A copy of the Code of Conduct is available on the Company's website
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**PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> <li>1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, who is not the chair of the board;</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>3. the charter of the committee;</li> <li>4. the relevant qualifications and experience of the members of the committee; and</li> <li>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; <b>OR</b></li> </ol> <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>	Complies	<p>The Company has established an Audit and Risk Committee which plays a key role in assisting the Board with its responsibilities relating to accounting, developing internal control systems, reporting practices, risk management and ensuring the independence of the Company Auditor.</p> <p>The Charter for this Committee incorporates policies and procedures to ensure an effective focus from an independent perspective.</p> <p>Members of the Committee are:</p> <p>Carl Scarcella – Chairman, independent Non-executive Director          Rodney Green – independent Non-executive Director          Kevin White – non independent Non-executive Director</p> <p>The Audit and Risk Committee works within the framework of the Audit and Risk Committee Charter adopted by the Board. The Audit and Risk Committee includes in its Charter a review of the effectiveness of administrative, operating and accounting controls.</p> <p>Details of the Directors’ qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Directors’ Report contained in the Annual Report.</p> <p>A copy of the Audit and Risk Committee Charter is available on the Company’s website.</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</p>	Complies	<p>Following a recommendation by the Committee to the Board to approve the annual and half year financial statements, the Managing Director and Chief Financial Officer state in writing 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 and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.</p>

	internal control which is operating effectively.		
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.	Complies	The external auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions about the conduct of the audit and preparation of the Auditor's Report.

#### **PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Complies	<p>The Company's Communications Policy is designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by it. The Company is committed to complying with the continuous disclosure obligations contained in the Listing Rules of the Australian Securities Exchange (ASX) and under the Corporations Act, and ensuring that all shareholders and the market have an equal opportunity to obtain and review full and timely information about the Company's securities.</p> <p>Disclosure of such price-sensitive information to the ASX must not be delayed and is disclosed, in the first instance, to the ASX and only after receiving confirmation that a release of this disclosure has been made to the market will it then be placed on the Company's website, <a href="http://www.eastoninvestments.com.au">www.eastoninvestments.com.au</a>. Material information must not be selectively disclosed (i.e. to analysts, the media or shareholders) prior to being announced to the ASX, and all media releases must be referred to the Chairman or Managing Director for approval prior to any announcement.</p> <p>A copy of the Communication Policy is available on the Company's website.</p>
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#### **PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS**

6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company's website, <a href="http://www.eastoninvestments.com.au">www.eastoninvestments.com.au</a> , has a dedicated Investors and News sections and endeavours to publish on the website all important Company information and relevant announcements made to the market.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	<p>The Company is committed to:</p> <ul style="list-style-type: none"> <li>ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, ASX releases, general meetings and the Company's website;</li> <li>complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia; and</li> <li>encouraging shareholder participation at general meetings.</li> </ul>

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.	Complies	The Board encourages full participation of shareholders at the Company's annual general meetings and any general meetings to ensure a high level of accountability and identification with the Company's strategy. The external auditor will also be invited to attend the annual general meeting of shareholders and will be available to answer any questions concerning the conduct, preparation and content of the auditor's report.
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.	Complies	The Company's registrar, Link Market Services, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at <a href="http://www.linkmarketservices.com.au/corporate/InvestorServices/Investor-Services">www.linkmarketservices.com.au/corporate/InvestorServices/Investor-Services</a>

#### **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b> (6) 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.	Complies	<p>The Board of the Company takes a proactive approach to the Group's risk management and internal compliance and control system. This function is monitored by the Audit and Risk Committee.</p> <p>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 Group's objectives and activities are aligned with the risks and opportunities identified by the Committee and the Board. At the date of this report, due to the size and composition of the Board, the Audit and Risk Committee only had two members which did not meet the recommendations of having at least three members.</p> <p>Members of the Committee are:</p> <p>Carl Scarcella – Chairman, independent Non-executive Director Rodney Green – independent Non-executive Director Kevin White – non independent non-executive Director</p> <p>Details of the Directors' qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Directors' Report contained in the Annual Report.</p> <p>A copy of the Audit and Risk Committee Charter is available on the Company's website</p>
7.2	The board or a committee of the board should:	Complies	The Company has undertaken a detailed analysis of its current policy on risk oversight and management which has been developed to promote a culture of risk control throughout the Company.



	<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 Board reviews the operation of systems of risk management at least annually to ensure that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with at an individual business level.</p> <p>A review of the entity's risk management framework was undertaken during the reporting period to which the Annual Report relates.</p>
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; <b>OR</b></p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.</p>	Complies	<p>As a relatively small entity, the Company does not have an internal audit function. The Board works closely with the Management Team to identify and manage operational, financial and compliance risks which could prevent the Company and its individual businesses from achieving their objectives and targets.</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>	Complies	<p>A summary of risks including market price, currency, interest rate, credit, liquidity and fair value are included in Note 31 in the Annual Report.</p>

#### **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

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,</p> <p>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</p>	Complies	<p>The Company has a Remuneration Committee which is responsible for determining and reviewing compensation arrangements for the Board, Managing Director and employees.</p> <p>Specifically, the Committee monitors and reviews:</p> <ul style="list-style-type: none"> <li>• the remuneration arrangements for the Chairman and sets parameters within which the Chairman will review arrangements for other Directors and the Managing Director;</li> <li>• the remuneration policies, personnel practices and strategies of the Company generally; and</li> <li>• any employee incentive schemes.</li> </ul> <p>The Board is responsible for performance evaluation of the members of the Board and key executives against both measurable and qualitative indicators.</p>
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	<p>committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></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>The Remuneration Committee is currently comprised of Rodney Green (Chair), Carl Scarcella and Kevin White and does have a majority of independent Directors.</p> <p>The Remuneration Committee is chaired by an independent Director.</p> <p>A copy of the Remuneration Committee Charter is available on the Company's website.</p> <p>The number of meetings held by the Committee and a summary of attendance is detailed in the Directors Report, contained in the Annual Report.</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>	Complies	<p>The details of the remuneration paid to Directors and Officers is included in the Remuneration Report in the Annual Report.</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>	Complies	<p>The Company has a Policy for dealing in securities and Directors and employees must not create, enter into or deal in derivatives, a derivative arrangement or margin calls in relation to Company securities at any time.</p> <p>A copy of the Policy for dealing in securities is available on the Company's website.</p>

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, refer to the Company's website: [www.eastoninvestments.com.au](http://www.eastoninvestments.com.au)