

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Solagran Limited

ACN/ARBN

002 592 396

Financial year ended

30 June 2015

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



this URL on our website: www.solagran.com and attached.

The Corporate Governance Statement is accurate and up to date as at 17 December 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 17 December 2015



Sign here:

Print name: Vagif Soultanov
Chairman

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) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... 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):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.solagran.com</p>	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
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: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>		<input checked="" type="checkbox"/> 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <u>OR</u></p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.solagran.com</p>	
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.		<input checked="" type="checkbox"/> 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... where applicable, the information referred to in paragraph (b): N/A</p> <p>... the length of service of each director:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>The Directors Report</p>	
2.4	A majority of the board of a listed entity should be independent directors.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<u>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</u>			
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>... our code of conduct or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.solagran.com</p>	
<u>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</u>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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; <u>OR</u></p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement</p>	<p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.solagran.com</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	partner.		
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.solagran.com</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<u>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</u>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.solagran.com</p>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.solagran.com</p>	
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.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.solagran.com</p>	
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(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.</p>	<p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.solagran.com</p>	<input type="checkbox"/>
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>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; 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>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		<input checked="" type="checkbox"/> at this location: www.solagran.com	
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.	<p>... 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:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement AND <input checked="" type="checkbox"/> at this location: www.solagran.com	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring</p>	<p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement AND <input checked="" type="checkbox"/> at this location: www.solagran.com	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	that such remuneration is appropriate and not excessive.		
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.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.solagran.com <u>AND</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>The Directors Report</p>	
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Solagran Limited
Corporate Governance Statement
2015

The Board of directors ('the Board') of Solagran Limited ('Solagran' or "the company") is responsible for the corporate governance of the consolidated entity.

This Corporate Governance Statement is structured with reference to the Australian Securities Exchange ('ASX') Corporate Governance Council's ('the Council's') 'Corporate Governance Principles and Best Practice Recommendations (3rd edition)' ('the Recommendations'),

The Recommendations are not prescriptions, they are guidelines. The Council recognises that the range in size and diversity of companies is significant and that smaller companies from the outset may face particular issues in following all the Recommendations. If a company considers that a recommendation is inappropriate to its particular circumstances, it has the flexibility not to adopt it.

The Board has adopted the best practice recommendations as outlined by the Council to the extent that is deemed appropriate considering the current size and operations of Solagran. Therefore, where the Board considers that the cost of implementing a recommendation outweighs any potential benefit, those recommendations have not been adopted.

Principle 1 - Lay solid foundations for management and oversight

Functions of the Board and Management

The Board is ultimately responsible for all matters relating to the running of the company.

The main task of the Board is to drive the performance of the company.

The Board's role is to govern the company rather than to manage it. In governing the company, the directors must act in the best interests of the company as a whole. It is the role of senior management to manage the company in accordance with the direction and delegations of the Board; the Board will oversee the activities of management in carrying out these delegated duties.

The Board has the final responsibility for the successful operations of the company. Successful operations will usually be manifest by achieving optimum shareholder value. The Board is responsible for articulating the following:

- The objectives and strategic direction of the company; and
- The values of the company, including how it will treat with all stakeholders.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board will include the following:

1. Leadership of the Organisation: overseeing the company and establishing codes that reflect the values of the company;
2. Strategy Formulation: to set and review the overall strategy and goals for the company and ensuring that there are policies in place to govern the operation of the company;
3. Overseeing Planning Activities: the development of the Company's strategic plan;
4. Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy;
5. Company Finances: ensuring there are adequate resources provided to achieve the objectives;
6. Human Resources: establishing appropriate human resource policies and ensuring there are adequate human resources for the company to be successful;
7. Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the company's occupational health and safety systems to ensure the well-being of all employees;
8. Delegation of Authority: delegating appropriate powers to the CEO and the senior management team to ensure the effective day-to-day management of the Company; and
9. Ensuring there is appropriate Corporate Governance.

Board Appointments

The Company undertakes appropriate reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company will provide relevant information to shareholders in its notices of general meetings about the attributes of candidates together with whether the Board supports the appointment or re-election.

Solagran Limited
Corporate Governance Statement
2015

The Company Secretary

The Company Secretary is to be accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Diversity

Solagran values the differences between its personnel and the valuable contribution that these differences can make to the Company. Solagran is an equal opportunity employer and aims to recruit staff from as diverse a pool of qualified candidates as reasonably possible based on their skills, qualifications and experience.

The Board has not adopted a diversity policy or set any measurable objectives in regards to gender diversity as the Board is currently satisfied with the level of diversity within Solagran and the Board believes that multicultural diversity and other diversity factors are equally important as gender diversity within the organization.

Evaluating the Performance of Senior Executives

The Board considers the ongoing development and improvement of the performance of senior executives as a critical input to effective governance. Senior executives are encouraged to participate in continuing education programs that will update their skills and knowledge of key developments within the industry in which the company operates, and regulatory and legislative changes that impact on reporting responsibilities.

The Chairman conducts a performance review of key management personnel ('KMP') as and when deemed necessary. The Chairman assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. The Chairman conducted informal performance reviews of KMP during the financial year in accordance with this process. The Board intends to conduct a performance review of the Chairman in 2016.

Board Performance

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance. Directors are encouraged to participate in continuing education programs that will update their skills and knowledge of key developments within the industry in which the company operates, and regulatory and legislative changes that impact on reporting responsibilities.

The performance of the Board, Board Committees and individual directors is reviewed by the Board as a whole. The reviews are based on a number of predetermined performance objectives. The criteria for evaluating performance, is aligned with the financial and non-financial objectives of the company. The Board will consider the outcome of each review and develop a series of actions to guide improvement.

When evaluating the performance of individual directors, the Chairman will provide each director with confidential feedback on his or her performance. An independent director will provide confidential feedback to the Chairman on his own performance. The Board does not endorse the reappointment of a director who is not satisfactorily performing the role. Directors whose performance is unsatisfactory may be asked to retire.

A performance review in accordance with the processes did not occur during the 2015 financial year as the Board was focused on the Company's operations and gaining the necessary funding to allow the Company to continue to operate. The Board intends to conduct director and Board performance reviews during 2016.

Independent professional advice

The Board collectively and each individual director has the right to seek independent professional advice at the company's expense, subject to approval by the Chairman, to assist them to carry out their responsibilities.

Principle 2 - Structure the Board to add value

Structure of the Board

The skills, experience, expertise and period of office of each director in office throughout the year are included in the directors' report. The Board is currently composed of two executive directors, Vagif Soultanov and Alexander Kourganov, and one non-executive director, Ian Nisbet.

The Board assesses whether a director is independent in accordance with the Council's independence guidelines. The Board comprises of one independent director, Ian Nisbet. Therefore, the Board does not comprise of a majority of independent directors. The Board believes that given the size of the Company and its current financial position, the presence of one independent director on the Board is sufficient. The Board will consider the appointment of an additional independent director on 2016.

The role of the Chairman and CEO are not exercised by the same individual.

Nomination of Directors

The Board is responsible for the nomination and selection of directors. Given the size of the company and the nature of its operations, the Board does not believe it to be appropriate to establish a Nomination Committee at this time.

Directors are appointed based on the specific skills required to effectively govern the company. The company aims at all times to have at least two directors with appropriate experience within the telecommunications and information technology industries. In addition, directors should have the relevant blend of experience in:

- accounting and financial management; and
- director level business management and governance.

The Board has not developed a formal Board skill matrix as the Board periodically assesses the competencies and experience of each Board member and the experiences and skills required at Board level to meet its operational objectives. The Board will consider developing a Board skills matrix in 2016 when the Board intends to appoint a new director.

Induction of New Directors and Ongoing Development

New Directors are to be issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

A new director induction program is in place and Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Commitments

Each member of the Board is committed to spending sufficient time on company matters to enable them to effectively carry out their duties as a director of the company. Other commitments of non-executive directors which may affect their contribution to the company are considered prior to a director's appointment to the Board and are reviewed each year. Prior to appointment or re-election, each director must acknowledge that they have and will continue to have the time available to discharge their responsibilities to the company.

For details of the number of Board meetings held during the year and the number of meetings attended by each director refer to the directors' report.

Principle 3 – Act ethically and responsibly

Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This code includes the following:

Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Responsibilities to Clients, Customers and Consumers

The Company has an obligation to use its best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers and is committed to providing clients, customers and consumers with fair value.

Employment Practices

The Company endeavors to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws and strives to deal fairly with the Company's customers, suppliers and competitors and encourages its employees to strive to do the same.

Responsibilities to the Community and to Individuals

As part of the community the Company is committed to conducting its business in accordance with applicable environmental laws and regulations and supports community charities.

The Company is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

Conflicts of Interest

Directors and employees must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

How the Company Complies with Legislation Affecting its Operations

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

How the Company Monitors and Ensures Compliance with its Code

The Board, management and all employees of the Company are committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.

Trading in the Consolidated Entity's Shares

The Company has a Share Trading Policy which states that Directors, members of senior management, certain other employees and their associates likely to be in possession of unpublished price sensitive information may not trade in the Company's securities prior to that unpublished price sensitive information being released to the market via the ASX. Unpublished price sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Principle 4 – Safeguard integrity in corporate reporting

Audit Committee

Due to the size of the Board and the Company and the scope of the Company's operations, it is deemed to be more efficient to have the full Board act as the Audit, Risk and Compliance Committee (Audit Committee) rather than establishing a separate Committee. As a result, the Board performs the roles of the Audit Committee.

The role of an Audit Committee is to fulfilling its responsibilities in respect of establishing an oversight and management of risk within the Company.

The Audit Committee will review the audited annual and half-yearly financial statements and any reports, which accompany published financial statements before submission to the Board and recommends their approval.

The Audit Committee also recommends to the Board the appointment of the external auditor, reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal.

As the Board acts as the Audit Committee, the Audit Committee does not meet all of the Council's composition recommendations.

The Audit Committee is also responsible for establishing policies on risk oversight and management.

CEO and CFO Declarations

The CEO and CFO have provided the Board with 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.

External Auditor

The Company's external auditor will attend each annual general meeting and be available to answer any questions with regard to the conduct of the audit and their report.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

Principle 5 – Make timely and balanced disclosure

Continuous Disclosure

The Company has a Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

In accordance with the ASX Listing Rules the company immediately notifies the ASX of information:

- concerning the company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would likely to, influence persons who commonly invest in securities.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Chairman and/or Company Secretary as the person responsible for communicating with the ASX. The Board, CEO and/or Company Secretary are responsible for ensuring that company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules.

The Board, CEO and/or Company Secretary ensure that company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Principle 6 – Respect the rights of shareholders

Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed to shareholders, annual and half-year financial statements and the general meetings of the company;
- giving shareholders ready access to balanced and understandable information about the company and corporate proposals; and
- making it easy for shareholders to participate in general meetings of the company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the company. These contact details are available on the "contact us" page of the Company's website.

The Company views the annual general meeting as an opportunity for shareholders to meet with and ask questions of the Board. Accordingly, all shareholders are given the opportunity to ask questions. Shareholders may elect to, and are encouraged to, receive communications from the Company and its securities registry electronically.

The Company maintains information in relation to its corporate governance documents, Directors and senior executives and annual reports on the Company's website.

Risk Management

The Board is committed to the identification, assessment and management of risk throughout the Company's business activities.

Risk management is considered a key governance and management process. The Board ultimately determines the company's risk profile and is responsible for approving and overseeing the company's risk management policy and internal compliance and control systems. The Board reviews the Company's risk management framework at least annually to satisfy itself that it continues to be sound, accordingly a review of the Company's risk management framework occurred during the year.

The Company has established and implemented a system for identifying, assessing, monitoring and managing material risk throughout the organisation. The risk management system is implemented by senior management and is designed to ensure:

- all major sources of potential opportunity for and harm to the company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the company appropriately balance the risk and reward trade off;
- regulatory compliance and integrity in reporting is achieved; and
- the company's continued good standing with its stakeholders.

The risk management system involves a multi-stage process of risk identification, analysis, evaluation, strategy development, strategy implementation, monitoring and review.

Management reports to the Board on the effectiveness of the Company's management of its material business risks. In addition, the Board undertakes a review of all major activities to assess risk and the effectiveness of strategies implemented to manage risk. During the reporting period, management has reported to the Board as to the effectiveness of the Company's management of its material business risks. The Company does not have an internal audit function.

The Company faces risks inherent to its business, including economic risks which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks

Principle 8 – Remunerate fairly and responsibly

Remuneration Committee

Due to the size of the Board and the Company and the scope of the Company's operations, it is deemed appropriate for the Board to act as the Remuneration and Nomination Committee.

The role of a Remuneration and Nomination Committee ('Remuneration Committee') is to fulfil its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees and achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

The Committee's responsibilities include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive and making recommendations to the Board on any proposed changes and undertake a review of the CEO's performance, including, setting with the CEO goals for the coming year and reviewing progress in achieving those goals.

Remuneration Policy

The Remuneration Report includes further details on the Company's remuneration policy and its relationship to the Company's performance. It also includes details of the remuneration of Directors and senior executives. Shareholders are invited to vote on the adoption of the report at the Company's annual general meeting.

Participants in any equity based remuneration scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

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Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders. Under the senior executive remuneration policy, remuneration of senior executives may comprise of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in the share/option scheme with thresholds approved by shareholders; and
- statutory superannuation.

The Company aims to align the interests of senior executives with those of shareholders by remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration.

Non-Executive Director Remuneration Policy

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company without prior shareholder approval.

Non-Executive Directors may be entitled to but not necessarily paid statutory superannuation.