Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:							
Spicer	Spicers Limited						
ABN / A	ARBN:		Financial year ended:				
70005	146350		30 June 2018				
Our cor	Our corporate governance statement ² for the above period above can be found at: ³ These pages of our annual report: This URL on our website: http://www.spicerslimited.com.au/corporate-governance/corporate-governance.htm						
	rporate Governance Statement is accura Limited Board.	ate and up to date as at 24 Au	gust 2018 and has been approved by the				
The annexure includes a key to where our corporate governance disclosures can be located.							
Date:		28 September 2018					
Name lodger	of Director or Secretary authorising ment:	Mr Michael Clark, Company	Secretary				

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.

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 "<u>OR</u>" 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.

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.

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) 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.

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 \dots^4	
PRINC	IPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVE	ERSIGHT		
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: in our Corporate Governance Statement OR at [insert location] 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):	 □ an explanation why that is so in our Corporate Governance Statement <u>OR</u> □ 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.	 in our Corporate Governance Statement the fact that we follow this recommendation: in our Corporate Governance Statement OR at [insert location] 	 □ an explanation why that is so in our Corporate Governance Statement <u>OR</u> □ 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: ☑ in our Corporate Governance Statement OR ☐ at [insert location]	□ an explanation why that is so in our Corporate Governance Statement <u>OR</u> □ 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: ☑ in our Corporate Governance Statement OR ☐ at [insert location] 	 □ an explanation why that is so in our Corporate Governance Statement <u>OR</u> □ we are an externally managed entity and this recommendation is therefore not applicable 	

⁴ 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 \dots^4
1.5	 (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; (b) disclose that policy or a summary of it; and (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: (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 (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. 	the fact that we have a diversity policy that complies with paragraph (a): ☑ in our Corporate Governance Statement OR ☐ at [insert location] and a copy of our diversity policy or a summary of it: ☐ at [insert location] 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: ☑ in our Corporate Governance Statement OR ☐ at [insert location] and the information referred to in paragraphs (c)(1) or (2): ☑ in our Corporate Governance Statement OR ☐ at [insert location] ☐ at [insert location]	 □ an explanation why that is so in our Corporate Governance Statement OR □ we are an externally managed entity and this recommendation is therefore not applicable
1.6	 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	the evaluation process referred to in paragraph (a): ☑ in our Corporate Governance Statement OR ☐ at [insert location] and the information referred to in paragraph (b): ☑ in our Corporate Governance Statement OR ☐ at [insert location]	 □ an explanation why that is so in our Corporate Governance Statement <u>OR</u> □ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	the evaluation process referred to in paragraph (a): ☑ in our Corporate Governance Statement OR ☐ at [insert location] and the information referred to in paragraph (b): ☑ in our Corporate Governance Statement OR ☐ at [insert location]	 □ an explanation why that is so in our Corporate Governance Statement <u>OR</u> □ we are an externally managed entity and this recommendation is therefore not applicable

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 \dots^4
PRINCIP	PLE 2 - STRUCTURE THE BOARD TO ADD VALUE		
2.1	The board of a listed entity should: (a) have a nomination committee 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; 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.	[If the entity complies with paragraph (a):] the fact that we have a nomination committee that complies with paragraphs (1) and (2): in our Corporate Governance Statement OR at [insert location] and a copy of the charter of the committee: at [insert location] and the information referred to in paragraphs (4) and (5): in our Corporate Governance Statement OR at [insert location] [If the entity complies with paragraph (b):] the fact that we do not have a nomination committee and the processes we employ 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: in our Corporate Governance Statement OR at [insert location]	an explanation why that is so in our Corporate Governance Statement (The Board has decided not to have separate Nomination and Remuneration sub-committees. The Board believes that these governance responsibilities are best undertaken directly by the full Board for efficiency and governance reasons. An explanation is included in further detail in our Corporate Governance Statement under the section – 'Board Committees'.)
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.	 our board skills matrix: ☑ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location] 	 an explanation why that is so in our Corporate Governance Statement <u>OR</u> we are an externally managed entity and this recommendation is therefore not applicable

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 \dots^4
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: ☑ in our Corporate Governance Statement OR ☐ at [insert location] and, where applicable, the information referred to in paragraph (b): ☐ in our Corporate Governance Statement OR ☐ at [insert location] and the length of service of each director: ☑ in our Corporate Governance Statement OR ☐ at [insert location]	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: in our Corporate Governance Statement OR at [insert location]	an explanation why that is so in our Corporate Governance Statement (The Board comprises two independent Directors, including the Chairman of the Company, and four other Non-executive Directors not regarded as independent. An explanation is included in further detail in our Corporate Governance Statement under the section – 'Independence of Directors'.)
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: ☑ in our Corporate Governance Statement OR ☐ at [insert location] 	 □ an explanation why that is so in our Corporate Governance Statement <u>OR</u> □ 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: ☑ in our Corporate Governance Statement OR ☐ at [insert location]	 □ an explanation why that is so in our Corporate Governance Statement <u>OR</u> □ we are an externally managed entity and this recommendation is therefore not applicable

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 \dots^4			
PRINCIP	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.	our code of conduct or a summary of it: in our Corporate Governance Statement OR In 'Code of Conduct' document, at http://www.spicerslimited.com.au/corporate-governance/corporate-policies.htm	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 \dots^4
PRINCIF	LE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING		
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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 (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.	[If the entity complies with paragraph (a):] the fact that we have an audit committee that complies with paragraphs (1) and (2): □ in our Corporate Governance Statement OR □ at [insert location] and a copy of the charter of the committee: □ in 'Guidelines for Board Operation' document, at http://www.spicerslimited.com.au/corporate-governance/corporate-policies.htm and the information referred to in paragraphs (4) and (5): □ in our Corporate Governance Statement (5) AND □ on pages 18 (4) and 21 (5) of the Spicers Limited Annual Report 2018 [If the entity complies with paragraph (b):] the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: □ in our Corporate Governance Statement OR □ at [insert location]	an explanation why that is so in our Corporate Governance Statement (The Committee consists entirely of Non-executive Directors who are not regarded as independent for the reasons explained in the 'Independence of Directors' section in our Corporate Governance Statement. The Board has formed the view that these Committee members bring extensive financial and operational knowledge to the Committee and come from diverse backgrounds, with sufficient industry and financial experience to discharge their responsibilities.)
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 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.	the fact that we follow this recommendation: in our Corporate Governance Statement OR at [insert location]	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	ave NOT followed the recommendation in full for the whole experiod above. We have disclosed 4
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: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	an explanation why that is so in our Corporate Governance Statement OR we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPI	.E 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.	our continuous disclosure compliance policy or a summary of it: in our Corporate Governance Statement OR in 'Continuous Disclosure Policy' document, at http://www.spicerslimited.com.au/corporate-governance/corporate-policies.htm	an explanation why that is so in our Corporate Governance Statement
PRINCIPI	LE 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.	information about us and our governance on our website: at http://www.spicerslimited.com.au and http://www.spicerslimited.com.au/corporate-governance.htm	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: ☑ in our Corporate Governance Statement OR ☐ at [insert location]	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: in our Corporate Governance Statement OR at [insert location]	an explanation why that is so in our Corporate Governance Statement OR 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: ☑ in our Corporate Governance Statement OR ☐ at [insert location] 	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 \dots^4
PRINCIP	LE 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; 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.	[If the entity complies with paragraph (a):] the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): □ in our Corporate Governance Statement OR □ at [insert location] and a copy of the charter of the committee: □ in "Guidelines for Board Operation' document at http://www.spicerslimited.com.au/corporate-governance/corporate-policies.htm and the information referred to in paragraphs (4) and (5): □ in our Corporate Governance Statement (5) AND □ on pages 18 (4) and 21 (5) of the Spicers Limited Annual Report 2018 [If the entity complies with paragraph (b):] the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: □ in our Corporate Governance Statement OR □ at [insert location]	an explanation why that is so in our Corporate Governance Statement (The Committee consists entirely of Non-executive Directors who are not regarded as independent for the reasons explained in the 'Independence of Directors' section in our Corporate Governance Statement. The Board has formed the view that these Committee members bring extensive financial and operational knowledge to the Committee and come from diverse backgrounds, with sufficient industry and financial experience to discharge their responsibilities.)
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	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: ☑ in our Corporate Governance Statement OR ☐ at [insert location] and that such a review has taken place in the reporting period covered by this Appendix 4G: ☑ in our Corporate Governance Statement OR ☐ at [insert location]	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 \dots^4
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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.	[If the entity complies with paragraph (a):] how our internal audit function is structured and what role it performs: □ in our Corporate Governance Statement OR □ at [insert location] [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: □ in our Corporate Governance Statement OR □ at [insert location]	an explanation why that is so in our Corporate Governance Statement (Refer to our Corporate Governance Statement under the section 'Internal Audit and Internal Controls' for further details.)
7.4	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.	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: in our Corporate Governance Statement OR in the 'Operating and Financial Review' section of the Spicers Limited Annual Report 2017 on page 15	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 \dots^4
PRINCIP	LE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
8.1	The board of a listed entity should: (a) have a remuneration committee 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; 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.	[If the entity complies with paragraph (a):] the fact that we have a remuneration committee that complies with paragraphs (1) and (2): □ in our Corporate Governance Statement OR □ at [insert location] and a copy of the charter of the committee: □ in the 'Guidelines for Board Operation' document, at http://www.spicerslimited.com.au/corporate-governance/corporate-policies.htm and the information referred to in paragraphs (4) and (5): □ in our Corporate Governance Statement OR [If the entity complies with paragraph (b):] the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: □ in our Corporate Governance Statement OR □ at [insert location]	an explanation why that is so in our Corporate Governance Statement (The Board has decided not to have separate Nomination and Remuneration sub-committees. The Board believes that these governance responsibilities are best undertaken directly by the full Board for efficiency and governance reasons. An explanation is included in further detail in our Corporate Governance Statement under the section – 'Board Committees'.)
8.2	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.	separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: in our Corporate Governance Statement OR in the 'Remuneration Report' section of the Spicers Limited Annual Report 2018, on pages 24 to 35	 □ an explanation why that is so in our Corporate Governance Statement <u>OR</u> □ we are an externally managed entity and this recommendation is therefore not applicable

		We have followed the recommendation in full for the whole of the period above. We have disclosed \dots	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed \dots^4
8.3	A listed entity which has an equity-based remuneration scheme should: (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.	 our policy on this issue or a summary of it: □ in our Corporate Governance Statement <u>OR</u> □ in the 'Remuneration Report' section of the Spicers Limited Annual Report 2018, on pages 24 to 35 	 □ an explanation why that is so in our Corporate Governance Statement <u>OR</u> □ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u> □ we are an externally managed entity and this recommendation is therefore not applicable
ADDITIO	NAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED	LISTED ENTITIES	
-	Alternative to Recommendation 1.1 for externally managed listed entities: The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	the information referred to in paragraphs (a) and (b): in our Corporate Governance Statement OR at [insert location]	an explanation why that is so in our Corporate Governance Statement
-	Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities: An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	the terms governing our remuneration as manager of the entity: in our Corporate Governance Statement OR at [insert location]	an explanation why that is so in our Corporate Governance Statement



Corporate Governance Statement 2018

The Board of Directors of Spicers Limited ('Spicers' or 'the Company') is pleased to present its Corporate Governance Statement for the period from 1 July 2017 to the date of this Statement (24 August 2018). The information in this statement is current as at 24 August 2018 and has been approved by the Board of Directors (as appointed as at that date), in conjunction with the Directors' Report that forms part of the Spicers Annual Report 2018.

The Directors recognise the importance of good corporate governance in ensuring Board and Management accountability. The Company is committed to applying the *Corporate Governance Principles and Recommendations* (3rd Edition), published by the ASX Corporate Governance Council, in a manner appropriate to its circumstances, to promote ethical conduct and integrity in the Company's activities and decisions.

The Company has an existing framework of processes and guidelines for its governance that includes policies and monitoring procedures, internal control systems, a risk management programme, and standards for ensuring lawful and ethical conduct with the aim of protecting and enhancing shareholder value.

Spicers considers that its corporate governance practices followed the majority of the ASX Corporate Governance Council's Principles and Recommendations during the period. Any departures from the Principles and Recommendations are indicated on the ASX form Appendix 4G 'Key to Corporate Governance Disclosures' and explained under the respective Principle header in this Statement.

Principle 1: Lay solid foundations for management and oversight

Role of the Board and Management

Management and control of the business and affairs of the Company is vested in the Board under the Company's Constitution. In particular, the Board has the overall responsibility for the conduct and governance of the Company, including its strategic direction, the review of the strategic plans established by the management team and the monitoring of performance targets. Directors meet regularly without Management present.

The Board does not itself manage the strategic plans, operations, and financial performance of the business; this is the role of the Chief Executive Officer ('CEO') and his management team, subject to the oversight and supervision of the Board.

Responsibilities of the Board

The Board, amongst other things:

- Reviews and approves management's plans for conducting and developing the Company's business;
- Approves any material changes to plans that have previously been approved by the Board;
- Places limits on the extent to which management can commit resources or dispose of assets or raise funds without specific approval;

- Reviews monthly reports from the CEO and Chief Financial Officer (CFO) covering financial performance against budget and reasons if there are any material variations and trends;
- Regularly reviews reports from the CEO and other Management covering all material aspects of the Company's business and operations, including key areas of risk and importance; and
- Monitors the performance of Management.

Matters that are reserved for the Board and are not within the authority delegated to the CEO include:

- (a) Appointment and remuneration of the CEO and approval of policies relating to any sub-delegations by him/her;
- (b) All matters relating to the issue of securities of the Company;
- (c) Adoption of annual business plans and budgets and approval of longer-term strategic plans for the Company and all business units;
- (d) Appointment and remuneration of members of the Board;
- (e) Approval of Directors' Reports and financial statements for release to the ASX and security holders;
- (f) Approval of the Annual Report, including the Directors' Report and Corporate Governance Statement, Annual General Meeting notice and any other General Meeting notices;
- (g) Approval of ASX Releases (these require approval by the Chairman, who will liaise with the Board as necessary);
- (h) Declaration of dividends and distributions to security holders;
- (i) Approval of appointment of the CFO and confirmation of the appointment of other executives who report directly to the CEO, including approval of the terms of appointment and remuneration of those executives;
- (j) Approval, oversight, and review of:
 - audit functions and their performance, including the appointment of External Auditors;
 - control and corporate governance functions and their performance;
 - human resources and remuneration policies and performance; and
 - other key Group policies;
- (k) Approval, oversight and review of the Company's risk management framework and programme;
- (I) Approving any significant donations proposed by the CEO;
- (m) Acquisition and disposal of businesses, land & buildings, and other significant capital items;
- (n) Approval of any goodwill impairments and any other significant asset impairments;
- (o) Approval of external borrowings and commitments, and policies over key treasury activities, as agreed with the CEO and CFO;
- (p) Approval of significant projects and restructuring activities;

- (g) Major external borrowings and commitments, and establishing rules for the administration of key treasury activities, as agreed with the CFO;
- (r) Approval of parent guarantees and any other significant guarantees given to third parties and subsidiaries; and
- (s) Significant legal matters.

Spicers' Guidelines for Board Operation ('Board Guidelines') document, which contains the Board and Committee Charters along with other information about the Company's corporate governance practices, is posted on the Company's website at http://www.spicerslimited.com.au/corporate-governance/ corporate-policies.htm.

Responsibilities of Management

Managing the operations and financial performance of the business is the role of the CEO and his/her management team ('Management'). These activities are undertaken in accordance with the strategic plans approved by the Board.

Execution of strategic plans, financial and operational activities are undertaken by Management within the authority levels set by the Company's 'Delegation of Authorities' policy and in accordance with other Company policies, as approved by the Board. The CEO and senior executives reporting to him/her have their roles and responsibilities defined in written employment agreements.

The Company Secretary is directly accountable to the Board, via the Chairman, on all matters connected with the proper functioning of the Board.

Board performance reviews

The Chairman institutes processes to monitor Board performance, both collectively and individually, and facilitates annual reviews of the Board's and Directors' performances. The Audit & Risk Committee Chairman reviews the performance of the Chairman in the same manner.

The performance of the Audit & Risk Committee is facilitated by the relevant Committee's Chairman in a similar manner. Further details on the process are disclosed in the 'Board Guidelines' document, posted on the Company's website at http://www.spicerslimited.com.au/corporate-governance/ corporate-policies.htm.

Evaluations of the Board, Audit & Risk Committee's and individual Directors' performance were undertaken during the period in accordance with the processes described above.

Performance evaluation of senior executives

The policy of the Company is to set remuneration practices that attract and retain team members who can deliver business results, as well as to align executive KMP remuneration with shareholder interests. Performance related rewards are linked to the achievement of key financial and strategic targets which the Board believes correlate to the creation of long-term shareholder value. In addition, formal performance evaluation processes for executive KMP are focused on goals and competencies linked to the Company's strategic targets and business performance.

The annual performance review occurs after the end of the financial year and is a joint assessment with the CEO (or the Chairman in the case of the CEO) and executive KMP of the:

- Executive KMP's performance against the strategic and operational goals for the previous 12 months, and agreement on the goals to be achieved during the following 12 months;
- 2. Extent to which the executive KMP demonstrates the necessary leadership and behavioural competencies; and
- Personal and career development actions undertaken by the executive KMP during the year and those planned for the following 12 months, which may enhance the executive's opportunity for progression to more senior roles within the Company.

Additionally, for FY2018, the Board determined share rights issued under the Spicers Performance Rights Plan should replace other short and long-term incentives plans previously in place for executive KMP.

Performance evaluation reviews of the CEO and current executive management for the financial year ended 30 June 2018 have been undertaken in accordance with this annual performance review process.

Diversity

Spicers' diversity objective, applicable from 1 July 2016, is to increase the proportion of females in management roles to 25 percent by 30 June 2019. To work towards this objective, focus areas will include identifying, developing and mentoring high potential females, as well as reviewing recruitment, personal development and employment practices.

As part of the Board renewal process and as announced to the ASX on 28 June 2017, the Company called for nominations from shareholders for persons to be considered for election as new Directors at an Extraordinary General Meeting (EGM) which was held on 6 September 2017. As a result of the process, the Company received eight Director nominations. There were no female nominations. Thus, the Board did not have a female Director during the year.

At 30 June 2018, the proportion of female employees in the business were:

- No female Director at Board level;
- 19.1 percent in a management role (versus 18.9 percent in the prior year); and
- 30.5 percent of all employees were female (versus 30.1 percent in the prior year).

Separately, but related to gender diversity, in accordance with the Australian Workplace Gender Equality Act 2012, Spicers Limited has submitted a 2018 report detailing gender equality in our Australia workplace to the Workplace Gender Equality Agency ('WGEA').

The Company's policy on Diversity and the 2018 WGEA report are available on the Company's website at http://www.spicerslimited.com.au/corporate-governance/ corporate-policies.htm.

Principle 2: Structure the Board to add value

Board composition and operation

The Company's Board ('the Board') comprises of the following Directors as at the date of this Corporate Governance Statement:

Director	Date appointed to Board	Length of service as at date of report (months)
Jonathan Trollip, Independent Non-executive Director (Chairman)	6/09/2017	11
Andrew (Andy) Preece, Non-executive Director	6/09/2017	11
Gabriel (Gaby) Berger, Independent Non-executive Director	6/09/2017	11
Nigel Burgess, Non-executive Director	6/09/2017	11
Todd Plutsky, Non-executive Director	6/09/2017	11
Vlad Artamonov, Non-executive Director	6/09/2017	11

The Company's Constitution provides for a minimum of three and a maximum of ten Directors. A majority of Non-executive Directors over Executive Directors is required, and the Chairman of the Board should not also be the Managing Director and/or Chief Executive Officer. Non-executive Directors may hold office up to a maximum term of 11 years.

The Company held an Extraordinary General Meeting (EGM) of its shareholders on 6 September 2017 for the purposes of considering and voting on resolutions to remove a Director and elect new Directors. The EGM was the conclusion of the board renewal process that Spicers agreed to undertake in relation to the Trust Scheme that was implemented on 27 June 2017 to simplify the Company's capital structure.

As a result of the voting outcomes, Wayne Johnston was removed as a Director of the Company and Jonathan Trollip, Andy Preece, Gaby Berger, Nigel Burgess, Todd Plutsky and Vlad Artamonov were appointed as Directors of the Company. Given confirmation of the new Director appointments, Robert Kaye SC and Mike Barker tended their resignations as Directors of the Company.

New appointments may be made in the future to facilitate Board succession, to introduce further skills and experience relevant to the Company's strategy and Board operations, or for the purpose of bringing more diversity to the Board.

The Board reviews the internal guidelines relating to corporate governance, Board memberships and operations, and committee structures as and when it is necessary to do so. The Company's 'Board Guidelines' document, which contains information about the Company's Board operations and corporate governance practices, is posted on the Company's website at http://www.spicerslimited.com.au/ corporate-governance/corporate-policies.htm.

Independence of Directors

Each Director is required to apply independent judgment, free from the influence of Management, to their decision-making and actions. To enable Directors to properly perform their duties, Directors have the right to seek independent professional advice at the Company's expense after consulting the Chairman.

The Board assesses the independence of Directors on a regular basis and as changes in Directors' interests occur. Generally, a Director is considered to be independent if the Director:

- Is not a substantial security holder (being a person holding five percent or more of the Company's voting stock), or an officer of (or otherwise associated directly with) a substantial security holder;
- Has not been employed in an executive capacity by the Company, or there has not been a period of at least three years between ceasing such employment and serving on the Board;
- Has not (including within the past three years) been a partner, Director or senior employee of a provider of material professional services to the Company and/or its subsidiaries;
- Has not (including within the past three years) been in a material business relationship with the Company and/or its subsidiaries, or an officer of (or otherwise associated directly with) someone with such a relationship;
- Has no material contractual relationship with the Company and/or its subsidiaries other than as a Director;
- Has no close family ties with any person who falls within any of the categories described above; and
- Has not been a Director for such a period that their independence may have been compromised.

The Board acknowledges the ASX Recommendation that a majority of the Board should be independent Directors. At the date of this report, the Board comprises two independent Directors, including the Chairman of the Company, and four non-independent Directors. Nigel Burgess, Vlad Artamonov and Todd Plutsky are not regarded as independent within the framework of the independence guidelines set out above given they are officers of substantial securityholders. Andy Preece is not regarded as independent due to his former position as Managing Director and CEO of the Company and the period between his leaving this position and serving as a Director being less than three years.

Whilst the majority of the Directors are not independent, the Board considers that the interests of those Directors associated with substantial shareholders are aligned with the interests of all Company shareholders. In relation to Andy Preece, the Board considers that the Company derives significant benefit from his particular skills and industry-specific experience.

The Company's Non-executive Directors that are considered to be independent by the Board are Jonathan Trollip and Gaby Berger. These Directors are considered to have no business or other relationships that could compromise their independence.

Conflicts of interest

Directors are required to inform the Board of any material interests that could potentially conflict with those of the Company. If a material conflict of interest should arise any relevant Director may not participate in Boardroom discussions or vote on the matter unless the Board resolves otherwise. If a material conflict of interest should arise and the Board is unable to properly deal with the matter because of insufficient quorum or for other legal reasons, it will bring the matter to security holders for approval.

Board induction, development and skills

At the time of their appointment, each Director enters into a Deed with the Company covering matters such as Directors' rights to access Board Papers and independent advice as well as indemnity and insurance arrangements. A Letter of Appointment is also provided to Non-executive Directors, which assists them in understanding the Company's expectations of them. The Company has a process for undertaking appropriate background checks on any new Directors prior to putting them forward to security holders for election in an AGM or general meeting.

The Company offers an induction process and materials for new Directors. This process is focused on providing the new Director with an introduction to the Company's strategy and business, as well as incorporating more detailed information in relation to Board Committees and areas that the Director will be particularly involved in.

The Board considers the current mix of Directors to have a range of skills, experience and expertise appropriate to Spicers and to ensure Board effectiveness.

The skills, qualifications and experience of the Directors at the date of this statement are set out on page 18 of the Spicers Annual Report 2018.

A review of the skills matrix of the Board has been completed in the period. The mix of skills and experience currently represented on the Board is shown in the table below.

Skills and experience	Number of Directors (out of 6)
Industry/business specific:	
Wholesaling and distribution	5
Paper and packaging industry	2
Sales and marketing	5
Sourcing and procurement	4
Acquisitions and divestments	5
International experience	5
Functional:	
Business leadership (including strategy and stakeholder management)	6
Listed company experience (including corporate governance)	5
Financial acumen (including financial reporting and taxation)	6
Capital management and financing	6
Risk management and insurance	5
Environmental, health and safety	3
Human resources (including executive remuneration)	6
Legal and negotiation	5
Information technology	3

Board committees

To assist in the execution of its governance responsibilities in relation to financial matters and risk management, the Board has established an Audit & Risk Committee. The responsibilities and operation of this Committee are discussed further in more detail below.

The Board has decided not to have separate Nomination and Remuneration sub-committees. The Board believes that these governance responsibilities are best undertaken directly by the full Board for efficiency and governance reasons.

Details of numbers and attendance of Board and Committee meetings is set out on page 21 of the Directors' Report in the Spicers Annual Report 2018.

Principle 3: Act ethically and responsibly

Code of Conduct

The Board recognises the need for the highest standards of ethical conduct by all Directors and employees. The Board has adopted a code of ethics that sets out the fundamental ethical values to guide, and be observed by, Directors in their participation as members of the Board and its committees. Details of this code can be found in the 'Board Guidelines' document, posted on the Company's website at http://www.spicerslimited.com.au/corporate-governance/corporate-policies.htm.

Spicers' 'Code of Conduct' encompasses its Values, Core Operating Principles and Company policies. The Code was developed so that the expected ethical standards, appropriate behaviours and accountabilities are understood by everyone who works for Spicers' businesses, including employees and contractors. The 'Code of Conduct' is posted on the Company's website at http://www.spicerslimited.com.au/corporate-governance/corporate-policies.htm.

Spicers has a policy designed to prevent improper conduct and to encourage and protect persons who report suspected fraud or illegal activities. Information on the policy and the 'Speak Up' service (for reporting improper conduct) is posted on the Company's website at http://www.spicerslimited.com. au/corporate-governance/corporate-policies.htm and has been communicated to employees throughout the Company.

Principle 4: Safeguard integrity in corporate reporting

Audit & Risk Committee

This Committee assists the Board with discharging its responsibilities related to corporate reporting and risk management.

The Board acknowledges the ASX corporate governance recommendation that all members of the Audit & Risk Committee should be independent non-executive Directors and should be chaired by an independent Director who is not the chair of the board. However, the Committee consists entirely of Non-executive Directors who are not regarded as independent for the reasons explained in the 'Independence of Directors' section earlier in this Corporate Governance Statement.

The Committee Chairman is Nigel Burgess, Non-executive Director and its members are Andy Preece, Non-executive Director and Vlad Artamonov, Non-executive Director. The Board has formed the view that these Committee members bring extensive financial and operational knowledge to the Committee and come from diverse backgrounds, with sufficient industry and financial experience to discharge their responsibilities. The skills, qualifications and experience of the Committee members at the date of this statement are set out on page 18 of the Spicers Annual Report 2018.

Relevant senior Finance staff, as well as representatives of the External Auditors, are invited to Audit & Risk Committee meetings at the discretion of the Committee. On a regular basis, the Audit & Risk Committee meets with the External Auditor in the absence of management.

The Audit & Risk Committee's primary responsibilities are to make recommendations to, and assist, the Board in relation to:

- The reliability and appropriateness of financial reporting, including adequacy of disclosures and application of accounting policies;
- Oversight of external audit and internal audit activities;
- Oversight of an effective risk management programme;
- Legal and compliance matters;
- Taxation management and compliance; and
- The adequacy of the Company's insurance programme.

The charter of the Audit & Risk Committee is disclosed in the 'Board Guidelines' document, posted on the Company's website at http://www.spicerslimited.com.au/corporate-governance/corporate-policies.htm.

The performance of the Committee was evaluated during the period by the Directors.

External Auditor

The Audit & Risk Committee is responsible for the procedures for appointing the External Auditor and rotating external audit engagement partners. It is the Company's policy that the Lead Audit Partner be rotated every five years, unless the Audit & Risk Committee recommends to the Board that the term of the Lead Audit Partner be extended in accordance with the provisions of the *Corporations Act 2001*. Details of the Lead Audit Partner's rotation are set out in the 'Directors Report' section of the Spicers Annual Report 2018.

The Audit & Risk Committee annually reviews the fee and independence of the External Auditor, and obtains confirmation from the External Auditor that, in their professional judgment, they are independent.

As a matter of general policy, the External Auditor is not engaged for non-statutory audit services. In special circumstances the auditor may, however, provide non-audit services that do not detract from the External Auditor's independence. Authority levels, going no lower than CFO level, for non-audit work undertaken by the Company's External Auditor, have been established by the Company's Board based on the estimated cost of the non-audit work.

The Company ensures that the External Auditor attends its AGM and is available to answer questions from security holders related to its audit and/or auditors report, including relevant questions received in advance by the External Auditor.

CEO and CFO declaration

For each (half-year and year-end) reporting period, the CEO and the CFO provide assurance to the Board, in accordance with section 295A of the *Corporations Act 2001* and ASX Corporate Governance Principle 4.2 that:

- The financial records have been properly maintained;
- The financial statements comply with relevant accounting standards and present a true and fair view of the financial position and performance of the entity; and
- Their opinion has been formed on the basis of a sound system of risk management and internal control and that is operating effectively in relation to the financial statements and financial reporting risks.

These written certifications provided to the Board are supported by a statutory reporting declaration process where all relevant Country/Entity and Functional Management complete a questionnaire and provide a formal declaration to enable the CEO and CFO to provide their declaration.

Principle 5: Make timely and balanced disclosure

Disclosure Policy

The Company has established policies and procedures designed to guide compliance with ASX Listing Rules disclosure requirements, and to ensure accountability at a senior executive level for that compliance.

The Continuous Disclosure Policy sets out vetting and authorisation processes designed to ensure any relevant information requiring disclosure to the market:

- Is made in a timely manner;
- Is factual;
- Does not omit material information; and
- Is expressed in a clear and objective manner.

The Board and Management of the Company are aware of the need to advise the ASX of information that may have a material effect on the price or value of Spicers Limited's securities.

The Board, CEO and CFO, as assisted by the Company Secretary are responsible for reviewing relevant information, which any of them becomes aware of, for the purposes of ASX Listing Rule 3.1.

All ASX releases require the approval of the Chairman who will liaise with the Board as necessary. Disclosure issues are a standing item at meetings of the Board of Directors. The 'Continuous Disclosure and Investor Relations' policy is available on the Company's website at http://www.spicerslimited.com.au/corporate-governance/corporate-policies.htm.

Principle 6: Respect the rights of security holders

Investor relations policy and Company website

Spicers is committed to promoting constructive and effective 'two-way' communication with its security holders and prospective investors.

The Board aims to ensure that security holders and the investment market generally are informed in a timely manner of all major developments affecting the Company's business and affairs.

In addition, security holders and prospective investors have access to the CEO and CFO if they have any questions regarding the Company's business and affairs. It is the Company's practice to keep this channel of communication open with security holders at all times. Briefing meetings are offered to key security holders and prospective investors immediately following each release of annual and half-year results.

The Company's communication policy is incorporated in its Continuous Disclosure and Investor Relations Policy, which is available on its website at http://www.spicerslimited.com.au/corporate-governance/corporate-policies.htm.

The Company's website is used to provide information generally on the Group and complement the official release of material information to the ASX. The Company's annual and half-year result announcements, together with all other relevant ASX and media release announcements made to the market, are posted on the website as soon as practically possible.

The website also contains other relevant material, including:

- The Chairman's and CEO's addresses at the Annual General Meeting;
- Materials as recommended in the ASX Corporate Governance Principles and Recommendations;
- A dedicated Investor Relations section; and
- Profiles of the Board and senior executives.

The Company also gives security holders the option to communicate electronically with it, via email to contact@spicers.com.au, or as posted on its website at http://www.spicerslimited.com.au/investor-information/shareholder-enquiries.htm.

Participation in the Annual General Meeting

At the Annual General Meeting (AGM), the Chairman and CEO address the meeting on the results for the financial year under report and other relevant issues, including developments during the period since the end of that financial year.

Notices of meeting for the AGM are accompanied by explanatory information to enable shareholders to assess and make an informed decision on the resolutions being put forward at the meetings. Full copies of notices of meetings are posted as ASX releases on the Company's website.

Shareholders are encouraged to attend AGMs, where ample opportunity is given for questions and answers. Questions can be lodged with the Company in advance of the meeting through the investor relations enquiry form on its website or via email to <code>contact@spicers.com.au</code>, or in writing to the Company's address. Shareholders unable to attend AGMs in person are entitled to appoint proxies (no more than two) to vote on their behalf in the meeting.

The External Auditor attends the AGM and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report. Security holders may also lodge their questions to the auditor in advance of the meeting.

Other stakeholders

The Board and Management recognise the legitimate interests of all stakeholders in the Company, including security holders, employees, suppliers, customers and the wider community. Spicers is committed to policies and practices that are aimed at improving these relationships through mutually beneficial outcomes.

Principle 7: Recognise and manage risk

Risk oversight and management

The Company has a risk management programme that operates at various levels of the business underpinned by specific systems and procedures. As part of this programme, material risks are identified and assessed by Management, as are procedures and other actions for managing and mitigating them.

The Audit & Risk Committee has responsibility for oversight of the Company's risk management programme. Key elements of the Committee's risk oversight role include:

- Annual review of the Company's risk management framework and policy to confirm that it continues to be appropriate, with the most recent review completed in June 2018. A copy of the Company's Risk Management policy is available on its website at http://www.spicerslimited.com.au/ corporate-governance/corporate-policies.htm;
- At least an annual review of the Company's risk profile and mitigating processes;
- Review of the Company's insurance programme; and
- Review and approval of any significant new or revised Company Polices.

Further details on the composition and charter of the Audit & Risk Committee are noted in the 'Principle 4: Safeguard integrity in corporate reporting' section above.

Further oversight and monitoring of business risks and risk management activities is conducted through:

- Regular internal management reporting;
- Reporting at Board and Committee meetings by relevant managers;
- Site visits by the Board and Management; and
- Internal control reviews and external audits.

Internal Audit and Internal Controls

The Company no longer operates a dedicated Internal Audit function, given the current scale of business operations, and for efficiency reasons following recent restructuring of Corporate roles. Instead, executive Management oversight combined with Group and operational finance resources provide oversight and review over the Group's activities and internal controls.

The Group Finance & Governance Manager (also Company Secretary, formerly Internal Audit Manager) also carries out targeted internal controls improvement work in key areas, has unrestricted access to review the Company's operations, and a direct reporting line to the Board and Audit & Risk Committee.

Material business risks and economic, environmental and sustainability risks

Annual reporting and analysis on the Company's material business risks and exposure to any material economic, environmental and sustainability risks is provided in the 'Operating and Financial Review' section of the Spicers Annual Report 2018, on pages 13 and 14.

Principle 8: Remunerate fairly and responsibly

Remuneration & Nomination Committee

Pursuant to Listing Rule 12.8, only an entity included in the S&P/ASX 300 Index at the beginning of the financial year needs to have a Remuneration Committee during that year.

During the period, the Board has decided not to have separate Nomination and Remuneration sub-committees. The Board believes that these governance responsibilities are best undertaken directly by the full Board for efficiency and governance reasons.

Remuneration of Non-executive Directors, CEO and senior executives

Following its election by shareholders on 6 September 2017, the new Board of Spicers promptly undertook a review of the Company's existing remuneration arrangements for its Non-executive Directors and executive KMP. One of the outcomes of the review was that, as part of remuneration, both the Non-executive Directors and the executive KMP should receive a grant of share rights, with cash remuneration components reduced accordingly, subject to obtaining any required shareholder approvals. The Board considers that such share rights, containing the share price performance hurdles align the interests of Non-executive Directors and executive KMP with those of shareholders.

The Board recognises that some statements of best practice corporate governance standards (including that of the ASX Corporate Governance Council) recommend that Non-executive Directors generally should not receive equity with performance hurdles attached. The Board considers that the Company's particular circumstances require a departure from that general position. The Board notes that the performance hurdles for the share rights issued relate to the Company's share price performance which is an entirely objective measure of the Company's performance and the measure which the Board believes is the most important to shareholders.

Remuneration for the Company's executive KMP during the financial year ended 30 June 2018 (FY2018) consisted of the following elements:

- 1. Total Fixed Remuneration (TFR), which includes components such as base salary, motor vehicle and superannuation contributions.
- 2. Share rights issued under the Spicers Performance Rights Plan Rules. These have replaced other shortand long-term incentives previously awarded to the Company's Executive KMP.

Further details on polices, practices and structure of remuneration for the Non-executive Directors, CEO and other senior executives are included in the 'Remuneration Report' section of the Spicers Annual Report 2018, as set out on pages 24 to 35.