



ASX Announcement Appendix 4G and 2019 Corporate Governance Statement

Release date: 19 February 2020

In accordance with the ASX Listing Rules, Smartgroup Corporation Limited (**ASX: SIQ**) encloses for release to the market:

- Appendix 4G, and
- 2019 Corporate Governance Statement.

For further information, contact:

A handwritten signature in black ink, appearing to read "MacIntosh", written in a cursive style.

Sophie MacIntosh

Chief Legal Officer and Company Secretary
Smartgroup Corporation Ltd
Telephone: 0407 486 823

This announcement was authorised for release by the Board of Directors of Smartgroup.

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Introduced 01/07/14. Amended 02/11/15.

Name of entity

Smartgroup Corporation Ltd

ABN / ARBN

48 126 266 831

Financial year ended:

31/12/2019

Our corporate governance statement² for the above period above can be found at:³

- ☐ These pages of our annual report:
- ☒ This URL on our website: <http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance>

The Corporate Governance Statement is accurate and up to date as at 19 February 2020 and has been approved by the board.

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

Date: 19 February 2020

Name of Secretary authorising lodgement: Jonathan Swain

¹ 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.

² "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.

³ 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 ...
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 ... 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 checked="" type="checkbox"/> In our Board Charter, a copy of which is on our website at: http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance
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 We provide security holders with all material information in our possession relevant to a decision on whether or not to elect or re-elect a director in the notices of meeting for our Annual General Meetings. Those notices are on our website at: http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements
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
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
1.5	A listed entity should: (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; (b) disclose that policy or a summary of it; and (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: (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 (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.	... the fact that we have a diversity policy that complies with paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of our diversity policy or a summary of it: <input checked="" type="checkbox"/> at this location: http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance ... 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and the information referred to in paragraphs (c)(1) or (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</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</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
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,</p> <p>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>... 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</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location: http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>In our Annual Report for 2019 which is on our website at:</p> <p>http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</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</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>In our Annual Report for 2019 which is on our website at: http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>... our code of conduct or a summary of it:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
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, 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>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>In our Annual Report for 2019 which is on our website at:</p> <p>http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</p>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</p>
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement
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
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at this location: http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> at this location: In our Annual Report for 2019 which is on our website at: http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement AND <input checked="" type="checkbox"/> at this location: In our Risk Management Policy which is on our website at: http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance ... and that such a review has taken place in the reporting period covered by this Appendix 4G: <input checked="" type="checkbox"/> in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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.	... how our internal audit function is structured and what role it performs: <input checked="" type="checkbox"/> in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<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 AND at this location:</p> <p>In the Sustainability Report contained in our Annual Report for 2019 which is on our website at: http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</p>
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>... 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</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>In our Annual Report for 2019 which is on our website at: http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</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"/> at this location:</p> <p>In the Remuneration Report contained in our Annual Report for 2019 which is on our website at: http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</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"/> at this location:</p> <p>In our Trading Policy which is on our website at: http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</p>

Corporate Governance Statement

Financial year ended
December 2019

Introduction

The Board of the Company is responsible for implementing and overseeing the corporate governance practices of the Company and its subsidiaries (Group).

The Board has adopted a corporate governance framework that the Board considers appropriate to the Group's business and which is designed to promote responsible management and sustainable value creation for shareholders. Key components of this framework, being the Charters under which the Board and its Committees operate, the Company's Code of Conduct and the Policies referred to in this Corporate Governance Statement, are available on the Company's website at <http://ir.smartgroup.com.au/Investors/>.

The Company's corporate governance framework has been developed having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Principles and Recommendations**). This Corporate Governance Statement reports against the 3rd edition of the Principles and Recommendations. The Company has during the year undertaken a review of its corporate governance practices, including the Charters, Code of Conduct and Policies referred to above, to align these to the 4th edition of the Principles and Recommendations, against which the Company will be reporting for the financial year ending 31 December 2020.

The Company's corporate governance practices were consistent with the 3rd edition of the Principles and Recommendations throughout the financial year ended 31 December 2019. Further details are set out below in the order of the Principles and Recommendations as they appear in the 3rd edition.

This Corporate Governance Statement is current as at 19 February 2020 and has been approved by the Board.

Principle 1: Lay solid foundations for management and oversight

Respective roles of Board and Management

The Board operates in accordance with the principles set out in the Company's Board Charter. The Board Charter was reviewed and updated during 2019 and is available on the Company's website. The Charter sets out the role and the responsibilities of the Board, the Chair of the Board and the Company Secretary, the roles of the CEO and senior management and the accountability of the CEO and management to the Board.

Roles and Responsibilities of the Board

Under the Charter, the primary roles of the Board are to demonstrate leadership, provide overall strategic guidance for the Company and the Group, to drive performance and to oversee the activities of management. The Charter sets out a comprehensive list of the Board's responsibilities, which include:

- approving the Company's corporate strategy, strategic business plans, annual budget and performance targets and monitoring the performance of senior management against these measures;
- appointing and removing the CEO, approving the appointment or removal of other senior executives, evaluating the performance of and determining the remuneration of the CEO and other senior executives, and reviewing succession planning for directors, the CEO and other senior executives;
- reviewing, ratifying and monitoring management's framework and systems of risk management, internal controls and compliance, approving policies relating to, and overseeing, the management of financial and non-financial risks, setting the risk appetite within which the Board expects management to operate, and monitoring compliance with legal and regulatory requirements and ethical standards and policies; and
- approving the Group's statement of values and Code of Conduct and actively promoting ethical and responsible decision-making, including monitoring compliance with the Code of Conduct and establishing, and monitoring compliance with, other significant corporate policies.

Roles and Responsibilities of Management

The Charter sets out key responsibilities of the CEO and the process by which the Board delegates to the CEO the authority to manage and control the day-to-day affairs of the Company within levels or limits of authority specified by the Board. Subject to the terms of its delegation, the CEO has authority to sub-delegate to the Executive Management Team (EMT).

Under the Charter:

- the CEO and the EMT have responsibility for the development and execution of the Company's strategy and for the day-to-day management of the Company (but ultimate approval of the Company's strategy and oversight of the Company rests with the Board);
- the CEO is accountable to the Board for the execution of the Company's strategy and exercise of authorities delegated to management; and
- management is responsible for supplying accurate, timely and complete information to the Board and its Committees to allow the Board and Committees to discharge their duties effectively.

Appointment of directors

Before a director is appointed, the Company undertakes appropriate checks as to the candidate's character, experience, education, criminal record and bankruptcy history. Where a candidate is standing for election or re-election as a director by shareholders, the notice of meeting contains information on the candidate, including:

- biographical details, details of other material directorships held by the candidate, qualifications and experience;
- a statement regarding the director's independence; and
- the recommendation of the rest of the Board on the resolution.

In the case of a candidate standing for election as a director for the first time, the notice of meeting contains details of any interest, position, association or relationship that might influence or be perceived to influence in a material respect, the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally. In the case of a candidate standing for election as a director for the first time, the notice of meeting would also include any material adverse information revealed by the various checks the Company has performed in relation to the director. However, no material adverse information has been revealed in relation to any director who has stood for election.

In the case of a candidate standing for re-election as a director, the notice of meeting will also note the term of office currently served by the director.

As part of the director selection process, any candidate is asked to provide details of their other commitments, and an indication of the time involved, in order to ensure that they will have sufficient time to fulfil their duties as a director of the Company.

Written terms of appointment

The Company has entered into a letter of appointment with each of its non-executive directors and a written service agreement with each of its senior executives. These documents set out the duties and responsibilities of the director or senior executive (including obligations to comply with relevant Company policies), and their remuneration, superannuation entitlements and any entitlements on termination. For non-executive directors and certain senior executives, the Company also enters into written arrangements regarding indemnity and insurance arrangements and access to corporate information.

Company Secretaries

The Board is responsible for the appointment of Company Secretaries. The Board Charter provides that the Company Secretary is accountable directly to the Board, through the Chairman, on all corporate governance matters. The names of the Company's two Company Secretaries and their skills, experience and qualifications are contained in the Annual Report. All directors have direct access to the Company Secretaries to discuss matters at any time.

Diversity

Diversity and inclusion are at the core of the Company's culture and reflect the diversity of the Group's customers and the communities of which they are part. The Board and Management have actively worked to promote and achieve diversity across the Company and this is demonstrated by the broad and diverse employee base in terms of gender, age, ability and culture.

In 2019, the Company made a submission to the Workplace Gender Equality Agency (WGEA) seeking citation as an Employer of Choice for Gender Equality. In addition, the Company has been recognised by the Diversity Council of Australia as an Inclusive Employer 2019-2020.

Diversity Policy and gender diversity targets

The Company has a Diversity Policy that was revised and updated in 2019. A copy of this Policy is available on the Company's website.

Under the Diversity Policy, the Board is responsible for setting measurable objectives for achieving diversity, including gender diversity, at various levels within the Company. In 2019, the Board approved a Gender Equality Strategy which set gender diversity targets for the Board, the EMT, the SMT (being members of management who are direct reports to the EMT) and at levels below the SMT.

The table below sets out the targets approved by the Board and the progress towards the targets as at 31 December 2019.

Measure	Board-approved target*	As at 31 December 2019
Board gender diversity	40% Female 40% Male by 2023	25% Female, 75% Male
EMT gender diversity	40% Female 40% Male by 2022	43% Female, 57% Male
SMT gender diversity	40% Female 40% Male by 2022	56% Female, 44% Male
Below SMT	Maintain 40% Female 40% Male	48% Female, 52% Male

*References to 40% Female 40% Male require a minimum of 40% representation of both Females and Males, with the other 20% coming from either gender.

In order to ensure that recruitment activity proactively seeks to support the achievement of these targets, the Gender Equality Strategy also provides that where representation of one gender is less than 40%, a target of at least 40% of applicants from the under-represented group should be applied for internal and external shortlists.

The Board has also committed to reviewing the gender pay gap across the Group. As part of the WGEA Employer of Choice for Gender Equality submission referred to above, the Board set a target organisation wide pay gap of 14%, as against the 19% reported to WGEA in the 2018/19 Reporting Period. In 2019, the Company conducted two pay gap reviews and a number of gender-based pay gaps were adjusted as a result.

The HRRC reviews and monitors the effectiveness of the Company's Diversity Policy. Smartgroup continues to be focused on promoting and improving gender diversity and met all statutory requirements prescribed by WGEA in 2019.

Board performance evaluation

The Board has historically evaluated its performance and the performance of its committees through self-evaluations under which directors provide responses to questions in the form of a survey, and those responses are discussed by the Board. In late 2017, Blackhall & Pearl undertook an external evaluation of the Board which involved a more rigorous evaluation of the performance of the Board by Blackhall & Pearl based on interviews with Board members and senior executives.

The updates to the Board Charter made in 2019 formalised the process for the evaluation of the Board and its Committees and provide that:

- the performance of the Board, its committee and individual directors should be reviewed and evaluated at least annually against the requirements of the Company's governance framework, including the Board Charter and the Charters of the Board's Committees;
- the Board will use external facilitators to assist in this review and evaluation as appropriate; and
- the Board will consider the outcomes of each evaluation and identify areas where performance can be improved and steps for improving performance in those areas.

During 2019, the Board continued to build on the recommendations from the Blackhall & Pearl evaluation conducted in late 2017 and the self-evaluation in 2018. No performance review was conducted in 2019 but a further self-evaluation was conducted and discussed by the Board in February 2020. The Board has determined to conduct a more detailed, externally facilitated review late in 2020.

Management performance evaluation

As part of the Board's oversight of Management, the Human Resources and Remuneration Committee monitors and evaluates the performance of senior executives. All senior executives are subject to annual performance reviews which involve the executive being assessed against agreed strategic goals, company-wide management goals and individual goals.

Performance evaluations for the CEO and all members of the EMT were conducted in the final quarter of the calendar year in accordance with the above process.

Principle 2: Structure the board to add value

Overview of Board and Board Committees

In accordance with its Charter, the Board has a majority of independent, non-executive, directors. Following the appointment of Carolyn Colley to the Board in March 2019, the Board has eight directors, comprising the Managing Director & CEO, Deven Billimoria, and seven non-executive directors. The Chairman of the Board, Michael Carapiet, is an independent, non-executive director.

To assist the Board in meeting its responsibilities, the Board currently has the following three committees:

- the Audit and Risk Committee (ARC);
- the Human Resources and Remuneration Committee (HRRC); and
- the IT and Innovation Committee (ITIC).

Each of the Committees has its own Charter approved by the Board which establishes the Committee's terms of reference and operating procedures. All Committee Charters were updated in 2019 and are available on the Company's website.

Amongst other responsibilities, the HRRC fulfils the role and all responsibilities of a nomination committee described in Recommendation 2.1 of the Principles and Recommendations and a remuneration committee described in Recommendation 8.1 of the Principles and Recommendations. Details of the HRRC are set out below.

Details of the composition and the audit responsibilities of the ARC are set out under Principle 4 – Safeguard Integrity in Financial Reporting. Details of the risk responsibilities of the ARC are set out under Principle 7 – Recognise and Manage Risk. Details of the composition and responsibilities of the ITIC are set out under Principle 7 – Recognise and Manage Risk.

Human Resources and Remuneration Committee

The HRRC currently consists of five non-executive directors, all of whom are independent. It is chaired by an independent director, Gavin Bell. The other members of the HRRC are Michael Carapiet, Carolyn Colley, Deborah Homewood and John Prendiville.

Nomination responsibilities

Under its Charter, the HRRC assists and advises the Board on:

- director selection, recommendation and appointment practices;
- director performance evaluation processes and criteria;
- Board composition; and
- succession planning for the Board and the executives, to ensure that the Board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of the Company as a whole.

As and when necessary, the HRRC will implement a process to identify suitable candidates for election to the Board, which may include a search being undertaken by an appropriate third party. The HRRC will evaluate prospective candidates and make recommendations to the Board for the appointment of new Board members. When the Board considers that a suitable candidate has been found, and all required background checks have been satisfactorily completed, that person is appointed by the Board and, in accordance with the Company's constitution, must stand for re-election by shareholders at the next annual general meeting.

Remuneration and other responsibilities

The HRRC also advises the Board on remuneration policies and practices for the Board, CEO, other senior executives and other employees of the group. The HRRC also oversees human resources strategies and the culture of the organisation.

Meetings and attendance

The HRRC meets as frequently as required to undertake its role effectively. The HRRC met three times in 2019. The attendance of the members of the HRRC at each meeting held during the year ended 31 December 2019 is set out in the 2019 Annual Report.

Board skills, experience and expertise

The Company seeks to have directors with a range of skills, experience and expertise that is appropriate for the Company, its strategic objectives, and its values. To help ensure that this goal is met, the Company has developed a Board skills matrix which identifies the key skills and experience considered appropriate for the Board and assists in identifying any gaps in the skills and experience of the directors on the Board. The skills matrix is below and sets out against each category of experience, skill and qualification the total number of directors, out of eight, who have that experience, skill or qualification.

Experience, skills and qualifications	Number of directors
Industry experience	
Executive and strategic leadership – senior executive or directorship experience or public service equivalent	8
Financial and risk management – senior executive experience in financial accounting and reporting, corporate finance, risk and internal controls	8
Other board level experience or equivalent – prior experience as Board member or membership of governance bodies	8
Regulatory, government and public policy – background in legal or government	3
Industry – experience in financial services, insurance, salary packaging industries	7
Knowledge and skills	
Governance	8
Sales and marketing	4
Human resources and remuneration	8
Accounting and finance	5
Technology, media and communications	5
Mergers and acquisitions	7
Tertiary qualifications	
Economics, law, commerce and/or business	8
Science, engineering	2

The Board as a whole is strong in the areas of financial services and accounting and also in mergers and acquisition experience. Each Director also has significant experience in dealing with strategic human resources and remuneration issues in CEO or other senior executive capacities. In addition, several directors chair other board Human Resources/Remuneration committees.

The Board has a good mix between private and public sector experience, across a number of industries. The appointment of Carolyn Colley as a Director during 2019 brought additional expertise in digital technologies and further depth to the Board's financial services skills.

Independence

In its Charter, the Board has adopted the definition of independence set out in the Principles and Recommendations. The definition of independence in the Board Charter was amended in 2019 to bring it into line with the definition set out in the 4th edition of the Principles and Recommendations.

A director is considered independent by the Company if the director is a non-executive director who is not a member of management and is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party.

The Board considers that each of Michael Carapiet, Gavin Bell, Andrew Bolam, Carolyn Colley, Deborah Homewood, John Prendiville and Ian Watt are independent when assessed in accordance with the criteria in both the 3rd edition and the 4th edition of the Principles and Recommendations. As Managing Director & CEO of the Company, Deven Billimoria is considered not to be independent.

The Board notes that Andrew Bolam was formerly considered not to be independent because of his connections with associates of Smart Packages Pte Ltd, which was a substantial shareholder of the Company until October 2019. Since Smart Packages Pte Ltd is no longer a substantial shareholder of the Company, and the Company does not have any business relationship with those associates of Smart Packages Pte Ltd, the Board has concluded that Andrew Bolam should now be regarded as independent.

The Board continually assesses whether each non-executive director is independent. The directors are required to provide all information to the Board which may be relevant to this assessment.

The roles of Chairman and Managing Director & CEO are separate, and the Board Charter sets out the responsibilities of each office. The roles of Chairman and CEO are not exercised by the same individual.

The directors were appointed on the following dates:

Name	Date
Andrew Bolam	6 January 2012
Michael Carapiet	18 February 2014
Gavin Bell	18 February 2014
John Prendiville	18 February 2014
Deven Billimoria	13 March 2014*
Ian Watt	1 July 2015
Deborah Homewood	9 May 2016
Carolyn Colley	15 March 2019

*Deven Billimoria has worked for the Smartgroup group of companies since 2000.

Director induction, training and continuous education

The HRRC is responsible for developing and reviewing induction procedures for any new appointees to the Board to enable them to discharge their duties effectively, and to increase their knowledge about the Company and the industry within which the Company operates. New directors are provided with all relevant charters and policies including the Trading Policy; and details of indemnity and insurance arrangements. The HRRC is also responsible for ensuring that directors continuously develop and maintain their skills and knowledge needed to perform their roles as directors effectively.

Independent professional advice

Subject to consultation with the Chairman, directors may in appropriate circumstances access independent professional advice at the Company's expense in order to assist them in carrying out their Board duties.

Principle 3:

Act ethically and responsibly

The Company is committed to acting honestly and with integrity in all its dealings.

The Company has adopted a Code of Conduct that sets out the Company's core values and standards expected of all people who are subject to it. The Code of Conduct was revised in 2019 and is available on the Company's website. Both the Code of Conduct and the statement of the Company's core values within it have been considered and approved by the Board.

The Code of Conduct applies to all directors, officers and employees of the Company and its subsidiaries and all contractors, consultants and other persons that act on behalf of the Company or its subsidiaries.

The Company has a Whistleblower Policy which was extensively revised in 2019 to comply with the requirements of the Corporations Act and relevant ASIC Regulatory Guidance. The Company also has an Anti-Bribery and Corruption Policy and an Ethics Policy. The Anti-Bribery and Corruption Policy, the Whistleblower Policy and a summary of the Ethics Policy are available on the Company website.

Company employees undertake training in relation to their rights and obligations under the Code of Conduct, the Anti-Bribery and Corruption Policy, the Whistleblower Policy and the Ethics Policy.

The Board requires that management creates a culture within the Company which promotes ethical and responsible behaviour. Under its Charter, the ARC is responsible for receiving and evaluating reports from management about breaches of the Code of Conduct and the Anti-Bribery and Corruption Policy and for receiving and evaluating reports from management about matters reported under the Whistleblower Policy. The ARC is also responsible for encouraging voluntary reporting by employees of breaches of internal controls or company policies having regard to the terms of the Whistleblower Policy.

Principle 4:

Safeguard integrity in corporate reporting

Audit and Risk Committee

The ARC currently consists of five non-executive directors, all of whom are independent, and is chaired by an independent director, John Prendiville. The other members of the ARC are Gavin Bell, Andrew Bolam, Michael Carapiet and Ian Watt.

The qualifications of the directors on the ARC are set out in the Annual Report 2019. The Board considers that the ARC is an appropriate size and is sufficiently independent. Members of the ARC are considered to have the accounting and financial expertise, and sufficient understanding of the industry in which the Group operates and the Group's internal control systems, to be able to discharge their audit responsibilities on the ARC.

Audit responsibilities

The ARC assists the Board in carrying out its accounting, auditing and financial reporting responsibilities including oversight of:

- the integrity of the Company's external financial reporting and financial statements and the processes that produce those statements;
- the appointment, remuneration, independence and competence of the Company's external auditors; and
- the performance of the internal and external audit functions and review of their audits.

The ARC also liaises with the Company's external auditors, reviews the scope of their activities, their remuneration and independence, and advises the Board on their appointment and removal.

The CFO, the Managing Director & CEO and the external auditors are invited to join ARC meetings.

The ARC has the authority to:

- require management or others to attend meetings and to provide any information or advice that the ARC requires;
- access the Company's documents and records;
- obtain the advice of special or independent counsel, accountants or other experts, without seeking approval of the Board or management; and
- access management and internal and external auditors.

The ARC meets as frequently as required to undertake its role effectively. The ARC met four times during 2019. The attendance of the members of the ARC at each meeting held during the year ended 31 December 2019 is set out in the Annual Report 2019.

CEO and CFO Declaration and Assurance

In accordance with the Principles and Recommendations, for the financial year ended 31 December 2019, the Board received written declarations from the Managing Director & CEO and the CFO that the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, which is operating effectively in all material respects in relation to the reporting of financial risks.

External auditor at the AGM

The Company's external auditor attended its AGM in 2019, and will attend its future AGMs in accordance with the Corporations Act. The Board recognises that it is important for shareholders to have the opportunity to question the auditor at the AGM, as an important safeguard for the integrity of the corporate reporting process.

Principle 5: Make timely and balanced disclosure

The Company is subject to continuous disclosure obligations under the ASX Listing Rules and Corporations Act 2001 (Cth). Subject to some limited exceptions, under the continuous disclosure requirements, the Company must immediately notify the market, through ASX, of any information which a reasonable person would expect to have a material effect on the price or value of the Company's shares.

Disclosure and Communications Policy

To achieve these objectives and satisfy the regulatory requirements, the Board has adopted a Disclosure and Communications Policy. The Company also has Disclosure and Materiality Guidelines. These guidelines explain to staff the regulatory background to market disclosure, and help staff to identify what kinds of information require disclosure to the ASX so that all relevant information in the Company is brought to the attention of the Board. Both the Policy and the Guidelines are available on the Company's website.

The Policy aims for the proper and timely disclosure of information to shareholders and provides that the Company will:

- comply with the continuous disclosure obligations imposed by law;
- present Company announcements in a factual, clear and balanced way;
- provide all shareholders with equal and timely access to material information concerning the Company; and
- communicate effectively with shareholders and make it easy for them to participate in general meetings.

The Board or a Committee of the Board reviews drafts of all material ASX announcements and the Company Secretary releases those announcements once the Board has approved them for release. Announcements of a routine nature are approved for release by the CEO or Company Secretary prior to release.

The Company has appointed Sophie MacIntosh, one of the Company Secretaries, as the person responsible for communication with ASX in relation to listing rule matters and also for the general administration of the Disclosure and Communications Policy.

Trading Policy

The Company has a Trading Policy which regulates dealings in the Company's shares. The Policy was revised and updated in 2018 and a copy is available on the Company's website. The Policy sets out the restrictions on trading in the Company's securities applying to the Company's directors, employees, advisors, auditors and consultants. Subject to the overriding restriction that persons may not deal in any securities when they are in possession of price-sensitive information, directors and employees may generally only buy or sell the Company's shares during "trading windows", being the periods immediately following the release of the Company's half-year and full year results and the AGM.

Principle 6: Act ethically and responsibly

The Company is committed to giving all shareholders comprehensive, timely and equal access to information about its activities so as to enable shareholders to make informed investment decisions and effectively exercise their rights as shareholders.

One of the Company's key communication tools is its website. The Company has a dedicated investor section on its website (ir.smartgroup.com.au/Investors/), and there is a link on that page to the corporate governance page. Smartgroup's investor website includes information about the Company relevant to shareholders, including:

- all announcements lodged with the ASX, including annual and half-year financial results;
- the Board and Committee Charters, the Company's constitution, and the key corporate governance policies referred to in this statement, or a summary of them;
- names, photographs and brief biographical information for each of the Company's directors and senior executives;
- the Company's most recent Annual Report;
- information about the Company's AGM, including the notice of meeting, once available;
- a key events calendar;
- historical market price of the Company's shares;
- company and registry contact details for shareholders, analysts and the media;
- financial information about the Company;
- copies of slide packs and recordings of half-year and annual briefing presentations of results.

The Company provides an online email enquiry service to assist shareholders with any queries.

The Company endeavours to make the best use of new technologies to enhance shareholder communication.

Investor relations program

Shareholders, analysts and the media are able to call or email members of the investor relations team, ask questions and request to set up meetings, where appropriate. When results are announced, senior management gives a number of presentations interstate and overseas. The Board considers that this policy of active engagement has served shareholders well to date. If a more detailed investor relations program is required, the Company will implement it as and when appropriate.

The Company also engages with politicians, industry groups, regulators, unions and other stakeholders, as part of its industry involvement and relationships with customers.

Participation at shareholder meetings

The Board and Management recognise that shareholder meetings are an important forum for two-way communication between the Company and its shareholders. At the AGM held in May 2019, shareholders were given the opportunity to ask questions of the Board and Management about any area of concern. This opportunity was available to shareholders whether or not they were able to attend the meeting in person or by proxy.

Electronic communications with shareholders

The Company provides shareholders with the option to receive communications from and send communications to the Company and its share registry, Link Market Services, electronically. All communications are designed to be easily readable on a computer screen or other electronic device, and also include a printer-friendly option for those shareholders who wish to retain a hard copy of the communication.

Principle 7: Recognise and manage risk

Risk oversight and management

The Company recognises risk management as an integral part of good corporate governance and fundamental in achieving its strategic and operational objectives.

Board responsibilities

The Board is responsible for:

- reviewing, ratifying and monitoring management's framework and systems of risk management, internal controls and compliance;
- approving policies relating to, and overseeing, the management of financial and non-financial risks, including economic, environmental and social sustainability risks;
- setting the risk appetite within which the Board expects management to operate; and
- monitoring compliance with legal and regulatory requirements and ethical standards and policies.

Audit and Risk Committee responsibilities

The ARC assists the Board in carrying out its risk management and legal and regulatory compliance responsibilities. The ARC's risk management responsibilities are to have oversight of:

- the effectiveness of the Company's risk management framework and system of internal controls including the Company's policies on the management of business risk and financial and non-financial risks, including economic, environmental and social sustainability risks;
- the Company's systems and procedures for compliance with applicable legal and regulatory requirements; and
- the Company's insurance program and insurance policies.

Members of the ARC are considered to have sufficient understanding of the Group's structure, controls and typical transactions, and the industry in which the Group operates to be able to discharge their risk responsibilities on the ARC.

The ARC is also responsible for making recommendations regarding the appointment or removal of the Chief Risk Officer, the scope of the internal audit work plan, and the objectivity and performance of the internal audit function.

Management responsibilities

The task of undertaking and assessing risk management and internal control effectiveness is delegated to management through the Managing Director & CEO. Management reports to the Board on the Company's key risks and the extent to which it believes that these risks are being adequately managed.

The Chief Risk Officer is responsible for designing and implementing the Risk Management Framework, as well as overseeing the execution of the internal audit plan as approved by the ARC. Given this dual responsibility, appropriate safeguards have been put in place to protect the independence of internal audit.

The Chief Risk Officer and the Managing Director & CEO are invited to attend ARC meetings.

Risk Management Policy and Framework

The Company has a Risk Management Policy which was updated in 2019. A copy is available on the Company's website. The Risk Management Policy is supported by a Risk Management Framework which is designed to ensure that risks are identified, assessed, managed and reported on a consistent and reliable basis in accordance with the risk appetite and tolerances set by the Board. The Risk Management Framework was reviewed and updated in 2019.

The Risk Management Framework requires each business function to manage the risks associated with its activities. Accountability for risk management is structured as follows:

- Management within each business and function is responsible for managing the risks for their respective areas. This includes identifying and assessing the risks they face, determining and implementing an approach to the management of these risks, and using risk management outcomes and considerations as part of their day-to-day business decision-making processes.
- The Chief Risk Officer provides risk management expertise and oversight for business management's risk management activities. This function provides specialist input to the development of policies and procedures for risk management and checks that they are used as part of the day-to-day management of the business. The Chief Risk Officer is the custodian of the Risk Management Framework and monitors the Company's compliance with the framework, and the associated risk management policies and procedures.
- The Chief Risk Officer (with the appropriated safeguards in place) also acts as the Company's internal audit function. This means that the role provides independent assurance to key stakeholders regarding the adequacy and effectiveness of the Company's system of internal controls and risk management procedures. To maintain independence, the Chief Risk Officer reports directly to the Chairman of the ARC. The internal audit activities are directed by the Internal Audit Plan, which is approved and monitored by the ARC.

Privacy

Smartgroup recognises the importance of vigilance in the protection of customers' personal information and compliance with the Privacy Act and the Australian Privacy Principles. To ensure ongoing compliance and mitigate against the risk of privacy breaches, Smartgroup has undertaken a number of preventative measures, including extensive and regular all-staff training, at both initial staff induction and ongoing refreshers; scripting, recording and quality auditing of call centre phone interactions; implementing system user access and segregation of duties controls; investing in local Australian data storage and investing heavily in cyber security.

In the event of a privacy breach, Smartgroup has implemented procedures to ensure it can mobilise quickly to control and mitigate the breach. These procedures include the establishment of a Data Breach Response Team, supported by a refreshed Data Breach Response Plan. This team has undertaken scenario training to ensure it is well prepared to act in the event of a breach.

Economic, environmental and social sustainability risks

The Board regularly discusses all economic, environmental and social sustainability risks that it considers are likely to have a material effect on the Company's financial performance or value over the short, medium and long term. All relevant risks are included and categorised on the Company's risk register and are closely analysed in detail by the Board and the ARC.

Like all businesses, the Company is subject to economic risks, including any downturn in the economy and the effect it could have on customers and their businesses. The Board considers that a primary risk to the Company's business is change to legislation, particularly changes to fringe benefits tax legislation or legislation impacting the sale and distribution of insurance in connection with vehicles. Accordingly, this risk is closely monitored.

Another particular risk for the Company is any decline in new private car sales. The Company is constantly reviewing this risk and it is a matter for regular discussion by the Board and the ARC.

Climate change risks can arise in several categories, such as regulatory, technological, market, and reputational. The Company is exposed to climate change risks associated with the ownership of vehicles since any climate change legislation or government intervention which affects the cost or attractiveness of private vehicle ownership could in turn have an impact on the Company's business.

The Board considers that the Company can continue operating in a manner that does not unduly compromise the environment in which it operates over the long term. The Board further considers that the Company can continue operating in a manner that meets accepted social norms and needs over the long term.

IT and Innovation Committee

The ITIC was established to ensure that IT matters are given sufficient attention at the Board level, given their importance and associated risk.

The Chairman of the ITIC is Ian Watt and the other members are Andrew Bolam, Michael Carapiet, Carolyn Colley and Deborah Homewood. All members of the ITIC are independent directors.

The responsibilities of the ITIC are to assist and advise the Board by:

- reviewing, assessing and recommending the IT strategy of the Company, and reviewing its implementation;
- reviewing and recommending major new IT investments;
- taking responsibility for technology tasks delegated to the ITIC;
- reviewing emerging technology innovations, advances and trends which could apply in the Company; and
- being a forum for discussion about managing the business in new or innovative ways.

The ITIC meets as frequently as required to undertake its role effectively. The ITIC met three times during 2019. The attendance of the members of the ITIC at each meeting held during the year ended 31 December 2019 is set out in the Annual Report 2019.

Principle 8: Remunerate fairly and responsibly

The Board and the HRRRC are primarily responsible for the oversight of the Company's remuneration framework and policies. Details of the Company's remuneration framework are set out in the Remuneration Report.

Remuneration policy

The Company's policy is to remunerate non-executive directors by way of fees and payments which may be in the form of cash, non-cash benefits and superannuation benefits. Under the Company's constitution the maximum remuneration payable by the Company for the services of non-executive directors in total must not exceed the amount approved by shareholders in general meeting. The Company's broad policy in relation to the level of non-executive directors' fees and payments are consistent with the market and enable the Company to attract and retain directors of an appropriate skill level and calibre. Details of these fees and payments are set out in the Remuneration Report.

The total remuneration paid to the Managing Director & CEO and other senior executives are included in the Remuneration Report. The Report describes in detail the mix of fixed, performance-based and equity-based remuneration. The Company wishes to attract and keep the best talent and the most appropriate team in place to run the Company, and to date believes that its approach has been successful.

Other than as reported in the Remuneration Report, no additional fees were paid to directors for serving on Board Committees for the relevant period. As members of management, executive directors, when appointed, do not receive any additional director's fee.

Equity-based remuneration scheme

The Company introduced a Long Term Incentive Plan in 2015 (LTIP). The terms of the LTIP were approved at the AGM in May 2018 in accordance with the ASX Listing Rules. All issues of securities to directors or their associates under the LTIP are subject to shareholder approval at the AGM.

The Company's Trading Policy prohibits participants in the LTIP from hedging or otherwise limiting the economic risk of participating in the scheme, whether through the use of derivatives or otherwise.



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