

Corporate Governance

Corporate Governance reflects the manner in which we conduct our business.

The Board of Directors understands, promotes and is responsible for the good governance within the consolidated ITL group of companies.

In accordance with its charter, the Board guides and monitors the business and affairs of ITL on behalf of the Company's members and other stakeholders to whom it is accountable. In doing so, a philosophy and strategy of continuous improvement in governance performance is nurtured.

1. Lay solid foundations for management and oversight
2. Structure the Board to add value
3. Promote ethical and responsible decision making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Remunerate fairly and responsibly
9. Diversity Policy

» [Shortcut to Charters and Policies](#)

1. Lay solid foundations for management and oversight

The Board is responsible for setting and reviewing the strategic direction of ITL and monitoring the implementation of that strategy by Executive Management, including:

- Corporate governance
- Promoting ethical and responsible decision making
- Monitoring ITL's system of risk management and internal compliance and control
- Monitoring legal compliance, safety and occupational health policies and corporate policies
- Overseeing the ITL group of companies, including its control and accountability systems
- Approving the annual operating budget and monitoring the operating and financial performance of ITL
- Approving nominations of Directors to the Board and the appointment of key executives
- Appointment and removal of the Chief Executive Officer and the Chief Financial Officer in addition to determining their remuneration
- Monitoring the performance of the Chief Executive Officer and the Chief Financial Officer
- Developing Board and Executive Management succession planning
- Delegation of powers and authorities

- Remuneration of auditors and the appointment or removal of auditors
- Ensuring a clear relationship between performance and executive remuneration
- Ensuring that Directors have a good understanding of the Company's business
- Ensuring that the market and shareholders are fully informed of material developments.

Directors and executive management receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

The Board has established an Audit and Risk Management Committee (see 4. below). The responsibility for the day to day management of the Company has been delegated to the Chief Executive Officer, who is responsible for recommending strategy to the Board and leading the executive management team.

During the 2014/2015 financial year, the Board met 10 times to review the Company's business activities and business plans. The Board also met with key executives to discuss ITL's key strategies.

The performance of the Board is not formally reviewed given its small size but the Chairman regularly reviews matters with individual Directors.

The performance of executives is measured against criteria agreed annually which is based on profit growth and working capital management. The policy is designed to attract the highest calibre executives and reward them for performance resulting in long term growth in shareholder value.

Senior executives are assessed against key performance indicators as required. Performance evaluation was undertaken for senior executives during the current reporting period.

The Company Secretary reports to the Chairman on all matters to do with the proper functioning of the Board. The Company Secretary also performs the role of Group Financial Controller in which case he reports to the Chief Financial Officer.

The Board has also formally adopted a Diversity Policy which can be found on ITL's website. This recognises the value contributed to an organisation by employing people with different life experience, work and educational experience, language, gender, nationality, personality profile, age, ethnicity, cultural background and work status. ITL commits to embedding diversity into its corporate culture, selection practices and recruitment, training and development and flexibility in work practices. In particular, the status of ITL's gender diversity and Board objectives are as follows:

Number and Proportion of Women in ITL Workforce	30 June 2014 Actual		Board Objective
	No.	%	%
Board	0	0	0-50
Senior Executive*	3	33	33-50

Total ITL	180	64	50-75
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*Senior Executive is defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly

2. Structure the Board to add value.

The Board considers that the Directors together have the range of skills, knowledge, diversity and experience necessary to enable them to effectively govern the business. The “Information on Directors” section of the Annual Report details the skills, experience and expertise of each Director, along with the period of office held by each individual.

William Mobbs	Executive Chairman (appointed 18 August 2010)	Non-Independent
Andrew Turnbull	Non-Executive Director (appointed 31 December 2013) Chairman, Audit & Risk Management Committee	Independent
Mark Peatey	Non-Executive Director (appointed 1 October 2014)	Independent
Sanjay Sehgal	Non-Executive Director (resigned 31 October 2014)	Independent

The Board considers each Director’s independence on a case by case basis. It recognises that Mr. Mobbs does not meet the definition of independence but believes he is the most appropriate person to lead the Board as Executive Chairman. The Board considers he brings quality and independent judgment to all relevant issues and that the Company benefits from his long standing experience of its operations and business relationships.

The Company provides the necessary resources for developing and updating the knowledge and capabilities of its Directors. With the approval of the Chairman, the Directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities.

Directors commit to the collective decision making processes of the Board. Each Director must ensure that no decision or action is taken that places their interests before the interests of the business.

The Company is not of sufficient size or complexity to warrant a nominations committee. The Board has a Director Nomination, Selection and Induction Policy, which allows for the Board to include the engagement of a search firm if necessary to find a Director with skills that complement those of the existing Board members.

The Board is satisfied that the Chairman and each of the non-executive Directors committed sufficient time during the year to the fulfilment of their duties as Directors of the Company. None of the non-executive Directors has any conflict of interest which has not been disclosed to the Board in accordance with ITL’s Constitution.

On appointment, individual Directors undergo an induction programme covering, amongst others, the business of the Company, briefings from relevant executives and opportunities to visit business operations.

3. Promote ethical and responsible decision making

This statement of Corporate Governance, together with the Code of Conduct, guide the Board and management as to the practices necessary to maintain confidence in the Company's integrity and ethical practices. The Company has a Securities Dealing Policy which is designed to ensure proper dealing in ITL's securities.

4. Safeguard integrity in financial reporting

The Board has established an Audit and Risk Management Committee which:

- consists only of non-executive Directors
- consists of a majority of independent Directors
- is chaired by an independent Chairman who is not the Chairman of the Board.

Because of the small size of the Board, the Committee comprises only two members:

- **Andrew Turnbull** *Chairman*
- **Mark Peatey** *Director (appointed 1 October 2014)*

The Audit and Risk Management Committee has a formal operating charter that can be found in the Corporate Governance Section of ITL's website. The Audit and Risk Management Committee meets at least four times each year.

In accordance with the Audit and Risk Management Committee charter, the Committee's responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems
- oversee the financial reporting process and financial risk management process
- nominate external auditor
- review the existing external audit arrangements

Each half year the Chief Executive Officer and the Chief Financial Officer state in writing to the Board that the financial records have been properly maintained, the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of ITL.

The Company's external auditor attends the Annual General Meeting either in person or by teleconference and is available to answer questions from shareholders relevant to the audit.

5. Make timely and balanced disclosure

The Board aims to ensure that shareholders have equal and timely access to material information concerning the Company. All announcements lodged with the ASX relating to financial results are included on ITL's website as soon as practicable after release to the ASX.

ITL Limited has a Continuous Disclosure Policy to ensure compliance with ASX Listing Rule disclosure requirements. This includes a consideration at each Board Meeting by all Directors that they have complied with ITL's Continuous Disclosure Policy, together with an ongoing obligation to advise the Company Secretary of any material non-public information arising in between Board Meetings.

A summary of the Company's Continuous Disclosure Policy can be found in the Corporate Governance section of ITL's website.

6. Respect the rights of shareholders

ITL has a Communications Policy which promotes effective communication with shareholders and encourages participation at general meetings. The website's Corporate Governance section includes copies of policies, procedures and charters, which are designed to enable compliance with ASX Corporate Governance Council Principles and Recommendations.

ITL Limited makes all ASX announcements relating to financial results available on its website.

Sources of Communication

A. Company Website www.itl-limited.com

ITL's website contains comprehensive information about ITL, including shareholder communications.

B. ASX Announcements

All communications with the ASX are in accordance with the ASX Listing Rules. The Company Secretary is responsible for communications with the ASX.

C. Annual Report

The Annual Report contains key financial information about ITL, as well as important operating and corporate information.

All existing shareholders have the opportunity to be provided with a copy of the Annual Report. Electronic copies of the Annual Report are available via the ITL website.

Shareholders may also receive reports in an electronic format by contacting the Company Secretary.

D. General Meetings

Notices of general meetings and meeting agendas are first released to the ASX and then placed on the ITL website immediately following confirmation of

receipt by the ASX. The notice of meeting is distributed to all shareholders prior to the AGM within the timeframe set by the Corporations Act.

The Company provides shareholders with explanatory notes that accompany the Agenda and Notice of Meeting.

ITL understands that not all shareholders are able to attend the meeting. A proxy form, allowing shareholders to appoint a proxy in the event they cannot attend the AGM, accompanies the Notice of Meeting distributed to all shareholders and shareholders have the opportunity to vote online.

All presentations made at the meeting are placed immediately on the Company's website, following confirmation of receipt by the ASX.

Shareholders are encouraged to attend the Company's Annual General Meeting and may ask questions about ITL's governance and business.

The Company's external auditor attends the Annual General Meeting either in person or by teleconference and is available to answer questions from shareholders relevant to the audit.

E. Half-Year and Full-Year Results

The financial results for the half-year ended 31 December are reported in February each year. The financial results for the full-year ended 30 June are reported in August each year.

As the Half-Year and Full-Year Results are announced to the ASX pursuant to the Listing Rules, they are made available to shareholders in the same manner as other ASX Announcements.

F. Investor Relations

A formal investor relations program has not been implemented given the small size of the Company. However, the Chairman meets each year with major shareholders, investors and brokers.

7. Recognise and manage risk

The Board is accountable for ensuring that effective risk management and compliance systems are in place to protect the Company's assets, and to ensure that ITL operates within legal and regulatory compliance and within acceptable risk and internal control parameters. These responsibilities have been encompassed in the role of the Audit and Risk Management Committee which met 4 times during the year. This Committee reviews ITL's risk management annually based on reports and presentations from Business Unit and Corporate heads.

ITL's Risk Management Policy can be found in the Corporate Governance section of ITL's website. Its governing principles are:

- that risk to ITL's facilities, operations and services are proactively managed
- that risk management practices (specified in the risk management standard, AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines) form the basis for ITL's risk management

- that changes to any aspect of ITL's business are assessed for risk.

ITL does not have material exposure to economic, environmental and social sustainability risks.

ITL does not have an internal audit function due to its small size. Senior finance and operational staff are responsible for evaluating and continually improving the effectiveness of risk management and internal control processes.

The Chief Executive Officer and the Chief Financial Officer make an annual written statement to the Board confirming a sound system of risk management and effective operation of internal controls.

The Risk Management responsibilities have been encompassed in the role of the Audit Committee.

8. Remunerate fairly and responsibly

Due to the small size of the Company and the Board of Directors, ITL does not have a Remuneration Committee. The Remuneration Policy, which sets out the terms and conditions for the Chief Executive Officer and other senior executives, was approved by the Board after seeking professional advice from an independent consultant.

The Board reviews executive packages annually by reference to the Company's performance and executive performance. Comparable information from industry sectors and other listed companies, as well as independent advice, is also taken into account.

The performance of executives is measured against criteria agreed annually which are primarily based on the growth in profit and working capital management.

The Board is also committed to ensuring that an appropriate long term incentive program is in place to align senior management to the long term goals of the Company. The Executive Share Plan (refer to Remuneration report) provides a vehicle for eligible employees to participate in the growth in value of ITL shares.

The amounts of remuneration for all directors and key management personnel, including all monetary and non-monetary components, are detailed in the notes to the financial statements. All remuneration paid to executives is valued at the cost to the Company and expensed.

The payment of short and long term incentives is reviewed by the Board annually as part of the review of executive remuneration. All incentive payments are linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and share based payments.

Further details are set out in the Remuneration Report included in the Directors' Report.