

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Asia Pacific Digital Limited

ABN/ARBN

30 000 386 685

Financial year ended

30 June 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- ☐ these pages of our annual report:
- ☒ this URL on our website: <http://www.apdgroup.com/apd-investors/corporate-governance/.html>

The Corporate Governance Statement is accurate and up to date as at 30 September 2015 and has been approved by the board.

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

Date here: 30 September 2015

Sign here:



Company Secretary

Print name: Campbell Nicholas

<sup>1</sup> 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.

<sup>2</sup> "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.

<sup>3</sup> 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.

## 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b><u>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</u></b>			
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 on page 5. ... 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"/> Board Charter which is available at this URL on our website <a href="http://www.apdgroup.com/apdinvestors/corporategovernance">www.apdgroup.com/apdinvestors/corporategovernance</a>	
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 on pages 5 and 6.	
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 on pages 5 and 6.	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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 on page 5.	
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 on page 5.</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> can be found at this URL on our website <a href="http://www.apdgroup.com/apd-investors/corporate-governance/http">www.apdgroup.com/apd-investors/corporate-governance/http</a></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 on page 6.</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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):  <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5</p> <p>... and the information referred to in paragraph (b):  <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5</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):  <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5.</p> <p>... and the information referred to in paragraph (b):  <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5.</p> <p>AND</p> <p>Remuneration Report section in the 2015 Annual Report which is available on our website <a href="http://www.apdgroup.com">www.apdgroup.com</a> .</p>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(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; <b>OR</b></li> </ul> <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 (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 checked="" type="checkbox"/> in our Corporate Governance Statement on page 8</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement on page 8</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9</p>	
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9.</p> <p>...and where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9.</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9</p> <p>AND</p> <p>Directors' Report section in the 2015 Annual Report which is available on our website <a href="http://www.apdgroup.com">www.apdgroup.com</a></p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.4	A majority of the board of a listed entity should be independent directors.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement on page 9
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.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement on page 9.
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 on page 9.	
<b><u>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</u></b>			
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 on page 10.  :	
<b><u>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</u></b>			
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,	If the entity complies with paragraph (a): ... the fact that we have an audit committee that complies with paragraphs (1) and (2): <input type="checkbox"/> in our Corporate Governance Statement on page on page 12	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement on page 12

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<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;</p> <p><b>OR</b></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>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location: <a href="http://www.apdgroup.com">www.apdgroup.com</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12 ;</p> <p>AND</p> <p>Directors' Report in the 2015 Annual Report which is available on our website <a href="http://www.apdgroup.com">www.apdgroup.com</a></p> <p>(b) is not applicable</p>	
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12.</p>	
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> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12.</p>	



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b><u>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</u></b>			
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.	... our continuous disclosure compliance policy or a summary of it:  <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12  <b>and</b>  <input checked="" type="checkbox"/> on our Website at <a href="http://www.apdgroup.com">www.apdgroup.com</a>	
<b><u>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</u></b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website:  <input checked="" type="checkbox"/> at this location <a href="http://www.apdgroup.com">www.apdgroup.com</a>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 13. :	
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.	... our policies and processes for facilitating and encouraging participation at meetings of security holders:  <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 13 and 14.	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 14.	
<b><u>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</u></b>			
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; <b><u>OR</u></b></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 (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: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 15.</p>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement on page 15

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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 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 :  <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 15	
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; <b>OR</b> (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.	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: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 15.	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement on page 15
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.	... 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:  <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 16.	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of	If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement on page 17

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<p>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; <u>OR</u></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><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location <a href="http://www.apdgroup.com">www.apdgroup.com</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 17.</p>	
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.	<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 on page 17.</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>and</u></p> <p><input checked="" type="checkbox"/> at this location: <a href="http://www.apdgroup.com">www.apdgroup.com</a></p>	



# **Corporate Governance Statement 2015**

# Corporate Governance Statement 2015

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# Corporate Governance Statement 2015

Throughout the 2015 financial year, APD's governance arrangements were broadly consistent with the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council (**ASX Recommendations**). The ASX Recommendations are not prescriptive and provide a listed entity with the flexibility to adopt alternative governance practices if its board considers those to be more suitable in the particular circumstances.

This Corporate Governance Statement (**Statement**) outlines the key aspects of Asia Pacific Digital Limited's (**APD** or **Company**) main corporate practices and provides details of the Company's compliance with the ASX Recommendations, or where appropriate, indicates a departure from the ASX Recommendations with an explanation.

This Statement also highlights where related governance documents and policies are located on APD's website at [www.apdgroup.com](http://www.apdgroup.com). The Board and Committee charters are reviewed annually.

This Statement is current at 30 September 2015 and has been approved by the Board of Directors of APD (**Board**).

## PRINCIPLE 1: LAY SOLID FOUNDATION FOR MANAGEMENT AND OVERSIGHT

Recommendation	Requirement	Comply Yes/No
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	Yes
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	Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
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	Yes

Recommendation	Requirement	Comply Yes/No
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board of a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or summary of it;</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 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 Indications", as defined in and published under that Act</p>	Partially comply
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its 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>	Yes
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>	Yes

### Commentary

The Board is accountable to the shareholders for APD's performance and governance. Management is responsible for implementing APD's strategy and objectives, and for carrying out the day-to-day management and control of the Company's affairs.



The Board's role and responsibilities are set out in the Board Charter. The responsibilities include:

- APD's corporate governance, including the establishment of Committees;
- Oversight of the business and affairs of APD by:
  - Establishing, with management, and approving the strategies and financial objectives;
  - Approving major corporate and capital management initiatives, capital expenditure, acquisitions and divestments;
  - Overseeing the establishment of appropriate risk management systems, including defining APD's risk appetite and establishing appropriate financial policies;
  - Monitoring the performance of management and the environment which APD operates.
- Ensuring the composition of the Board is appropriate, selecting directors for appointment to the Board and reviewing contributions of individual directors.

A copy of the Board Charter is available at [apdgroup.com/apd-investors/corporate-governance](http://apdgroup.com/apd-investors/corporate-governance).

Appropriate checks are undertaken before appointing or putting forward for election any director. It is the Company's policy to provide all material information relevant to a security holder's decision on whether or not to elect or re-elect a Director.

The directors and senior executives have a clear understanding of their roles and responsibilities within the Company and of the Company's expectations of them. The Company has a written agreement with each director and senior executive setting out the terms of their appointment. The key terms of these agreements are set out in the Directors' Report.

The Company Secretary is regarded by the Board as carrying out an important role in supporting the effectiveness of the board and its committees. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The Company recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience. We actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

The Company's Diversity Policy outlines the Company's gender diversity objectives. The policy is available at [apdgroup.com/media/1331/diversity\\_policy.pdf](http://apdgroup.com/media/1331/diversity_policy.pdf)

As outlined in the Diversity Policy, merit is the basis for employment with the Company and all employees and applicants for employment are treated and evaluated according to their job-related skills, qualifications, abilities and aptitude, regardless of age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity. Diversity is applicable to all levels of the organisation, including senior executive and Board positions, and, subject to the overriding condition of merit, all appointment processes are to be conducted in a manner that promotes gender diversity in accordance with the Diversity Policy.

In the past financial year, the Company continued its commitment to promoting gender and other forms of diversity by achieving the 2015 measurable objectives set by the board. The progress during 2015 against the measurable objectives is summarised below.

As at 30 June 2015, women represented 44% in the Company's total workforce (2014: 42%), 25% in key executive positions (2014: 25%) and held no directorships on the Board (2014: nil). Subsequent to year end, Laura Ashton was appointed to the Board as a non-executive Director.

The Chairman of the Board evaluates the performance of individual Directors and Board collectively on an ongoing basis. Performance criteria to which he has reference include attendance and participation at meetings, contribution to valid Board debate on key issues and effectiveness of the Board as a whole in providing the Company with clear guidance and direction. A review was conducted of the Board and member performance in the 2015 financial year, resulting in a significant Board refresh occurring.

A performance assessment for senior executives took place in 2015. Performance was assessed having regard to a variety of key performance indicators. A formal discussion with each of the senior executives was undertaken during the 2015 financial year to evaluate and discuss their performance.

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation	Requirement	Comply Yes/No
2.1	<p>The board of a listed entity should:</p> <p>(a) Have a nomination committee which:</p> <ol style="list-style-type: none"> <li>1) Has at least three member, a majority of whom are independent directors: and</li> <li>2) Is chaired by an independent director, and disclose</li> <li>3) The charter of the committee</li> <li>4) The members of the committee; and</li> <li>5) As at the end of each reporting period, the number of time the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <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>	No

Recommendation	Requirement	Comply Yes/No
2.2	<p>The board of a listed entity should:</p> <p>(a) Have a nomination committee which:</p> <ul style="list-style-type: none"> <li>1) Has at least three member, a majority of whom are independent directors: and</li> <li>2) Is chaired by an independent director, and disclose</li> <li>3) The charter of the committee</li> <li>4) The members of the committee; and</li> <li>5) As at the end of each reporting period, the number of time the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <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>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>	No
2.3	A majority of the board of a listed entity should be independent directors.	Yes
2.4	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.	No
2.5	A listed entity should have a program for induction new directors and provide appropriate professional development opportunity for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes

## Commentary

The Board has a primary responsibility to the shareholders for the welfare of the Company by guiding and monitoring the business and affairs of the Company. The Company has formalised and defined the functions reserved for board accountability and those delegated to management in a formal Board Charter. The Board operates in accordance with the broad principles set out in the Board Charter. The Board Charter details the Board's composition and responsibilities. The Board Charter was in force for the full financial year.

The Board has established a number of board committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the board are: Remuneration and Audit committees.

Details of the members of the board, their skills, experience, expertise, qualifications and term of office are set out in the Directors' Report. The Board has a broad range of relevant financial, legal and other skills, experience and expertise.

The Company is confident its current Board size is adequate, in reference to the size and structure of the Company and it allows the Board to effectively and efficiently discharge its role and responsibilities. The current composition of the Board is consistent with the following principles:

- the Board shall comprise at least three Directors, increasing where additional expertise is considered desirable in certain areas;
- the Board should not comprise a majority of executive Directors; and
- Directors should bring characteristics which allow a mix of qualifications, skills and experience both nationally and internationally.

The Board has adopted specific principles in relation to directors' independence. These state that when determining independence, a director must be a non-executive and the board should consider whether the director:

- is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the entity or any of its child entities;
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier or customer) with the entity or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- is a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the entity;
- has a material contractual relationship with the entity or its child entities other than as a director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a director of the entity for such a period that his or her independence may have been compromised.

The status of each Director is included in the following table:

Name of Director	Date Joined	Status	Reason
Roger Sharp	October 2012	Executive	A Director of a substantial shareholder of the Company
Peter Hynd	August 2012	Executive	A Director of a substantial shareholder of the Company
David Sweet	(retired on 5 August 2015)	Independent	Not a member of management
Fionn Hyndman		Independent	Independent from management and free of any material business or other relationship
Laura Ashton		Independent	Independent from management and free of any material business or other relationship
Mark Dalglish		Independent	Independent from management and free of any material business or other relationship

Mr Roger Sharp holds the position of Chairman. Mr Sharp is also the major shareholder in the Company (via his family investment vehicle and associates). Given the depth of his Company experience and industry standing, he is considered to be well placed to serve as Chairman, notwithstanding that pursuant to the ASX Recommendations he is not considered an 'independent' Chairman.

The Board considers all of its Non-Executive Directors to be independent. The majority of the Board is independent. The Company Secretary maintains the Register of Directors' interests. Where the independence of a Director is lost, this will be immediately disclosed to the market.

Recommendation 2.1 recommends that the Board establish a nomination committee. During the year, the Company did not have a separately established nomination committee in accordance with this Principle. Since year end the Company has appointed two independent directors to its nomination committee.

The Board does not have a formal written policy for the nomination and appointment of Directors.

When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisers may be used to assist in such a process.

The Board receives regular detailed financial and operational reports from senior management to enable it to carry out its duties. Directors can request additional information and can contact an executive where further information or clarification is required.

The Board is provided with the information it needs to efficiently discharge its responsibilities and in particular:

- All Directors have access to the Company Secretary
- The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole; and
- Management is required to supply the Board with information in a form, timeframe and quality that enables the Board to effectively discharge its duties.

In a typical year, 11 Board meetings would be held. These formal meetings can be supplemented as required by additional meetings and/or teleconferencing.

## PRINCIPLE 3 : ACT ETHICALLY AND RESPONSIBLY

Recommendation	Requirement	Comply Yes/No
3.1	<p>A listed entity should:</p> <p>(a) Have a code of conduct for its directors, senior executive and employees; and</p> <p>(b) disclose that code or summary of it.</p>	Yes

### Commentary

There is a Code of Conduct for Directors, Senior Executives and employees. It aims to ensure that the Directors and employees act in a manner consistent with best practice of public and commercial business across activities. The Code of Conduct provides Directors and employees with guidance on what is acceptable behaviour. Specifically, the Company requires that all Directors, managers and employees maintain the highest standards of integrity and honesty. The Code also encourages the reporting of any unlawful or unethical behaviour.

The Code is available at [apdgroup.com/apd-investors/corporate-governance](http://apdgroup.com/apd-investors/corporate-governance).

## PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation	Requirement	Comply Yes/No
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, 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 the 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>	Partially comply
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>	Yes
4.3	<p>A listed entity that has an AGM should ensure that its auditor attends its AGM and is available to answer questions from security holders relevant to the audit</p>	Yes

## Commentary

APD is committed to a transparent system for auditing and reporting of the Group's financial performance.

The Board has established an Audit Committee to assist the Board in the discharge of its responsibilities. The Audit Committee monitors internal control policies and procedures designed to safeguard company assets and to maintain the integrity of financial reporting. The role of the Audit Committee is to provide a direct link between the Board and the external auditors. The Audit Committee also gives the Board additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in financial statements.

The Audit Committee Charter details the Audit Committee's role and responsibilities. The Charter is available at [apdgroup.com/apd-investors/corporate-governance](http://apdgroup.com/apd-investors/corporate-governance).

Prior to the Board approval of the Company's financial statements for a financial period, the Board receives from the Executive Directors and Group CFO a declaration that, in their opinion, the financial records of the Company 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.

External Auditors are asked to attend the Annual General Meeting and be prepared to answer shareholder questions about the conduct of the audit and preparation and content of the auditors' report.

Since year end an Independent Director has been appointed to chair the Audit Committee.

## PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation	Requirement	Comply Yes/No
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes

## Commentary

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the Australian Securities Exchange's securities market and has adopted a comprehensive policy covering announcements to the Australian Securities Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings, media communications, commenting on expected earnings, communications black-out periods and review of briefings and communications.



The policy is reviewed periodically and updated as required. The Company's policy on Continuous Disclosure is available on the Company's website under its Corporate Governance section. The Executive Director's, Group General Counsel and Company Secretary have responsibility for overseeing and co-ordinating disclosure of information to the Australian Securities Exchange.

## PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation	Requirement	Comply Yes/No
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes
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.	Yes
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.	Yes

### Commentary

The Board aims to convey to its shareholders and the investing public pertinent information in a detailed, regular, factual and timely manner. Information is communicated to shareholders through:

- The Annual Financial Report (for those shareholders who have requested a copy);
- Disclosures to the ASX;
- Notices and explanatory memoranda of Annual General Meetings;
- Half yearly reports and associated materials and investor presentations which provide shareholders with details of profit performance and other matters of interest; and
- APD's website at [apdgroup.com](http://apdgroup.com)

Shareholders have the option to receive communications electronically from the registry and the Company. The annual report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). The Board ensures that the annual report includes relevant information about the operations of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to other disclosures required by the Corporations Act 2001.

Half-year Financial Statements prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act 2001 are lodged with ASIC and ASX.

APD's internet site, [apdgroup.com](http://apdgroup.com) also gives information on the Company's 360 degree digital services, governance, annual reports and public announcements and is updated regularly.

The Executive Directors are responsible for overseeing and co-ordinating disclosure of information to investors, analysts, brokers and shareholders. The Company's Communications with Shareholders Policy is available at [apdgroup.com/apd-investors/corporate-governance](http://apdgroup.com/apd-investors/corporate-governance).

Shareholders are encouraged to ask questions at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation	Requirement	Comply Yes/No
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> <ol style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director, and disclose;</li> <li>3) the charger of the committee;</li> <li>4) the members of the committee; and</li> <li>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</li> </ol> <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>	Partial compliance
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>	Yes
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 perform; 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>	Yes
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environment and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes

## Commentary

The Company is committed to the identification, monitoring and management of risks associated with its business activities and has embedded in its management and reporting systems a number of risk management controls. The Board monitors and receives advice on areas of operational and financial risk, and regularly considers strategies for appropriate risk management arrangements on a monthly basis.

Specific areas of risk identified which are considered at Board meetings include competition, financial, suppliers, technology changes, human resources, integrity of data, statutory compliance and continuous disclosure obligations.

The Board and senior management have adopted a Risk Management Program to ensure that risks facing the business are appropriately managed.

The framework of the Risk Management Program is available at [apdgroup.com/apd-investors/corporate-governance](http://apdgroup.com/apd-investors/corporate-governance).

Principle 7 recommends that companies establish a Risk Management Committee and policies for the oversight and management of material business risks and disclose a summary of those policies. The Company operates a Risk Management Program which includes maintenance of:

- information management systems;
- risk register reporting;
- regular budgetary, financial and management reporting;
- established organizational structures;
- insurance programs;
- financial control policies and procedures.

Based on feedback from Company management, a risk register is prepared for review by the Board and progress is reported on a monthly basis.

The Board receives regular reports about the Company's financial condition, operational results and key business risks. Given the size and nature of the Company's business, a separate risk management committee has not been established, with the primary responsibility of risk management being undertaken by the Board and senior management.

While the Company does not utilise a formal internal audit function, given the relative size of the organisation and the key role of the Audit Committee in evaluating and continually improving the effectiveness of the Company's risk management and internal control processes, the Board considers the regular systematic monitoring of control activities to be appropriate.

The Company values economic, environmental and social sustainability within the areas in which it operates. In order to mitigate any material exposure to economic, environmental and social sustainability risks, the Company undertakes regular monitoring and assessment of both its operating and non-operating assets to ensure that all activities are conducted in a manner that is consistent with the Company's commitment to safe and sustainable operations. Current monitoring and assessment has not indicated any material exposures in the areas of environmental and social sustainability.

Senior executives and management are expected to practise sensible risk management in the day-to-day performance of their duties and are required to escalate any material issues which arise or have the potential to arise. The CEO (or similar) has the primary responsibility to advise the Board of material risk items which arise and together, the Board and senior management are responsible for taking all reasonable steps to address and mitigate such risks.

Company procedures are, from time to time, being updated to meet changes in the law. A disaster recovery plan is in place and is updated regularly.

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation	Requirement	Comply Yes/No
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director, and disclose;</li> <li>3) the charger of the committee;</li> <li>4) the members of the committee; and</li> <li>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</li> </ol> <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 ensuing that such remuneration is appropriate and not excessive.</p>	No
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.	Yes
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 summary of it.</p>	Yes

## Commentary

The Board has established a Remuneration Committee.

Details of attendance at meetings of the Committee during the financial year are detailed in the Directors' Report.

Principle 8.1 recommends that a remuneration committee established by a company have a charter that clearly sets out its role and responsibilities, composition, structure and membership requirements and the procedures for non-committee members to attend meetings. The Company does not have a formal Remuneration Committee charter as recommended by Principle 8.1 and considers it is not necessary given the size of the Company, Board and senior management. However, the Remuneration Report in this annual report sets out the general role and responsibilities of the Remuneration Committee.

When reviewing Directors' fees the Board takes into account any changes in the size and scope of the Company. The Remuneration Committee reviews the remuneration and policies applicable to all Directors on an annual basis and did so during the financial year. Remuneration levels are competitively set to attract the most qualified and experienced Directors and senior executives.

Where necessary the Remuneration Committee can obtain independent advice on the appropriateness of remuneration packages.

Principle 8.1 recommends that a remuneration committee should be structured so that it consists of a majority of independent Directors, is chaired by an independent Director and has at least three members.

The Company's Remuneration Committee does not comply with Principle 8.1 because Mr Hynd who is not classed as an independent Director is the current chair of the Remuneration Committee. Considering the size of the Company and the Board, the Board is confident that Mr Hynd, despite not being classed as an independent Director, is the most appropriate Director to fulfil the current role of chair of the Remuneration Committee, having regard to his qualifications and interests associated with the Company's majority shareholder.

Further, the Remuneration Committee did not comply with Principle 8.1 because it did not consist of at least 3 members and the Remuneration Committee does not consist of a majority of independent Directors. Given the current size of the Board, the Board considers that the function of the Remuneration Committee is efficiently achieved with two members and whilst a majority of members are not independent, the members bring valuable knowledge, skills and experience to the Remuneration Committee deliberations.

Revised Principle 8.2 recommends that companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.

The remuneration of non-executive Directors of the Company is different to that of executive directors and senior executives of the Company. Executive Directors receive a salary and may receive other benefits. Non-executive Directors receive a set fee per annum, in addition to their statutory superannuation entitlements, and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties.

Further details on the structure and disclosure of the Company's remuneration policies for Non-Executive and Executive Directors and senior executives are set out in the Remuneration Report contained in this report.

The Board believes that it has implemented suitable remuneration practices and procedures that are appropriate for an organisation of its size and maturity.

The Company's Securities Trading Policy prohibits employees entering into transactions in financial derivatives (including options) which limit the economic risk of participating in unvested entitlements under equity based remuneration schemes. A copy of the Securities Trading Policy is available at [apdgroup.com/apd-investors/corporate-governance](http://apdgroup.com/apd-investors/corporate-governance).