

# Quickstep Holdings Limited

## Corporate Governance Statement

The Board of Quickstep Holdings Limited (the Company) are committed to achieving and demonstrating high standards of corporate governance.

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the *Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition* set by the ASX Corporate Governance Council ('the ASX Principles and Recommendations'), unless otherwise stated.

The information in this statement is current as at 22 September 2016 and has been approved by the Board.

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

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

| Recommendation |  | Status   |
|----------------|--|--|
| 1.1            | <b>A listed entity should disclose:</b>  |  |
|                | (a) the respective roles and responsibilities of its board and management; and   | The Board Charter is contained in the corporate Governance section of the Company's website <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a>  |
|                | (b) those matters expressly reserved to the board and those delegated to management.   | Included in the Board Charter 1.1(a)   |
| 1.2            | <b>A listed entity should:</b>   |  |
|                | (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and   | This is undertaken. See Policy and Procedure for selection and appointment of Directors at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a>   |
|                | (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.   | The company seeks to provide full information to all security holders as part of the papers for each AGM. See Policy and Procedure for selection and appointment of Directors at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a> |
| 1.3            | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.  | Contracts of appointment are in place with all directors and contracts of employment are in place with all management staff.   |
| 1.4            | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.  | The company secretary is accountable directly to the board, through the chair, on all matters.   |
| 1.5            | <b>A listed entity should:</b>   |  |
|                | (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; | The diversity policy is available at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a>   |

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|--|--|
| <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.<sup>16</sup></p> | <p>The diversity policy is available at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></p> <p>A report on diversity is available at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></p>   |
| <p><b>1.6 A listed entity should:</b></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</p>   | <p>The Board has a process for evaluating the performance of the board and committees</p> <p>An evaluation took place in August 2016</p>   |
| <p><b>1.7 A listed entity should:</b></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 board has a process for evaluating the performance of all Senior Management on an Annual basis as detailed in the Executive remuneration policy.<br/> <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></p> <p>A performance evaluation review was conducted in August 2016 in accordance with the executive remuneration policy.</p> |

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### Principle 2: Structure the board to add value

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

| Recommendation |  | Status  |
|----------------|--|---|
| 2.1            | <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 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.</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) The Board has a Remuneration, Nomination and Diversity Committee.</p> <ul style="list-style-type: none"> <li>(1) The committee is comprised of 3 non-executive independent directors as per the Directors' report</li> <li>(2) The chair is independent as per the Directors' report</li> <li>(3) The Committee charter is at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></li> <li>(4) The members of the committee are detailed in the Directors' report</li> <li>(5) The details of meetings held and attended is listed in the Directors' report.</li> </ul> <p>N/A</p> |
| 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>The Board skills matrix is detailed in the Policy and Procedure for Selection and Appointment of Directors</p> <p><a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></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 that might cause doubts about the independence of a director, 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>(a) See Directors' report</p> <p>(b) see Directors' report</p> <p>(c) see Directors' report</p>  |
| 2.4            | A majority of the board of a listed entity should be independent directors.  | Achieved, see Directors' report   |
| 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 Chair is independent and does not act as CEO.   |

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|----------------|--|---|
| <b>2.6</b>     | 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. | This is addressed through the letter of appointment and Induction Policy both of which are available at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a> |

### Principle 3: Act ethically and responsibly

A listed entity should act ethically and responsibly.

| Recommendation |   | Status   |
|----------------|---|--|
| <b>3.1</b>     | A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and | Separate Non-Executive Director and Employee Codes of Conduct are in place and operating. These policies apply to all directors, managers, employees and contractors.                                      |
|                | (b) disclose that code or a summary of it.  | Both director and Employee Code of conduct is available at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a> |

### Principle 4: Safeguard integrity in corporate reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

| Recommendation |   | Status   |
|----------------|---|--|
| <b>4.1</b>     | The board of a listed entity should:  | <p>(a) The board has an Audit, Risk and Compliance committee</p> <p>(1) The committee currently comprises 3 non-executive directors, 2 of whom are independent, see Directors report</p> <p>(2) The chair is an independent director, see Director's report</p> <p>(3) The charter is available at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></p> <p>(4) The members of the committee are detailed in the Directors' report</p> <p>(5) The details of meetings held and attended is listed in the Directors' report</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,</p> <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; or</p> |  |

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| Recommendation |   | Status  |
|----------------|---|---|
|                | (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.   | (b) N/A   |
| <b>4.2</b>     | 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. | This occurs each financial period.  |
| <b>4.3</b>     | 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 external auditor will attend the AGM and be available to answer questions from security holders |

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

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

| Recommendation |   | Status   |
|----------------|---|--|
| <b>5.1</b>     | A listed entity should:   | The Company has a policy which covers continuous disclosure.   |
|                | (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br><br>(b) disclose that policy or a summary of it. | The policy is available at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a> |

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

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

| Recommendation |   | Status  |
|----------------|---|---|
| 6.1            | <p><b><i>A listed entity should:</i></b></p> <p>provide information about itself and its governance to investors via its website.</p>   | <p><a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></p>  |
| 6.2            | <p><b><i>A listed entity should:</i></b></p> <p>design and implement an investor relations program to facilitate effective two-way communication with investors.</p>                                  | <p>The Company has a policy for stakeholder communication</p>   |
| 6.3            | <p><b><i>A listed entity should:</i></b></p> <p>disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>                    | <p>The policy is available at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></p>                                     |
| 6.4            | <p><b><i>A listed entity should:</i></b></p> <p>give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p> | <p>This is covered in the policy for stakeholder communication at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></p> |

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### Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

| Recommendation |  | Status  |
|----------------|--|---|
| 7.1            | <p>A listed entity should:</p> <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; or</p> | <p>(a) The board has an Audit, Risk and Compliance committee</p> <p>(1) The committee currently comprises 3 non-executive directors, 2 of whom are independent, see Directors' report</p> <p>(2) The chair is an independent director, see Directors' report</p> <p>(3) The charter is available at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></p> <p>(4) The members of the committee are detailed in the Directors' report</p> <p>(5) The details of meetings held and attended is listed in the Directors' report</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>   | N/A   |
| 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>   | The Audit, Risk and Compliance committee annually reviews the Company's risk management framework, which continues to be sound and appropriate for the Company.   |
|                | <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>  | The risk management framework was reviewed during the period.   |
| 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; or</p>  | The Company does not have an internal audit function.   |
|                | <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>  | The nature and size of Quickstep's operations do not warrant a separate internal audit function. The Board believes that the external audit work and management oversight is sufficient to identify any material breakdown in the control environment. The Board will periodically review the need for an internal audit function.  |

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|----------------|---|---|
| 7.4            | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. | The company does not have any material exposure to economic, environmental and social sustainability risks. |

#### Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

| Recommendation |  | Status  |
|----------------|--|---|
| 8.1            | <p>The board of a listed entity should:</p> <p>(a) have a remuneration 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; or</li> </ul> | <p>(a) The Board has a Remuneration, Nomination and Diversity Committee.</p> <ul style="list-style-type: none"> <li>(1) The committee is comprised of 3 non-executive independent directors as per Directors' report</li> <li>(2) The chair is independent as per Director's report</li> <li>(3) The Committee charter is at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></li> <li>(4) The members of the committee are detailed in the Directors' report</li> <li>(5) The details of meetings held and attended is listed in the Directors' report</li> </ul> |
|                | <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>   | N/A   |
| 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>The Company's practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives are outlined in the Remuneration report. The Company's remuneration policies are available at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></p>  |



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|     | Recommendation   | Status   |
|-----|--|--|
| 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>This is addressed by the Executive Incentive Rights Plan and Executive Remuneration Policy.</p>   |
|     | <p>(b) disclose that policy or a summary of it.</p>  | <p>The Plan rules and policy is available at <a href="http://www.quickstep.com.au/Investors-Media/Corporate-Governance">http://www.quickstep.com.au/Investors-Media/Corporate-Governance</a></p> |