



# CORPORATE GOVERNANCE STATEMENT

Pengana Capital Group Limited  
ACN 059 300 426



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# CORPORATE GOVERNANCE STATEMENT

The ASX Corporate Governance Council has published Corporate Governance Principles and Recommendations (3rd edition) (Corporate Governance Principles) on what it considers to be best practice in conducting the business of a listed company. The ASX Listing Rules require companies to disclose their compliance with the Corporate Governance Principles on an 'if not, why not' basis.

This Corporate Governance Statement (Statement) outlines the corporate governance framework and practices of the Company in place throughout the financial year and the extent to which the Company has followed the Corporate Governance Principles for the period to 30 June 2018, and for the subsequent period to the date of this Statement.

The Board recognises the importance of good corporate governance and is committed to the highest standard of corporate governance. Continual improvement in this area remains a focus point of the Board. The Board reviews all policies and charters as necessary to ensure the Company continues to implement best practice governance.

A description of the Company's practices in respect of the Corporate Governance Principles is set out below. All of these practices, unless otherwise stated, were in place for the entire year to 30 June 2018.

Copies of the Company's Corporate Governance documentation can be found on the Company's website at [www.pengana.com](http://www.pengana.com).

# CORPORATE GOVERNANCE STATEMENT

## 1. Lay solid foundations for management and oversight

RECOMMENDATION		COMPLIANCE
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- 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.

Complies

### Comment

The Board is constituted and empowered under the Company's constitution, the ASX Listing Rules and the Corporations Act. The Board has the responsibility for ensuring the Company is properly managed so as to protect and enhance shareholders' interests in a manner which is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end the Board has adopted appropriate corporate governance policies and practices to lay solid foundations for management and oversight. The Board has formalised its role and responsibilities into a Board Charter, which is available in the Corporate Governance section of the Company's website.

RECOMMENDATION		COMPLIANCE
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- 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.

Complies

### Comment

Prior to appointing a director or putting forward a new candidate for election, appropriate screening checks are undertaken as to the person's criminal history and bankruptcy history.

When presenting a director for re-election, the Company provides shareholders with all material information in the Company's possession relevant to a decision whether or not to elect or re-elect a Director.

	RECOMMENDATION	COMPLIANCE
1.3.	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> <p><b>Comment</b></p> <p>All Directors have received a letter of appointment setting out the terms of their appointment addressing the matters recommended by good corporate governance practice and in particular Principle 1.3 of the Corporate Governance Recommendations. The letter of appointment includes associated documents (including a Deed of Indemnity and a copy of the Constitution and of the Directors &amp; Officers Insurance Policy). The letter sets out remuneration, duties and responsibilities, the requirement to disclose certain information and interests including under the Securities Trading Policy.</p> <p>All senior executives of the Company are employed pursuant to detailed written agreements which set out the terms of their employment and addressing in particular the matters recommended by Principle 1.3 of the Corporate Governance Recommendations.</p>	Complies
	RECOMMENDATION	COMPLIANCE
1.4.	<p>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.</p> <p><b>Comment</b></p> <p>The Company Secretary is responsible for the operation and management of the Company's secretariat function. The Company Secretary reports to the Chairman (on behalf of the Board) with respect to the proper functioning of the Board. Each member of the Board has access to the Company Secretary. The appointment and removal of the Company Secretary is determined by the Chief Executive Officer.</p>	Complies

## RECOMMENDATION

## COMPLIANCE

- 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:
    - (i) 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
    - (ii) 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.

Does not  
comply

### Comment

The Company has not developed a formal diversity policy and has not followed Recommendation 1.5. The Board has also not set measurable objectives for achieving gender diversity. The Company employs less than 100 staff and is not a "relevant employer" under the Workplace Gender Equality Act.

The Company recognises that diversity is a critical aspect of effective management of its people and their contributions to the success of the Company. This diversity is reflected in the differences in gender, race, age, culture, education, family or carer status, religion and disability which is found across the Company.

In respect of the Board, it is the aim of the Directors to ensure the Board is comprised of individuals that are best equipped to contribute to the success of the business and who can represent the interest of all shareholders, irrespective of gender. In respect of gender diversity, the proportion of women employees in the whole organisation, the investment team, senior executive positions and on the Board as at 30 June 2018 date is detailed in the table below:

	Number of persons	Number of women	Proportion of women
Whole organisation	54	18	33%
Senior executives	6	2	33%
NED Board	4	0	0%

RECOMMENDATION	COMPLIANCE
<p>1.6. A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul> <p>During the year to 30 June 2018 the Board conducted a review of the performance of the Board, individual Directors and the Committees to which they were appointed in accordance with the process set out in the Board Charter.</p> <p><b>Comment</b></p> <p>The Board's performance is measured against both qualitative and quantitative indicators. The results of the evaluation process and a review of the Skills Matrix have been used as a tool to recognise areas of relative weakness for the purposes of Director recruitment. The Board ensures each Director has the necessary skills, experience and expertise, and the mix remains appropriate, for the Board to function effectively. As a result of these performance reviews, the Board may implement changes to improve the effectiveness of the Board and corporate governance structures. Independent professional advice may be sought as part of this process. Directors' profiles setting out their skills, experience, expertise, period of office and other Directorships of listed entities are disclosed in the Directors' Report included in the Company's 2018 Annual Report and on the Company's website.</p> <p>During the 2018 financial year the Board of PCG undertook a formal Board performance evaluation. The skills and experience of nominees were considered in context of the skills and experience of current Board members. Results of the evaluation are in the process of being compiled and the Board will report on outcomes in due course.</p>	<p>Complies</p>
<p>1.7. A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul> <p><b>Comment</b></p>	<p>Complies</p>

The performance of senior executives is reviewed throughout the year by the Chief Executive Officer. These evaluations take into account criteria such as the achievement and performance towards the Company's objectives and (where appropriate) performance benchmarks and the achievement of individual performance objectives.

Generally, the Board monitors the Chief Executive Officer's performance and sets key performance indicators based on a recommendation from the Nomination and Remuneration Committee.

During the reporting period performance evaluations of the senior executives was undertaken by the Company in accordance with these processes.

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## 2. Structure of the Board to add value

RECOMMENDATION	COMPLIANCE
<p>2.1. The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a nomination committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(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.</li> </ul> <p><b>Comment</b></p> <p>The Board has a Nominations and Remuneration Committee and a Nominations and Remuneration Committee Charter setting out the Committee's role and responsibilities, composition, structure, membership requirements and operation of the committee.</p> <p>A copy of the Charter is available in the corporate governance section of the Company's website.</p> <p>During the reporting period the members of the Nominations and Remuneration Committee were:</p> <ul style="list-style-type: none"> <li>• Jeremy Dunkel Committee Chairman, Non-executive, Independent Director</li> <li>• Kevin Eley Non-executive Independent Director</li> <li>• David Groves Non-executive Independent Director</li> </ul> <p>The Nomination and Remuneration Committee met on 2 occasions during the reporting period.</p>	<p>Complies</p>

RECOMMENDATION	COMPLIANCE
<p>2.2. A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p> <p><b>Comment</b></p> <p>The Board has adopted a Board Skills Matrix which sets out the mix of skills and diversity that the Board currently has or is seeking to achieve in its membership.</p> <p>The Board Skills Matrix sets out the broad skills that the Board believe are important for the Board as a whole to carry out the directors' duties. During the reporting period each Director individually undertook a self-assessment by completing a Board Skills Matrix. Results can be found in the Corporate Governance section of the Company's website at <a href="http://www.pengana.com">www.pengana.com</a>.</p>	<p>Complies</p>
RECOMMENDATION	COMPLIANCE
<p>2.3. A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the names of the Directors considered by the Board to be independent Directors;</li> <li>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Corporate Governance Principles and Recommendations 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</li> <li>(c) the length of service of each director.</li> </ul> <p><b>Comment</b></p> <p>At 30 June 2018, the Board is comprised of three independent non-executive Directors: Mr. Kevin Eley, Mr. David Groves and Mr. Jeremy Dunkel, one non-independent Director, Mr. Warwick Negus and the Managing Director and Chief Executive Officer, Mr. Russel Pillemer.</p> <p>Details of the background, experience, professional skills and tenure of each Director are set out in the Director's Report.</p> <p>The Board has adopted a definition of independence as referenced in its Board Charter (which is available in the corporate governance section of the Company's website). A Director will be considered Independent where the Director is independent of management, does not hold a substantial interest in the Company and is free from any business or other relationship that could</p>	<p>Complies</p>

materially interfere with, or could reasonably be perceived to interfere with the exercise of Independent judgement and has not been employed in an executive capacity or been a material professional advisor in the last three years.

The Board has made its own assessment to determine the independence of each Director.

In addition, the Board gives consideration to tenure when considering independence. The Board believes that independence is evidenced by an ability to constructively challenge and independently contribute to the work of the Board. In addition, annually each Director attests as to their own independence.

If a Director's independence status changes, this will be disclosed to the market in a timely manner.

#### RECOMMENDATION

#### COMPLIANCE

- 2.4. A majority of the Board of a listed entity should be independent Directors.

Complies

#### Comment

At the date of this Statement, the Board is comprised of five Directors of which three are independent non-executive Directors.

#### RECOMMENDATION

#### COMPLIANCE

- 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.

Does not comply

#### Comment

Mr. Warwick Negus, a non-independent non-executive director, is the Chair of the Company. Mr. Russel Pillemer is the Managing Director and Chief Executive Officer of the Company.

Whilst the Board composition does not comply with the Corporate Governance Recommendations 2.5 which recommends that the Chair be independent, the Board is of the view that Mr. Warwick Negus' appointment will add value to shareholders.

The Board recognises that shareholders and other interested parties may prefer to raise concerns they may have with an independent Non-executive Director and has appointed Mr. David Groves as the Lead Non-executive Director. The role of the lead independent Director is set out in the Company's Board Charter which is available in the corporate governance section of the Company's website.

	RECOMMENDATION	COMPLIANCE
2.6.	<p>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> <p><b>Comment</b> A new director is offered an induction and training program about the Company, its policies and charters and the director's role and responsibilities. New directors also have the opportunity to meet with key management staff.</p> <p>As part of its ongoing review of its own performance and skill set, the Board is committed to offering education and training to Directors to ensure they remain fit and proper to act as directors with the requisite skills for the proper functioning of the Board.</p>	Complies

### 3. Act ethically and responsibly

	RECOMMENDATION	COMPLIANCE
3.1.	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a code of conduct for its Directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul> <p><b>Comment</b> The Board has adopted a Code of Conduct which sets out the expectations placed on Directors, Officers and employees in their business dealings. A copy of the Code of Conduct is available in the corporate governance section of the Company's website.</p> <p>The Code of Conduct requires high standards of personal integrity and honesty in all dealings, a respect for the privacy of shareholders and others and observance of all relevant laws. Under the Code of Conduct the standards expected include:</p> <ul style="list-style-type: none"> <li>• acting honestly, fairly and ethically in all business dealings;</li> <li>• acting to prevent bribery and corruption;</li> <li>• protecting assets, resource and information;</li> <li>• working with others including showing proper courtesy, consideration and sensitivity in their dealings with clients and colleagues; and</li> <li>• acting in the best interest of the Company's shareholders.</li> </ul>	Complies

#### 4. Safeguard integrity in corporate reporting

RECOMMENDATION	COMPLIANCE
<p>4.1. A listed entity should:</p> <p>a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the Board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) 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><b>Comment</b></p> <p>The Board has established an Audit and Risk Committee (ARC) to provide assistance to the Board and has adopted a formal Charter for the ARC. A copy of the ARC Charter is available in the corporate governance section of the Company's website. The principal role of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibility in relation to PCG's financial reporting, internal control structure, risk management systems, insurance arrangements and external audit functions.</p> <p>The ARC meets as frequently as required but at least twice during each financial year. During the reporting period the ARC met 4 times. Attendance at Committee meetings is recorded in the Director's report in the Company's 2018 Annual Report.</p> <p>The ARC is comprised of a majority of Non-executive Independent Directors and its chair is Independent. The Chair of the Committee is not the Chair of the Board. For the reporting period the members of the ARC were:</p> <ul style="list-style-type: none"> <li>• David Groves Committee Chairman, non-executive Independent Director</li> <li>• Warwick Negus Non-executive, Non-independent Director</li> <li>• Jeremy Dunkel Non-executive, Independent Director</li> </ul>	<p>Complies</p>

RECOMMENDATION	COMPLIANCE
<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> <p><b>Comment</b> In addition to the role of the ARC in reviewing and reporting on the financial statements, prior to the financial statements for a financial year being presented to the Board for their approval, the CEO and CFO provide the Board with a declaration that, in their opinion, the financial records of the Company have been properly maintained in accordance with the Corporations Act and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Complies</p>
<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> <p><b>Comment</b> The Auditor is invited to attend each Annual General Meeting of the Company, and to be available to answer shareholder questions about the conduct of the audit, and preparation and content of the Auditor's Report.</p>	<p>Complies</p>

## 5. Make timely and balanced disclosure

	RECOMMENDATION	COMPLIANCE
5.1.	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it</li> </ul> <p><b>Comment</b></p> <p>The Company is a 'disclosing entity' pursuant to section 111AC of the Corporations Act 2001 and complies with the continuous disclosure requirements as set out in the ASX Listing Rules and the Corporations Act 2001.</p> <p>The Board is committed to keeping its shareholders and the market fully informed of material developments that may have an impact on the Company or its share price.</p> <p>The Company has adopted a continuous disclosure protocol and the Company Secretary is the Disclosure Officer of the Company. A copy of the Continuous Disclosure Policy is available in the corporate governance section of the Company's website.</p> <p>The Board is responsible for making decisions on what should be disclosed publicly under the ASX Listing Rules and the Company's market disclosure policy, and for developing and maintaining relevant guidelines. The Company Secretary has responsibility for ensuring compliance with continuous disclosure requirements in the ASX Listing Rules, and overseeing and coordinating information disclosure to the ASX.</p>	Complies

## 6. Safeguard integrity in corporate reporting

	RECOMMENDATION	COMPLIANCE
6.1.	<p>A listed entity should provide information about itself and its governance to investors via its website.</p> <p><b>Comment</b></p> <p>Information about the Company and its corporate governance are posted on the Company's website at <a href="http://www.pengana.com">www.pengana.com</a>.</p>	Complies

## RECOMMENDATION

## COMPLIANCE

- 6.2. A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Complies

### Comment

The Company recognises and supports the right of shareholders to receive effective communication ensuring shareholders are informed of all necessary information to fully assess the performance of the Company.

The Company communicates with shareholders through its annual report, disclosures to the ASX, at the Annual General Meeting (AGM) and via the Company's website. In addition, shareholders have the opportunity to elect to receive relevant documentation electronically from the Company, via the Company's Registry and can communicate with the Company via email.

Through various means of communication, the Company aims to provide shareholders with a clear and balanced understanding of the aims and objectives of the Company. Copies of all relevant corporate governance documents relating to the Company can be found in the corporate governance section of the Company's website.

All shareholders have the opportunity to attend the Annual General Meeting and ask questions.



RECOMMENDATION	COMPLIANCE
<p>6.3. A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p> <p><b>Comment</b> The Board encourages full participation of shareholders at the Company's Annual General Meetings.</p> <p>A notice of meeting will be accompanied by explanatory notes on the items of business and together they will clearly and accurately explain the nature of the business of the meeting.</p> <p>A copy of the Notice of Meeting will be placed on the Company's website. Shareholders are encouraged to attend the meeting, or if unable to attend, to vote on the resolutions proposed by appointing a proxy in the manner specified in the notes to the Notice of Meeting.</p> <p>At each Annual General Meeting, the Chairman opens the floor for general question time and provides the shareholders with the opportunity to be heard and to ask questions of their Directors as they choose. In addition, the Company ensures that the Company's auditor attends the AGM or other meetings of the Company and shareholders are afforded the opportunity of asking the Company's auditor questions regarding the conduct and content of the audit.</p> <p>A shareholder may submit a question throughout the year via the investor relations section of the Company's website or to the auditor prior to the meeting by emailing the Company Secretary.</p>	<p>Complies</p>
RECOMMENDATION	COMPLIANCE
<p>6.4. A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p> <p><b>Comment</b> Shareholders have the opportunity to elect to receive relevant documentation electronically from the Company and can communicate with the Company via email. In addition, the Company's Registry, Computershare Investor Services Pty Limited, provides the option for shareholders to receive and send communications electronically.</p>	<p>Complies</p>

## 7. Recognise and manage risk

	RECOMMENDATION	COMPLIANCE
7.1.	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(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.</li> </ul>	Complies
	<p><b>Comment</b></p> <p>The Board recognises the importance of prudent identification of and management of risk factors as part of its responsibility to the Company's shareholders and other significant stakeholders. Further, the Board recognises that effective management of risk is vital to the continued growth and success of the Company.</p> <p>Due to the nature of the company's business, the Company and its shareholders are exposed to risk and uncertainty. The Company has established various corporate governance, compliance and risk systems to mitigate the risks but the Company cannot guarantee that these safeguards and systems will be effective. Additionally, some risks are outside the control of the Company.</p> <p>Due to the size of the Company and scale of operations of its business, the Company does not have a separate risk committee or an internal audit function but rather a combined Audit and Risk Compliance Committee (ARC). See paragraph 4 above for further details in relation to the ARC.</p>	

RECOMMENDATION	COMPLIANCE
<p>7.2. The Board or a committee of the Board should:</p> <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>(b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul> <p><b>Comment</b></p> <p>The Board has overall responsibility for the Risk Management Program including receiving regular reports from the ARC on the risk profile of the Company. The ARC provides assistance to the Board to fulfil its oversight responsibility for risk management.</p> <p>The Risk Management Program has been designed to allow the Board to oversee the risk management process with assistance from management. The Board is responsible for setting the Company's risk appetite and ensures that it regularly reviews the risk profile for the business. Regular monitoring is also undertaken by the ARC.</p> <p>During the reporting period the ARC has considered and reported to the Board on a review of the Company's Risk Management Program. The Risk Management Program was improved by the addition of a 'risk reporting' section and a 'key risk metrics' report. By setting specific measurement criteria the Board is able to more clearly articulate the Company's risk appetite and in turn allows management to more precisely monitor the management of those risks. Both the ARC and the Board are satisfied that the Risk Management Program in place in respect of the Company is sound.</p> <p>The Board receives an annual assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>Complies</p>
RECOMMENDATION	COMPLIANCE
<p>7.3. A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(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.</li> </ul> <p><b>Comment</b></p> <p>The Company does not have an internal audit function. An ARC has been established and reviews the internal control processes as necessary. See paragraph 4 above for further details in relation to the ARC.</p>	<p>Complies</p>

RECOMMENDATION	COMPLIANCE
<p>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> <p><b>Comment</b> The Board does not believe that the Company has any material exposure to environmental and social sustainability risk, however may have indirect exposure through its investments. The Company regularly evaluates its overall risk. Assessment of economic, environmental and social sustainability risks of companies in which the Company invests forms part of the Company's overall evaluation of performance of its investments.</p>	Complies

## 8. Remunerate fairly and responsibly

RECOMMENDATION	COMPLIANCE
<p>8.1. The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(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><b>Comment</b> The Board has a Nomination and Remuneration Committee. During the reporting period the members were:</p> <ul style="list-style-type: none"> <li>• Jeremy Dunkel, Committee Chairman, Non-executive, Independent Director</li> <li>• Kevin Eley, Non-executive Independent Director</li> </ul>	Complies

- David Groves, Non-executive Independent Director

The Nomination and Remuneration Committee met on 2 occasions during the reporting period.

The Nomination and Remuneration committee has a Board approved Charter setting out its roles and responsibilities, composition, structure, membership requirements and operation. The Charter contains specific Board reporting requirements and a copy is available in the corporate governance section of the Company's website.

RECOMMENDATION		COMPLIANCE
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.	Complies
<p><b>Comment</b></p> <p>Details of the remuneration practices and the level of remuneration paid to Directors and Key Management Personnel is set out in the Remuneration Report found in the Company's Annual Report.</p>		
RECOMMENDATION		COMPLIANCE
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>	Complies
<p><b>Comment</b></p> <p>The Company does have an equity based remuneration scheme. Participants in the equity based remuneration scheme are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p>		