

## Appendix 4G

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

Name of entity

Gowing Bros. Limited

ABN/ARBN

68 000 010 471

Financial year ended

31 July 2015

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

√ this URL on our website: <http://gowings.com/reports-announcements> \*

The Corporate Governance Statement is accurate and up to date as at 27 October 2015 and has been approved by the board.

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

Date here: 27 October 2015



Sign here:

Director

Print name:

John E Gowing

*\*The Corporate Governance Statement, Board Charter, Code of Conduct, Policies and other charters can be found under the tab "Company Charter" in the gowings website, which is referred to throughout Appendix 4G  
The Annual Report can be found under Annual Reports in the gowings website.*

<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>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</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: ✓ in our Corporate Governance Statement <u>and</u>  ... 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): ✓ at this location:  Corporate Governance Statement and Board Charter at <a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u>  <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement <u>and</u>  ✓ at this location: <a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a>  and in our 2015 notice of AGM on ASX announcements on ASX website	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u>  <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement	an explanation why that is so in our Corporate Governance Statement <u>OR</u>  <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

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: √ in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... 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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	√ an explanation why that is so in our Corporate Governance Statement.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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 evaluation process referred to in paragraph (a): ✓ in our Corporate Governance Statement	✓ an explanation why that is so in our Corporate Governance Statement in relation (b) to performance review for the period.
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 evaluation process referred to in paragraph (a): ✓ in our Corporate Governance Statement  ... and the information referred to in paragraph (b): ✓ in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

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 ...
<u>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</u>		

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>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <u>OR</u></p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p>✓ in our Corporate Governance Statement <u>and</u> in Directors' Report in the 2015 Annual Report</p> <p><a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a></p>	<p>an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <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.	... our board skills matrix: √ in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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:  √ in our Corporate Governance Statement <b>and</b>  √ at this location in the Directors' Report in 2015 Annual Report  <a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a></p> <p>... where applicable, the information referred to in paragraph (b):  √ in our Corporate Governance Statement</p> <p>... the length of service of each director:  √ at this location: in the Directors' Report in 2015 Annual Report  <a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: √ in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

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 ...
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: √ in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location:  _____ <i>Insert location here</i>	√ an explanation why that is so in our Corporate Governance Statement
<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: √ in our Corporate Governance Statement <u>and</u>  √ the Company's Code of Conduct is at this location:  <a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<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, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): √ in our Corporate Governance Statement  ... and a copy of the charter of the Audit committee: √ at this location  <a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a>  ... and the information referred to in paragraphs (4) and (5): In the 2015 Annual Report	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<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; <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>√ at this location:  <a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a></p> <p>[If the entity complies with paragraph (b):]  ... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:  <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at this location:  <hr/> <i>Insert location here</i></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:  √ in our Corporate Governance Statement</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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 fact that we follow this recommendation: √ in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</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: √ in our Corporate Governance Statement <b>and</b> In the Company's Continuous Disclosure Policy √ at this location: <a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</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: √ at this location: <a href="http://gowings.com">http://gowings.com</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: √ in our Corporate Governance Statement <b>and</b> √ at this location: <a href="http://gowings.com">http://gowings.com</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p>✓ in our Corporate Governance Statement <b>and</b></p> <p>✓ at this location:</p> <p><a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a></p> <p>Refer to the 2015 AGM Notice on ASX announcements on ASX website</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<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</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p>✓ in our Corporate Governance Statement <b>and</b></p> <p>✓ details of the Audit Committee are in the 2015 Annual Report</p> <p>at this location:</p> <p><a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a></p> <p>... and a copy of the Audit Committee charter:</p> <p>✓ at this location:</p> <p><a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>✓ in our Corporate Governance Statement <b>and</b></p> <p>✓ at this location on the 2015 Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<p>attendances of the members at those meetings; <b>OR</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><a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a></p> <p>[If the entity complies with paragraph (b):] ... 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at this location:  <hr/> <i>Insert location here</i></p>	
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that we follow this recommendation:  <input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b></p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:  <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at this location:  <hr/> <i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:  <input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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: √ in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></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</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p>√ in our Corporate Governance Statement [applicable to (a)(2) only]</p> <p>... and a copy of the charter of the committee:</p> <p>√ at this location: in the Remuneration Committee Charter</p> <p><a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p>√ in our Corporate Governance Statement <b>and</b></p> <p>√ at this location in the 2015 Annual Report</p> <p><a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and</p>	<p>√ an explanation why that is so in our Corporate Governance Statement</p> <p>This “why not” statement is applicable to the (a)(1) membership of the Remuneration Committee only.</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 ...
	that such remuneration is appropriate and not excessive.	<p>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 <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></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>✓ in our Corporate Governance Statement <b><u>and</u></b></p> <p>✓ at this location in the 2015 Annual Report:</p> <p><a href="http://gowings.com/reports-announcements">http://gowings.com/reports-announcements</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p>✓ in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>



The Board of Gowing Bros Limited (the Company) is committed to ensuring that its systems, procedures and practices reflect a high standard of corporate governance and supports the principles of good corporate governance as published in the third edition of Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council (3<sup>rd</sup> Edition recommendations).

This Corporate Governance Statement (Statement) outlines the key corporate governance practices of the Company as they relate to the 3<sup>rd</sup> Edition recommendations for the financial year ended 31 July 2015.

This Statement was approved by the Board and is current as at 26 October 2015.

The Directors do not believe that any 3<sup>rd</sup> Edition recommendations that have been disclosed below as not having been adopted, in any way disadvantage the effectiveness with which the Board operates. The Board remains clearly focused on maximising shareholder value in an ethically responsible manner and willingly adopts corporate governance best practice recommendations as the circumstances and needs of the Company require them.

## **PRINCIPLE 1: Lay solid foundations for management and oversight**

1.1 The Board of Directors is primarily responsible for ensuring the Company is managed in a manner that protects and enhances the interests of all stakeholders and takes into account the interests of all stakeholders. The Board responsibilities, some of which have been formalised in the Board Charter, include:

- setting the strategic direction of the Company;
- overseeing and monitoring the Company's performance and achievement of strategic goals and objectives;
- approving and monitoring the progress of major capital expenditure, acquisitions and divestitures;
- determining and approving capital, funding, approving budgets and dividend policies;
- defining the limits to management's responsibilities;
- overseeing the process for making timely and balanced disclosures of all material information concerning the Company.
- monitoring executives' performance against appropriate measures;[charter]
- ensuring appropriate risk management systems, internal controls, codes of conduct and legal compliance are in places;
- meeting on a regular basis to review management operational reports regarding the financial performance of the Company;



- Appointing and removing the MD (or equivalent), including approving the remuneration of the MD and succession plans for the MD;
- Ratifying the appointment and, where appropriate, the replacement of the senior executives;
- Resolving to appoint and where appropriate removal of the Company Secretary;
- Approving the Company's Remuneration framework and monitoring the effectiveness of the Company's governance practices

In order to assist in its decision making, the Board has also established the following standing Committees, each of which have a formal Board Charter setting out the roles, responsibilities and composition of each of the Committees:

- Audit Committee; and
- Remuneration Committee

The Board has delegated to management the responsibility for the operation and administration of the Company, including the implementation of corporate strategies and the development of annual budgets. Management is responsible for keeping the Board informed, through the provision of accurate, timely management reports and monthly management accounts, to enable the Board to perform its responsibilities.

1.2 Before Directors are appointed, all necessary checks are undertaken by the Board. Any candidate for appointment or election as a non-executive director provides the Board with all relevant information and a consent for the Company to conduct any background or other checks that the Company would ordinarily. In addition, biographical details, as well as details pertaining to material directorships held, are included in election and re-election notices to shareholders to enable shareholders to make informed decisions on election or re-election of candidates. These details are also included in the Directors' Report in the Annual Report of the Company. A statement as to whether the Board considers a Director to be independent is also included in the Annual Report of the Company.

1.3 Written agreements setting out the terms of their employment are in place for all Directors and Senior Executives. Further details are provided in the Remuneration Report in the Annual Report.

1.4 The Company Secretary is accountable directly to the Board through the Chairman on all matters to do with the proper functioning of the Board.

The role of the company secretary includes:





- advising the Board on governance matters;
- coordinating the timely completion and despatch of Board and Committee papers;
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes;
- assisting in the organisation and facilitating the induction and professional development of directors.

Each director can communicate directly with the company secretary and vice versa.

1.5 The Board has not adopted a formal diversity policy or set measurable objectives based on diversity alone. Instead, the Board believes that it has fostered and that the Company and its employees have a governance and value culture that encourage excellence and ethical business practice to enhance long term shareholder value, including the advancement of all employees in an ethical manner as appropriate irrespective of gender, age, ethnicity and cultural background.

The proportion of women employed by the consolidated entity in the following roles is as follows:

Board	0%
Senior management	20%
Consolidated entity	64%

1.6 Board performance is open to evaluation by shareholders at the Annual General Meeting. At every Annual General one third of the Directors (or if their number is not a multiple of three then the number nearest to but not exceeding one-third) shall retire from the office and are eligible to offer themselves for re-election. No non-executive Director may retain office for more than three years without submitting themselves for re-election. No performance evaluation of the Board was undertaken during the reporting period, as it is intended to undertake such a review in the 2016 financial year.

1.7 Senior executive performance is reviewed by the Remuneration Committee annually. During the year ended 31 July 2015, the Remuneration Committee carried out a performance evaluation in accordance with this process.

### **PRINCIPLE 2: Structure the board to add value**

2.1 The Board currently consists of four Directors. There are three independent non-executive Directors and one executive Director. The executive Director holds key management roles within the Company. The tenure of Directors is governed by the



Company's Constitution and the ASX Listing Rules. The names, details and qualifications of the Directors are included in the Board of Directors and Executive Management section of the Directors' Report.

The current structure of the Board has been designed to provide the most effective composition, size and commitment from its Directors who have extensive experience and between them possess an extensive range of skills and knowledge and a wide diversity of capability to oversee the Company's business. This also ensures that the Board performs its function to the optimum and meets corporate governance standards that are relevant to the Company's current size and scope of operations.

Given the current size of the Company, the Board does not consider it appropriate to establish a nomination committee. The Board as a whole effectively performs this function.

2.2 The Board considers that it has the necessary skills and experience to carry out its duties and responsibilities in an effective manner. The summary of the Boards skills and experience is reflected below:

<u>Skills and Experience</u>	<u>Number of Directors / Board Representation (out of 4)</u>
Executive Leadership	4
Board Representation	4
Accounting & Audit	4
Financial Analysis	4
Investment Experience	4
Property Management / Development	2
Asset Management	3
Retail Marketing	1
Risk Management	3
Strategic Development	4
Corporate Finance	4
Legal	2

2.3 As noted in 2.1, the Company presently has three independent Directors whose details are included in the Board of Directors and Executive Management section of the Directors' Report. The length of service of each Director is also included in this section. Chairman Tony Salier is a consultant for a legal firm whose services are occasionally used by the Company. The Board does not consider that these services, which are provided on



arm's length terms, compromise Mr Salier's independence. Mr Salier has provided many years of service as an independent Non-executive Director and his wealth of experience is valued by the Board. The Board do not believe his length of service compromises his ability to act independently.

2.4 The majority of the Board are independent Directors.

2.5 The Chairman of the Board is an independent Director and is not the CEO of the Company.

2.6 The Company does not have a program for inducting new Directors or provide professional development opportunities for skills training. However, the necessary induction and training will be provided if and when required. Directors are carefully selected to ensure their existing experience and skills are complementary to the Company.

### **PRINCIPLE 3: Act ethically and responsibly**

3.1 The Company has a Code of Conduct which can be found on the Company's website. The most effective way to promote ethical and responsible conduct is for the Board and Management team to foster, through their own actions, the Company's key vision and values. The continuous development of an ethical corporate culture is a key component.

### **PRINCIPLE 4: Safeguard integrity in corporate reporting**

4.1 The Company has an Audit Committee. The Audit Committee is made up of three members, all of whom are independent non-executive Directors. The Committee is chaired by an independent Director who is not the Chairman of the Board. The charter of the Audit Committee includes its role and responsibilities and is available on the Company's website, [gowings.com](http://gowings.com). The members of the Audit Committee, their relevant experience and qualifications, the number of times the Committee met during the period and the individual attendances of the members are detailed in the Annual Report.

4.2 Before the Board approves the financial statements for a financial period, the Chief Executive Officer and the Chief Financial Officer provide a declaration in writing to the Board that the Company's financial records 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 Company as required by section 295A of the Corporations Act for each reporting period. Their declaration states



that their opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively.

4.3 The Company ensures that its external auditor attends the Annual General Meeting and is available to answer shareholder questions relevant to the audit.

### **PRINCIPLE 5: Make timely and balanced disclosure**

5.1 The Company has a written Continuous Disclosure policy to ensure that the Company complies with its continuous disclosure obligations. The policy is disclosed under the Company Charter section on the Company's website.

### **PRINCIPLE 6: Respect the rights of security-holders**

6.1 The Company discloses information about itself and its governance to investors on its website, [gowings.com](http://gowings.com).

6.2 The Board believes it has effective two way communication with investors, in that the Company:

- encourages attendance at the Annual General Meeting by all shareholders;
- complies and lodges all necessary statutory ASX announcements;
- fulfils its obligations of continuous disclosure through ASX announcements;
- makes the Company's Annual Report available to all shareholders either through direct distribution or via the Company's website;
- sends notices and explanatory memoranda to shareholders in relation to resolutions to be put to a vote.

6.3 The Annual General Meeting of the Company provides an opportunity for the Company to impart to shareholders a greater understanding of its business, governance, financial performance and prospects and gives shareholders the opportunity to express their views on matters concerning the Company and to vote on other items of business for resolution by shareholders. The Company's policy is to encourage effective shareholder participation at general meetings.

Notices of meeting are accompanied by explanatory notes to enable shareholders to assess and make informed decisions on the resolutions being put forward at the meetings.

Shareholders unable to attend general meetings can exercise their right to ask questions about, or make comments on, the management of the Company by submitting questions



or comments ahead of the meeting. Where appropriate these questions will be responded to at the meeting.

6.4 The Company provides shareholders with the option of receiving communications from, and sending communications to, its share registry electronically.

## **PRINCIPLE 7: Recognise and manage risk**

7.1 The Company has an Audit Committee that oversees both the establishment and maintenance of a framework for pro-active risk management. The Committee complies with Principle 7.1 as described previously for Principle 4.1

7.2 The Audit Committee has undertaken a review of the risk management framework for the period under review and is satisfied that it is sound.

7.3 The Company does not have an internal audit function. Instead, monthly management reports are prepared by senior management within the Company, identifying relevant areas of risk and internal control. These reports are circulated to Board members, where applicable, for them to evaluate and to continue to improve the effectiveness of the risk management framework and internal control processes.

7.4 The Board determines the overall risk appetite for the Company and approves strategies to ensure that key risks are identified and managed. The Board has, through the Audit Committee, developed a risk framework and charged management with its implementation within the Company, utilising risk mitigation strategies.

The Board and Management have identified a number of specific areas that pose a risk to the business and has implemented strategies to mitigate these risks. These include:

Risk Identified	Strategy to Minimise Risk
Operational – WH&S Financial – Receivables Strategic – Investment decisions Commercial & Reputational Technical – systems failure	Pro-active culture of safety first Internal controls; prevent, monitor, detect SWOT analysis, risk matrix Tenancy analysis, regulatory compliance Flood mitigation, offsite disaster recovery



The Board believes that its business is economically, environmentally and socially sustainable.

### **PRINCIPLE 8: Remunerate fairly and responsibly**

8.1 The Company has a Remuneration Committee and its roles and responsibilities are set out in the committee charter on the Company website. This committee consists of two Directors, being the Managing Director and an Independent Director who is Chairman of the committee. The committee reports its deliberations to the Board for approval. Given the current size of the Company, the Board does not consider it appropriate to have three members on the committee or for there to be a majority of independent Directors on the committee. The members of the Remuneration Committee and the number of times the committee met are detailed in the Annual Report. Remuneration levels are based on skills, knowledge, experience, education, length of service, industry salary and remuneration levels and retention. Remuneration is reviewed annually for the executive Director, non-executive Directors and senior management to ensure that it remains appropriate. The Executive Director, being a member of this committee is not involved in determining his own remuneration.

8.2 The independent non-executive Directors are remunerated by way of fees and statutory superannuation and do not receive any retirement benefits. This remuneration is in line with their responsibilities, duties and risks involved in the role. Total remuneration to non-executive Directors is restricted in terms of the remuneration cap, which is reviewed periodically and is subject to shareholder approval for increased limits.

Additional information with respect to remuneration, including separate disclosure of policies and practices regarding the remuneration of non-executive Directors, the executive Director and other senior key management, is provided in the Remuneration Report in the Company's Annual Report.

8.3 It is the policy of the Company that participants in the equity-based remuneration plans of the Company are not permitted to enter into transactions which limit their economic risk of participating in the scheme.