

Appendix 4G Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Titomic Limited

ACN/ARBN

602 793 644

Financial year ended

30 June 2017

Our corporate governance statement² for the above period above can be found at:³

☐

these pages of our annual report: _____

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this URL on our website:

<http://www.titomic.com/corporate-policies.html>

The Corporate Governance Statement is accurate and up to date as at 28th September 2017 and has been approved by the Board.

Date here: 28th September 2017



Sign here: _____

~~Director~~ / Company Secretary

Print name: PETER VUAGHAN

¹ 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.

² "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.

³ Mark whichever option is correct and then complete the page number(s) available on the Company website, or the URL of the web page, where the entity's corporate governance statement can be found.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

PRINCIPLE and RECOMMENDATION	REQUIREMENT	COMPLY	EXPLANATION
PRINCIPLE 1	<i>Lay solid foundations for management and oversight</i>		
Recommendation 1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	YES	<p>The Company has adopted a Board Charter which sets out the specific roles and responsibilities of the Board, the Chair and management. The Board Charter includes a description of those matters expressly reserved to the Board and those delegated to management.</p> <p>The Board Charter sets out the membership and operation of the Board, requirements as to Board composition, delegation and establishment of Board Committees, the process of selection and appointment of directors, the roles and responsibilities of the Chairman and Company Secretary, requirements for advising on conflicts of interest and details regarding the Board's interaction with the Company.</p> <p>A copy of the Company's Board Charter is available on the Company's website.</p>
Recommendation 1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	YES	<p>(a) The Company's Remuneration and Nomination Committee Charter requires the Nomination Committee to undertake appropriate checks before putting forward a candidate for appointment or election as a director.</p> <p>(b) The Company's Remuneration and Nomination Committee Charter requires the Committee to provide shareholders with all material information in its possession relevant to a decision whether or not to elect or re-elect a director.</p>
Recommendation 1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	The Company has written agreements with each of its Directors and senior executives setting out the terms of their appointment.
Recommendation 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.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board through the Chairman on all matters relating to the proper functioning of the Board.
Recommendation 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</p>	NO	The workforce of the Company is made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, respected and valued by the Company.

PRINCIPLE and RECOMMENDATION	REQUIREMENT	COMPLY	EXPLANATION
	<p>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>(i) 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>(ii) 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>		While the Company is committed to gender diversity in its workplace, the Board believes that the Company is not yet of a size where it is appropriate to implement a Diversity Policy or to implement measurable objectives for achieving gender diversity.
Recommendation 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>	YES	<p>(a) The Remuneration and Nomination Committee Charter has and discloses the process for periodically evaluating the performance of the board, its committees and individual directors. Performance reviews are carried out by the Remuneration and Nomination Committee.</p> <p>(b) The Company intends to disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>
Recommendation 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>	YES	<p>(a) The Board Charter has and discloses the process for periodically evaluating the performance of senior executives.</p> <p>(b) The Company intends to disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>
PRINCIPLE 2	Structure the board to add value:		
Recommendation 2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p>	NO	The Company's Remuneration and Nomination Committee has three members but does not have a majority of independent members, but rather one independent member. While the Company is committed to maintaining independence on the Board and its committees, the Board believes that the

PRINCIPLE and RECOMMENDATION	REQUIREMENT	COMPLY	EXPLANATION
	<ul style="list-style-type: none"> (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 (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>Company is not yet at a size where it is appropriate for more than one independent director to be appointed to the Board.</p> <p>The Company shall disclose the charter of the Remuneration and Nomination Committee, the members of the Remuneration and Nomination Committee and, 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.</p>
Recommendation 2.2	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.	No	<p>The Board believes that the Company has a good mix of skills on its board but has not prepared a skills matrix. The Board intends to review the skills, knowledge and experience represented on the Board against the skills and experience needed to deliver the Company's strategy. The Board intends to prepare a skills matrix to assist with its review and to comply with ASX's requirements. The experience and skills of directors in the key areas below will be recorded in the matrix to identify any gaps or weaknesses in the Board skills to be addressed when filling any Board vacancies or by recruitment of additional directors.</p> <p>Qualifications Finance / accounting / legal / industry/ Other</p> <p>Experience Finance and Investment / Accounting / Legal / Investment management / Product development / Marketing / Distribution / Investor and Public relations / Regulatory / Risk Management / Human Resources / Information technology / Strategic planning and leadership / shareholder management / director experience / executive management / ethical issues management.</p>

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			The Board considers that the above skills areas are appropriately represented in the Board.
Recommendation 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 of the 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 (c) the length of service of each director.	YES	(a) The Board Charter requires all directors to disclose to the Board any information that may affect their independence, and also requires the disclosure of any change to a director's independent status to the market. The Company considers that only one director is independent, being Richard Wilson. (b) There are no independent Directors who fall into this category. The Company will disclose on its website and in its Annual Report any instances where this may apply. (c) The Company's Annual Report will disclose the length of service of each director as at the end of each financial year.
Recommendation 2.4	A majority of the board of a listed entity should be independent directors.	NO	The Company considers that only one director is independent, being Richard Wilson. While the Company is committed to maintaining independence on the Board and its committees, the Board believes that the Company is not yet at a size where it is appropriate for more than one independent director to be appointed to the Board.
Recommendation 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.	NO	The Chair of the Company is Philip Vafiadis, who is not an independent director but is not the CEO of the Company. While the Company is committed to maintaining independence on the Board and its committees, the Board believes that the Company is not yet at a size where it is appropriate for more than one independent director to be appointed to the Board.
Recommendation 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.	YES	The Nomination and Remuneration Committee is responsible for developing, implementing and reviewing director induction programmes and continuing education measures to enhance director competencies and update and enhance directors' knowledge and skills in order to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

PRINCIPLE 3	<i>Act ethically and responsibly:</i>		
Recommendation 3.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	YES	The Company has a Code of Conduct for its directors, senior executives and employees, and will disclose the Code of Conduct on its website.
PRINCIPLE 4	<i>Safeguard integrity in corporate reporting:</i>		
Recommendation 4.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) 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 (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. 	NO	<p>The Company's Audit and Risk Committee is comprised of three members but is not comprised solely of non-executive directors, as Simon Marriott, an executive director, is a member.</p> <p>Likewise, the Committee does not have a majority of independent directors but rather one independent director (Richard Wilson).</p> <p>The Committee is chaired by Richard Wilson, who is an independent director and is not the chair of the Board.</p> <p>The Company will disclose the charter of the Audit and Risk committee, the relevant qualifications and experience of the members of the committee and 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, in the Company's Annual Report and on its website.</p>
Recommendation 4.2	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	YES	The Company intends to require that the CEO and CFO (or, if none, the persons(s) fulfilling those functions) to provide a sign off on those terms in each financial year.

	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.		
Recommendation 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.	YES	The Company intends to require that its external auditor attend each AGM and is available to answer questions from security holders relevant to the audit.
PRINCIPLE 5	<i>Make timely and balanced disclosure:</i>		
Recommendation 5.1	A listed entity should: <ul style="list-style-type: none"> (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. 	YES	<ul style="list-style-type: none"> (a) The Company has a Disclosure and Communication Policy, which sets out the corporate governance measures adopted by the Company to ensure that market releases are presented in a clear and factual way, ensure that shareholders have equal and timely access to material information concerning the Company and to communicate effectively with shareholders. (b) The Company will disclose its Disclosure and Communication Policy on its website.
PRINCIPLE 6	<i>Respect the rights of security holder</i>		
Recommendation 6.1	A listed entity should provide information about itself and its governance to investors via its website.	YES	<p>Information about the Company and its governance is available on the Company's website. In particular, the Company will upload the following documents to its website:</p> <ul style="list-style-type: none"> (a) Board Charter; (b) Code of Conduct; (c) Risk Management Statement; (d) Remuneration and Nomination Committee Charter; (e) Disclosure and Communication Policy; and (f) Audit and Risk Committee Charter.

Recommendation 6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Disclosure and Communication Policy to facilitate effective two-way communication with investors. This Policy outlines a range of ways in which information is communicated to shareholders.
Recommendation 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.	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of a notice of meeting to shareholders, the Company Secretary shall send out material stating that all shareholders are encouraged to participate.
Recommendation 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.	YES	Shareholders may elect to receive information by post rather than electronically. The Company will communicate electronically with shareholders who have not elected to receive information by post.
PRINCIPLE 7	Recognise and manage risk:		
Recommendation 7.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; (ii) is chaired by an independent director and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 (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. 	NO	<p>The Company's Audit and Risk Committee has three members but does not have a majority of independent members, but rather one independent member. While the Company is committed to maintaining independence on the Board and its committees, the Board believes that the Company is not yet at a size where it is appropriate for more than one independent director to be appointed to the Board.</p> <p>The Company shall disclose the charter of the Audit and Risk Committee, the members of the Audit and Risk Committee and, 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.</p>

Recommendation 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>YES</p>	<p>(a) The Audit and Risk Committee intends to review the Audit and Risk Committee Charter annually to keep it up to date and report to the Board any changes it considers should be made.</p> <p>(b) The Company intends to disclose in each Annual Report whether such a review has taken place.</p>
Recommendation 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>YES</p>	<p>The Company does not have an internal audit function. Accordingly, the responsibility of evaluating and improving the effectiveness of the Company's risk management and internal control processes rest primarily with the Audit and Risk Committee. The Audit and Risk Committee Charter identifies risk management and internal compliance and control systems and provides that the Audit and Risk Committee is responsible for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>
Recommendation 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>YES</p>	<p>The Company has no exposure to economic, environmental or social sustainability risks. The Company will disclose on its website and in its Annual Report whether it has any material exposure to economic, environmental or social sustainability risks and if so, how to manage those risks.</p>

PRINCIPLE 8	Remunerate fairly and responsibly:		
Recommendation 8.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 (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. 	NO	<p>The Company's Remuneration Committee is comprised of three members but is not comprised solely of non-executive directors, as Simon Marriott, an executive director, is a member.</p> <p>Likewise, the Committee does not have a majority of independent directors but rather one independent director (Richard Wilson).</p> <p>The Committee is chaired by Richard Wilson, who is an independent director and is not the chair of the Board.</p> <p>The Company will disclose the charter of the Remuneration committee, the relevant qualifications and experience of the members of the committee and 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, in the Company's Annual Report and on its website.</p>
Recommendation 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 and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	<p>The Company will disclose its Remuneration and Nomination Committee Charter on its website and on the ASX. The Remuneration and Nomination Committee Charter provides that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>
Recommendation 8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> (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 (b) disclose that policy or a summary of it. 	YES	<p>The Company has adopted an equity based remuneration scheme. The Company's Security Trading Policy sets out whether the 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.)</p> <p>The Company will disclose the Securities Trading Policy on its website and the ASX.</p>