

# Barrack St Investments Limited ACN 167 689 821

## Corporate Governance Statement

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As required under the ASX conditions of quotation, Barrack St Investments Limited (**Company**) advises as follows with respect to its compliance with the best practice recommendations set by the ASX Corporate Governance Council (**CGC**).

### ASX Corporate Governance

To further enhance the listed entities' disclosure of corporate governance issues, the CGC was established on 1 August 2002. The CGC was established for the purpose of setting an agreed set of corporate governance standards of best practice for Australian listed entities. The CGC has released its second edition of Corporate Governance Principles and Recommendations (**ASX Recommendations**) which will apply to the Company financial upon listing on ASX. The ASX Recommendations articulate eight core principles that CGC believes underlie good corporate governance. The ASX Recommendations provide that a listed entity's annual report is required to disclose its main corporate governance practices and also the extent to which the entity complies with the ASX Recommendations and where it does not, to explain why not.

The Company has adopted a corporate governance charter (**Corporate Governance Charter**) in order to implement and maintain a culture of good corporate governance both internally and in its external dealings. In adopting the Corporate Governance Charter the board is mindful of the ASX Recommendations.

This Corporate Governance Statement sets out the Company's current compliance with the ASX Recommendations, addresses the areas where the Company has departed from the ASX Recommendations and explains why any departure has been made. Where the Company's corporate governance practices do not correlate with the practices recommended by the CGC, the Company is of the opinion its practices are appropriate for the size and scale of the Company and its operations.

The board is of the view that, with the exception of any departures from the ASX Recommendations set out below, it otherwise complies with all of the Recommendations.

ASX Corporate Governance Principle		Comment
1	Lay solid foundations for management and oversight	

1.1	<p>A company should disclose:</p> <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management</li> </ul>	<p>The Company's board charter discloses the specific responsibilities of the board. The board charter also discloses the role of the managing director and other officers who are responsible for the management of the Company's business.</p> <p>The board charter refers to matters specifically reserved to the board and areas delegated to senior executives. The board charter is publicly available on the Company's website.</p>
1.2	<p>A company should:</p> <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and</li> <li>(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.</li> </ul>	<p>The board charter provides the board with the ability to establish the criteria for Board membership and review of the composition of the board. The board charter allows the Board flexibility to determine and adjust the particular criteria for appointment to the board, but that criteria will include checks as to the person's character, experience, education, criminal record and bankruptcy history. As part of the process for the Company applying for listing to the ASX, all directors of the Company have undergone insolvency searches through the National Insolvency Index as well as Australia Federal Police checks.</p> <p>Under rule 19.4(f) of the constitution, the Company may by resolution at an AGM fill an office vacated by a director or elect or re-elect an eligible person to that office. The Company intends, by way of the notice of meeting, to 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>
1.3	<p>Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>While the Company has not entered into formal employment agreements with the directors of the Company, all of the directors have signed deeds of access, insurance and indemnity with the Company as well as disclosure deeds for the purpose of Listing Rule 3.19A confirming their position in respect of the Company. The remuneration of each director is to be determined by the directors at their discretion under rule 19.5 of the constitution, provided the aggregate remuneration in any financial year does not exceed the amount fixed by the company in general meeting. As stated in the Prospectus dated 1 July 2014, the aggregate remuneration payable to the board in any financial year will be \$300,000 to be divided between the directors as the board decides. The Company is yet to have its first annual general meeting to affirm this aggregate amount. Currently the chairman's remuneration is \$45,000 per annum and the remaining directors' remuneration is \$40,000 per annum.</p> <p>Sections 180 to 195 of the <i>Corporations Act 2001</i> (Cth) specify the duties of the directors in their capacity as directors of the Company.</p>

1.4	The company secretary of a company should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Rule 23.2 and 23.3 of the constitution specify that the company secretary of the Company is appointed by the directors and may be suspended or removed from that office by the directors. The conditions, remuneration and specific powers of the company secretary are to be decided by directors.
1.5	<p>A company should:</p> <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the board or a relevant committee to set measurable objectives for achieving gender diversity and to assess these objectives and the companies progress in achieving them;</li> <li>(b) disclose that policy or a summary of it (publicly preferably on the company's website); and</li> <li>(c) disclose at the end of each reporting period the objectives set in accordance with the entity's diversity policy and its progress towards achieving them, and either: <ul style="list-style-type: none"> <li>(i) The respective proportions of men and women on the board in senior executive positions (including how the entity has defined "senior executive"); or</li> <li>(ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act., the entity's most recent "Gender Equality Indicators".</li> </ul> </li> </ul>	<p>Rules 2.2 and 2.3 of the board charter included reference to the Company's diversity policy as a criterion for determining and reviewing the membership of the board, and as a benchmark for reviewing the composition and performance on the board periodically. The policy details a procedure for establishing measurable objectives in respect of diversity and reviewing the Company's progress in respect of those objectives.</p> <p>A copy of the Company's diversity policy will be made available on the Company's website.</p>
1.6	<p>Companies should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors;</li> <li>(b) disclose whether a performance evaluation has taken place in the reporting period and whether it was in accordance with the disclosed process.</li> </ul>	<p>The board charter requires the board to review its performance (including that of individual directors) periodically, in accordance with the procedure determined by the chairman.</p> <p>As the current board has only recently been constituted, a performance review has not yet been completed for the directors for the financial year ended 30 June 2014. The board will conduct an evaluation of directors in future years in accordance with the board charter.</p>
1.7	Companies should:	

	(a) have and disclose a process for periodically evaluating the performance of the its senior executives; and	The company does not currently have any senior executives apart from its directors and is unlikely to employ senior executives apart from directors in the future. If the company does employ senior executives the board charter will be amended to include senior executives in the review process.
	(b) Disclose whether a performance evaluation has taken place in the reporting period and whether it was in accordance with the disclosed process.	The company does not currently have any senior executives and is unlikely to employ senior executives in the future.
<b>2</b>	<b>Structure the board to add value</b>	
2.1	(a) The board should have a nomination committee which:	The board considers that the Company is not currently of the size or status to warrant the formation of a separate nomination committee and accordingly currently performs the functions of a nomination committee. The board comprises three directors, the majority of whom are independent directors.  The board shall, upon the Company reaching the requisite corporate and commercial maturity, approve the constitution of a nomination committee to assist the board in relation to the appointment of directors and senior management. As such, the board charter currently contemplates that a nomination committee may exist at a future point in time.  Rule 1.12 of the board charter acknowledges that the chairman, being an independent director, will chair any future nomination committee.
	(i) has at least three members, the majority of whom are independent directors; and	
	(ii) is chaired by an independent director.	
	The board should disclose:	
	(iii) the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee; and	The board considers that the Company is not currently of the size or status to warrant the formation of a separate nomination committee. The board currently performs the functions of a nomination committee.
	(iv) the names of members of the nomination committee; and	The board considers that the Company is not currently of the size or status to warrant the formation of a separate nomination committee. The board currently performs the functions of a nomination committee.
	(v) the number of times the committee met and the individual attendance of the members during a reporting period.	The board considers that the Company is not currently of the size or status to warrant the formation of a separate nomination committee. The board currently performs the functions of a nomination committee.

	<p>(b) If the board does not have a nomination committee this fact should be disclosed as well as 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>The board considers that the Company is not currently of the size or status to warrant the formation of a separate nomination committee. The board currently performs the functions of a nomination committee.</p> <p>The Company's constitution sets out the procedure for selection and appointment of new directors and re-election of incumbent directors. The Company's constitution is publicly available on the Company's website.</p> <p>The board charter refers to criterion for determining the appointment of directors. The board charter is publicly available on the Company's website.</p>
2.2	<p>A company should have and disclose a broad skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Company has disclosed the skills and experience of each of the directors in the Prospectus dated 1 July 2014. These details are also included on the Company's website.</p> <p>The board charter provides that the board aims to ensure it has an appropriate skill mix and diversity by including these as criteria for determining and reviewing the membership of the board, with a view to always obtaining the best person for the directorship.</p> <p>The board intends to set measurable objectives for achieving diversity in the Company in accordance with the Company's diversity policy and the Company's diversity profile set by the board from time to time and will review the effectiveness and relevance of these measurable objects.</p>
2.3	<p>Companies should disclose the following information:</p>	
	<p>(a) the names of the directors considered by the board to be independent directors;</p>	<p>Two of the three members of the current board (Mr Murray d'Almeida and Mr David Crombie) are considered to be independent. The Company has disclosed this in the Prospectus dated 1 July 2014.</p>

	<p>(b) the existence of any of the following relationships and an explanation of why the board considers the director to be independent, notwithstanding the existence of those relationships:</p> <ul style="list-style-type: none"> <li>(i) if the director is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;</li> <li>(ii) if the director is employed, or has previously been employed in an executive capacity by the company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the board;</li> <li>(iii) if the director has within the last three years been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided;</li> <li>(iv) if the director is a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or</li> <li>(v) if the director has a material contractual relationship with the company or another group member other than as a director;</li> <li>(vi) if the director has close family ties within any of the categories described above; or</li> <li>(vii) if the director has been a director of the entity for such a period that his or her independence may have been compromised.</li> </ul>	<p>The Company considers that none of these relationships exist in relation to the two independent directors Mr Murray d'Almeida and Mr David Crombie.</p>
	<p>(c) the length of service of each director.</p>	<p>Emmanuel Pohl – appointed 23 January 2014  Murray d'Almeida – appointed 23 January 2014  David Crombie – appointed 9 June 2014</p>

2.4	A majority of the board should be independent directors.	A majority of the board is independent, with two of the three members of the current board (Mr Murray d'Almeida and Mr David Crombie) appointed as independent, non-executive directors as set out in the Prospectus dated 1 July 2014.
2.5	The chair should be an independent director and in particular, should not be the same person as the CEO of the entity.	The current chairman, Mr Murray d'Almeida, is an independent director as noted in the prospectus. The Company does not have a CEO. The administration and management services of the Company are provided by the Company's investment manager, ECP Asset Management Pty Ltd, of which Emmanuel Pohl is the chief investment officer.
2.6	A company 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 roles.	The Company will make development opportunities available to the Company as considered appropriate. The current directors all maintain directorships on other companies which contribute their professional development and maintenance of skills and knowledge needed to perform their roles. The Company will continue to review whether the directors as a group have the skills, knowledge and familiarity with the Company to fulfil their role on the board and monitor each director's professional development. If the board expands the Company will consider adopting a formal policy in this regard.
<b>3</b>	<b>Promote ethical and responsible decision-making</b>	
3.1	Companies should:	
	(a) have a code of conduct for its directors, senior executives and employees; and	<p>The Company has a code of conduct policy.</p> <p>The Company's code of conduct policy sets out a framework to enable directors and all Company employees to achieve the highest possible standards in the discharge of their duties. It addresses fair dealing, avoiding conflicts of interests, avoiding personal transactions and maintaining confidentiality.</p> <p>The Company expects a high level of honesty, care, fair dealing and integrity in the conduct of the Company's business activities, and all employees are expected to comply with the spirit and letter of all applicable laws, rules and regulations and provisions of the code of conduct.</p> <p>The code of conduct provides for employees to report any circumstances, which are believed to be a breach of a law or unethical behaviour, to the managing director. Directors who become known of breaches of law must report these breaches to the chairman or the board as a whole.</p>

	(b) disclose that code or a summary of it.	The Company's code of conduct policy is publicly available on the Company's website.
<b>4</b>	<b>Safeguard integrity in corporate reporting</b>	
4.1	The board should:	
	<p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent chair, who is not a chair of the board.</p>	<p>The board has established an audit and risk committee to assist the board to discharge its responsibilities in relation to financial reporting, auditing and compliance.</p> <p>The composition and role of the audit committee is set out in the audit committee charter. The audit committee is only required to have two members according to the audit committee charter.</p> <p>The Company considers that given the size and status of the Company and the nature of the Company's current operations, the size and composition of the audit committee is appropriate in the current circumstances, the board is capable of performing the role of the audit and risk committee.</p> <p>The audit and risk committee charter requires the majority of members to be independent non-executive directors.</p> <p>The audit and risk committee charter states that the chair will be nominated by the board of the Company from time to time. The board of the Company is able to nominate a chair who is not the chair of the board.</p>
	<p>The board should disclose:</p> <p>(iii) the audit committee charter (this should be disclosed publicly preferably on the company's website); and</p> <p>(iv) the relevant qualifications and experience of those members appointed to the audit committee;</p>	<p>The audit and risk committee charter is available publicly on the Company's website.</p> <p>Currently the board carries out the role of the audit committee.</p>
	(v) the number of times the committee met during a reporting period and the individual attendances of the members.	The audit committee charter expressly provides that there shall be no less than 2 meetings a year. Currently the board carries out the role of the audit committee.



	(b) If the board does not have a nomination committee this fact should be disclosed as well as the procedures it employs that independently verify and safeguard the integrity of its corporate reporting including, information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.	Currently the board carries out the role of the audit committee. The audit and risk committee charter includes procedures for the selection, appointment, replacement and remuneration of the external auditor.
4.2	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) or the chief financial officer (or equivalent) that the declaration given under section 295A Corporations Act (declaration about the listed entity's financial statements) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	It is the Company's intention to obtain from the chief executive officer and chief financial officer a statement to the board with any financial report to the effect that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. The Company will provide details as to compliance with this recommendation in its future annual reports.
4.3	A company that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from share holders relevant to the audit.	The audit and risk committee charter permits the audit committee to invite external auditors to make presentations to the committee as appropriate and make its external auditor available at each AGM to answer questions from shareholders relevant to the audit.
<b>5</b>	<b>Make timely and balanced disclosure</b>	
5.1	<p>A company should:</p> <p>(a) have a written policy designed to ensure compliance with its continuous disclosure obligations under ASX Listing Rules; and</p> <p>(b) disclose that policy or a summary of it (publicly ideally, ideally by posting them to the company's website in a clearly marked corporate governance section).</p>	<p>The Company has a commitment to full and continuous disclosure policy which is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the ASX Listing Rules. The Company's approach to its disclosure obligations is set out in its disclosure policy.</p> <p>The company's disclosure policy is available publicly on the company's website.</p>
<b>6</b>	<b>Respect the rights of shareholders</b>	
6.1	A company should provide information about itself and its governance to investors via its website preferably in a section marked "corporate governance".	The company's website does include various corporate governance documents.

6.2	A company should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>Investor communication can occur in two ways:</p> <p>(a) via the Company's share registry, Boardroom, which is responsible for all investor-related administration; or</p> <p>(b) via the Company's investment manager, ECP Asset Management Pty Ltd, which is responsible for managing queries regarding the investment.</p> <p>Contact details for both are provided in the Prospectus dated 1 July 2014 and on the Company's website.</p>
6.3	A company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders.	The Company's constitution outlines the security holders' rights at meetings and is publicly available on the Company's website.
6.4	A company should give shareholders the option to receive communications from and send communication to the entity and its security registry electronically.	All communications to shareholders required to be released to ASX will also be published either on the Company's website or through a link to ASX's website on the Company's website. Shareholders may elect to receive Company communications by email.
<b>7</b>	<b>Recognise and manage risk</b>	
7.1	A board of a company should:	
	<p>(a) have a committee or committees to oversee risk which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director.</p>	<p>The board has established an audit and risk committee to assist the board to discharge its responsibilities in relation to financial reporting, auditing and compliance. The composition and role of the risk committee is set out in the audit and risk committee charter. The audit committee is required to have three members according to the risk committee charter.</p> <p>The Prospectus dated 1 July 2014 provides that all members of the board currently perform the functions of the risk committee. The audit and risk committee charter requires that the majority of members to be independent non-executive directors.</p>
		The audit and risk committee charter requires the board of the Company to nominate the chair. The chair is currently Murray d'Almeida.
	<p>The board should disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee;</p>	<p>The company has an audit and risk committee charter, which is available on the Company's website.</p> <p>Currently the board carries out the role of the audit and risk committee.</p>

	<p>(v) the number of time the committee met during a reporting period and the individual attendances of the members at those meetings; or</p> <p>(b) If the company does not have a risk committee an explanation of the processes it employs to carry out the functions of a risk committee including the company's policies on risk oversight and management of material business risks. (Should be disclosed publicly preferably by posting it to the company's website).</p>	<p>Currently the board carries out the role of the risk committee.</p> <p>The audit committee charter expressly provides that there shall be no less than 2 meetings a year.</p> <p>Currently the board carries out the role of the risk committee.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework annually to ensure 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 audit and risk committee charter requires the committee to consider the Company's risk management policies.</p> <p>The Company intends to disclose, in relation to each reporting period, whether a review of the Company's risk management framework has taken place. As the Company was only established in January 2014, no such review has yet taken place.</p>
7.3	<p>A company disclose:</p> <p>(a) if it has an internal audit function and how this function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function the processes the company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The internal audit function of the Company is carried out by the Company's audit and risk committee. The role of the committee and its structure is set out in the audit and risk committee charter.</p> <p>The internal audit function of the Company is carried out by the Company's audit and risk committee.</p>
7.4	<p>A company 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>	<p>The Company does not have direct exposure to economic, environment and social sustainability risks but as a listed investment company it will invest in companies that will themselves have exposure to one or more of these risks. The extent of such risks depends on the materiality of the investment.</p>
<b>8</b>	<b>Remunerate fairly and responsibly</b>	

8.1	<p>The board should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent chair.</p>	<p>The Company considers that given the size and status of the Company and the nature of the Company's current operations, a separate remuneration committee is not appropriate in the current circumstances. In the event that the Company employs employees other than the non-executive directors, the Company will establish an appropriate remuneration committee.</p>
	<p>The board should disclose:</p> <p>(iii) the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee (this should be placed on the company's website);</p> <p>(iv) the name of the members of the remuneration committee;</p> <p>(v) the number of times the committee met during a reporting period and the members individual attendance at those meetings.</p>	<p>The company does not have a remuneration committee.</p>
	<p>(b) If the company does not have a remuneration committee the board should disclose this fact and also disclose an explanation of 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.</p>	<p>The board determines remuneration of directors according to rules 3.13 of the board charter.</p>
8.2	<p>Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors' remuneration from that of executive directors and senior executives.</p>	<p>The remuneration of the two non-executive directors is to be approved by the Company's shareholders in general meeting. The Company has no other employees but if at any stage it employs other employees, it will determine an appropriate remuneration structure.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p>	

	(c) 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 (this should be disclosed publically preferably on the company's website); and	Directors are not remunerated by shares or options in the Company but are able to invest in the Company during appropriate trading windows.
	(d) disclose that policy or a summary of it.	Currently the non-executive directors are the only employees of the Company and their remuneration requires approval by shareholders. Should the Company employ other employees, the Company will adopt an appropriate policy with respect to equity-based remuneration.