



This Corporate Governance Statement ('CGS') of Flat Glass Industries Limited (the 'company') has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations'). The company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this CGS, our website or Annual Report, has been lodged with the ASX together with this CGS. This CGS is also included on our website at www.flatglass.com.au.

This CGS has been approved by the company's Board of Directors ('Board') on 28th September 2015 and is current as at that date.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

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.***

The Board is ultimately accountable for the performance of the company and provides leadership and sets the strategic objectives of the company. It appoints all senior executives and assesses their performance on at least an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Board relate to those that have a fundamental impact on the company, such as material acquisitions and takeovers, dividends and buy-backs, material profits upgrades and downgrades, and significant closures.

Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought to the Board's attention. They must operate within the risk and authorisation parameters set by the Board.

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.***

The company undertakes comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or 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 terms of the appointment of directors and senior executives are agreed upon and set out in writing at the time 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 reports directly to the Board through the Chairman and is accessible to all directors.



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 does not have a formal diversity policy. The company however undertakes to assess an individual's credentials on their merit, with complete objectivity and without bias so that the company may attract, appoint and retain the best people to work within the company where all persons have equal opportunity.

As at the date of this report, 12% of the organisation were women and also 12% of senior executive positions were occupied by women. For this purpose, the Board defines a senior executive as a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the company's financial standing. This therefore includes all senior management and senior executive designated positions as well as senior specialised professionals.

In accordance with the requirements of the Workplace Gender Equality Act 2012, in June 2014 the company lodged its annual public report with the Workplace Gender Equality Agency. The extract of the workplace profile is as follows:

WORKPLACE PROFILE									
	Women		Men		Casual		Total Staff	%	
	Full time	Part time	Full time	Part time	Women	Men		Women	Men
Board			4	2			6		
Senior Executives	1		1				2		
Senior Managers	3		5				8		
Managers	0		0				0		
Admin Staff	8	1	5	1			15		
Sales Staff	2		6				8		
Service Staff	0	2	109		1		112		
Total	14	3	130	3	1		151	11.9%	88.1%



Recommendation 1.6 - A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The company does not currently have a formal process for evaluating the performance of the Board, its committees or individual directors. The Board regularly conducts introspective discussions of its performance on a collective basis to identify general aspects of its performance that could be improved upon, and such analysis includes the roles played by each Board member. Such reviews therefore encapsulate collective discussion around the performance of individual Board members, their roles on specific projects during the financial year, and where relevant, how their role could be modified or suggestions for individual development or performance improvement for the future.

Until such time as the company expands to justify an increase in Board members, the Board is of the current opinion that the current performance evaluation is suitable for the company.

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.**

The Board's Remuneration Committee conducts an annual performance assessment of the CEO against agreed performance measures determined at the start of the financial year. The CEO undertakes the same assessments of senior executives. In assessing the performance of the individual, the review includes consideration of the senior executive's function, individual targets, group targets, and the overall performance of the company. Such reviews are conducted during the period April to July each year.

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,**
and disclose:
 - (3) the charter of the committee;**
 - (4) the members of the committee; and**
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.**

The Board does not maintain a Nomination Committee as it is considered that the current size of the Board does not warrant the formal establishment of a separate committee. The Board therefore performs the function of such a committee which includes the identification of skills and competencies required for the Board and related committees, as well as nomination, selection and performance evaluation of its directors. The Board does not actively manage succession planning and instead relies upon the Board's extensive networking capabilities and/or executive recruitment firms to identify appropriate candidates when a Board vacancy occurs or when a vacancy is otherwise envisaged. Attributes of candidates put forward will be considered for 'best-fit' to the needs of the Board which are assessed at the time of the vacancy.



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.

The Board does not maintain a formal skills matrix that sets out the mix of skills and diversity that the Board aims to achieve in its membership. The current Board members represent individuals that have extensive industry experience as well as professionals that bring to the Board their specific skills in order for the company to achieve its strategic, operational and compliance objectives. Their suitability to the directorship has therefore been determined primarily on the basis of their ability to deliver outcomes in accordance with the company's short and longer term objectives and therefore deliver value to shareholders.

All Board members are however expected to be able to demonstrate the following attributes:

Board member attributes

Leadership	Represents the company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts are considered; leads others to action; proactive solution seeker.
Ethics and integrity	Awareness of social, professional and legal responsibilities at individual, company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation.
Communication	Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives.
Negotiation	Negotiation skills which engender stakeholder support for implementing Board decisions.
Corporate governance	Experienced director that is familiar with the mechanisms, controls and channels to deliver effective governance and manage risks

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 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.**

Details of the current Board of directors, their appointment dated, length of service as independence status is as follows:

Director's name	Appointment date	Length of service at reporting date	Independence status
James Schwarz	20 March 2012	3 years	Independent Non-Executive
Nicholas O'Connor	8 January 1996	19 years	Not-independent Executive
Frank D'Urso	26 November 2010	4 years	Not-independent Executive
Lawrence Case	28 May 2015	4 months	Independent Non-Executive

The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.



Details of directors that the Board has declared as independent but which maintain an interest or relationship that could be perceived as impairing independence, and the reason as to the Board's determination are as follows:

Director's name	Details of interest or relationship	Board reasoning why director is independent
James Schwarz	James' family company holds shares in the company	This holding aligns the interests of the director with those of the shareholders and is encouraged by the company.
Lawrence Case	Larry's superannuation fund holds shares in the company	This holding aligns the interests of the director with those of the shareholders and is encouraged by the company.

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

There are currently four members on the company's Board. Having regard to the company's response to Recommendation 2.3 above, the majority of the Board are not independent. The Board considers that the company is reliant upon the business relationships and interests that it has with the non-independent directors in order to achieve its objectives at this time. Until such time as the company is of a size that warrants the appointment of additional non-executive and independent directors, the Board is of the view that the absence of a clear majority of independent directors is not an impediment to its operations, shareholders or other stakeholders

Recommendation 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.

James Schwartz is Chair of the Board and is considered to be an independent director of the company. James Buchan is the CEO.

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.

The company does not have in place a formal induction program or professional development program for directors. The Chairman is responsible for providing all information considered necessary to an incoming director to enable them to contribute to the company. Directors are responsible for their own development which includes identifying opportunities for them to attend courses or other information sessions to enhance their skills and knowledge.

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.**

The company does not currently maintain a formal code of conduct for its directors, senior executives and employees. However, as part of their terms of employment or contract of service with the company, the individual is required to, at all times, display behaviours that would reasonably be expected in order to demonstrate that the company is a good corporate citizen, protect the assets of the company, not make improper use of information obtained in the course of their duties, to act honestly with high standards of personal integrity, comply with laws and regulations that apply to the company and its operations, and not knowingly participate in any illegal or unethical activity.



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:

(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.

The Board maintains a combined Audit, Finance and Risk Committee, the members of which are:

Director's name	Executive status	Independence status
Frank D'Urso - Chair	Executive	Not-Independent
Nicholas O'Connor	Executive	Not-independent
Lawrence case (appointed 28 May 2015)	Non-Executive Director	Independent

The majority of the Committee members and the Chair are not independent, however a majority of members have been practicing Chartered Accountants with audit and financial experience. The current Committee Chairman, being the executive *without* accounting and audit experience, has been appointed as he holds no preconceived professional ideas on matters of a technical accounting and audit nature and considers argument from executives, employees and auditors based on merit and good corporate governance.

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report contained within the 2015 Annual Report.

The Charter of the Committee is available at the company's website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report contained within the 2015 Annual Report.

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.

For the financial year ended 30 June 2015 and the half-year ended 31 December 2014, the company's CEO and Finance Director provided the Board with the required declarations.

Recommendation 4.3 - A listed entity that has an Annual General Meeting ('AGM') should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The audit engagement partner attends the AGM and is available to answer questions from shareholders relevant to the audit.



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 does not have a formal written policy for complying with its continuous disclosure obligations under Listing Rule 3.1. The CEO and Finance Director are involved in all significant transactions and events and would be considered the first persons within the company to come into possession of market sensitive information. The CEO, Finance Director and Company Secretary jointly makes an assessment as to whether the information ought to be released to the market. Where the information relates to fundamentally significant events affecting the company, the Finance Director will arrange for authorisation at Board level before such information is released. Such information may relate to significant acquisitions, disposals and closures, material profit upgrades or downgrades, dividend declarations and buy-backs, and any other transaction flagged by the Company Secretary or Chairman as being fundamentally significant.

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.

The company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.

Recommendations 6.2 and 6.3

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

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).

The company does not have a formal investor relations program. The Board, CEO and Company Secretary engages with investors at the AGM and respond to shareholder enquiry on an ad hoc basis. Material communications are dispatched to investors either via email, surface mail, and/or via market announcement.

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 engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Boardroom Limited at www.boardroomlimited.com.au.



Principle 7: Recognise and manage risk

Recommendations 7.1 & 7.2

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 (7.1).**

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 (7.2).**

The Board maintains a combined Audit, Finance and Risk Committee. The members of the Committee are detailed in Recommendation 4.2 above.

The Committee's responsibilities include setting of corporate governance policy and exercising due care and skill in assessing risk, developing strategies to mitigate such risk, monitoring the risk and the company's effectiveness in managing it. The company maintains internal controls which assist in managing enterprise risk, and these are reviewed as part of the scope of the external audit, with the auditor providing the Board with commentary on their effectiveness and the need for any additional controls. The Finance Director and CEO are responsible for monitoring operational risk, ensuring all relevant insurances are in place, and ensuring that all regulatory and compliance obligations of the company are satisfied.

The charter of the Committee can be found on the company's website.

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 does not have a dedicated internal audit function. The responsibility for risk management and internal controls lies with both the CEO and Finance Director who continually monitor the company's internal and external risk environment. Necessary action is taken to protect the integrity of the company's books and records including by way of design and implementation of internal controls, and to ensure operational efficiencies, mitigation of risks, and safeguard of company assets.

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.

Refer to the company's Annual Report for disclosures relating to the company's material business risks (including any material exposure to economic, environmental or social sustainability risks). Refer to commentary at Recommendations 7.1 and 7.2 for information on the company's risk management framework.



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.

The members of the Remuneration Committee are James Schwarz and Lawrence Case, the Independent and Non-Executive Board members.

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report contained within the 2015 Annual Report.

The Remuneration Committee oversees remuneration policy and monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees. The Committee's charter sets out the roles and responsibilities, composition and structure of the Committee and is available on the company's website.

Remuneration Committee meetings are held ad hoc and when required after each Board meeting.

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.

Non-executive directors are remunerated by way of cash fees only. The level of remuneration does not adequately reflect the anticipated time commitments and responsibilities of the position. The company is not currently in the position to significantly increase remuneration, but acknowledges the effort of the non-executive directors to the company. Performance based incentives are not available to non-executive directors.

Executive directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives. Further details in relation to the company's remuneration policies are contained in the Remuneration Report section of the Directors' report contained within the 2015 Annual Report.

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

The use of derivatives or other hedging arrangements for unvested securities of the company or vested securities of the company which are subject to escrow arrangements is prohibited. Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the company, this will be disclosed.