



CORPORATE GOVERNANCE
STATEMENT

June 2019

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

Hansen Technologies Limited is committed to being ethical, transparent and accountable. We believe this is essential for the long-term performance and sustainability of the company, and to protect and enhance the interests of our shareholders and other stakeholders.

The Corporate Governance Principles and related Charters and Policies for the management and operation of the Group, being Hansen Technologies Limited (“the Company”) and its controlled entities, are available for review on the Corporate Governance section of the Group’s website: <https://hansencx.com/about/investor-relations>

The Group regularly reviews its Principles, Policies and Charters to ensure they remain consistent with the Board’s objectives, current laws and best practice.

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

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

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

This statement should be read in conjunction with the materials in the Investors’ section of the Group’s websites, which includes our Annual Report: <https://hansencx.com/about/investor-relations>

PRINCIPLE 1

The Board

LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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

The specific functions established and reserved for the Board are:

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

The Board has delegated to the CEO the authority and responsibility for implementing the Group’s strategic direction and overseeing the everyday affairs of the Group.

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

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

In identifying suitable persons to become Directors, after undertaking appropriate background checks, the Board will look to achieve an appropriate balance of relevant legal, commercial and financial management skills as well as expertise specific to the industries in which the Group

CORPORATE GOVERNANCE STATEMENT

operates. In pursuing this objective, the Board will be cognisant of its policy to pursue a balance of gender diversity at all levels of the Group's management. Additionally, the Board will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

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

The Company Secretary

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

Diversity

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

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

The table below shows the gender diversity of the Group (worldwide) as at 30 June 2019:

	Female %	Male %
Board	29	71
Senior Management*	22	78
Hansen Group	30	70

*Senior management is defined as the corporate leadership team reporting directly to the CEO.

Performance of the Board

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

The performance evaluation process is as follows:

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

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

A formal performance evaluation review is to be conducted annually by the Chairman and he may commission a third party to assist in such a review if deemed desirable.

Performance of senior executives

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

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 2

STRUCTURE THE BOARD TO ADD VALUE

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

The Board determines the Board's size and composition, subject to limits imposed by the Company's Constitution. The Constitution determines the basis for the election and appointment of Directors and specifies a minimum of three Directors and a maximum of ten. The Board considers a diverse range of qualifications, skills and expertise when appointing a new Director and ensures that an appropriate background check is performed to the Board's satisfaction.

Currently, the Board comprises seven Directors:

David Trude	Chairperson and Independent Non-executive Director
Andrew Hansen	Managing Director and Chief Executive Officer
Bruce Adams	Non-executive Director
Jennifer Douglas	Independent Non-executive Director
Sarah Morgan	Independent Non-executive Director
David Osborne	Non-executive Director
David Howell	Independent Non-executive Director

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

Director independence

It is the Board's objective to strive for a majority of independent Directors and has for a number of years been successful in this endeavour.

The Chair of the Board, Mr David Trude, is an independent Non-Executive Director.

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

Board Skills Matrix

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

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

Director induction training and continuing education

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

PRINCIPLE 3

ACT ETHICALLY AND RESPONSIBLY

The Group recognizes that it is made up of the individual employees representing our operations globally. Each person has an individual responsibility for their own behaviour and should take accountability for their actions and choices.

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

The Code of Conduct outlines how the Group expects its Directors, senior executives and staff to

CORPORATE GOVERNANCE STATEMENT

behave and conduct business in a range of circumstances. Directors, management and staff are expected to act ethically and responsibly. All Board members are qualified professionals within their respective industries and accordingly conduct themselves in a professional and ethical manner in both their normal commercial activities and the discharge of their responsibilities as Directors.

The Group's Code of Conduct can be found in the Ethics & Responsibilities document in the Corporate Governance section of its website. Employees who breach this Code may face disciplinary action, which could result in changes to their employment. Where potential for conflict is identified, the Board appoints a sub-committee specifically structured, authorised and tasked to determine the appropriate actions or responses so as to eliminate any potential for conflicts.

PRINCIPLE 4 SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Audit and Risk Committee

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

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

The members of the Committee as at 30 June 2019 were the following Non-Executive Directors:

- Sarah Morgan (Chairperson of the Audit and Risk Committee)
- David Osborne
- Jennifer Douglas
- David Howell

Sarah Morgan, Jennifer Douglas and David Howell are considered independent.

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

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

Declarations from the CEO and CFO

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

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

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

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

Such a statement has been provided in respect of the financial year ending 30 June 2019.

External auditor

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

PRINCIPLE 5 MAKE TIMELY AND BALANCED

The Group's Continuous Disclosure and Communication Policy has been developed to provide clear guidelines for the operations of the Hansen business and establishes appropriate processes and criteria for continuous disclosure to ensure compliance with the requirements of the ASX and other securities and corporations legislation.

CORPORATE GOVERNANCE STATEMENT

DISCLOSURE

The policy is included in the 'Ethics and Responsibilities' document on the Company's website. The Policy's primary objective is the promotion of effective communication with shareholders and related stakeholders.

The key principles of the Policy are that:

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

PRINCIPLE 6 RESPECT THE RIGHTS OF SECURITY HOLDERS

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

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

Hansen is committed to continuing to improve communication with shareholders.

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

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

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

PRINCIPLE 7 RECOGNISE AND MANAGE RISK

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

The Audit and Risk Committee reviews the Group's risk management framework regularly to satisfy itself that it continues to be sound and reports its findings to the Board. A review of the Group's risk management framework was undertaken during this reporting period.

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

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

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

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

PRINCIPLE 8 REMUNERATE

Remuneration Committee

The Remuneration Committee members as at 30 June 2019 were as follows:

CORPORATE GOVERNANCE STATEMENT

FAIRLY AND RESPONSIBLY

- David Howell (Chairperson of the Remuneration Committee from 28 June 2019)
- Jennifer Douglas (Chairperson of the Remuneration Committee until 28 June 2019)
- Sarah Morgan
- Bruce Adams

The majority of the members of the Remuneration Committee are considered independent.

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

The Remuneration Committee Charter is set out in the 'Board' document posted in the Corporate Governance section of the Group's website.

Remuneration policies and practices

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

The Company has share, options and performance rights plans for its employees.

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

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

Non-executive Directors' remuneration is fixed and non-executive Directors do not participate in any options or performance rights plans. Other than statutory superannuation, the Group does not provide any scheme for retirement benefits.

For further details of the remuneration policies of the Group, please refer to the Remuneration Report in the 2019 Annual Report.

Share trading policy

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

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