

## **CORPORATE GOVERNANCE STATEMENT**

The Australian Securities Exchange Corporate Governance Council has published a number of principles and recommendations relating to the direction and management of companies. These guidelines form a corporate governance framework intended to provide a practical guide for listed companies and their investors.

The Company's Board of directors (Board) are fully cognisant of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council ("CGC") and have adopted those recommendations where they are appropriate to the Company's circumstances.

Under the Australian Securities Exchange Listing Rules companies are required to provide a statement disclosing the extent to which they have followed all the recommendations and identify the recommendations that have not been followed and give reasons for not following them.

### **Role of the Board**

Due to the size and structure of the group and the nature of its operations, the three executive directors have a close involvement with the management of the businesses. A Board Charter has not been formally adopted at this time.

The Board's primary objective is to oversee the group's business activities and management for the benefit of all stakeholders by:

- setting objectives, goals and strategic direction with management with a view to maximising long term shareholder value;
- overseeing the financial position and monitoring the business and financial affairs of the Company;
- establishing corporate governance, ethical, environmental and health and safety standards;
- ensuring significant business risks are identified and appropriately managed;
- monitoring management's performance and implementation of strategy;
- ensuring appropriate resources are available;
- ensuring the composition of the Board is appropriate, selecting directors for appointment to the Board and reviewing the performance of the Board and the contribution of individual directors; and
- ensuring the integrity of risk management, internal control, legal compliance and management information systems.

The Board has delegated responsibilities and authorities to management to enable management to conduct the Company's day to day businesses. Core business

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management issues are handled by the Executive Committee which comprises senior managers from within the Company. Matters which are not within these delegations, such as expenditure and activity approvals which exceed certain parameters, require separate Board approval.

The directors have not entered into letters of appointment with the Company.

### **Board Composition**

The Board comprises five directors including three executive directors. Due to the size of the Company and its operations, and to avoid additional layers of management, the executive directors are necessarily involved in the day to day operations of the group businesses.

The Board has, and will continue to consider the appointment of additional non-executive directors, including a process for succession. A nomination committee is not considered necessary at this time given the size and nature of the Company and the relative infrequency of Board changes. However, should the Company appoint a new director, the Company will perform checks which include a check on a person's character, experience, education, criminal record and bankruptcy history.

Non-executive director Peter Leonhardt is an independent director.

Due to the executive directors' individual separate operational functions, the Board is able to effectively review the performance of management and exercise independent judgement.

The directors have a broad range of qualifications, experience and expertise. External professional advisors are engaged by the Company to supplement the Board's skills when required. Details of individual directors are set out in the Annual Report. The role of chairman and chief executive officer is filled by the founder of the business, who is also a substantial shareholder. His knowledge, experience and understanding of the businesses comprising the group are considered essential to perform these roles. The Board considers that no value could be added by separating the roles.

The Board believes that the Company is not of sufficient size to warrant the inclusion of additional independent non-executive directors.

The Board has adopted a formal policy on access to independent professional advice which provides that directors are entitled to seek such advice for the purposes of the proper performance of their duties. The advice is at the Company's expense and is made available to all directors.

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### Company Secretary

The appointment and removal of a company secretary is a matter for decision by the Board. The company secretary is accountable directly to the Board (through the Chairman) on all matters to do with the proper functioning of the Board. Details of the company secretary are set out in the Annual Report.

### Ethical and Responsible Decision Making

The Company has clarified the ethical behaviour expected of directors and staff, as well as its attitude towards trading in the Company's securities.

The Company's business conduct and ethics policy, anti-bribery and anti-corruption policy, code of conduct, and the policy on trading in company securities, are published on the Company's web site, [www.ctilogistics.com](http://www.ctilogistics.com).

### Diversity

The Company is committed to diversity and equality in all areas and all levels of its operations. Diversity means those attributes which may differ from person to person, including gender, age, ethnicity and cultural background.

The Company recognises that the strength of the business is built on the understanding of individual strengths and differences and seeks to respect these. The Company is committed to providing an inclusive work environment with equal opportunities for all current and prospective employees, customers and suppliers and does not condone harassment or unlawful discrimination of any kind.

The Company recognises that there are many areas in which people experience discrimination and will continue to work towards an anti-discriminatory environment, based on open discussions with employees, customers, suppliers and others on perceptions of discrimination and by ensuring that our practices reflect relevant legislation and good practice.

The Company reports annually to the Workplace Gender Equality Agency (WGEA) and WGEA has confirmed that the Company is compliant with the Workplace Gender Equality Act 2012 (ACT).

Currently the gender split of the group's employees is 73% male : 27% female. At management levels the split is 88% male : 12% female. There are no female board members.

The Company's diversity policy is published on the Company's web site [www.ctilogistics.com](http://www.ctilogistics.com).

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### **Integrity in Financial Reporting**

The Company has formed an audit and risk committee consisting of independent director Peter Leonhardt (chair), non-executive director Matthew Watson and executive director Bruce Saxild. Meetings are also attended by David Mellor (chief financial officer) and Owen Venter (company secretary). The audit and risk committee has a formal charter which has been approved by the Board. The charter is published on the Company's website, [www.ctilogistics.com](http://www.ctilogistics.com). The size and composition of the audit and risk committee is considered to be appropriate for the size and complexity of the Company.

The audit and risk committee reports directly to the Board and has unlimited access to the Company's external auditors and company employees. The audit and risk committee meets regularly with the external auditors and reviews all comments and findings from them.

The external auditors meet with the Board at least twice a year to review their audit procedures and findings. It is the policy of the external auditors to rotate the audit partner at 5 yearly intervals. The Board is satisfied with the external auditor's competence and independence.

In accordance with the Australian Securities Exchange Corporate Governance Council principles and recommendations, the chief executive officer and the chief financial officer have written to the Board giving assurances as the accuracy and integrity of the Company's financial statements.

### **Timely and Balanced Disclosure**

The Board is committed to ensuring that all matters which should be disclosed to the market are disclosed in a timely and balanced manner. All matters for disclosure are vetted and authorised by the Board prior to disclosure.

The Company's continuous disclosure policy aims to ensure that:

- there is full and timely disclosure of CTI's activities to shareholders, investors and other interested parties (stakeholders) in accordance with all statutory obligations;
- all parties have equal access to externally available information about the Company.

The Policy reflects CTI's responsibility to comply with the disclosure requirements of the Australian Securities Exchange (ASX) and is reviewed regularly to reflect any changes in legislative or regulatory requirements and best practice. The continuous disclosure policy is published on the Company's website [www.ctilogistics.com](http://www.ctilogistics.com).

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## Rights of Shareholders

The Board encourages direct communication with shareholders.

Shareholders are encouraged to attend general meetings where formal and informal discussions can take place with Board members, senior employees and the external auditors.

The Company's external auditors are always invited to attend the Company's Annual General Meeting and are available to answer shareholders' queries at that time.

Shareholders may also communicate freely with Board members at any time.

The Company recognises the importance and value of keeping shareholders fully informed of all matters, in addition to those prescribed by law, which may impact upon their financial interest in the Company. The Company's shareholder communication strategy is published on the Company's website [www.ctilogistics.com](http://www.ctilogistics.com).

The Company's website will continue to be developed as a medium to facilitate communication with shareholders.

## Risk Recognition and Management

The Board has established policies and procedures to recognise, minimise and manage all aspects of risk affecting the Company. Although in a number of cases these policies are not formally documented, they are considered appropriate for a company of this size and are reviewed periodically.

The Board has overseen with the management of each business unit the drawing up of a risk management plan. Management has submitted reports to the Board on the areas of risk, the impacts and risk categorisation affecting the business units.

A robust system for identifying, monitoring and mitigating material risk throughout the group has been established and each business unit can access the system on-line. It is reviewed annually and updated immediately a change is identified.

The audit and risk committee has the ability to review internal financial control procedures.

A risk and disaster management plan covering the Company's electronic data facilities is in place and is reviewed periodically.

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Whilst there is no formal internal audit function, the Company's chief financial officer performs and delegates certain internal audit procedures on a rotational basis throughout the year.

The chairman and chief executive officer as well as the chief financial officer sign a letter of representation to the external auditors in relation to the matters contained in the annual accounts.

The Australian Securities Exchange Corporate Governance Council principles and recommendations recommend that the chief executive officer and the chief financial officer write to the Board giving assurances regarding risk recognition and management, so that the Board is assured of considering all relevant factors. This was not considered necessary as the chief executive officer is also the chairman of the Company's Board and the chief financial officer is also a member of the Company's Board.

### **Enhanced Performance**

The Board evaluates the performance of key executives in an annual review process measured against a range of performance criteria determined by the Board.

The current composition of the Board obviates a measurable review of the Board's performance and the size of the Company does not warrant an independent assessment.

Board members have access to continuing education within their spheres of operation and the Board encourages directors and staff to embark on continuing professional development.

Directors have access to all information required to efficiently discharge responsibility and may request additional information from management at any time. Board meetings are rotated around the Company's various locations and operational management are invited to attend Board meetings on a regular basis to facilitate directors' understanding of operational matters.

### **Remuneration**

The Company has established a remuneration committee comprising Peter Leonhardt (chair) and David Watson, which is considered appropriate given the size and nature of the Company. This committee reviews and makes recommendations on remuneration policies for the Company including, in particular, those governing the directors. Remuneration of directors is periodically benchmarked against similar listed companies.

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Although the Company has an Employee Share and Option Plan the Board has the discretion to reward employees via equity based remuneration.

### **Interests of Stakeholders**

The Board acknowledges the legitimate interests of all stakeholders and its legal and other obligations to employees, clients and the community as a whole.

The Company has adopted a code of conduct to provide a set of guiding principles, practices and standards of behaviour which are to be observed by all employees, contractors and business partners.

The Board encourages all employees to conduct business in a fair and ethical manner and to report any instances where standards may be at risk.

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