

## Appendix 4G

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

Name of entity:

IOT Group Limited (previously Ardent Resources Limited)

ABN / ARBN:

66 140 475 921

Financial year ended:

31 December 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: [www.iotgroup.com](http://www.iotgroup.com)

The Corporate Governance Statement is accurate and up to date as at *[insert effective date of statement]* and has been approved by the board.

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

Date: 29 April 2016



Ron Hollands – Secretary

<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. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.



## 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 NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b> <input checked="" type="checkbox"/> at www.iotgroup.com	
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 <b>AND</b> <input checked="" type="checkbox"/> at www.iotgroup.com	
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 <b>AND</b> <input checked="" type="checkbox"/> at www.iotgroup.com	
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 <b>AND</b> <input checked="" type="checkbox"/> at www.iotgroup.com	

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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>		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.com</a></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.com</a></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):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.com</a></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.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 NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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: <input checked="" type="checkbox"/> in our Corporate Governance Statement AND <input checked="" type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.com</a>	
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.		<input checked="" 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.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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 <b>AND</b> <input type="checkbox"/> at www.iotgroup.com	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</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 <b>AND</b> <input type="checkbox"/> at www.iotgroup.com	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
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,</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> <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>		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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 <b>AND</b></p> <p><input type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.com</a></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 <b>AND</b></p> <p><input type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.com</a></p>	
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
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>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.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 NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<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.	<p>..... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at www.iotgroup.com</p>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at www.iotgroup.com</p>	
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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at www.iotgroup.com</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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at www.iotgroup.com</p>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</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; or</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><input checked="" 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 NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.com</a></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.com</a></p>	
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> <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):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.com</a></p>	
7.4	<p>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.</p>	<p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.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 NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<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; or</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>		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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 <b>AND</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.com</a></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 <b>AND</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.iotgroup.com">www.iotgroup.com</a></p>	

## CORPORATE GOVERNANCE STATEMENT

The practice of good corporate governance is vital in enhancing investor confidence in corporate accountability by demonstrating a commitment to transparency. IOT Group Limited (**Company or IOT**) is committed to the principles of corporate governance.

The ASX Corporate Governance Council (**Council**) was first convened in August 2002 bringing together various business, shareholder and industry groups, each offering valuable insights and expertise on governance issues from the perspective of their particular stakeholders. Its primary work has been the development of the Corporate Governance Principles and Recommendations which were initially issued in 2003, then in 2007 (substantial re-write) and again in 2010.

Following another comprehensive review, a 3<sup>rd</sup> edition of Corporate Governance Principles and Recommendations ('ASX Recommendations') was issued in 2014 with an application for entities whose first full financial year started on or after 1 July 2014.

The ASX Recommendations are intended to be a reference point for companies about their corporate governance structures and practices. A company may choose not to implement certain ASX Recommendations, provided that the company explains why it has not done so and what alternate approaches have been adopted. Some ASX Recommendations are not appropriate for the Company in light of the nature and scale of its activities and size of the Board.

The ASX Recommendations require companies to communicate their corporate governance practices through both the annual report and the company web page. This summary of our corporate governance practices forms part of this communication.

The Company's fundamental corporate governance practices and the extent to which the Company complied with each ASX Recommendation throughout the financial year ended 31 December 2015 and to the date of this statement are detailed below.

## **Principle 1 – Lay solid foundations for management and oversight**

### ***Roles and responsibilities of the Board***

*The Company follows ASX Recommendation 1.1.*

The company discloses the functions reserved to the Board and those delegated to senior executives. The Board Charter is available on the company's website.

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the Company's overall corporate governance and oversight of management.

Without intending to limit the Board's general role, the principal functions and responsibilities of the Board include the following:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- the prudential control of the Company's finances and operations and the monitoring of the financial performance of the Company;
- the resourcing, reviewing and monitoring of executive management;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market; and
- the establishment and maintenance of appropriate ethical standards.

The Board is committed to IOT's compliance with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The responsibilities of the Board are set out in the Board Charter which is available on the Company's website.

### ***Independent professional advice and access to Company information***

Each Director has the right of access to all Company information and to the Company's officers and executives. In addition, the Board collectively and each director, subject to informing the Chairman, has the right to seek independent professional advice from a suitably qualified adviser, at IOT's expense, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

Where the Board considers that particular expertise or information is required, which is not available from within their members, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

### ***Relationship with management***

Due to IOT's small size and the current nature of its operations, it did not have any senior executives in 2015 and accordingly, no performance evaluation of senior executives was conducted by the Board in the 2015 financial year.

The Company notes that it has employed senior executives in the past (2011-2014) and senior executives have been appointed in 2016.

The Board have delegated responsibility for day-to-day operations to senior executives as set out in the Board Charter. It will then be the role of senior executives to manage IOT in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. In addition, senior executive key performance indicators will be set annually, with performance appraised by the Board and reviewed in detail by the Remuneration and Nomination Committee at the end of each financial year.

### ***Appointment of directors***

*The Company follows ASX Recommendation 1.2.*

### ***Skills, Experience and Expertise***

Directors are appointed based on the specific corporate, industry and governance skills and experience required by the Company. The Board consists of a relevant blend of personal experience in accounting and finance, financial and investment markets, financial management and public company administration, and technology industry. The Board regularly review the blend of the skills and balance of board and committee members.

When it is decided to appoint a new director, a process is undertaken to source the person and includes numerous reference checks, a bankruptcy check and criminal record (all states and territories of Australia and the AFP) check of any candidates offered roles and to be put forward to shareholders for election as a director.

At a general meeting of the company, annually, directors appointed by the company's directors, are put to members for election. Similarly, existing directors, as required by the Company's Constitution, are put to members for re-election. In all instances, appropriate information concerning a respective director is provided to members.

### ***Terms of Appointment for Directors***

The Constitution of the Company provides that a Director, other than the Managing Director, may not retain office for more than three calendar years or beyond the third Annual General Meeting following his or her election, whichever is longer, without submitting himself or herself for re-election. One third of the Directors (excluding the Managing Director) must retire each year and are eligible for re-election. The Directors who retire by rotation at each Annual General Meeting are those with the longest length of time in office since their appointment or last election

### ***Induction, training and performance of directors and senior executives***

*The Company follows ASX Recommendations 1.3, 1.6, 1.7 and 2.6.*

Non-executive Directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment. All directors (and senior management roles) have written agreements that set out, inter alia, the terms of their respective employment. Further, all new directors and employees undertake a detailed induction programme that covers inter alia, company history and information, policies and procedures and ASX requirements. In addition, the board considers training and professional development requirements of directors.

It is the policy of the Board to ensure that the Directors and executives of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed.

The Company has a policy of providing each new Director or officer with a copy of the following documents:

- Board Charter;
- Diversity Policy;
- Shareholder Communication Policy;
- Audit and Risk and Risk and Risk Committee Charter;
- Remuneration and Nomination Committee Charter;
- Code of Conduct;
- Continuous Disclosure Policy;

- Securities Trading Policy

***Access to Information***

Each Director has access to Board papers and all relevant documentation.

The performance of executives is monitored by the Remuneration and Nomination Committee. The performance of individual Directors is monitored by the Chairman. The Chairman also speaks to Directors individually regarding their role as a Director.

Senior executive key performance indicators are set annually, with performance appraised by the Board and reviewed in detail by the Remuneration & Nomination Committee at the end of the financial year. Training needs of directors and Senior executives are considered at this time.

It is the Board's policy to ensure that the Directors are equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board and individual Directors, the Chairman and the members of the Remuneration and Nomination Committee engage in ongoing monitoring. The Chairman also discusses performance with Directors individually.

*The Company did not undertake formal performance appraisals of the board, directors and committees in the year ended 31 December 2015 (ASX Recommendation 1.6 (b)).*

### **Company Secretary**

*The Company follows ASX Recommendation 1.4.*

The company has appointed an experienced company secretary, well versed in listed public company requirements. The company secretary is accountable to the board, via the chairman for all matters to do with the proper functioning of the board and its committees.

### **Diversity**

*The Company does not comply with all aspects ASX Recommendation 1.5 noting that a Diversity Policy is available on its website although measurable objectives for gender diversity have not been set.*

The Board is committed to engaging directors, management, employees, consultants and contractors with the highest qualifications, skills and experience to develop a cohesive team that is best placed to achieve business success regardless of age, nationality, race, gender, religious beliefs, physical ability or cultural background.

The Company hires staff who are competent in the role irrespective of gender and employs females from a variety of cultural backgrounds and industries. The Company has a preference for the employment of local citizens, both male and female.

The company had nil employees as at 31 December 2015 although subsequent to year end and at the date of this statement has 18 employees (including the 2 executive directors), 7 of which are female and 11 are male. The board currently comprises 3 directors, all of whom are currently male.

The board has determined a *Diversity Policy* but has not implemented the setting of measurable objectives to achieve gender diversity are not warranted at this time. Due to the changing nature of its business, the Company is unable at this stage to develop meaningful measurable objectives for achieving specific proportions of its workforce who are male or female. The small size of the Company does not permit it to demonstrate meaningful measurable objectives for achieving specific proportions of its personnel who are male or female at any particular time. However, the Company does take into account the gender, age, ethnicity and cultural background of potential Board members, officers, executives, consultants and contractors.

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

### ***Remuneration and Nomination Committee***

*The company does not comply with all aspects of ASX Recommendation 2.1.*

The Board has established a Remuneration and Nomination Committee. In accordance with its Charter, the Remuneration and Nomination Committee considers nominations for the appointment or election of Directors that may arise from time to time having regard to the corporate and governance skills required by the Company and procedures outlined in its Constitution and the Corporations Act. The Remuneration and Nomination Committee Charter is available on the Company's website.

The responsibilities assumed by the Remuneration and Nomination Committee include:

- Board composition;
- number of Board members;
- criteria for nomination of Directors;
- selection and appointment of the Chairman;
- selection and appointment of the Company Secretary;
- determining the frequency of meetings of the Committee;
- seeking professional advice when required;
- determining responsibilities of the Committee; and
- overseeing of Board and executive succession plans.

The Committee, which had 2 members (see Appendix A) the majority of which are not independent and the chair is not independent.

A copy of the Remuneration and Nomination Committee charter is available on the company's website. The details of Remuneration and Nomination Committee meetings held in 2015 and attendance at meetings is disclosed in the 2015 Annual Report.

The Board has been structured so that its composition and size are adequate to discharge its responsibilities and duties given the Company's current size, scale and nature of its activities. At the date of this statement, there are three Directors (refer Appendix A). Other individuals (refer Appendix A) who also held the role of director in the year.

The Board's composition is reviewed periodically to determine the optimum number of Directors and requisite Director Skill's sets for the Board to perform its responsibilities and functions.

### ***Director skills***

*The company follows ASX Recommendation 2.2 – refer Appendix A.*

### ***Independent Directors***

*The company did not comply with all aspects of ASX Recommendations 2.3 and 2.4.*

The Board did not comprise a majority of independent Directors during the 2015 financial year, nor at the date of this statement. Refer Appendix A for the names of independent directors and their length of service.



In assessing the independence of Directors, the Company has adopted a definition of independence that is based on that set out in the ASX Recommendations. An independent Director is a Non-Executive Director who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional advisor or a material consultant to the Company, or an employee materially associated with a service provider;
- is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The Board believes that all Directors should have shareholdings in the Company. The Board believes the current structure of the Board is appropriate for the size of the Company. The Board believes that each of the Directors brings objective and independent judgment to the Board's deliberations and that each of the Directors makes valuable contributions to the Company through their understanding of IOT's business and the resources industry.

The Board believes that Scott Brown is the most appropriate person to lead the board as Chairman and that he is able to and does bring quality and independent judgment to all relevant issues falling within the scope of the role of Chairman and that the Company as a whole benefits from his experience and business relationships.

#### ***Chairman and Managing Director/Chief Executive Officer***

*The Company does not comply with all aspects of ASX Recommendation 2.5.*

Scott Brown is the Company's Chairman although is not considered independent as interests associated with him are a substantial shareholder of the company. The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

The Managing Director/CEO is responsible and accountable to the Board for the Company's management. In light of IOT's small size and the current nature of its operations, the Managing Director/CEO position is currently vacant. The Company envisages that a Managing Director/CEO will be appointed at an appropriate time in the future.

### **Principle 3 – Act ethically and responsibly**

#### ***Code of Conduct***

*The Company follows ASX Recommendation 3.1.*

The company has adopted a Code of Conduct which outlines the Company's commitment to appropriate ethical and responsible decision making and corporate practices. The Code of Conduct describes how the Company expects its Directors, executives, employees, consultants and contractors to behave in the conduct of the Company's business activities. It is focused on ensuring that all Directors, executives, employees, consultants and contractors act with integrity and objectivity in carrying out their duties and responsibilities, and strive at all times to enhance the reputation and performance of the Company.

The Code of Conduct outlines:

- the practices necessary to maintain confidence in the Company's integrity;

- the practices necessary to take into account the Company's legal obligations and the reasonable expectations of stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A copy of the Code of Conduct is available on the company's website.

### ***Share Dealings and Disclosures***

Under law (and under IOT 's Share Trading Policy), dealing in the Company's securities is subject to the overriding prohibition on trading while in possession of insider information. The Company has adopted a Share Trading Policy relating to the trading of the Company's securities. The Board restricts Directors, executives and employees from acting on material information until it has been released to the market. Directors, executives and employees are required to consult the Chairman and advise the Company Secretary prior to dealing in the Company's securities.

### ***Access to Company Information and Confidentiality***

All Directors have the right of access to all relevant Company books and to the Company's officers and executive management. In accordance with legal requirements and agreed ethical standards, Directors, officers and executives of the Company have agreed to keep confidential information received in the course of exercising their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

### ***Conflict of Interest***

To ensure that Directors are at all times acting in the best interests of the Company, Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot, or is unwilling to remove a conflict of interest then the Director must, as required by the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters about which the conflict relates.

### ***Related Party Transactions***

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Company also discloses related party transactions in its financial statements as required under relevant Accounting Standards.

## **Principle 4 – Safeguard integrity in financial reporting**

### ***Audit and Risk Committee***

*The Board does not comply with all aspects of ASX Recommendation 4.1.*

The Board has established an Audit and Risk Committee which operates under an Audit and Risk Committee Charter approved by the Board.

The Audit and Risk Committee Charter is available on the Company's website and includes the following:

- duties and responsibilities of the Audit and Risk and Risk and Risk Committee;
- meetings;
- complaints procedures;
- composition of the Audit and Risk Committee;
- structure of the Audit and Risk Committee;
- number of meetings;
- membership requirements; and
- the policy for the selection, appointment and rotation of external Audit engagement partners.

The role of the Audit and Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, compliance with legal and regulatory requirements, risk management and Audit and Risk and Risk functions.

During the 2015 financial year and to the date of this statement, the members of the Audit and Risk Committee are set out at Appendix A.

The majority of the Audit and Risk Committee were not independent Directors nor has the Committee been chaired by an independent director through 2015 and to the date of this statement. The size and nature of the Company's activities does not justify expanding the Board at this time to provide for a majority of independent Directors to serve on the Audit and Risk Committee.

The Audit and Risk Committee Charter is available on the company's website.

Details of the qualifications of the members of the Audit and Risk Committee and the meetings held and attendees are included in the Directors' Report in the 2015 Annual Report.

### **Chief Executive Officer and Chief Financial Officer (or equivalents) assurance**

*The company follows ASX Recommendation 4.2.*

Due to the size of the Company, the Board determined that the Chairman and the Accounts Officer are the appropriate persons to make the CEO and CFO declarations in respect of the year ended 31 December 2015, as required under section 295A of the Corporations Act and recommended by the ASX Recommendations.

Before the adoption by the Board of the Company's financial statements for the year ended 31 December 2015, the Board received written declarations from the Chairman and the Accounts Officer that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

*The company follows ASX Recommendation 4.3.*

The company's independent external auditor is invited to attend all Annual General Meetings and is available to answer questions from shareholders concerning their annual audit.

### **Principle 5 – Make timely and balanced disclosure**

*The Company follows ASX Recommendation 5.1.*

The Company is subject to continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

Subject to limited exceptions, the Company must immediately notify the market, through ASX, of any information that a reasonable person would expect to have a material effect on the price or value of its securities. The Board has approved a Continuous Disclosure Policy. A copy of Continuous Disclosure Policy is publicly available on the Company's website.

The Chairman and Company Secretary are responsible for ensuring that the Continuous Disclosure Policy is implemented and enforced, and that the Company complies with its continuous disclosure obligations.

### **Principle 6 – Respect the rights of security holders**

*The Company follows Recommendation 6.1.*

The Board has approved a Shareholder Communications Policy to promote effective communications with its shareholders.

The Policy provides that information will be communicated to shareholders and the market through:

- the Annual Report which is distributed to shareholders (including in hard copy to shareholders who have registered their election with the Company's share registry to receive the annual report in hard copy);
  - the Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
  - the half-yearly Directors' Report and financial statements;
  - quarterly activities and cash flow reports;
  - other announcements released to the ASX as required under the continuous disclosure requirements of the ASX Listing Rules; and
  - other information that may be mailed or emailed to shareholders or made available through the Company's website.
- Copies of various Board Committee Charters, Policies and information about the Board directors.

The Company's reports and ASX announcements are available on the ASX website at [www.asx.com.au](http://www.asx.com.au) under ASX code "IOT" and on the Company's website at [www.IOTgroup.com.au](http://www.IOTgroup.com.au)

*The company follows ASX Recommendation 6.2.*

#### **Publicly Available Information**

The Company has made available information about itself and directors and Senior Executives and various policies including its Code of Conduct, Diversity Policy, and Share Trading Policy on its website.

*The company follows ASX Recommendation 6.3.*

The Board encourages participation of shareholders at general meetings of the Company. The Company's external Auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the Audit, the preparation and content of the Audit report, the accounting policies adopted by the Company and the independence of the Auditor concerning the conduct of the Audit.

The Chair also provides reasonable time for questions concerning the company at the AGM.

*The company follows ASX Recommendation 6.4*

The company, via its Share Registry, provides security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

#### **Principle 7 - Recognise and manage risk**

##### **Audit and Risk Committee**

*The Company does not follow all aspects of ASX Recommendation 7.1.*

The Board is responsible for identifying, assessing, monitoring, managing and mitigating, wherever possible, any significant risks applicable to IOT and its operations. The Audit and Risk Committee is charged with the responsibility of financial risk management and internal control systems.

The Board regularly reviews and monitors areas of significant business risk via the Audit and Risk Committee, established to deal with these matters.

Appendix A outlines information about the Audit and Risk Committee has 3 members, noting that the majority of members are not independent and that an independent Chair has not been maintained for the 2015 financial year and until the date of this statement.

Details of the qualifications of the members of the Audit and Risk Committee and the meetings held and attendees are included in the Directors' Report in the 2015 Annual Report.

*The company follows ASX Recommendation 7.2.*

The Board satisfies itself annually, or more frequently as required, that a sound system of risk management and internal control is in place to manage the Company's material business risks. Given the Company's size, a formal management reporting process has not been implemented. The Company will further develop its risk management framework and will consider implementing management reporting on the company's key business risks at an appropriate time in the future.

The company confirms that a review of its risk management has occurred in the 2015 financial year.

*The company follows ASX Recommendation 7.3.*

### **Internal Control and Financial Risk Management**

Given its size, the company does not have an Internal Audit Function. The primary vehicle for managing financial risks is the Audit and Risk Committee. This Committee reviews systems of external and internal controls and areas of significant operational, financial and property risk and ensures arrangements are in place to contain such risks to acceptable levels. The Company ensures that appropriate insurance policies are kept current to cover all potential risks and maintains Directors' and Officers' insurance.

The Company is comfortable that the Board members have sufficient qualifications, knowledge and experience expertise and oversight of operations to adequately manage risk.

The Company is committed to the identification, monitoring and management of material business risks of its activities. The Board has in place a number of policies that aim to manage specific risks that have been identified. The Company's personnel are responsible for adhering to the Occupational Health and Safety Policy as part of the risk management process. Further, the Board is aiming to develop an overall policy for the oversight and management of material business risks accommodating its present and future stages of development.

The Board assumes ultimate responsibility for the oversight and management of material business risks and satisfies itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control to manage the Company's material business risks. The Company has implemented management reporting on the company's key risks. The Board oversees the adequacy and content of risk reporting from management.

*The company follows ASX Recommendation 7.4.*

In the annual report, the company will disclose, if applicable and appropriate, whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages/intends to manages those risk

### **Principle 8 – Remunerate fairly and responsibly**

*The Company does not follow all aspects of ASX Recommendation 8.1.*

The Board has established a Remuneration and Nomination Committee, which operates under a Remuneration and Nomination Committee Charter approved by the Board. Details of the Charter are available on the Company's website.

The role and responsibility of the Remuneration and Nomination Committee is to assist the Board in fulfilling its corporate governance responsibilities concerning remuneration by reviewing and making appropriate recommendations on:

- Executive Director and senior management remuneration policies and packages (when such executives are appointed);
- Non-executive Directors' remuneration;
- performance measurement policies and procedures;

- administration of the Company's Diversity policy;
- recruitment, retention and termination policies and procedures;
- Board evaluation and performance of Directors; and
- equity based plans and schemes including the issue and allotment of options to Directors and senior executives.

The members of the Remuneration and Nomination Committee during the 2015 financial year (and at the date of this statement) are disclosed at Appendix A, noting that the majority of members are not independent including the Chair. Details of Remuneration and Nomination Committee member's qualifications and the meetings held and attendees are included in the Directors' Report in the 2015 Annual Report.

The Board acknowledges that the Remuneration and Nomination should consist of three members and a majority of independent Directors. However, the size and nature of the Company's activities does not justify expanding the Board at this time to provide for a three members, including a majority of independent Directors, to serve on the Remuneration and Nomination Committee.

*The Company follows ASX Recommendation 8.2.*

Details of the Company's remuneration policies, including the structure of the remuneration of Non-Executive Directors and how this is distinguished from that of Executive Directors and senior executives (when such executives are appointed), are included in the Remuneration Report which forms part of the Directors' Report. Directors' fees are also disclosed in the Remuneration Report. Non-executive Director remuneration is adopted by shareholders at the Annual General Meeting. The salary and emoluments paid to officers of the Company are approved by the Board. Consultants/contractors are engaged by the Company as required pursuant to service agreements. The Company ensure that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Company.

No schemes for the provision of retirement benefits are provided by the Company for the benefit of Non-Executive Directors.

*The Company follows Recommendation 8.3.*

The company does not allow participants of its equity based remuneration scheme to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participation in the scheme.

Approved by the IOT Group Limited board 29 April 2016

**IOT Group Limited**

**Appendix A – Listing of directors and other information since 1 January 2015**

<b>Name</b>	<b>Role</b>	<b>Independent</b>	<b>Committees</b>	<b>Skills</b>	<b>Commence. date</b>	<b>Finish date</b>
Scott Brown	Non-Executive Director	No – substantial shareholder	Remuneration and Nomination Committee/Audit and Risk Committee	Finance, public companies. governance	1 April 2010	28 March 2016
Scott Brown	Non-Executive Chairman	No – substantial shareholder	Remuneration and Nomination Committee/Audit and Risk Committee	Finance, public companies. governance	29 March 2016	Current
Ian Duffell	Executive Director	No – Executive role	Remuneration and Nomination Committee/Audit and Risk Committee	Sales and marketing, management	23 March 2016	Current
Simon Kantor	Executive Director	No – Executive role	Audit and Risk Committee	Marketing and technology	23 March 2016	Current
Richard Wood	Non-Executive Chairman	Yes	None	Finance, legal, management	23 March 2016	29 March 2016
Dan Lan Nguyen	Non-Executive Director	Yes	None	Mining, Management, Public Companies, Governance	18 March 2014	23 March 2016
John Robson (alternate: Christopher Tan)	Non-Executive Director	Yes	Audit and Risk Committee	Management, Finance	15 March 2011	12 March 2015
Tiong Chiong Ee (alternate: Chan Min Son)	Non-Executive Director	No – substantial shareholder	Remuneration and Nomination Committee/Audit and Risk Committee	Mining, Management	15 March 2011	23 March 2016



