Royal Wolf Holdings Limited

2016 Corporate Governance Statement

The company is reporting against the 3rd Edition of the ASX Corporate Governance Council Principles and Recommendations ("the Recommendations").

The Board of Royal Wolf is committed to achieving and demonstrating the highest standards of corporate governance. The Board is committed to providing a satisfactory return to its shareholders and fulfilling its corporate governance obligations and responsibilities in the best interests of the company and its stakeholders.

The Board adopts a Corporate Governance Statement annually.

The 2016 Corporate Governance Statement was adopted by the Board on 9 August 2016.

The company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out below. These practices applied for the full year ended 30 June 2016, unless otherwise stated.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

(a) Disclose the respective roles and responsibilities of the board and management

The Board's role is to:

- represent and serve the interests of shareholders by overseeing and appraising the Group's strategies, policies and performance. This includes overseeing the financial and human resources the Group has in place to meet its objectives and reviewing management performance;
- protect and optimise Group performance and build sustainable value for shareholders in accordance with duties and obligations imposed on the Board by law and the Group's constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with the Group's values and governance framework (including establishing and observing high ethical standards); and
- adopt and oversee the management of a corporate governance framework to ensure that the Group complies with its continuous disclosure obligations, all investors have equal and timely access to material information concerning the Group and all Group announcements are presented in a clear and balanced way.

The responsibilities and functions of the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Chief Executive Officer (CEO) and the CEO's direct reports;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with the Group's businesses and the implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of strategy and policy;

- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- developing and reviewing corporate governance principles and policies;
- promoting diversity within all levels of the Group, including establishing measurable objectives for achieving diversity at all levels of the Group pursuant to the Board Diversity Policy and assessing annually the Group's progress in achieving them; and
- performing such other functions as are prescribed by law or are assigned to the Board.

Matters specifically reserved for the Board include:

- appointment and removal of the CEO;
- appointment of directors to fill a vacancy or as additional director;
- approval of dividends;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling of meetings of shareholders;
- any other specific matters nominated by the Board from time to time;
- establishment of Board committees, their membership and delegated authorities; and
- appointment of a chair.

Management is responsible for implementing the strategic objectives and operating within the risk appetite set by the Board and for all other aspects of the day-to-day running of the Group. Management is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

(b) Disclose those matters expressly reserved to the board and those delegated to management.

All matters relating to the day-to-day running of the Group within the strategic objectives and budget parameters are delegated to management. The remaining matters are reserved to the Board.

Recommendation 1.2

(a) Undertake appropriate checks before putting forward a candidate for election as a director.

The company undertakes appropriate checks before it puts forward to security holders a new candidate for election as a director. These include checks as to the candidate's character, experience, education, criminal record and bankruptcy history.

(b) Provide security holders with all material information to make a decision to elect or re-elect a director.

The company provides the following information to security holders about a candidate standing for re-election as a director:

- biographical details, including their relevant qualifications and experience and the skills they bring to the Board;

- details of any other material directorships held;
- the term of office currently serviced by the director;
- if the Board considers the director to be an independent director, a statement to that effect; and
- a statement by the Board as to whether it supports the re-election of the candidate.

Recommendation 1.3

Have a written agreement with each director and senior executive setting out the terms of their appointment.

The company has in place a suitable letter of appointment with each non-executive director and a service contract with each senior executive.

Recommendation 1.4

The company secretary should be accountable directly to the board, through the chair.

The company secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The role of the company secretary includes:

- advising the Board and its committees on governance matters;
- monitoring that Board and committee policy and procedures are followed;
- 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; and
- helping to organise and facilitate the induction and professional development of directors.

Each director is able to communicate directly with the company secretary and vice versa.

The decision to appoint or remove a company secretary is made or approved by the Board.

Recommendation 1.5

The company should have a diversity policy and disclose it and measurable objectives for achieving gender diversity.

The Diversity Policy, which is available on the company website, incorporates a number of different factors, including gender, ethnicity, disability, age and educational experience. At a Board and senior management level, gender has been identified as a key area of focus for the company. Accordingly, the primary focus of the Diversity Policy is achieving, over a reasonable transition period, adequate representation of women in senior management positions and on the Board.

The Diversity Policy provides that in order to facilitate greater gender diversity in management and leadership roles, the company will:

- introduce and supplement the measures outlined in the Policy;
- implement policies which address impediments to gender diversity in the workplace (including parental leave and flexible working arrangements that assist employees to fulfil their domestic responsibilities), and review these policies to ensure that they are available to and utilised by both men and women at senior management levels; and
- monitor the effectiveness of, and continue to expand on, existing initiatives designed to identify, support and develop talented employees from a diverse range of backgrounds.

Each year the Board sets measurable objectives with a view to progressing towards a balanced representation of women at a Board and senior management level.

Performance against these objectives is reviewed annually by the human resource and remuneration committee, as part of its annual review of the effectiveness of the Diversity Policy.

The Board has set the following measurable objectives for achieving gender diversity in accordance with the Diversity Policy and progress towards achieving these is outlined below:

Objective	**Progress**
The next Board appointments desirably should be female with appropriate skills and attributes	When it is appropriate to expand or refresh the Board
To increase the number of women in senior management positions* with appropriate skills and attributes	When it is appropriate to expand or refresh the senior executive team
At least 25% of employees should be female with appropriate skills and attributes	At 30 June 2016 32% were females
KMP to review the career development plans of both high potential and middle management female employees annually to ensure their appropriateness in developing and retaining female talent	This was undertaken during the reporting period
Include at least one woman with appropriate skills and attributes on the shortlist of applicants for all management roles	The company has adopted recruitment techniques that facilitate gender balance in the application process by striving to incorporate at least one female in the short list of candidates for vacant roles

* Senior management are defined as members of KMP plus their direct reports

The actual number of women employees in the organisation at 30 June 2016 was as follows:

	Actual	
	Number	%
Number of women employees in the whole organisation	88	32
Number of women in senior management positions*	7	30
Number of women on the Board	-	-

* Senior management are defined as members of KMP plus their direct reports

In accordance with the requirements of the Workplace Gender Equality Act 2012 on 19 April 2016, Royal Wolf Trading Australia Pty Ltd lodged its annual public report with the Workplace Gender Equality Agency. A copy of this report is available on our website at www.royalwolf.com.au.

Recommendation 1.6

Have and disclose a process for evaluating the performance of the board, its committees and individual directors, and disclose whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The process for evaluating the performance of the Board, its committees and individual directors is for each director and relevant key management personnel to complete a detailed assessment questionnaire with the responses collated by an independent facilitator who reports back to the Chairman of the Board for consideration, discussion and action as required at a subsequent Board meeting.

A performance evaluation for the Board, its committees and directors took place in the reporting period and was in accordance with the process described in the preceding paragraph.

Recommendation 1.7

Have and disclose a process for evaluating the performance of senior executives and disclose whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The evaluation of the performance of senior executives involves undertaking an annual performance and development review focusing on guiding, coaching and developing executives to meet the performance expectations of their role. The process provides an integrated approach to the management of the performance and incorporates the following elements:

· The executive's position description defines the day-to-day key tasks and expected outcomes of their role; and

· Key Performance Indicators (KPIs) are agreed with the CEO annually.

The position description and KPIs define what the executive needs to achieve during the review period.

The annual review of the executives' performance is undertaken in a consistent manner using a customised Performance & Development Review Form (PDR) and includes the creation of a development plan to address competency gaps (where they exist).

The CEO reports outcomes of the review to the human resource and remuneration committee annually.

A performance evaluation for senior executives took place in the reporting period and was in accordance with the performance evaluation process described above.

Principle 2: Structure the Board to add value

The Board operates in accordance with the broad principles set out in its charter, which is available from the corporate governance information section of the company website at http://investors.royalwolf.com.au/Investors/?page=Corporate-Governance

The charter details the Board's composition and responsibilities.

Recommendation 2.1

The board should have a nomination committee which:

- ***has at least three members, a majority of whom are independent directors, and***
- ***is chaired by an independent director,***

and disclose:

- ***the charter of the committee;***
- ***the members of the committee; and***
- ***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.***

The Board has changed the name of its “nomination and remuneration committee” to “human resource and remuneration committee” as the Board believes this broader name better describes the role and functions of the committee. The duties and responsibilities of a nomination committee fall within the role and functions of the human resource and remuneration committee.

The human resource and remuneration committee consists of the following non-executive directors (a majority of whom including the chair, are independent):

P A Dexter *Chair*
D W Corsie
R F Valenta

There were four meetings of the human resource and remuneration committee during the financial year ended 30 June 2016.

The human resource and remuneration committee operates in accordance with its charter which is available on the company website.

The committee’s responsibilities for nomination are set out below and for remuneration are set out under Principle 8 - Remunerate fairly and responsibly.

Nomination

The main responsibilities of the committee are to:

- Review and recommend to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chairman and CEO, having regard to the objective that the Board comprise directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender.
- Review and recommend to the Board the criteria for Board membership, including assessment of necessary and desirable competencies of Board members.
- Assist the Board as required identifying individuals who are qualified to become Board members, in accordance with its charter.
- Review and recommend to the Board membership of the Board, including recommendations for the appointment and re-election of directors, and where necessary propose candidates for consideration by the Board, subject to the principle that a committee member must not be involved in making recommendations to the Board in respect of themselves.
- Assist the Board as required in relation to the performance evaluation of the Board, its committees and individual directors, and in developing and implementing plans for identifying, assessing and enhancing director competencies.
- Review and make recommendations in relation to any corporate governance issues as requested by the Board from time to time.
- Review the Board Charter on a periodic basis, and recommend any amendments for Board consideration.
- Review the time expected to be devoted by non-executive directors in relation to the Group’s affairs.
- Ensure that an effective induction process for new directors is in place and regularly review its effectiveness.
- On an annual basis, review the effectiveness of the Board Diversity Policy by:
    - assessing the Group’s progress towards the achievement of the measurable objectives and any strategies aimed at achieving the objectives; and

- reporting to the Board and recommending any changes to the measurable objectives, strategies or the way in which they are implemented.

- In accordance with the Board Diversity Policy, on an annual basis, review the relative proportion of women and men in the workforce at all levels of the Group, and submit a report to the Board, which outlines the committee's findings.

Recommendation 2.2

A board 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.

In line with its membership objective, the Board comprises directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.

As part of the annual performance evaluation the Board, together with the human resource and remuneration committee, reviews the skills represented by directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Group's strategy.

A performance evaluation for the Board, its committees and directors took place in the reporting period and the Board was satisfied that the mix of skills and diversity that the Board currently has meets it current board skills matrix which follows:

Professional Director Skills (Board should comprise balance of skills)

Skill Area	**Description**
Strategy	Ability to identify and critically assess strategic opportunities and threats to the Group. Develop strategies in context to our policies and business objectives
Risk & Compliance	Ability to identify key risks to the Group in a wide range of areas including legal and regulatory compliance, and monitor risk and compliance management frameworks and systems
Financial performance	Qualifications and/or experience in accounting and finance and the ability to analyse key financial statements, critically assess financial viability and performance, contribute to strategic financial planning, oversee budgets and the efficient use of resources and oversee funding arrangements and accountability
Policy Development	Ability to identify key issues for the Group and develop appropriate policy parameters within which the Group should operate
Technology	Knowledge of IT Governance including privacy, data management and security
Executive Management	Experience in appointing and evaluating performance of the CEO and senior executive management, and oversee strategic human resource management and planning. Experience in industrial relations and organisational change management programmes
Commercial experience	A broad range of commercial/business experience in areas including communications,

	marketing, branding and business systems, practices and improvement

Interpersonal Skills (all board members should have these skills)

Ethics and Integrity	Understand role as director and continue to self-educate on legal responsibility, ability to maintain board confidentiality, declare any conflicts
Contribution	Ability to constructively contribute to board discussions and communicate effectively with management and other directors
Influence and Negotiation	The ability to negotiate outcomes and influence others to agree with those outcomes, including an ability to gain stakeholder support for the Board's decisions
Leadership	Make decisions and take necessary actions in the best interest of the Group, and represent the Group favourably. Analyse issues and contribute at board level to solutions

Recommendation 2.3

Disclose the names of directors considered by the board to be independent directors and the length of service of each director

The Board considers the following directors to be independent directors:

- P Housden (appointed in April 2011)
- D W Corsie (appointed in April 2011)
- P A Dexter (appointed in April 2011)

The Board has adopted specific principles in relation to directors' independence. The Board regularly reviews the independence of each non-executive director in light of information relevant to this assessment as disclosed by each non-executive director to the Board.

The Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment.

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of directors.

In general, a director may not be considered to be 'independent' if the director:

- is, or has been, employed in an executive capacity by the Group and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the Group;
- is, or has been within the last three years, in a material business relationship (eg as a supplier or customer) with the Group or an officer of, or otherwise associated with someone with such a relationship;
- is a substantial security holder of the company or an officer of, or otherwise associated with, a substantial security holder of the company;

- has a material contractual relationship with the Group other than as a director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a director of the company for such a period that his or her independence may have been compromised.

The Board considers thresholds of materiality for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (e.g. revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the company's shares to be material.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular director should be reviewed by the Board.
- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the director's ability to act in the best interests of the Group.

Recommendation 2.4

A majority of the board should be independent directors

There are currently one executive director and six non-executive directors, three of whom (P. Housden, D W Corsie and P A Dexter) have no relationships adversely affecting independence and so are deemed independent under the principles set out above. R F Valenta is the current Executive Chairman and CEO of General Finance Corporation (GFN) which is a substantial shareholder of the company, and is deemed non-independent, M Marrero is a director of GFN, and is deemed non-independent and J Miller is Executive Vice President and the Chief Executive Officer of GFN North America Leasing Corporation, and is deemed non-independent.

The Board determines the size and composition of the Board, subject to the terms of the company's constitution, and seeks, but is not bound by, a recommendation from the human resource and remuneration committee in connection with such determination. The constitution provides for the appointment of up to nine directors whereas the Board currently consists of seven, six of whom are non-executive directors, which is deemed appropriate for the current size of the business.

Whilst a majority of the Board is not independent, three of the non-executive directors are independent. Non-executive directors hold sessions approximately twice a year without the presence of management to discuss the operation of the Board and a range of other matters. Relevant matters arising from these sessions are shared with the full Board.

The Group's constitution specifies that all non-executive directors must retire from office no later than the third Annual General Meeting (AGM) following their last election.

The directors are required to declare their interests in those dealings that create a conflict of interest to the Group and they take no part in decisions relating to them or the preceding discussions. In addition, those directors do not receive any papers from the Group pertaining to those dealings.

The Board collectively, and each director individually, has the right to seek independent professional advice, subject to the approval of the Chair or the Board as a whole.

Recommendation 2.5

The chair of the board should be an independent director and should not be the same person as the CEO.

The Chair is an independent non-executive director.

The Chair is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the company's senior executives. In accepting the position, the Chair has acknowledged that the role requires a significant time commitment and has confirmed that other positions will not hinder his effective performance in the role of Chair.

The CEO is responsible for implementing Group strategies and policies. The Board charter specifies that the Chair and CEO are separate roles to be undertaken by separate people.

Recommendation 2.6

The company should have a program for inducting new directors and provide appropriate professional development opportunities for directors.

The company has a program for inducting new directors and provides professional development opportunities for directors as appropriate.

Principle 3: Act ethically and responsibly

The Board believes that acting ethically and responsibly goes well beyond mere compliance with legal obligations and involves acting with honesty, integrity and in a manner that is consistent with the reasonable expectations of investors and the broader community.

Recommendation 3.1

The company should have a code of conduct for its directors, senior executives and employees and disclose it.

The Board has adopted a code of conduct which sets out the Group's commitment to maintaining high levels of integrity and ethical standards in its business practices. The code of conduct which is available on the company website sets for all directors, management and employees the standards of behaviour expected of them.

The code of conduct sets out policies on various matters including conflicts of interest, public and media comment, use of Group resources, security of information, intellectual property/copyright, discrimination and harassment, corrupt conduct, whistle-blower protection, workplace health and safety and insider trading.

In addition to their obligations under the Corporations Act in relation to insider information, all directors, employees and consultants have a duty of confidentiality to the Group in relation to confidential information they possess.

The Board has adopted Anti-Bribery and Anti-Corruption and Privacy policies which apply to all directors, management and employees. The policies are available on the company website.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

The board should have an audit committee which:

- ***has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and***
- ***is chaired by an independent director, who is not the chair of the board,***

and disclose:

- ***the charter of the committee***
- ***the relevant qualifications and experience of the members of the committee; and***
- ***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***

The Board audit, risk and compliance committee consists of the following non-executive directors (three of whom are independent):

D W Corsie (Chair)
P Housden
P A Dexter
M Marrero

Details of these directors' qualifications and experience are set out in the directors' report in the FY16 Annual Report. They are all financially literate and have an appropriate understanding of the industries in which the Group operates.

There were three meetings of the audit, risk and compliance committee during the financial year ended 30 June 2016.

The audit, risk and compliance committee operates in accordance with its charter which is available on the company website.

The main responsibilities and functions of the committee are to:

- oversee the Group's relationship with the external auditor and the external audit function generally;
- oversee any Group internal audit function and personnel;
- oversee the preparation of the financial statements and reports;
- oversee the Group's financial controls and systems; and
- oversee the management of the process of identification and management of financial risk.

The committee's primary roles are:

- assist the Board in relation to the reporting of financial information;
- the appropriate application and amendment of accounting policies;
- the appointment, independence and remuneration of the external auditor;
- provide a link between the external auditors, the Board and management of the Group,

- to the extent that the Sarbanes–Oxley Act of 2002 (USA) imposes requirements applicable to GFN which require steps to be taken by the Group, the committee will ensure that those steps are taken to the extent permitted by law;
- engage in the pro-active oversight of the Group's financial reporting and disclosure processes and oversee and review the outputs of that process (including review of the Group's financial statements to ensure they are in accordance with applicable accounting standards and laws, as a basis for recommendation to and adoption by the Board);
- assist the Board in determining the reliability and integrity of accounting policies and financial reporting and disclosure practices;
- review financial statements for adherence to accounting standards and policies and other requirements relating to the preparation and presentation of financial results and oversee the financial reports and the results of external audit of those reports (including assessing whether external reporting is consistent with the committee members' information and knowledge, and is adequate for shareholder needs);
- review the appropriateness of the accounting policies adopted by management in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Group's accounting policies) and assess the management processes supporting external reporting;
- establish procedures for the receipt, retention and treatment of complaints received by the Group regarding financial, accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters;
- review management processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices;
- ensure that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management;
- approve the scope of the audit;
- review the effectiveness of the annual audit, placing emphasis on areas where the committee or the external auditors believe special attention is necessary;
- review the results and effectiveness of any internal audit programs and the performance and objectivity of the internal audit function, including whether the internal auditors are adequately resourced and coordinated with the external auditor. Monitor the independence of the internal audit programs from the external auditors and management. Review the outcomes and approve the internal audit program;
- review the performance, independence and objectivity of the external auditors;
- review the procedures for selection and appointment of the external auditors and for the rotation of external audit engagement partners;
- assume responsibility for the appointment (including the termination of an engagement), compensation, the terms of engagement and other contractual terms of the external auditors;
- develop and oversee the implementation of the Group's policy on the engagement of the external auditor to supply non-audit services and ensure compliance with that policy; and
- provide advice to the Board as to whether the committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non-audit services do not compromise audit independence, in order for the Board to be in a position to make the statements required by the Corporations Act 2001 (Cth) to be included in the Group's annual report.

The committee provides a link between the external auditor and the Board. While GFN holds more than 50% of the shares in the company, the committee will recommend the appointment of the same external auditor as the auditor appointed by GFN, provided that the committee considers that to be appropriate in the company's circumstances.

Recommendation 4.2

The board should before it approves the company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Before the Board approved the financial statements of the Group for FY16 it received a declaration from the CEO and CFO as recommended under 4.2

Recommendation 4.3

The company should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The company's external auditor attends the company's AGM and is available to answer questions form security holders in connection with the audit.

Principle 5: Make timely and balanced disclosures

Recommendation 5.1

The company should have a written policy for complying with its continuous disclosure obligations and disclose that policy.

The Group has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the company's securities. These policies and procedures also include the arrangements the Group has in place to promote communication with shareholders and encourage effective participation at general meetings. These policies are available on the company website.

The company secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company website as soon as it is disclosed to the ASX.

All shareholders who so request receive a copy of the company's annual report. Where possible, the company arranges for advance notification of significant Group briefings (including, but not limited to, results announcements) and makes them widely accessible.

Principle 6: Respect the rights of security holders.

Recommendation 6.1

The company should provide information about itself and its governance to investors via its website.

The company has a website with a "corporate governance" landing page from where all relevant corporate governance information can be accessed.

Recommendation 6.2

The company should design an investor relations program to facilitate effective two-way communication with investors.

The company has an investor relations program in place which is suitable to the circumstances of the company. The program primarily involves presentations of the half-year and full year results, engaging with security holders at the AGM, meetings with institutional and private investors, meetings with financial market, participants and presentations to the major shareholder and investment houses.

Recommendation 6.3

The company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

All security holders are encouraged to attend the company's AGM. Security holders who are not able to attend the AGM can provide questions or comments ahead of the meeting, and these questions will be answered at the AGM and put up on the company's website as appropriate. Currently the company does not have live webcasting of AGM's.

Recommendation 6.4

The company should give security holders the option to receive communications from and send communications to, the company and its security registry electronically.

The company provides security holders with the option to receive communications from and send communications to the company and its security register electronically.

Principal 7: Recognise and manage risk

Recommendation 7.1

The board should have a committee or committees to oversee risk, each of which:

- ***has at least three members, a majority of whom are independent directors; and***
- ***is chaired by an independent director,***

and disclose:

- ***the charter of the committee;***
- ***the members of the committee; and***
- ***as at the end of each reporting period, the number of times the committee met throughout the period of the individual attendances of the members at those meetings***

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the audit, risk and compliance committee and reviewed by the full Board. The composition charter and meetings of the committee are referred to on page 11 above.

The audit, risk and compliance committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They committee monitors the company's risk management by overseeing management's actions in the evaluation, management and reporting of material operational, financial, compliance and strategic risks.

The committee's specific function with respect to risk management is to review and report to the Board that:

- the Group's ongoing risk management program effectively identifies and manages risk;
- adequate policies and procedures have been designed and implemented to manage identified risks;
- a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- proper remedial action is undertaken to address areas of weakness.

The following are the committee's risk and compliance responsibilities:

- Evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks.
- Evaluating the adequacy and effectiveness of the Group's financial and operational risk management control systems by reviewing risk registers and reports from management and external auditors.
- Evaluating the structure and adequacy of the Group's Business Continuity Plans.
- Evaluating the structure and adequacy of the Group's insurances on an annual basis.
- Reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies.
- Overseeing the establishment and maintenance of processes to ensure that there is:
    - an adequate system of internal control, management of business risks and safeguard of assets; and
    - a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control.
- Evaluating the Group's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance.
- Reviewing the Group's main corporate governance practices for completeness and accuracy.
- Reviewing the procedures the Group has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Group in areas such as trade practices, occupational health and safety, and the environment).
- Reviewing the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act and AASB requirements).

- Advising the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and reviewing the effectiveness of the Group's internal control framework.
- Reviewing the Group's policies and culture with respect to the establishment and observance of appropriate ethical standards.
- Reviewing and discussing with management and the internal and external auditors the overall adequacy and effectiveness of the Group's legal, regulatory and ethical compliance programs.

Recommendation 7.2

The board or a committee of the board should:

- ***review the company's risk management framework at least annually to satisfy itself that it continues to be sound; and***
- ***disclose in relation to each reporting period, whether such a review has taken place***

The Board and management have established a holistic company-wide risk tolerance framework which is applied to its operations in the form of financial delegations and risk action plans which are managed by the executive committee consisting of senior management, chaired by the CEO.

Policies and procedures exist for all of the company's key risks. The roles and responsibilities of the Board, independent Board committees, management and staff are detailed in the key policies and procedures. Policies and procedures include the management of relevant stakeholder expectations and legal obligations, as required.

The Board reviews and approves the policies and procedures on a formalised basis.

The company has taken measures to identify and prioritise its key risk exposures, and existing control and mitigation strategies. Realistic management action plans, milestones, deadlines and monitoring processes are set for identified control gaps. Formal risk owners are agreed for each key risk. The risk identification process and its results are documented in a formal risk register.

The Board and management review the company's risk management framework at least annually to ensure it continues to be sound.

A review of the company's risk management framework took place in FY16.

Recommendation 7.3:

A company should disclose:

- ***if it has an internal audit function, how the function is structured and what role it performs; or***
- ***If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.***

The company does not have a specific internal audit function. Since GFN became the ultimate parent company in 2007, the company has engaged independent risk consultants to assist in ensuring compliance with Sarbanes-Oxley requirements. This involves regular systematic monitoring of procedures, internal control activities and reporting.

Recommendation 7.4

A company 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.

Economic sustainability risk:

The company risk register has a “medium” residual risk rating regarding exposure to strategic risk.

The risk relates to the company’s executive management making a sub-optimal strategic decision or overlooking opportunities for growth in its long-term business horizon. Possible casual factors include the lack of longer-term strategic plans or inadequate strategic planning processes.

As a risk control strategy the Board, Board committees and executive management have established a strategic planning process to review and assess the company’s strategy for the short-term and long-term horizons on an annual basis.

The company notes that it has a diversified customer base and no key exposures to a single customer or industry. Its customers are diversified geographically throughout the Australian and New Zealand regions.

The company hedges its currency risk exposure to the USD in accordance with its Foreign Currency Hedging Policy.

Environmental sustainability risk:

The company risk register has a ‘low’ residual risk rating regarding exposure to environmental risk. The risk relates to environmental or ecosystem damage caused by emissions, wastes, resource depletion and physical damage arising from the company’s business activities.

As a risk control strategy the company has a contamination risk management process in place to identify and mitigate potential contamination risks.

Any incidents (e.g. fuel spills) are reported through WHS incident reporting, with investigation and corrective actions outlined and ultimately closed out when undertaken.

Social sustainability risk:

The company believes that it does not have any material exposure to social sustainability risk.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The board should have a remuneration committee which:

- ***has at least three members, a majority of whom are independent directors; and***
- ***is chaired by an independent director***

and disclose

- ***the charter of the committee;***
- ***the members of the committee; and***
- ***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.***

The human resource and remuneration committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The composition, charter and meetings of the committee are referred to on page 7 above.

The remuneration responsibilities of the committee are as follows:

- Review and recommend arrangements for the executive directors, the CEO and senior management, including contract terms, annual remuneration and participation in the Group's short and long term incentive plans.
- Review major changes and developments in the Group's remuneration, recruitment, retention and termination policies and procedures for senior management, remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies.
- Review the performance assessment processes and results of the CEO and senior management who directly report to the CEO as they reflect the capability of management to realize the business strategy.
- Review and approve short term incentive strategy, performance targets and bonus payments, and major changes/developments to the Group's employee equity incentive plans.

- Recommend whether offers are to be made under the Group's employee equity incentive plans in respect of a financial year.
- In respect of the Group's employee equity incentive plans in place from time to time:
    - review and determine the performance hurdles applicable to the executive directors, the executives reporting to the CEO and senior management;
    - review and approve the proposed terms of, and authorise the making of, offers to eligible employees of the Group, including determining the eligibility criteria applying in respect of an offer, in respect of a financial year;
    - review and approve, within the parameters of the plans, amendments to the terms of existing plans;
    - review and approve the terms of any trust deed applying in relation to the plans and of any amendment to any such trust deed, including authorising the execution of any such trust deed or amending deed on behalf of the Group; and
    - administer the operation of the plans, including but not limited to determining disputes and resolving questions of fact or interpretation concerning the various plans.
- Review and recommend to the Board the remuneration arrangements for the Chairman and the non-executive directors of the Board, including fees, travel and other benefits.
- Review and make recommendations to the Board on remuneration by gender and recommend strategies or changes to address any pay gap.
- Be satisfied that the Board and management have available to them sufficient information and external advice to ensure informed decision-making on remuneration.

Recommendations 8.2

The company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The company's remuneration policies and practices include the following objectives:

- to ensure the Group's remuneration structures are equitable and aligned with the long-term interests of the Group and its shareholders;
- to attract and retain the most suitable non-executive directors;

- to attract and retain skilled executives;

- to structure short and long term incentives that are challenging and linked to the creation of sustainable shareholder returns;
- to ensure any termination benefits for executives are justified and appropriate and;
- to ensure no director or executive should be directly involved in determining their own remuneration;

There are no schemes for retirement benefits for non-executive directors.

Recommendation 8.3:

A listed entity which has an equity-based remuneration scheme should:

- ***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***
- ***disclose that policy or a summary of it***

Under the company's securities dealing policy directors, senior executives and employees are prohibited from entering into any hedge transaction involving unvested equity held pursuant to any employee, executive or director equity plan operated by the company.