

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

CARDNO LIMITED

ABN / ARBN:

70 108 112 303

Financial year ended:

30 June 2015

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: <http://www.cardno.com/corporategovernance>

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

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

Date: 17 August 2015

Signature: 
Position: Company Secretary

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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at www.cardno.com	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at www.cardno.com</p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.cardno.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>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.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have 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	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at www.cardno.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> in our Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have 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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> 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.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> 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.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at our Investor Centre at www.cardno.com	<input type="checkbox"/> 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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> 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.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> 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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have 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	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at our Investor Centre at www.cardno.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have 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	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at our Investor Centre at www.cardno.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> in our Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Cardno Corporate Governance Statement

CARDNO LIMITED AND IT'S CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2015

The Board of Directors of Cardno Limited is ultimately responsible for all corporate governance matters of the consolidated entity and is accountable to the shareholders for the overall business performance of the company.

The Board oversees a global governance framework which is designed to ensure the highest standards of corporate governance are uniformly maintained by all parts of the business in all locations around the world. Details of the corporate governance policies of the company can be found in the Investor Centre of the Cardno website, www.cardno.com.

Cardno Limited is committed to implementing and maintaining sound corporate governance practices and has adopted the ASX Corporate Governance Principles and Recommendations (Third Edition) in the development of its corporate governance. The Board has assessed Cardno's current practice against these Principles and Recommendations and notes that Cardno's practices are consistent with them except where stated below.

The Board endorses a culture of continuous improvement and therefore continues to refine and develop its governance policies and practices to meet the needs of the business and in the interests of shareholders.

PRINCIPLE 1:

Lay solid foundation for management and oversight

The role of the Board and delegation to the Managing Director and the senior management team has been formalised. The most significant responsibilities of the Board are:

- > providing strategic oversight including contributing to the development of and approving the corporate strategy;
- > reviewing and approving business plans, the annual budget and financial plans including reviewing the adequacy of resources and approving and monitoring major capital expenditure initiatives;
- > reviewing the operational and financial performance of Cardno's activities including monitoring budgetary control;
- > reporting to shareholders and the market;
- > ensuring compliance with prudential regulations and standards;

- > ensuring adequate risk management processes are in place;
- > reviewing internal controls and internal and external audit reports;
- > monitoring and influencing the culture and reputation of Cardno;
- > monitoring Board composition, Director selection and Board process and performance;
- > undertaking appropriate checks and making relevant enquiries before appointing a person as a Director;
- > approving key executive appointments and ensuring executive succession planning;
- > ensuring Cardno has a written agreement with each director and senior executive setting out the terms of their appointment;
- > reviewing the performance and remuneration of the Managing Director and senior management;
- > ensuring that the Board as a whole has an appropriate understanding of each substantial segment of the business; and
- > authorising and monitoring major investment and strategic commitments.

The Board has delegated to the Managing Director, together with the senior management team, responsibility for the implementation of Cardno's corporate strategy, its business plans and the day-to-day management of its operations.

The performance of the Managing Director and senior management team is evaluated by the Board through formal performance reviews undertaken on an annual basis. The individual performance of the Managing Director and each member of the senior management team is reviewed against goals set in the previous year and new objectives are established for the following financial year. In 2015 individual financial and non-financial goals were agreed for "at target" and out performance targets. A greater proportion of fixed annual remuneration is offered "at risk" and payable in the form of short term and long term incentives. Specific details are set out in the Remuneration Report.

The Company Secretary plays an important role in supporting the effectiveness of the Board and its committees. Cardno's Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Board's responsibilities and functions are also contained in Cardno's Corporate Governance Policy which can be accessed in the [Investor Centre](#) on the Cardno website.

PRINCIPLE 2:

Structure the Board to add value

The Board has been established so that it has appropriate composition, size and commitment to adequately discharge its responsibilities and duties. Collectively the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business. Details of the skills and experience of each Director are contained on pages 33 to 35 in the Annual Report and on the company's website.

In 2014 a Board skills matrix was developed to identify the professional and industry based skill areas which are now and will need to be collectively held by the Board. The skills detailed in the matrix were those which the Board determined to be the most suitable to support Cardno's strategic direction. The matrix identified that the Cardno Board exhibited strong skills and experience in strategy and policy development, corporate governance, executive and commercial management, mergers and acquisitions, finance and funding. Areas identified for

improvement were professional services industry experience, investor and government relations. The matrix will be an important input to assist the Board in determining potential future Non-Executive Directors whom could complement the Board's current skill set and to address areas of future focus and attention for existing Directors.

The Board currently comprises Non-Executive Directors including the Chairman, and two Executive Directors. On 18 August 2015, Ian Johnston resigned as a Non-Executive Director and will retire from the Board at the conclusion of the Annual General Meeting on 23 September 2015.

In January 2015, Executive Director and Managing Director Mr. Renshaw resigned as a Director of the Board. He was replaced as Managing Director on an interim basis by Chief Financial Officer Mr. Graham Yerbury. In June 2015 Mr. Richard Wankmuller was appointed Managing Director. Mr. Richard Wankmuller previously worked as a Director of GHD Pty Limited and President of GHD Americas overseeing an expansion of the business from 350 employees in 2011 to approximately 4000 in 2015.

The tenure of the Independent Non-Executive Directors at 30 June 2015 was as follows:

Non-Executive	Current tenure of Non-Executive Directors of Cardno Limited		
	0-2 years	2-4 years	4+
Ian Johnston			✓
Tony Barnes			✓
John Marlay		✓	
Tonianne Dwyer		✓	
Grant Murdoch		✓	
Elizabeth Fessenden	✓		

In accordance with the constitution of Cardno Limited, one half of the Directors (excluding the Managing Director) retire at each Annual General Meeting. Accordingly Mr. Marlay, Dr. Johnson and Ms Dwyer retired by rotation at the 2014 Annual General Meeting and, having offered themselves for re-election, were duly re-elected. In addition, Ms Fessenden, who had been appointed since the previous Annual General Meeting, offered herself for election as a Director and was duly elected. At the 2015 Annual General Meeting Mr. Barnes, Mr. Murdoch and Ms. Fessenden will offer themselves for re-election.

The Board has adopted the following criteria to determine the independence of a Non-Executive Director:

- > is not a substantial shareholder of Cardno or an officer of, or otherwise associated directly with, a substantial shareholder of Cardno;
- > within the last three years has not been employed in an executive capacity by Cardno or another group member, or been a Director after ceasing to hold any such employment;
- > within the last three years has not been a principal of a material professional adviser or a material consultant to Cardno or another group member or an employee materially associated with the service provided;
- > is not a material supplier or customer of Cardno or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- > has no material contractual relationship with Cardno or other group member other than as a Director of the company;
- > has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Cardno; and
- > is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Cardno.

The Board has confirmed that based on this definition of independence, Mr. Marlay, Mr. Johnston, Ms. Dwyer, Mr. Barnes, Mr. Murdoch and Ms. Fessenden are independent Non-Executive Directors.

The Board currently considers it appropriate to have one Executive Director on the Board. In recent years Cardno has reduced the number of Executive Directors and increased the number of Non-Executive Directors to the point where it now has a significant majority of Non-Executive Directors.

The role of the Chairman and Managing Director are separate. The Chairman of the Board is Mr. Marlay who is an independent Non-Executive Director. The Managing Director is Mr. Wankmuller. Each Director, as part of their agreement with Cardno has the ability to seek independent advice at Cardno's expense after consultation with the Chairman.

The Nominations Committee comprises three Non-Executive Directors, Mr. Marlay (Chairman), Mr. Johnston and Ms. Dwyer. Details of the number of meetings of the Committee and members' attendance can be found in the Directors' Report.

The Nominations Committee oversees and facilitates Board and individual Director performance reviews and evaluation on an annual basis. The Board conducts formal reviews of both individual and collective performance annually using both internal processes and external facilitators as necessary to ensure independent professional scrutiny and benchmarking against developing best practices.

During the year the Board a review of the Board and its performance was performed by an independent and external consultant appointed by the Board. The review involved individual interviews with Board members and senior management as well as attendance at Board and Committee meetings. The review identified a number of areas for continued focus and improvement to drive improved business performance and in the oversight of strategic risk management. Other areas for continued focus were talent identification and succession and the

quality of information provided to the Board to improve the quality of decision making processes.

The Nominations Committee assists the Board in determining the composition of the Board and its committees. When considering a candidate as a Director, consideration is given to the candidate's ability to act in the best interests of shareholders as well as specific skills and expertise and background which is corroborated by thorough reference checks. Consideration is also given to the candidate's capacity to understand the impacts of various laws and regulations on their role and on Cardno including company law, trade practices legislation, environmental law, workplace health and safety, equal opportunity and taxation.

As Cardno has significant operations outside of Australia, consideration is also given to the candidate's ability to understand the impacts of foreign jurisdiction legislation, foreign currency issues and the business environment in the countries in which Cardno operates. In addition, consideration is given to the candidate's knowledge of the areas of Cardno's operations, risk management concepts and how they apply to Cardno and corporate governance.

New Directors undergo an induction process in which they are given an extensive briefing on Cardno. This includes meetings with key executives, tours of the relevant businesses, an induction package and presentations. A formal letter of appointment is provided. In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continuing professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

During 2015, the Nominations Committee conducted a thorough search process to find a successor to Mr. Renshaw. The Committee was assisted by an external party. Ultimately the Board appointed Mr. Wankmuller to the position.

The roles and responsibilities of the Nominations Committee are set out in its Terms of Reference which are displayed on the [Investor Centre](#) of Cardno's website.

Details of the individual skills, capabilities and experience of all Directors are disclosed in the Annual Report and on the company website.

PRINCIPLE 3:

Promote ethical and responsible decision making

The Board expects Directors and employees to observe high standards of behaviour and business ethics. All Directors, executives and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the Company. The Board has adopted a Code of Conduct for Directors, senior managers and staff. The Code of Conduct is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour, professionalism and practices necessary to maintain confidence in the company's integrity. The code sets the standard of behaviour required in areas such as performance and conduct, health and safety, use of property, compliance with laws and professional standards, confidentiality of information and conflicts of interest.

The Board also promotes the maintenance of an open working environment in which all employees and contractors are able to report instances of unethical, improper, unlawful or

undesirable conduct without fear of intimidation or reprisal. This is endorsed through the Whistleblower Protection Policy and the Whistleblower hotline which is managed by an independent operator and accessible to all Cardno staff 24 hours a day, seven days a week, by telephone, email and online hotline. The Audit, Risk & Compliance Committee receives notifications and reports of disclosures made under the Policy.

In 2015, Cardno disclosed it had appointed external advisors to conduct an investigation to review certain payments related to government and state owned entity contracts in Ecuador, its subsidiary, Cardno Caminosca.

Cardno continues to co-operate with appropriate regulators and authorities. Cardno has an ongoing commitment for compliance and disclosure and will continue to keep shareholders and stakeholders informed as appropriate.

The Board has adopted a policy for trading in Cardno securities by Directors, senior managers, financial services employees and staff. The purpose of this Policy is to guide Directors, senior managers and financial services employees in the performance of their activities and to define the circumstances in which they, other employees and associates, are permitted to deal in securities. The policy addresses each of the ASX requirements including provisions relating to the prohibition of trading by directors, senior executives and financial services employees in Cardno's securities during defined blackout periods.

The codes and policies have been designed with a view to ensuring the highest ethical and professional standards as well as compliance with legal obligations. The code and the policies are available for review in the [Investor Centre](#) of the Cardno website.

The Board continues its commitment to ensuring Zero Harm for all Cardno employees, clients, visitors and members of the public.

To achieve this goal, the Board requires commitment and visible leadership from all managers, strong teamwork and the active participation of everyone to implement and reinforce this policy in all Cardno offices, facilities and in the field.

DIVERSITY

Cardno understands the value of engaging a diverse workforce, and continues to develop our diversity strategy each year. In 2014/2015 Cardno committed to incorporating diversity into strategic and operational areas including improving diversity in recruitment, work practices and flexible work arrangements, training and development, and also in the pursuit of corporate, business and market opportunities that take advantage of our diverse team.

Diversity can take many forms: race, gender, ethnicity, sexual orientation, age, physical ability, religious beliefs and political views. Cardno's diversity is seen as a key competitive advantage and is celebrated across the company. As Cardno grows we seek to strengthen our diverse workforce to gain the best outcomes for our clients and for Cardno.

> GENDER

Cardno's employee population consists of just over 30 per cent female and almost 70 per cent male employees. This gender split is consistent with reporting in previous years.

Cardno's Board, including Executive and Non-Executive members, includes two female and six male members. Globally 16 per cent of Cardno's leadership positions are filled by women. Technical roles are filled predominantly by men (77 per cent of positions) while women continue to fill the majority of global business services positions (63 per cent).

The Women in Cardno program has become integral in promoting gender diversity throughout Cardno. The program is designed to provide opportunities for women across Cardno to advance and grow their careers. A champion network has been established and continues to grow, with over 200 female and male employees, electing to support the program.

Annually Cardno offers four scholarships to recognise and reward high performing employees. 67 per cent of applicants for all scholarships in 2014/2015 were from male employees, however 60 per cent of scholarship winners over the past 12 months have been female.

The Principals and Senior Principals Program recognises Cardno's senior technical leaders. Currently 13 per cent of all Principals and Senior Principals are female. The Executive Leadership Team and Women in Cardno Governing Body have placed a new focus on increasing female participation in the Principals and Senior Principals program, with female involvement expected to grow over the coming 12 months.

> TALENT FLOWS

Cardno's greatest asset is its people; therefore attracting and retaining the right people is crucial. Talent flows track employees throughout the lifecycle of their employment, from their initial hire, to their development and progression and also their exit from the business.

In the past financial year, Cardno recruited over 1,500 employees in a wide variety of roles and locations. Of the new hires 33 per cent were female, which aligns with Cardno's current gender split. The majority of new female hires (53 per cent) occupy roles in the technical streams of the business (e.g. Scientist, Engineers, Technicians, etc.).

Identifying patterns in employee attrition can help increase employee retention. Cardno's attrition rate, over the past twelve months, closely aligns with recruitment patterns with the attrition gender split being 32 per cent female and 68 per cent male. Throughout the past twelve months, 19 per cent of senior appointments (staff in senior management roles, earning over the equivalent of \$150,000AUD) across Cardno were female. This is a good indication of a growing trend of more women moving into management positions.

> AGE

Age diversity in the workplace brings a number of benefits, including valuable knowledge, skills and experiences. Cardno's employees range significantly in age from interns and university graduates to technical specialists and senior managers. Over half of Cardno employees are aged between 26 – 45 years. Just under 30 per cent of male employees are aged between 26 – 35 years, with 34 per cent of females within the same age bracket. Senior managers are predominately aged between 46 – 55 years, with 35 per cent of managers within this bracket.

Age and experience is promoted through the Principals and Senior Principals program which acknowledges employees expertise in their field. Employee tenure is acknowledged with service awards, which are recognised at five year increments in parts of the company.

> LANGUAGE

The diversity and geographic spread of Cardno employees is highlighted in the languages we speak. Cardno employees speak over 80 languages fluently including Spanish, French, Mandarin, Tagalog, German, Indonesian, Russian, Hindi and Cantonese. With employees working across more than 100 countries, Cardno's cultural background is pivotal in strengthening client relationships globally.

> DIVERSITY INITIATIVES

The following initiatives have been implemented, and extended upon, throughout 2014/2015:

- Development of the Women in Cardno (WIC) program to recognise the importance of gender diversity and equality. WIC established a Governing Body to deliver five key goals with an aim of promoting and encouraging gender diversity further in the business. Two members of the Executive Leadership Team, Kylie Sprott and Paul Gardiner, are active Governing Body members.
- The Diversity Policy was re-launched, with a focus on creating an environment where differences are not only welcomed but valued. Additionally, Diversity was added as one of Cardno's core values and we launched our Diversity and Inclusion page on the Cardno website (www.cardno.com), aiming to promote and celebrate our diverse staff and diversity philosophy.
- Cardno supported the UNiTE to End Violence against Women campaign. The Executive Leadership Team and employees from around the globe took a pledge to say no to domestic violence.
- International Women's Day was celebrated in over 30 Cardno offices across the globe. Acting CEO, Graham Yerbury, made the UN Women HeForShe pledge to take action against all forms of violence and discrimination faced by women and girls. Staff promoted IWD by holding events and fundraisers on gender diversity and the importance of female participation in society and the workforce.
- A Gender Pay Gap analysis has been completed with recommendations sent to the Remuneration Committee and Board. Cardno is committed to ensuring that pay, conditions and access to a full range of jobs and succession in the company is pro-equality. In particular, our philosophy of 'same job, same pay' means Cardno is committed to rewarding employees completing the same job, (i.e. within the same job family and level) fairly and consistently.
- The International Development Assistance team work on a number of projects aimed to promote equality and justice for minority groups across the globe. In conjunction with Australian Aid, the team worked closely with the Australia Indonesia Partnership for Justice (AIPJ) in efforts to advocate against anti-corruption for women. The movement aims to involve women, and women's organisations, in protecting themselves from corruption and becoming agents of change.
- Acting CEO, Graham Yerbury and Asia Pacific HR Manager, Janelle Mellor, signed the Close the Gap pledge to work collectively to achieve health equality for Indigenous Australians. Awareness for this campaign was also promoted through Cardno's social media sites.

- Cardno continued its valuable association with the Queensland Male Champions of Change (QMCC) group. QMCC recognises the importance of senior leadership commitment in the gender diversity discussion. This year the group will focus on increasing gender diversity in male-dominated industries and the importance of flexibility and pay equity in the workplace.
- In the Americas region Cardno partnered with Americas Job Exchange to post vacancies on a variety of diversity and inclusion sites. Recruitment practices have also been reviewed to encourage minority groups to apply for positions within the company.

> FY 2015/2016 FOCUS AREAS

Cardno has made notable progress in its diversity interests, especially in the past twelve months. Over the coming year we will look to further promote and encourage diversity in the workplace. The following will be of focus:

- Further development of our Diversity Strategy to include a focus on nation or ethnic origin, physical ability, age, sexual orientation, work/life flexibility and language in addition to our ongoing work in gender diversity.
- The implementation of the Human Resources Information System (HRIS) solution that will allow for increased visibility of global employee records and live reporting. It will provide an opportunity to have dashboards of data that can be used to track diversity metrics and set targets.
- Expansion of the Women in Cardno program.

The Board maintains a Diversity Policy which is accessible on the Cardno website. More information is also available on the [Diversity and Inclusion](#) page on the website.

PRINCIPLE 4:

Safeguard integrity in financial reporting

The Board recognises the critical importance of sound financial management, the accurate and timely reporting of financial performance and the management of risk. To assist the Board in the fulfilment of its duties and governance obligations in this area, the Board has established an Audit, Risk & Compliance Committee. Its role, objectives and responsibilities are set out in its Terms of Reference which can be viewed in the [Investor Centre](#) of the company's website. The Committee meets at least four times per year.

During the year the Audit, Risk & Compliance Committee consisted of four Non-Executive Directors, Mr. Barnes, Mr. Johnston, Ms. Dwyer and Mr. Murdoch. Mr. Barnes, an independent Non-Executive Director, is Chairman of the Audit, Risk & Compliance Committee. Mr. Barnes is not the Chairman of the company.

Some of the Audit Risk & Compliance Committee actions during 2015 were:

- > continued focus and vigilance on identification and mitigation of enterprise risks and development of risk appetite and tolerance framework;
- > revision and approach of Internal Audit, Fraud & Code of Conduct providing greater transparency;

- > approval and implementation of sophisticated global whistleblower and compliance platform; and
- > improved reporting and development of initiatives to promote HSGEQ.

In respect of the current year, the Managing Director and Chief Financial Officer have provided the Board with a statement confirming that Cardno's financial reports present a true and fair view of its financial position and are in accordance with relevant accounting standards.

The Audit, Risk & Compliance Committee requires the rotation at least every five years of the external audit engagement partner.

The selection of the external audit engagement partner is assessed against specific criteria established and agreed by the Audit, Risk & Compliance Committee.

Cardno's auditors attend the Annual General Meeting of the company and are available to answer shareholders' questions.

In July 2014 Mr. Mitchell Petrie assumed the role of external audit engagement partner from Mr. Robert Jones.

PRINCIPLE 5:

Make timely and balanced disclosure

Cardno has adopted a Continuous Disclosure Policy which can be viewed in the [Investor Centre](#) of the company's website. The purpose of this Policy is to set out the procedures to be followed to enable accurate, timely, clear and adequate disclosure to the market and compliance with the ASX Listing Rules regarding disclosure.

The Policy also operates to ensure that all employees are aware of their obligations for compliance within the continuous disclosure obligations. The Board regularly reviews the Policy to ensure it reflects best practice standards regarding disclosure and to ensure the market is kept informed of price sensitive or significant information in accordance with the Listing Rules. The policy will be reviewed again in the new financial year.

The Company has adopted the principles of Regulatory Guide 247 Effective Disclosure in an operating and financial review. As a result the annual report provides more comprehensive information allowing shareholders to better evaluate the company.

Cardno maintains a Confidential Information Policy which establishes standards of behaviour and processes regarding the manner in which the executives and employees handle confidential information relating to Cardno's business. A copy of the Policy is accessible on the Cardno intranet.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes the responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Further comments related to making timely and balanced disclosure are covered with consideration of the next Principle.

PRINCIPLE 6:

Respect the rights of shareholders

The Board recognises the important rights of shareholders and strives to communicate with shareholders regularly and clearly – both by electronic means and using more traditional communication methods. Shareholders are encouraged to attend and participate at general meetings.

The Board has adopted a Communications Policy that provides for:

- > communicating effectively with shareholders through releases to the market via the ASX, the media, Cardno's website, information mailed to shareholders and the general meetings of Cardno;
- > all information disclosed to the ASX is posted on the Cardno website when it is disclosed to the ASX. Presentation material used in public presentations and to brief analysts is released to the ASX and posted on Cardno's website;
- > giving shareholders ready access to balanced and understandable information about Cardno and corporate proposals; and
- > the external auditor attending the Annual General Meeting and being available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

During 2015, Cardno continued to develop its website which can now be read in Australian, UK and American English and Colombian Spanish languages. The website also allows members of the public to register to receive investor alerts when Cardno issues ASX and media announcements and other publications. A copy of Cardno's Communications Policy is able to be reviewed in the [Investor Centre](#) of the Cardno website.

Cardno's [website](#) contains an easily located link to shareholder information, including corporate governance information such as details of directors and senior executives, its constitution, its board charter, charters of each of its board committees and corporate governance policies. The website also links to copies of Cardno's annual reports and financial statement, announcements to the ASX, notices of meetings and webcasts.

PRINCIPLE 7:

Recognise and manage risk

The Board's responsibility for the oversight of risk management is formalised in Cardno's Corporate Governance Policy. The Board, in consultation with executive management, is responsible for identifying relevant risks. The risk management responsibilities of the Audit, Risk & Compliance Committee are set out in its Charter.

During 2015, the Board gave further consideration to the structure of the Board Committees, in particular it was agreed that the formation of a separate Risk Committee was not presently required. Instead for 2016, a change in the format of the Audit Risk & Compliance Committee

meetings would be trialed to include a separate and dedicated Risk forum and the meeting time extended as necessary to accommodate the increased risk focus.

In pursuit of the fulfilment of their responsibilities for risk management, the Board, together with the Managing Director and senior management, regularly review the effectiveness of the Group's risk management processes for the identification, monitoring and mitigation of risk.

In 2014, a Group Risk Manager was appointed to oversee the implementation of a renewed Enterprise Risk Management Framework. This revised framework prescribes the timeframes and structure for reporting to the Group Risk Manager, and the detailed risk assessment, identification, control and communication procedures to support the mitigation of strategic and corporate organisational risks.

The outcomes of the risk framework revision to date have included the implementation of a Enterprise level Risk Appetite and Tolerance Statement, the creation of risk action plans for Board identified risks, revision and consolidation across core risk areas of operational risk registers, and improvements to operational risk meetings to ensure action based outcomes linked to strategic and emerging priorities for the business.

In addition to this, the organisation has completed the review and consolidation of more than 40 global policies with an additional 50 policies scheduled for completion in 2016.

The Operational Risk Management Committee, which is comprised of the Managing Director and Senior Executives who are representative of all aspects of Cardno's business across the globe, reports at each Audit, Risk & Compliance Committee meeting. The Operational Risk Management Committee has responsibility for oversight and maintenance of the Enterprise Wide Risk Management System, the company's Operational Risk Management Plan, which has been established in accordance with AS/NZ 4360:2004. The Operational Risk Management Committee also has responsibility for operational risks, quality control issues and operations processes.

The Audit, Risk & Compliance Committee reports to the Board regularly on the implementation and management significant risks to Cardno, including the economic, environmental and social sustainability risks of the organisation and how they are being mitigated and managed by management via the Operational Risk Management Committee.

As a listed global organisation Cardno is exposed to economic sustainability risks including exposure to the Australian, USA and other international economies, plus market sectors such as oil and gas, commodity prices and infrastructure development. Cardno has sought to mitigate these risks through its business diversity and the strategic and operational actions of Board and management. With regards to the Social Sustainability of Cardno, the organisation has been active in the space as part of the broader risk framework initiatives, with the revision and re-launch of the Code of Conduct, Whistle Blower hotline, Anti-bribery and Corruption training, Fraud Awareness training and the continued and ongoing investment in Global Health and Safety initiatives. Cardno regards its exposure to environmental sustainability risks as low.

Cardno also monitors the quality and accuracy of its services through a Quality Management System. The details of the Quality Management System are available to staff via the company's intranet and client feedback is a feature of the system.

The Managing Director and Chief Financial Officer attest to the Board the soundness of the risk management and internal control systems each year and that the system is operating effectively in all material aspects in relation to financial risks.

Cardno's internal audit function provides assurance to the Board on the effectiveness of Cardno's risk management framework and the adequacy and effectiveness of the system of internal controls. Group Audit responsibilities are defined by the Board through the Audit, Risk and Compliance Committee as part of their oversight role.

The objective, roles and responsibilities of the Audit, Risk & Compliance Committee and the Operational Risk Management Committee are set out in their Charters, which are reviewed annually. A copy of the Charter of each committee can be viewed in the [Investor Centre](#) of the Cardno website. Details of the number of meetings of the Audit, Risk & Compliance Committee and members' attendance can be found in the Directors' Report.

PRINCIPLE 8:

Remunerate fairly and responsibly

Cardno has established a Remuneration Committee. The Remuneration Committee, which advises and reports to the Board, is chaired by Mr. Murdoch and includes Mr. Marlay, Ms. Fessenden and Mr. Barnes, all Non-Executive Directors. Details of the number of meetings of the committee and members' attendance can be found in the Directors' Report.

The Board has consciously designed Cardno's remuneration strategy to ensure its Managing Director and senior management team are strongly aligned to achieving Cardno's business strategies and delivering shareholder value. A detailed explanation of the remuneration strategy and arrangements is published in the Remuneration Report which forms part of the Directors' Report along with details of the current remuneration of the Directors and key management personnel.

The company's Securities Trading Policy specifically prohibits any Director, senior manager, financial services employee or employee from transacting in short selling, trading in products which limit the risk associated with the holding of unvested securities or profiting from trading in securities which decrease in market value. A copy of this policy can be accessed in the [Investor Centre](#) of the Cardno website.

The role, objectives and responsibilities of the Remuneration Committee are set out in its Charter, which is reviewed annually.

A copy of the Charter can be viewed in the [Investor Centre](#) of the Cardno website.