

## CORPORATE GOVERNANCE STATEMENT

Issue Date: 23 July 2015

### Introduction

Platinum Asia investments Limited ABN 13 606 647 358 (the "Company") is a listed investment company on the Australian Securities Exchange ("ASX"). The objective of the Company is to seek long-term capital growth through utilising the skills of the Investment Manager and Administrator, Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 trading as Platinum Asset Management.

The Company has no employees. It has no premises, plant & equipment or other physical assets. The Company's investment activities are undertaken by Platinum Asset Management, in accordance with an Investment Management Agreement. The Company's day-to-day affairs are managed by Platinum Asset Management, in accordance with an Administration Agreement.

The Company's main corporate governance practices are set out below. The Company has followed the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* 3<sup>rd</sup> edition ("Governance Principles"), except where indicated.

Company policies, charters and codes referred to in this Statement are provided on the Company's website at <http://www.platinumasia.com.au/>.

### Principle 1: Lay solid foundations for management and oversight

#### RECOMMENDATION 1.1 – A listed entity should disclose:

**(a) the respective roles and responsibilities of its board and management; and**

**(b) those matters expressly reserved to the board and those delegated to management.**

#### Role of the Board

The Board has adopted a Charter that details the functions and responsibilities of the Board.

The role of the Board is to promote the long-term health and prosperity of the Company.

### Responsibilities of the Board

The principal responsibilities of the Board include:

- monitoring the financial position and performance of the Company;
- ensuring the appointed Investment Manager and Administrator is performing its duties in a skilful and diligent manner, employs qualified and experienced staff and operates appropriate risk monitoring and compliance procedures;
- overseeing and monitoring Platinum Asset Management's compliance with the terms of the Investment Management Agreement and Administration Agreement;
- ensuring the Company operates in compliance with its regulatory environment and good corporate governance practices are adopted;
- identifying the principal risks faced by the Company and ensuring that appropriate control and monitoring systems are in place to manage the impact of these risks;
- overseeing the integrity of the financial accounts and reporting;
- overseeing communications and reporting to shareholders;
- appointing the Chair and Board Committee members; and
- setting the charters of the delegated Committees of the Board.

### Access to Information and Independent Advice

All Directors have unrestricted access to Company records and information.

The Investment Manager and Administrator provide regular information and reports to the Board (as requested and specified in the Investment Management Agreement and Administration Agreement).

The Board of Directors' Charter provides that the Directors may seek independent professional advice at the Company's expense, after first notifying the

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Board. The Board will review the estimated costs for reasonableness, but will not impede the seeking of advice.

### **RECOMMENDATION 1.2 – A listed entity should:**

**(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and**

**(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director**

Prior to appointing a director or putting forward a new candidate for election, employment screening checks are undertaken as to the person's experience, education, criminal history and bankruptcy history.

When presenting a director for re-election, the Company provides shareholders with details of the term of office currently served by the director together with the director's independence status and whether the Board supports the re-election.

### **RECOMMENDATION 1.3 – A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.**

The Company's Non-Executive Directors have been engaged according to Letters of Appointment.

### **RECOMMENDATION 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 Company Secretary is accountable to the Board, through the Chair, for all governance matters.

Each Director has access to the Company Secretary.

The appointment and removal of the Company Secretary must be determined by the Board as a whole.

### **RECOMMENDATION 1.5 – A listed entity should:**

**(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;**

**(b) disclose that policy or a summary of it; and**

**(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:**

- 1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or**
- 2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.**

The Company's approach to business promotes a culture of equal opportunity and has the core principles of meritocracy based on ability, fairness and equality. The Company does not discriminate on gender, race, religion or cultural grounds.

As the Company has no full time employees and given the size of the Board, a diversity policy has not been established. The Board's composition is reviewed on an annual basis. In the event a vacancy exists, the Board will include diversity in its selection process.

### **RECOMMENDATION 1.6 – A listed entity should:**

**(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**

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**(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The Board of Directors' Charter requires:

- the Board to review its performance (at least annually) against previously agreed measurable and qualitative indicators;
- the Chair of the Board to review each Director's performance;
- a nominated Director to review the Chair's performance; and
- the Board to undertake a formal annual review of its overall effectiveness, including its Committees.

The Board reviews its performance in terms of Company objectives, Company results and achievements of the Investment Manager and Administrator. The Board ensures each Director has the necessary skills, experience and expertise, and the mix remains appropriate for the Board to function effectively. As a result of these performance reviews, the Board may implement changes to improve the effectiveness of the Board and corporate governance structures. Independent professional advice may be sought as part of this process.

### **RECOMMENDATION 1.7 - A listed entity should:**

**(a) have and disclose a process for periodically evaluating the performance of its senior executives; and**

**(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

Not applicable – the Company does not have any senior executives.

### **Principle 2: Structure the Board to add value**

#### **RECOMMENDATION 2.1 - The board of a listed entity should:**

**(a) have a nomination committee which:**

**(1) has at least three members, a majority of whom are independent directors; and**

**(2) is chaired by an independent director;**

**(3) the charter of the committee;**

**(4) the members of the committee; and**

**(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

**(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.**

Given the size and purpose of the Company, the Board considers a nomination committee is not warranted. The full Board considers the issues that would otherwise be a function of a nomination committee.

The Company's policy is that the Board considers an appropriate mix of skills, experience, expertise and diversity (including gender diversity).

When evaluating, selecting and appointing Directors, the Board considers:

- the candidate's competencies, qualifications and expertise, addition to diversity of the Board and his/her fit with the current membership of the Board;
- the candidate's knowledge of the industry in which the Company operates;
- directorships previously held by the candidate and his/her current commitments to other boards and companies;
- existing and previous relationships with the Company and Directors;

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- the candidate's independence status, including the term of office currently served by the director;
- criminal record and bankruptcy history (for new candidates)
- the need for a majority or equal balance on the Board; and
- requirements of the *Corporations Act 2001*, ASX Listing Rules, the Company's Constitution and Board Charter.

The Board seeks to ensure that:

- its membership represents an appropriate balance between Directors with investment management experience and Directors with an alternative perspective; and
- the size of the Board is conducive to effective discussion and efficient decision-making.

Under the terms of the Company's Constitution:

- an election of Directors must be held at each Annual General Meeting and at least one Director must retire from office; and
- each Director must retire from office at the third Annual General Meeting following his/her last election.

Where eligible, a Director may stand for re-election.

**RECOMMENDATION 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.**

### Board Skills Matrix

Skill & Experience	Board Representation <sup>1</sup>
Investment management	67%
Finance	100%
Legal and Regulatory	83%
Product Distribution	60%
Shareholder Relations and Communications	67%
Risk Management	72%
Technology	65%

**RECOMMENDATION 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 the Principles described in the notes to the Governance Principles 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.**

**RECOMMENDATION 2.4 - A majority of the board of a listed entity should be independent directors.**

### Structure of the Board

The Board currently comprises three Non-Executive Directors: Bruce Coleman (Chair), Malcolm Halstead and Ian Hunter.

<sup>1</sup> Percentage of Directors on the Board

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Details of the background, experience and professional skills of each Director are set out in the Directors' Report.

Bruce Coleman is a non-independent, Non-Executive Director. The other Non-Executive Directors of the Company, Malcolm Halstead and Ian Hunter, have been assessed as independent. An independent Director is a Non-Executive Director that the Board considers to be independent of Management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of unfettered and independent judgement.

The Board regularly assesses the independence of each Director by taking into account the factors outlined below:

- the specific disclosures made by each Director as referred to below;
- where applicable, the related party dealings referable to each Director, noting whether those dealings are material under accounting standards;
- whether a Director is, or is associated directly with, a substantial shareholder of the Company;
- whether the Director has ever been employed by the Company or any of its subsidiaries;
- whether the Director is, or is associated with, a supplier, professional adviser, consultant to or customer of the Company, which is material under accounting standards;
- whether the Director personally carries on any role for the Company other than as a Director of the Company; and
- the length of service of the Director and whether his/her tenure is affecting the Director's ability to continue to perform his/her duties in the best interests of the Company and its shareholders.

The Board also has regard to the matters set out in the Governance Principles.

Directors must disclose any material personal or family contract or relationship in accordance with the *Corporations Act 2001*. Directors also adhere to constraints on their participation and voting in relation to matters in which they may have an interest in accordance with the *Corporations Act 2001* and the Company's policies.

Each Director may from time to time have personal dealings with the Company. Some Directors are involved with other companies or professional firms that may from time to time have dealings with the Company.

Details of offices held by Directors with other organisations are set out in the Directors' Report. Full details of related party dealings are set out in notes to the Company's accounts as required by law.

If a Director's independent status changes, this will be disclosed and explained to the market in a timely manner and in consideration of the Company's Communications Plan.

### Directors' Length of Service

Details of the term of office held by each Director in office as at the date of this report are as follows:

Director	Years on Board <sup>2</sup>
Bruce Coleman	< 1
Ian Hunter	< 1
Malcolm Halstead	< 1

### Directors meetings

Until otherwise determined by the Board, two Directors form a quorum for the Directors meetings. In the absence of the Chair, the other independent Director will be appointed as the Chair of the meeting.

### RECOMMENDATION 2.5 - The chair of the board of a listed entity should be an independent

<sup>2</sup> All Directors were appointed on 24 June, 2015

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**director and, in particular, should not be the same person as the CEO of the entity.**

Chair of the Board is not independent; however, the majority of the Board are independent. The Board values the experience, cross-directorships and the product and industry knowledge of the Non-Executive Directors. The Board believes good governance is about having the right culture, and Non-Executive Directors who are independent of thought

The Chair is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning. The Chair facilitates the effective contribution of all Directors and promotes constructive and respectful relations between Directors and between the Board and Management.

The Board is responsible for ensuring the terms of the Investment Management Agreement and Administration Agreement are fulfilled by Platinum Asset Management.

**RECOMMENDATION 2.6 - A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.**

New directors undergo an induction program and are provided with a Directors' Handbook of Company information, key policies and procedures.

The annual performance assessment provides an opportunity for all directors to identify required training although directors can request professional development opportunities at any time.

**Principle 3: Act ethically and responsibly**

**RECOMMENDATION 3.1 - A listed entity should:**

- (a) have a code of conduct for its directors, senior executives and employees; and**
- (b) disclose that code or a summary of it.**

**Directors' Code of Conduct**

The Board has adopted a Directors' Code of Conduct,

which is based upon the Australian Institute of Company Directors' Code of Conduct. It requires the Directors to act honestly, in good faith, and in the best interests of the Company as a whole, whilst in accordance with the letter (and spirit) of the law. All Directors sign an annual declaration stating that they have adhered to the Directors' Code of Conduct.

### Business Rules of Conduct

The Investment Manager and Administrator, Platinum Asset Management, has established Business Rules of Conduct applicable to its Directors and all applicable staff. It communicates the appropriate standards of behaviour, provides a framework for the workplace, and informs staff of their responsibilities with respect to legal compliance, confidentiality and privacy, conflicts of interest, investment activities and operational processes.

All new employees of the Investment Manager and Administrator receive induction training in relation to the Business Rules of Conduct and are asked to sign an annual declaration confirming their ongoing compliance.

Compliance is monitored by the Compliance team of the Investment Manager and Administrator.

The Directors' Code of Conduct and other corporate governance items are posted on the Company's website at <http://www.platinumasia.com.au/>.

**Principle 4: Safeguard integrity in corporate reporting**

**RECOMMENDATION 4.1 - The board of a listed entity should:**

**(a) have an audit committee which:**

- (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**

- (2) is chaired by an independent director, who is not the chair of the board, and disclose:**



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**(3) the charter of the committee;**

**(4) the relevant qualifications and experience of the members of the committee; and**

**(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

**(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.**

### **Audit & Risk Committee**

The Board has established an Audit & Risk Committee.

The Audit & Risk Committee has three members: Ian Hunter (Chair), Bruce Coleman and Malcolm Halstead.

All members of the Audit & Risk Committee are Non-Executive Directors. The majority of the Committee are independent as is the Chair.

The Audit & Risk Committee operates under an approved charter.

The Audit & Risk Committee has authority (within the scope of its responsibilities) to seek any information it requires from any employee of the Investment Manager and Administrator or external party. Members may also meet with auditors (internal and/or external) without Management present and consult independent experts, where the Audit & Risk Committee considers it necessary to carry out its duties.

All matters determined by the Audit & Risk Committee are submitted to the full Board as recommendations for Board decisions. Minutes of an Audit & Risk Committee meeting are tabled at a subsequent Board meeting. Additional requirements

for specific reporting by the Audit & Risk Committee to the Board are addressed in the Charter.

The purpose of the Audit & Risk Committee is to assist the Board in fulfilling its responsibilities relating to the financial reporting and accounting practices of the Company.

Its key responsibilities are to:

- review and recommend to the Board the financial statements (including key financial and accounting principles adopted by the Company);
- review and monitor risks and the implementation of mitigation measures for those risks as appropriate;
- assess and recommend to the Board the appointment of external auditors and monitor the conduct of audits;
- monitor the Company's compliance with its statutory obligations;
- review and monitor the adequacy of management information and internal control systems; and
- ensure that any shareholder queries relating to such matters are dealt with expeditiously.

Attendance record at Audit & Risk Committee meetings is provided in the Directors' Report.

### **Company Auditor**

The policy of the Board is to appoint an Auditor that clearly demonstrates competence and independence.

The performance of the Auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

PricewaterhouseCoopers was appointed as the Auditor to the Company in 2015. It is PricewaterhouseCoopers' policy to rotate audit engagement partners on listed companies at least every five years.

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An analysis of fees paid to the Auditor, including a breakdown of fees for non-audit services, is provided in the Directors' Report. It is the policy of the Auditor to provide an annual declaration of its independence to the Audit & Risk Committee.

**RECOMMENDATION 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

- The Company was incorporated on 24 June 2015 and the first financial year will end on 30 June 2016. The Company's financial reports will be prepared at the end of the first financial year.

**RECOMMENDATION 4.3 - A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.**

The Auditor is required to attend the Company's Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

**Principle 5: Make timely and balanced disclosure**

**RECOMMENDATION 5.1 - A listed entity should:**

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and**
- (b) disclose that policy or a summary of it.**

The Company has a Continuous Disclosure Policy.

The Board is committed to:

- the promotion of investor confidence by ensuring that trading in Company shares takes place in an efficient, competitive and informed market;
- complying with the Company's disclosure obligations under the ASX Listing Rules and the Corporations Act 2001; and
- ensuring the Company's stakeholders have the opportunity to access externally available information issued by the Company.

The Company Secretary is responsible for coordinating the disclosure of information to Regulators and shareholders and ensuring that any notifications/reports to the ASX are promptly posted on the Company's website.

**Principle 6: Respect the rights of security holders**

**RECOMMENDATION 6.1 - A listed entity should provide information about itself and its governance to investors via its website.**

Information about the Company and its corporate governance items are posted on the Company's website at <http://www.platinumasia.com.au/>.

**RECOMMENDATION 6.2 - A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.**

The Board has adopted a Communications Plan that describes the Board's policy for ensuring shareholders and potential investors of the Company receive or obtain access to information publicly released by the Company.

The Company's primary portals are its website, Annual Report, Annual General Meeting, Half-Yearly Report, Quarterly Investment Report and monthly and weekly notices to the ASX.

The Company Secretary oversees and coordinates the distribution of all information by the Company to the ASX, shareholders, the media and the public.

All shareholders have the opportunity to attend the Annual General Meeting and ask questions of the Board.



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**RECOMMENDATION 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.**

The Company plans an Annual General Meeting ("AGM") of shareholders in November each year. The date, time and venue of the AGM are notified to the ASX when the Financial Reports are lodged, generally in August each year.

The Company will choose a date, venue and time considered convenient to the greatest number of its shareholders.

A notice of meeting will be accompanied by explanatory notes on the items of business and together they will seek to clearly and accurately explain the nature of the business of the meeting. A copy of the Notice of Meeting will be placed on the Company's website.

Shareholders are encouraged to attend the meeting, or if unable to attend, to vote on the motions proposed by appointing a proxy. The proxy form included with the Notice of Meeting will seek to explain clearly how the proxy form is to be completed and submitted.

**RECOMMENDATION 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.**

The Company provides its security holders with an electronic communication option.

### Principle 7: Recognise and manage risk

**RECOMMENDATION 7.1 - The board of a listed entity should:**

**(a) have a committee or committees to oversee risk, each of which:**

- (1) has at least three members, a majority of whom are independent directors; and**
- (2) is chaired by an independent director, and disclose:**

**(3) the charter of the committee;**

**(4) the members of the committee; and**

**(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

**(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.**

The Board, through the Audit & Risk Committee, is responsible for ensuring that:

- there are adequate policies for the oversight and management of material business risks to the Company;
- there are effective systems in place to identify, assess, monitor and manage the risks of the Company and to identify material changes to the Company's risk profile; and
- arrangements are adequate for monitoring compliance with laws and regulations applicable to the Company.

The Board, through the Investment Manager and Administrator, (Platinum Investment Management Limited) has implemented risk management and compliance frameworks based on ISO 31000:2009 *Risk Management - Principles and Guidelines* and AS 3806-2006 *Compliance Programs*. These frameworks (together with the firm's internal audit function) ensure that:

- emphasis is placed on maintaining a strong control environment;
- accountability and delegations of authority are clearly identified;
- risk profiles are in place and regularly reviewed and updated;
- timely and accurate reporting is provided to Management and respective Committees; and

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- compliance with the law, contractual obligations and internal policies (including business rules of conduct) is communicated and demonstrated.

**RECOMMENDATION 7.2 - The board or a committee of the board should:**

**(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and**

**(b) disclose, in relation to each reporting period, whether such a review has taken place.**

The Audit & Risk Committee reviews the Company's risk management framework at least annually. The first review of the Company's risk management framework will be undertaken following the end of the Company's first financial year on 30 June 2016.

**RECOMMENDATION 7.3 - A listed entity should disclose:**

**(a) if it has an internal audit function, how the function is structured and what role it performs; or**

**(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.**

The Company has no employees and no internal audit function. The Internal Auditor of the Investment Manager and Administrator provide periodic reports to the Audit & Risk Committee on risk management and internal control processes relevant to the Company.

**RECOMMENDATION 7.4 - A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.**

The Company discloses the exposures to the material sustainability risks (economic, environmental and social) of the Investment Manager in the Corporate Governance section of the Investment Manager's website at: <http://www.platinumasia.com.au/>.

### Principle 8: Remunerate fairly and responsibly

**RECOMMENDATION 8.1 - The board of a listed entity should:**

**(a) have a remuneration committee which:**

**(1) has at least three members, a majority of whom are independent directors; and**

**(2) is chaired by an independent director, and disclose:**

**(3) the charter of the committee;**

**(4) the members of the committee; and**

**(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

**(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.**

Given the size of the Company, the Board has determined that a remuneration committee is not warranted. The full Board considers the issues that would otherwise be a function of a remuneration committee.

**RECOMMENDATION 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.**

#### *Remuneration Policies*

Remuneration for the Non-Executive Directors is set at market rates commensurate with the responsibilities borne by the Non-Executive Directors. Independent professional advice may be sought.

Further information is provided in the Remuneration Report set out in the Directors' Report.

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### ***Remuneration Paid***

Remuneration to be paid to the Non-Executive Directors for the 2015 reporting year is set out in the directors' letters of appointment and will be disclosed in the Directors' Report issued at the end of the Company's first financial year on 30 June 2016.

**RECOMMENDATION 8.3 - A listed entity which has an equity-based remuneration scheme should:**

**(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and**

**(b) disclose that policy or a summary of it.**

Not applicable - the Company's Non-Executive Directors do not receive any equity-based remuneration.