

## Appendix 4G

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

Name of entity:

**DIRECTMONEY LIMITED**

ACN:

**004 661 205**

Financial year ended:

**30 JUNE 2016**

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: <https://www.directmoney.com.au>

The Corporate Governance Statement is accurate and up to date as at **14 September 2016** and has been approved by the board.

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

Date:

**22 September 2016**

Name of Director or Secretary authorising  
lodgement:

Leanne Ralph

<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>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<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>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.directmoney.com.au/About/Policies">https://www.directmoney.com.au/About/Policies</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.directmoney.com.au/About/Policies">https://www.directmoney.com.au/About/Policies</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	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>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<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 <a href="https://www.directmoney.com.au/About/Policies">https://www.directmoney.com.au/About/Policies</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
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>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b> <input checked="" type="checkbox"/> at <a href="https://www.directmoney.com.au/About/Policies">https://www.directmoney.com.au/About/Policies</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="https://www.directmoney.com.au/About/">https://www.directmoney.com.au/About/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b> <input checked="" type="checkbox"/> at <a href="https://www.directmoney.com.au/About/ShareholderInformation">https://www.directmoney.com.au/About/ShareholderInformation</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></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>
7.3	<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 <i>[insert location]</i></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>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have 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>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <a href="https://www.directmoney.com.au/About/Policies">https://www.directmoney.com.au/About/Policies</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>



## CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement (**Statement**) outlines the main corporate governance practices currently in place for DirectMoney Limited (**Company** or **DirectMoney**) and also addresses the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**). The Board believes the Company has applied the principles and recommendations of the ASX Corporate Governance Council in a manner that is appropriate for a Company in its early stages of operations in a new industry.

The corporate governance policies and practices described below are those that have been in place for since the Company re-listed on the ASX on 13 July 2015 (as DirectMoney, formally Basper Limited), or as at the date of this report where indicated. The Board continues to review the governance framework and practices of the Company on an ongoing basis to ensure they meet the interests of shareholders.

All references to the Company's website are to: [www.directmoney.com.au](http://www.directmoney.com.au)

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

#### (a) Role of the Board

The Board is committed to effectively representing and promoting the Company, and thereby adding long-term value to all shareholders. The board is accountable to shareholders for the management of the Company's business and affairs and as such is responsible for the overall strategy, governance and performance of the Company. The Board operates under a formal charter, which can be found on the Company's website. The Board is responsible for the following:

- appointment, and where necessary, the replacement, of the Chairman, the Chief Executive Officer/Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- approving the annual, half yearly and quarterly accounts (as applicable);
- approving significant changes to the organisational structure;
- approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the ASX Listing Rules if applicable);
- procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively;
- approving the Company's remuneration framework;
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;

- recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable); and
- meeting with the external auditor, at their request, without management being present.

**(b) Board committees**

The ultimate responsibility for the oversight of the operations of the Company rests with the Board. However, the Board may discharge any of its responsibilities through committees of the Board in accordance with the Constitution and the Corporations Act.

Given that early stage of the Company's operations in a new industry and the heavy reliance on the experience of the members of the Board, the Board has only recently established one committee – in August 2016, a Remuneration and Nomination Committee was formed. Functions normally reserved for other committees (such as an Audit and Risk Committee) are performed by the full Board.

Board Committee	Composition Requirements	Membership
Remuneration and Nomination Committee	At least three members, the majority of whom are non-executive and independent. The Chairman should be an independent non-executive director.	Mr Chris Whitehead (Chairman); Mr Craig Swanger; and Mr Stephen Porges.

The number of Board meetings held during the year ended 30 June 2016 and the number of meetings attended by each of the directors is set out in the table below (the Remuneration and Nomination Committee was established in August 2016, so no meetings are included in the table of meetings below):

	Directors' Meetings	
	Number eligible to attend	Number attended
Stephen Porges	13	13
Craig Swanger	13	8
Chris Whitehead	11	11
John Nantes	2	2
Campbell McComb	6	5
Winton William Willesee	1	1
Andrew Gordon McKay	1	1
Robert Norman Parton	1	1

**(c) Senior Executives**

The Board Charter addresses the responsibilities of the Board and management. It goes further detailing the Board's relationship with Management. The Board Charter notes that the Board delegates the responsibility for the day-to-day management of the Company to the Chief Executive Officer (**CEO**), who is assisted by the senior executives who report to him.

The CEO is responsible for the day to day management of the Company and is assisted by his executive team. Descriptions of the management team and their qualifications and experience can be found on the Company's Website under the About and Our Team tabs.

All senior executives are appointed to their positions after a rigorous recruitment process. Each member of the senior executive team are employed pursuant to employment contracts, covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. Each contract refers to a specific formal job description. Each contract sets out the remuneration of the executive, including their entitlements to any rights under incentive plans.

**(d) Performance of Senior Executives**

The evaluation for all executives will be based on specific criteria, including the business performance of the Company, whether strategic objectives are being achieved, and the development of management and personnel.

An annual assessment of the performance of the CEO will be undertaken by the Board. All other senior executives will undergo an annual performance assessment by the CEO, with the Board having oversight of this process and outcomes.

As this executive team has only been in place since 13 July 2015, an annual performance assessment has not yet been undertaken for the year ended 30 June 2016, but is anticipated to be carried out in the coming months for that year.

**(e) The Company Secretary**

The Company Secretary acts as secretary of the Board, attending all meetings of the Board. The Company Secretary is accountable to the Board through the chairperson on all corporate governance matters.

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

**(a) Board size and composition**

The Constitution of the Company provides that there will be a minimum of three directors and not more than twelve directors.

At the date of this report, the Board comprises one non-executive director, and two executive directors.

The current members of the Board are:

- Mr John Nantes (Executive Chair / Director), (appointed 7 June 2016)
- Mr Stephen Porges (Non-Executive Director), (appointed 3 July 2015)
- Mr Craig Swanger (Non-Executive Director), (appointed 3 July 2015)
- Mr Christopher Whitehead (Non-Executive Director), (appointed 18 September 2015)

The Board considers that the existing Board composition and structure is appropriate for the Company's current operations and stage of development.

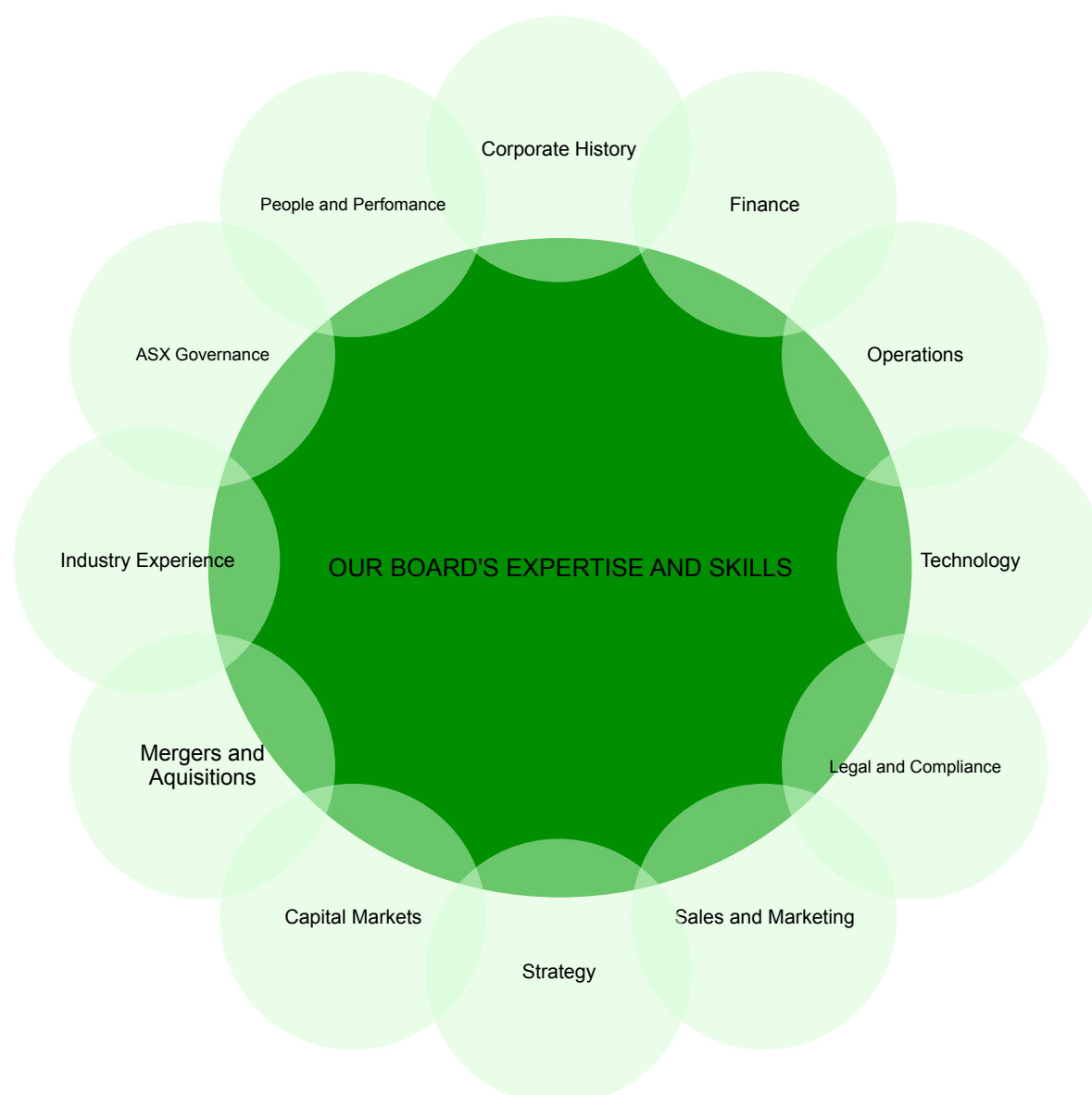
Directors' details are listed in the Annual Report in the Directors Report, including details of their other listed entity directorships and experience.

**(b) Board skills and diversity**

The board considers that its directors and senior management have the combined skills and experience to discharge their respective responsibilities.

The full biographies of all directors are included in the Director's Report in the Annual Report.

The diagram below sets out the skills and experience considered by the board to be important for its directors to collectively possess. This information presented has been taken from the board's current skills matrix that was created during the 2016 financial year.



Each of the small circles in the diagram represents a competency that the board believes it requires to effectively discharge its duties. The board via the use of its skills matrix has assessed the relevant level of each competency on the board and although collectively some competencies and skills have a higher expertise or skill level than others, the board is of the opinion that collectively it has an adequate skill level for all competencies to discharge its duties.

In addition to the skills and experience set out in diagram below, the board considers that each director has the following attributes:

- Honesty and integrity;
- The ability to think strategically;

- The time available to devote to DirectMoney's business;
- A willingness to question and challenge; and
- A commitment to the highest standards of governance.

All directors are expected to use their range of relevant skills, knowledge and experience and to apply their judgement to all matters discussed at Board meetings.

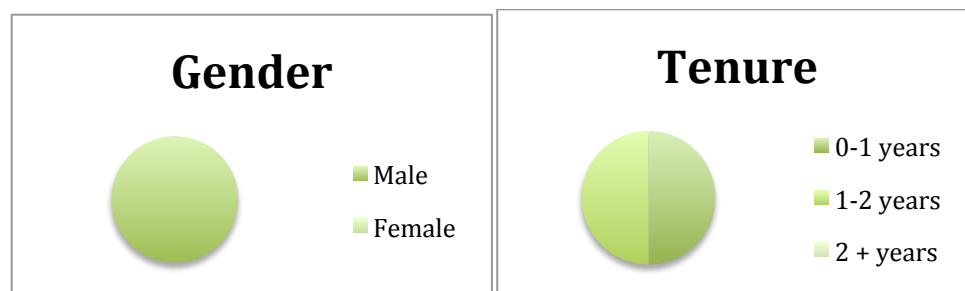
SKILL	DESCRIPTION
Strategy	Ability to think strategically and identify and critically assess opportunities and threats and develop effective strategies in the context of changing market conditions.
Finance	The ability to analyse financial statements and reporting, critically assess the financial performance of the group, contribute to budget planning and efficient use of capital and resources.
Operations	A broad range of commercial and business experience in business systems, practices, improvements, risk and compliance, sales, technology and human resources.
Sales and marketing	Clear understanding of developing and implementing sales and marketing teams and strategies, recruiting, running and incentivising sales teams, and setting sales budgets and targets.
Capital markets	Expertise in considering and implementing efficient capital management including alternative capital sources and distributions, yields and markets.
Industry experience	Experience and broad understanding of the market place based lending industry in Australia, including market drivers, risks and trends including policies, competitors, end users, regulatory policy and framework.
Mergers and acquisitions	Experience in all aspects of the negotiation, structuring, risk management and assessment of both acquisitions and divestments.
People and performance	Appreciation for the best practices in HR planning and management with familiarity in employment legislation and labour relations, recruitment, compensation, performance reviews and conflict management.



Legal and 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.
ASX governance	Knowledge and experience in best practice ASX and Corporations Act, governance structures, policies and processes.
Technology	Expertise in the area of technology that the Group should be aware of and utilising, including keeping abreast of new and emerging technology.
Corporate history	The board has a good understanding of recent corporate background including organisational structure, litigation, key contracts and relationships, performance and capital structures.

While the current board composition meets the Group's needs, this skills and experience analysis will assist to identify opportunities for Director training and development and to inform skills gaps that may be addressed through future board appointments.

The board's tenure and diversity are depicted in the diagrams below. The board promotes diversity in line with its policy and diversity is a consideration when making board appointments.



The tenure of most existing directors is less than two years for each director due to the Company's re-listing on the 13 July 2015.

#### (c) Director Appointments

The tenure of the current board, is relatively low due to the Company only re-listing on the ASX in July 2015.

The full Board will determine who is invited to fill a casual vacancy after extensive one-on-one and collective interviews with candidates and thorough due diligence and reference checking. The Board considers the appropriate mix of competencies, skills, experience and expertise required to carry out the role of the Board.

#### (d) Terms of appointment

Non-executive directors are appointed pursuant to formal letters of appointment which, among other things, set out the key terms and conditions of the appointment, the Board's expectations in relation to the performance of the director, procedures for dealing with a director's potential conflict of interest and the disclosure obligations of the director, together with the details of the director's remuneration.

Non-executive director remuneration will be reviewed on an annual basis.

A director induction program has been designed and directors are expected to participate in this induction and orientation program on their appointment.

**(e) Directors' independence**

The Board considers that it is able to exercise its judgement in an independent and unfettered manner and provide independent and effective oversight of management.

All members of the Board, whether independent directors or not, exercise independent judgement in making decisions in the best interests of the Company as a whole.

In determining the independent status of each director, the Board has adopted the approach contained in ASX Principle 2, and specifically assesses the independence of all directors against the criteria outlined in Box 2.3 of the ASX Recommendations.

The Company does not use prescribed or pre-determined materiality thresholds for the purposes of assessing director independence but instead assesses independence on a case by case basis, having regard to the extent to which any relevant relationship or connection may materially interfere with the director's ability to exercise unfettered and independent judgement in the discharge of their responsibilities and duties.

As at the date of this report, Mr Porges, Mr Swanger and Mr Whitehead are considered by the Board to be independent. Given the executive position held by Mr Nantes, he is considered to be non-independent based on the criteria in Principle 2 of the ASX Recommendations.

The Board is therefore comprised of a majority of independent directors, and the Board believes this is an appropriate structure given the early stage of the Company's operations in a new industry. It is important to draw heavily on the industry experience of the members of the Board while the Company seeks to establish itself and consolidate its operations in a new industry.

**(f) Directors' interests**

Directors are required to keep the Board advised of any interest that may be in conflict with those of the Company, and restrictions are applied to directors' rights to participate in discussion and to vote, as circumstances dictate when a conflict has been identified. In particular, where a potential conflict of interest may exist, directors concerned may be required to leave the Board meeting while the matter is considered in their absence.

The Company has also entered into a deed of disclosure with each director, which is designed to facilitate the Company's compliance with its obligations under the ASX Listing Rules relating to disclosure of changes in directors' interests in DirectMoney securities. Directors and their nominated related party shareholdings, are also monitored to identify changes that may require urgent disclosure.

Standing items at each Board meeting include:

- Director's Securityholding Register; and
- Director's Standing Notice Register.

**(g) Chairman**

The Board Charter provides that where practical, the Chairman of the Board should be an independent Director.

Currently, the Chairman of the Board is not independent as he occupies an executive position with the Company.

**(h) Board meetings**

The Board typically schedules meetings on a monthly basis, with additional meetings convened as required. Agenda's for each meeting are prepared by the Company Secretary together with the input from the CEO and Chairman, and are distributed prior to the meeting together with supporting papers.

Standing items include the CEO report and the financial report, as well as reports addressing matters of strategy, governance and compliance. Senior executives are directly involved in Board discussions, and directors have a number of further opportunities to contact a wider Company of employees, including visits to business operations.

**(i) Independent advice**

The Board has a policy of enabling directors to seek independent professional advice for Company related matters at the Company's expense, subject to the prior notification of the Chairman and where the estimated costs are considered to be reasonable.

**(j) Board and director performance**

The Board is committed to enhancing its effectiveness through performance management and review. The Board will design a review process to help enhance performance by providing a mechanism to raise and resolve issues and to provide recommendations to enhance its effectiveness, at the appropriate time. Given the board has only been in place for 12 months, a performance review has not been undertaken in the current financial year.

**Principle 3: Act Ethically and Responsibly**

**(a) Code of conduct**

The Board acknowledges the need for high standards of corporate governance practice and ethical conduct by all directors and employees of the Company.

The Board has endorsed a Code of Conduct which outlines acceptable behaviour and attitudes expected from all staff to promote and maintain the confidence and trust of all those dealing with the Company.

The Company's Code of Conduct, which may be viewed on the Company's website, is the subject of periodic review to ensure that it covers all relevant issues and sets standards consistent with the Company's commitment to ethical and responsible behaviours.

Various measures have been established to ensure that a high standard of ethical business behaviour is observed by all staff members, including policies and procedures for:

- managing conflicts of interests;
- public and media comment;
- use of company resources;
- intellectual property/copyright
- discrimination and harassment; and
- handling confidential information.

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

**(b) Employee and director trading in DirectMoney securities**

In accordance with ASX Listing Rule 12.9, the Company has in place a Security Trading Policy that governs the ability of directors, employees and contractors to trade in the Company's securities. Subject to necessary prior written consents being obtained, the Company's directors, executives and employees may trade in the Company's securities at any time in the Trading Windows, which cover the following:

- 30 days immediately following the date after the announcement of DirectMoney's half yearly results to the ASX;
- 30 days immediately following the date after the announcement of DirectMoney's quarterly reports to the ASX;
- 30 days immediately following the date after the announcement of DirectMoney's annual preliminary financial results to the ASX;
- 30 days immediately following the date after DirectMoney's AGM;
- 30 days immediately following the date after DirectMoney lodges a disclosure document with ASIC ;or
- for any other time period determined by the Board.

Directors, employees and contractors may, in exceptional circumstances as defined in the policy, trade outside a trading window but only with the prior written consent of the Chairman for directors, another non executive director for the Chairman and the Notification Officer for employees and contractors. Notwithstanding the trading windows and approval requirements, a person is prohibited from trading at any time if they possess material, price-sensitive information about the Company that is not generally available to the public.

The policy also prohibits short term trading, margin lending, short selling and hedging of the Company's securities.

The Company's Security Trading Policy may be viewed on the Company's website.

**(c) Diversity**

A formal diversity policy has been adopted by the Board which provides a framework for the Company to achieve amongst other things, a diverse and skilled workforce, an inclusive workplace culture and improved opportunities for women. It provides a framework for the Board to establish gender diversity targets and monitoring of performance against those targets.

As at the date of this report, the Board has not yet established gender diversity targets due to the recent re-listing of the Company and formation of the current Board.

However the Company is committed to making all employee selection decisions on the basis of merit.

The current gender diversity is as follows:

- The proportion of female directors: 0%
- The proportion of female employees on the executive committee: 16.67%
- The proportion of female employees in the whole organisation: 21.05%

**Principle 4: Safeguard integrity in corporate reporting**

The Board will discharge its responsibilities to safeguard the integrity of the Company's financial reporting and the system of internal control. The Board will devote time at its

meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board will be involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.

In accordance with the Company's legal obligations and Recommendation 4.2 of the ASX Recommendations, the CEO and Chief Financial Officer (or equivalents) are required to make the following certifications to the Board in relation to the Financial Statements for the financial period:

- The financial statements and associated notes comply in all material respects with the Accounting Standards as required by Section 296 of the Corporations Act 2001, Corporations Regulations, International Reporting Standards and other mandatory professional reporting requirements;
- The financial statements and associated notes give a true and fair view, in all material respects, of the financial position as at 30 June 2015 and performance of the Company for the period ended as required by Section 297 of the Corporations Act 2001;
- The financial records of the company have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
- The integrity of the financial statements are founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the board of directors;
- The risk management and internal compliance and control systems of the Company relating to financial reporting objectives are operating effectively, in all material respects; and
- Subsequent to the end of the financial period, no changes or other matters have arisen that would have a material effect on the operation of risk management and internal compliance and control systems of the Company

The auditor of the Company will be present at the Annual General Meeting to address any shareholder questions in relation to the audit and the auditors report.

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

The Company is committed to complying with its continuous disclosure obligations under the ASX Listing Rules and Corporations Act and to ensuring that its shareholders are kept well-informed of all major developments affecting the Company's state of affairs, in order to promote transparency and investor confidence.

The Company has a Continuous Disclosure Policy and it incorporates the continuous disclosure framework as set out in the ASX Listing Rules Chapter 3, as well as the revised ASX Listing Rules Guidance Note 8. This policy is available on the Company's website.

The Policy creates a framework for compliance with relevant disclosure obligations and establishes the accountability of the Board for achieving compliance. More specifically, the Policy:

- Explains the Company's obligations under ASX Listing Rule 3.1 and the Corporations Act 2001;
- Establishes internal processes for reporting of information considered to be potentially price-sensitive and for consideration of information reported by the Board;
- Establishes processes for the disclosure of price sensitive information, taking into account the clarification provided by ASX Guidance Note 8;
- Establishes internal processes for briefing of analysts, investor and media Company's, responding to market speculation, leaks and rumours and calling trading halts where appropriate to avoid trading occurring in an uninformed market;
- Outlines authorisation procedures for ASX announcements; and
- Delegates to the Company Secretary the authority to release information or make disclosures to the ASX and responsibility for decisions regarding price sensitive information, coordinating disclosures, establishing and monitoring procedures under this Policy and making recommendations to the Board on any necessary updates to the Policy.

## **Principle 6: Respect the rights of securityholders**

The Board aims to ensure that its shareholders are kept well-informed of all major developments and business events that are likely to materially affect the Company's operations and financial standing, and the market price of its securities. Information is communicated to securityholders through:

- The Company's website under the Company tab;
- Annual report, half year financial reports and quarterly cashflow reports (in the form of Appendix 4C's) lodged with the ASX and made available to all shareholders;
- Announcement of market-sensitive and other information, including financial results announcements and analyst presentations released to the ASX; and
- The Chairman and CEO's addresses to, and the results of, the Annual General Meeting.

The Company has not yet designed a formal investor relations policy, due to it only re-listing in July 2015.

The Company's website contains a large amount of information for shareholders and it is all contained in the Company tab.

The Company tab contains the following information:

- General Information about the Company and its activities
- Details on the Board of Directors and the management team
- Corporate Governance information – including Charters and Policies
- Share Price details;
- ASX releases;
- Contact details; and
- Share registry information.

The Company has a Continuous Disclosure Policy that includes a formal procedure for dealing with potentially price-sensitive information. The policy sets out how the Company meets its disclosure obligations under ASX Listing Rule 3.1. The Company's policy is to lodge with the ASX and place on its website all market-sensitive information, including annual and half year result announcements and analyst presentations, as soon as practically possible.

The Company produces two sets of financial information each financial year: the half year financial report for the six months ended 31 December and the annual financial report for the year ended 30 June. In addition, quarterly cashflow reports in the form of Appendix 4C's are released the month following the end of each quarter. All are made available to shareholders and other interested parties via the Company website and the ASX.

Shareholders have the right, and are encouraged, to attend the Company's Annual General Meeting, held in November each year, and are provided with explanatory notes on the resolutions proposed through the notice of meeting. A copy of the notice of meeting will also be posted on the Company website and lodged with the ASX.

In addition, a document is enclosed with the notice of meeting to invite shareholders to submit questions of the board, auditors or management, which are addressed at the Annual General Meeting.

Shareholders are encouraged to vote on all resolutions and unless specifically stated otherwise in the notice of meeting, all securityholders are eligible to vote on all resolutions. Shareholders who cannot attend the annual general meeting may lodge a proxy in accordance with the Corporations Act. Proxy forms may be lodged with the share registry by mail, hand delivery, facsimile or electronically.

Transcripts of the Chairman and CEO reports to shareholders will also be released to the ASX upon the commencement of the Annual General Meeting. These transcripts, together with the results of the meeting are also posted on the Company's website and the ASX.

All shareholders are provided the option to receive communications from the Company and the share registry electronically (and are encouraged to do so, with election documentation included in regular mail outs to securityholders).

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

The Board is responsible for ensuring that sound risk management framework and policies are in place. A formal risk board sub-committee has not been established due to the relatively small size of the board. As a result the Board will devote time at its meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the Company's risk management framework and associated internal compliance and control procedures.

An assessment of the Group's risk management framework has not yet been formally undertaken by the board as the Company only re-listed in July 2015. However there is a robust system of risk management currently in place as outlined below. In addition, the

Board has scheduled a risk workshop in October 2016 to analyse and challenge the Group's risk management framework.

To assist the Board fulfil its role, an executive Risk and Compliance Committee has been established. This committee meets monthly and reports to the Responsible Managers and the full Board.

The Company's risk management framework is integrated with its day-to-day business processes and functional responsibilities, and is supported by a dedicated compliance officer.

The compliance officer has been appointed under the rules of the compliance plan. The compliance officer is responsible for ensuring adequate internal systems and controls have been implemented to ensure compliance with the Corporations Act, the Group' AFSL, and internal and industry standards. These duties include promoting a strong compliance culture within the organisation and to external service providers.

The compliance officer is primarily responsible for reviewing compliance on an ongoing basis; reporting on compliance matters, including breaches, to the Board; and acting on recommendations of the Board. Matters are escalated to the Board or ASIC when necessary.

The compliance officer has direct access to the Chairman of board to ensure the compliance officer is well placed to adequately deal with compliance issues. Management, via the compliance officer, is required to assess risk management and associated internal compliance and control procedures, and is required to report back quarterly to the Board as to whether those risks are being managed effectively. A quarterly risk and compliance report is prepared by the compliance officer for review and consideration by the Board.

#### **(a) Compliance plans**

DirectMoney has a formal compliance plan that has been adopted by the Board and lodged with ASIC. The purpose of each compliance plan is to set out key processes, systems and measures the Company will apply to ensure compliance with:

- The Corporations Act;
- It's Constitution;
- Industry practice standards relevant to the particular scheme; and
- Internal policies and procedures.

The compliance plan is a 'how to' document and has been prepared following a structured and systematic process to consider the Company's key obligations under the Corporations Act, and its Constitution; the risk of non-compliance; and measures required to meet the risks of non-compliance.

The compliance plan describes the key obligations that must be met by the Company, and how compliance with these measures will be monitored. In addition, the compliance plans detail the risk of not complying with these obligations, and how breaches are to be reported and addressed.

#### **(b) Internal Audit**

The Company does not have an internal audit function but does have a Compliance Officer whose responsibilities are outline above. In addition, the structure of the Company requires the following additional external audits:

##### **I. Compliance plan audit**

The external auditors conduct annual audits on the compliance plans and report on:



- Whether the Company has complied with the compliance plan of the Company for the financial year end; and
- Whether the compliance plan continue to meet the requirements of Part 5C.4 of the Corporations Act as at year end.

## **II. Australian Financial Services Licence audit**

The AFSL audit is conducted annually by the external auditor. The auditor reports on the following:

- Whether the Company has complied with the specified provisions of Part 7.8 of the Corporations Act;
- Whether the Company has complied with sections 981B and 982B of the Act (relating to the control and operation of trust accounts);
- Whether the Company has complied with specific AFSL conditions relating to financial requirements, including internal procedures used by the Licensee to comply with the financial requirements under the licence; and
- Whether the cash projections meet the cash need requirement conditions of the AFSL.

## **III. ASIC**

ASIC may undertake a review of the Company's risk and compliance processes and systems at any time.

### **(c) Economic, environmental and social sustainability risks**

The executive Risk and Compliance Committee has assessed and determined that the Company does not have any material exposure to economic, environmental and social sustainability risks.

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

The Board established a Remuneration and Nomination Committee in August 2016, which in accordance with its Charter (available on the Company's website), is responsible for reviewing and making recommendations to the Board in respect of:

- Executive remuneration;
- Executive incentive plans;
- Remuneration of the Company's key management personnel;
- Equity based incentive plans;
- Recruitment, retention, performance measurement and termination policies and procedures for non-executive directors, the CEO and any other executive director and all senior executives reporting directly to the CEO; and
- The disclosure of remuneration in the Group's Annual Report.

The current membership of the Remuneration and Nomination Committee and the independence of the members are set out earlier in this Corporate Governance Statement. Details of Remuneration and Nomination Committee meetings and attendance by each Committee member are outlined in this Statement and in the Directors' Report contained in the Annual Report.

The Company distinguishes between the structure of non-executive directors' remuneration and that of executive directors and senior executives.

The Group's Remuneration Policy aims to ensure that remuneration packages properly reflect the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of suitable quality.

The structure of remuneration is designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of long-term value creation for securityholders. The remuneration structures take into account a range of factors, including the following:

- Capability, skills and experience;
- Ability to impact achievement of the strategic objectives of the Group;
- Performance of the KMP in their roles;
- The Group's overall performance;
- Remuneration levels being paid by competitors for similar positions; and
- The need to ensure continuity of executive talent.

Refer to the Remuneration Report, contained in the Annual Report, for detail of the mechanisms in place, which link the remuneration outcomes to individual and the Group's performance.

For details of the Company's remuneration structure, please refer to the Remuneration Report in the Group's Annual Report.

**Approved by a resolution of the Board on 14 September 2016.**