

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

COVENTRY GROUP LTD

ABN / ARBN:

37 008 670 102

Financial year ended:

30 JUNE 2018

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

☐ These pages of our annual report:

☒ This URL on our website:

The Corporate Governance Statement is accurate and up to date as at 21 September 2018 and has been approved by the board.

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

Date: 21 September 2018

Name of Director or Secretary authorising
lodgement: Neil Cathie

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. You can, if you wish, delete the option which is not applicable.

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 "OR" 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.

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 ... ⁴
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.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement ☒ at http://www.cgl.com.au/images/Investors/Corporate%20Governance/2018%20Statement%20of%20Corporate%20Governance%20Practices.pdf	☐ 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
1.2	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.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at	☐ 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
1.3	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	☐ 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
1.4	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	☐ 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

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 ... ⁴
1.5	A listed entity should: (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 http://www.cgl.com.au/images/Investors/Corporate%20Governance/2018-06%20HR%20103%20Diversity%20Policy.pdf ... 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]	☐ 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 OR ☐ 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 OR ☐ 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 ... ⁴
PRINCIPLE 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 <u>OR</u> ☐ at <i>[insert location]</i> ... and a copy of the charter of the committee: ☐ at ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i> [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 <u>OR</u> ☐ at <i>[insert location]</i>	☒ 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
2.2	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 <i>[insert location]</i>	☐ 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 ... 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 OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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 OR ☐ 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 OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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 ☒ at http://www.cgl.com.au/images/Investors/Corporate%20Governance/HR%200Code%20of%20Conduct%20Rev%203.1.pdf	☐ 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 ... ⁴
PRINCIPLE 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: ☒ at http://www.cgl.com.au/images/Investors/Corporate%20Governance/2018%20Board%20Audit%20and%20Risk%20Committee%20Charter.pdf ... 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 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
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 ...	We have NOT followed the recommendation in full for the whole of the period 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
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.	... our continuous disclosure compliance policy or a summary of it: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☒ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 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.cgl.com.au/	☐ 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 ... ⁴
PRINCIPLE 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: ☒ at http://www.cgl.com.au/images/Investors/Corporate%20Governance/2018%20Board%20Audit%20and%20Risk%20Committee%20Charter.pdf ... 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 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
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 ... 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 <i>[insert location]</i> [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 <i>[insert location]</i>	☒ an explanation why that is so in our Corporate Governance Statement
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 ☐ at <i>[insert location]</i>	☐ 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 ... ⁴
PRINCIPLE 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 <i>[insert location]</i> ... and a copy of the charter of the committee: ☒ at http://www.cgl.com.au/images/Investors/Corporate%20Governance/2018%20Board%20Remuneration%20Committee%20Charter.pdf ... and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> [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 <i>[insert location]</i>	☐ 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
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 ☐ at <i>[insert location]</i>	☐ 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

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 ... 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 OR ☒ at http://www.cgl.com.au/images/Investors/Corporate%20Governance/CORP%20120%2002%20-%20Securities%20Trading%20Policy.pdf	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> 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	☐ an explanation why that is so in our Corporate Governance Statement
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> 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

Introduction

The Board of Directors of Coventry Group Ltd ("CYG" or "the Company") is responsible for the corporate governance of the Company.

The practices outlined in this statement are in accordance with the ASX Corporate Governance Council's (ASXCGC) Corporate Governance Principles and Recommendations (3rd Edition) unless otherwise stated.

ASXCGC Principle 1

Lay solid foundations for management and oversight.

A listed entity should establish and disclose the respective roles and responsibilities of board and management and how their performance is monitored and evaluated.

ASXCGC Recommendation 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.

CYG Practice

The Board has ultimate responsibility for oversight of the management and actions of CYG. It is responsible to shareholders for the Group's overall corporate governance.

The Board has a charter which formalises certain matters relating to the Board. The charter addresses the purpose and role of the Board, its powers, Board membership, independence criteria, meeting formalities, Board sub-committee requirements, self-assessment and appointment procedures as well as a policy on directors' terms of office.

The Board charter can be viewed on the Group's website under the tab – 'Investors, Corporate Governance'.

The Company has a formal delegated authority policy which sets out parameters and limits for entering into contractual relationship with customers and suppliers, and other operational matters. There are separate policies covering capital expenditure and treasury transactions. The policies are amended and updated as circumstances arise. The delegated authority policy is currently under formal review following changes to the organizational structure.

ASXCGC Recommendation 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.

CYG Practice

The Board undertakes a robust process in selecting a candidate as a director. External advice is sought and independent search firms are engaged where warranted.

All notices to security holders for AGMs and general meetings of the Company where a decision is required to elect or re-elect a director contain relevant information regarding the individual(s) being considered for election or re-election.

ASXCGC Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

CYG Practice

The Company has in place formal letters of engagement for non-executive directors, setting out the key terms and conditions of their appointment.

The Chief Executive Officer and Managing Director, Mr R Bulluss is engaged in accordance with a service contract and has a formal position description.

All senior executives of the Company are employed pursuant to formal service contracts and have formal position descriptions. The Chief Financial Officer has his service contract endorsed by the Board.

ASXCGC Recommendation 1.4

The Company Secretary of a listed company should be accountable directly to the board, through the Chair, on all matters to do with the proper functioning of the board.

CYG Practice

The Company Secretary of the Company has a direct reporting line to the Chairman and is responsible to the Board for statutory compliance and administrative matters associated with the Board.

ASXCGC Recommendation 1.5

A listed entity should:

- (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 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 the Act.

CYG Practice

The Company has a formal diversity policy.

The policy can be viewed on the Group's website under the tab – 'Investors, Corporate Governance'.

The Company is committed to an ethical and responsible work environment that values, encourages, promotes and fosters fairness and diversity. A number of objectives have been established to achieve diversity namely as follows:

- (i) ensure recruitment and selection practices reflect the principle of diversity and encourage a diverse candidate pool for appointments to senior levels;
- (ii) develop mentoring programs and network opportunities;
- (iii) support promotion of talented women in management positions;
- (iv) achieve a diverse and skilled workforce with a view to increasing representation of women across the Company; and
- (v) creating a work environment that values and utilises contributions of employees with diverse backgrounds, experiences and perspectives.

As at April 2018, 28% (June 2017 – 25.2%) of the Company's employees were women. Women who hold middle management positions totaled 18.5%, whilst women working in our business as team members represented 30%, there is one woman on the Executive Leadership Team.

ASXCGC Recommendation 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.

CYG Practice

The Board charter stipulates that an annual performance evaluation of the Board and its committees be undertaken. An annual internal review of the Board and its committees is carried out. The purpose of the review is to provide satisfaction that the Board comprises the most appropriate mix of expertise, skills, knowledge and experience in order to direct the Company.

ASXCGC Recommendation 1.7

- (a) A listed entity should 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.

CYG Practice

Arrangements are in place to monitor the performance of senior executives of the Company. The direct reports to the Chief Executive Officer will have formal reviews at least once a year. The current performance management system is currently being reviewed and updated with formal reviews to occur within next 6 months.

Performance is measured against previously agreed objectives / key performance indicators (KPIs). Apart from reviewing KPIs, the performance appraisal also considers leadership competencies, areas of improvement, training and development as well as career aspirations.

The Board monitors the performance of the Chief Executive Officer and his direct reports (in consultation with the Chief Executive Officer) to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the performance of the Company. As there have been a number of changes to the Board recently, the Board will conduct a performance review during 2019.

ASXCGC Principle 2

Structure the board to add value.

A listed entity should have a board of appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

ASXCGC Recommendation 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 process it employs to address board succession issues and to ensure that the board has the appropriate experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

CYG Practice

The Board has now determined that the role of the nomination committee is most appropriately carried out by the full Board. The Chairman takes the lead in the process of ensuring the composition of the Board is appropriate having considered the results of the annual internal performance evaluation of the Board and other

factors pertinent to its effective operation.

ASXCGC Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

CYG Practice

The Board comprises individuals with a comprehensive mix of experience and expertise across a variety of industries. In particular, skills and experience within the Board include:

- (a) In the following industries: trade distribution, manufacturing, retail, finance, and public sectors; and
- (b) Expertise in Strategy, finance, risk management, safety, executive leadership and marketing.

ASXCGC Recommendation 2.3

A listed entity should disclose:

- (a) The names of the directors considered to be independent directors;
- (b) If a director has an interest, position, association or relationship of the type set out in ASXCGC's criteria for determining the independence of directors, 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 of why the board is of that opinion; and
- (c) The length of service of each director.

CYG Practice

The Board presently consists of four directors. The names of the non-executive independent directors are Messrs NG Cathie, A Nisbet and J Todd.

The Board has a balanced composition with each current director bringing to the Company a range of complementary skills and experience.

In relation to the term of office for the directors, the Board has adopted the following policy:

"Subject to circumstances prevailing at the time and the Company's ability to find a suitable replacement, a director shall retire from the Board no later than the conclusion of the annual general meeting occurring after the twelfth anniversary of the director's first appointment or election to the Board.

The Board may consider variations to this policy in exceptional circumstances." The length of service for each director is as follows:

- NG Cathie appointed 19 September 2014
- A Nisbet appointed 1 October 2017
- R Bulluss appointed 29 August 2017
- J Todd appointed 3 September 2018

ASXCGC Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

CYG Practice

The Board presently consists of four directors. The majority of the directors are non-executive and independent.

ASXCGC Recommendation 2.5

The Chair of the board of a listed entity should be independent director and should not be the same person as the Chief Executive Officer of the entity.

CYG Practice

Mr NG Cathie is Chairman of the Board and is an independent director. He is not the Chief Executive Officer of the Company.

ASXCGC Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their

role as directors effectively.

CYG Practice

The Company has a structured induction program for all newly appointed directors. The directors are encouraged to attend relevant professional development seminars and courses and are kept informed by management in relation to any changes in the regulatory environment affecting the Company.

ASXCGC Principle 3

A listed entity should act ethically and responsibly.

ASXCGC Recommendation 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.

CYG Practice

The Company has a formal code of conduct and set of values. The code sets out the principles and standards with which all the Group's directors, senior executives and employees are expected to comply in the performance of their respective duties. The code requires all directors, senior executives and employees to act with honesty and integrity, comply with the law and conduct themselves in the best interests of the Company.

The code of conduct can be viewed on the Group's website, under the tab – "Investors, Corporate Governance".

ASXCGC Principle 4

Safeguard integrity in corporate reporting.

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of corporate reporting.

ASXCGC Recommendation 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 the 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.

CYG Practice

The Board has established an Audit & Risk Committee which comprises three members and is therefore compliant with ASXCGC recommendation 4.1.

The members of the Audit & Risk Committee are presently Mr J Todd (Chairman), Mr A Nisbet and Mr NG Cathie. All members of the committee are independent non-executive directors. Mr NG Cathie has accounting qualifications. Mr J Todd has formal qualification in commerce and in applied finance.

The Company's Audit & Risk Committee has a formal charter which sets out its roles, composition and duties and responsibilities. The committee reports back to the Board on all matters relevant to its roles and responsibilities.

The Committee's charter can be viewed on the Group's website, under the tab – 'Investors, Corporate Governance'.

The number of committee meetings held and individual attendances of the members during the relevant reporting period are shown in the Company's annual report under the section Directors' Report sub-section Directors' Meetings.

ASXCGC Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from the 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 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.

CYG Practice

The Board receives assurance from the CEO and CFO in the form of 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 entity and that the opinion is founded on the basis of a sound system of risk management and internal control which is operating efficiently and effectively in all material respects and where not so operating, is being brought into compliance.

ASXCGC Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

CYG Practice

The Company's external auditor, KPMG, via its engagement partner, attends the Company's AGM. Security holders in attendance are invited to ask relevant questions of the external auditor.

ASXCGC Principle 5

Make timely and balanced disclosure.

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASXCGC Recommendation 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.

CYG Practice

The Board observes the continuous disclosure obligations as imposed by the ASX Listing Rules. The matter is continuously monitored by the Group's executive management and regularly reviewed by the Board. The Chairman and CEO are authorised to communicate with security holders in relation to Board approved ASX disclosures. Other directors and management must adhere to this practice.

All notifications and announcements to the ASX are posted on the Company's website, under the tab – 'Investors, ASX Announcements'. The company secretary is the responsible person for all communications with the ASX.

ASXCGC Principle 6

Respect the rights of security holders.

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

ASXCGC Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

CYG Practice

The Company's website – www.cgl.com.au – contains particulars regarding its activities and operations as well as relevant documents pertinent to its governance regime.

ASXCGC Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

CYG Practice

The Company encourages regular and timely communication with its shareholders and other stakeholders. Communication channels used by the Company include:

- regular shareholder communication such as the Half Year Report, Annual Report, Quarterly Sales Update and, as appropriate, other periodic advices such as director changes;
- the Annual General Meeting
- shareholder access to communications through the use of information technology such as the Company's website (www.cgl.com.au) where all key notices, policies and documents are posted; and
- a direct link from the Company's website to Computershare Investor Services, the Company's share registry service provider.

ASXCGC Recommendation 6.3

A listed entity should disclose the policies and processes it has to facilitate and encourage participation at meetings of security holders.

CYG Practice

The Board encourages full participation by shareholders at the AGM during which they are invited to raise questions or make comment regarding the operations and performance of the Company.

The external auditor attends each AGM and is available to answer shareholder questions about the audit.

ASXCGC Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

CYG Practice

The Company, and its share registry service provider, gives security holders the option to receive communications electronically.

ASXCGC Principle 7

Recognise and Manage Risk.

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

ASXCGC Recommendation 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.

CYG Practice

The Company has an Audit & Risk Committee that has responsibility for overseeing the Company's risk management framework. Refer to comments for CYG Practice under ASXCGC Recommendation 4.1.

The Company has established a policy for the oversight and management of material business risks. The policy titled Risk Management Policy can be viewed on the Group's website under the tab – 'Investors, Corporate Governance'.

The Board via the Audit & Risk Committee has reviewed and approved this policy, and is satisfied that management has implemented a sound system of risk management and internal control.

ASXCGC Recommendation 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.

CYG Practice

The Company has established a Group risk register which includes material business risks.

The Group risk register is reviewed annually by the Audit & Risk Committee.

ASXCGC Recommendation 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 function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

CYG Practice

The Company does not have an internal audit function.

The Company has undertaken a group-wide review of risk and implemented mechanisms appropriate to the size and complexity of its operations to manage risk without the requirement of a separate internal audit function. In particular, management reviews the organisational structure and accounting controls and processes of each business in the group on a regular basis and reports appropriately to the Audit & Risk Committee and the Board. In this manner the Board is satisfied there are appropriate mechanisms in place to identify material business risks and ensure they are managed effectively.

ASXCGC Recommendation 7.4

A listed entity should disclose whether it has a material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

CYG Practice

The Company does not have any material exposure to environmental or social sustainability risks. In relation to economic risks the Company is impacted in the main by the cycles of the mining / resources and construction sectors and volatility of currency exchange rates. The Company is aware of these exposures and has procedures in place to minimise exposure.

ASXCGC Principle 8

Remunerate fairly and responsibly.

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

ASXCGC Recommendation 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.

CYG Practice

The members of the remuneration committee are presently Mr NG Cathie (Chairman), Mr Andrew Nisbet and Mr James Todd.

The Company's remuneration committee has a formal charter which sets out its roles, composition and duties and responsibilities. The committee reports back to the Board on all matters relevant to its roles and responsibilities. The committee's charter can be viewed on the Group's website, under the tab – 'Investors, Corporate Governance'.

The number of committee meetings held and individual attendances of the members during the relevant reporting period are shown in the Company's annual report under the section Directors' Report sub-section Directors' Meetings.

ASX Recommendation 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.

CYG Practice

The remuneration of non-executive directors is reviewed on a periodic basis by the remuneration committee having regard to the work load of the directors and the level of fees paid to non-executive directors of other companies of similar size and nature.

The aggregate amount payable to non-executive directors must not exceed the maximum annual amount approved by the Company's shareholders at the annual general meeting. Further details of non-executive directors' remuneration are contained in the remuneration report of the annual report.

All senior Company executives have service contracts which clearly set out the basis for their remuneration. Further details of executive remuneration are set out in the remuneration report of the annual report.

ASX Recommendation 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.

CYG Practice

An Executive and Director Incentive Plan was approved by shareholders at the 2017 annual general meeting.