

## APPENDIX 4G *Listing Rules 4.7.3 and 4.10.3<sup>1</sup>*

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

Name of entity:

THORNEY TECHNOLOGIES LTD

ABN / ARBN:

66 096 782 188

Financial year ended:

30 JUNE 2019

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

☒ This URL on our <http://www.thorneytechnologies.com.au/> website:

The Corporate Governance Statement is accurate and up to date as at 27 August 2019 and has been approved by the board. The annexure includes a key to where our corporate governance disclosures can be located.

Date 27 August 2019

:

Name of Secretary authorising lodgement: Craig Smith **ACIS CPA**

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

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

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement under Principle 1 ... 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 Corporate Governance Statement under Principle 1	
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 under Principle 1 <input checked="" type="checkbox"/> in our Notice of AGM which will be available in October 2019 <a href="http://www.thorneytechnologies.com.au">http://www.thorneytechnologies.com.au</a>	
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 under Principle 1 <input checked="" type="checkbox"/> in our 2019 Remuneration report (Audited) contained within the Directors' report and Financial Statements	
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 under Principle 1 <input checked="" type="checkbox"/> in our Thorney Technologies Ltd Board Charter (page 7) <a href="https://www.thorneytechnologies.com.au/assets/TEK_Board_Charter_v2.pdf">https://www.thorneytechnologies.com.au/assets/TEK_Board_Charter_v2.pdf</a>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b> (CONTINUED)			
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement Principle 1 Diversity
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 under Principle 1</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement under Principle 1</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 Principle 1</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 1</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
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 do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 2</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 under Principle 2</p> <p><input checked="" type="checkbox"/> in our Thorney Technologies Ltd Board Skills Matrix</p> <p><a href="http://www.thorneytechnologies.com.au/assets/BoardSkillsMatrix.pdf">http://www.thorneytechnologies.com.au/assets/BoardSkillsMatrix.pdf</a></p>	
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 under Principle 2</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement under Principle 2</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement under Principle 2</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b> (CONTINUED)			
2.4	A majority of the board of a listed entity should be independent directors.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement under Principle 2
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement under Principle 2
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	...the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement under Principle 2	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement under Principle 3 <input checked="" type="checkbox"/> in our Thorney Technologies Ltd Code of Conduct <a href="https://www.thorneytechnologies.com.au/assets/Thorney_of_Conduct_v2.pdf">https://www.thorneytechnologies.com.au/assets/Thorney_of_Conduct_v2.pdf</a>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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 (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.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement under Principle 4 Audit Committee

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b> (CONTINUED)			
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance under Principle 4 Assurance	
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement under Principle 4 External Auditor	
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement under Principle 5 <input checked="" type="checkbox"/> in our Thorney Technologies Ltd Disclosure Policy <a href="https://www.thorneytechnologies.com.au/assets/TEK_Disclosure_Policy_v2.pdf">https://www.thorneytechnologies.com.au/assets/TEK_Disclosure_Policy_v2.pdf</a>	
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at these locations: <a href="http://www.thorneytechnologies.com.au/">http://www.thorneytechnologies.com.au/</a> <a href="http://www.thorneytechnologies.com.au/corporategovernance.html">http://www.thorneytechnologies.com.au/corporategovernance.html</a>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 6 <input checked="" type="checkbox"/> in our Thorney Technologies Ltd Communications Policy <a href="https://www.thorneytechnologies.com.au/assets/TEK_Communications_Policy_v2.pdf">https://www.thorneytechnologies.com.au/assets/TEK_Communications_Policy_v2.pdf</a>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b> (CONTINUED)			
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 6</p> <p><input checked="" type="checkbox"/> in our Thorney Technologies Ltd Communications Policy</p> <p><a href="https://www.thorneytechnologies.com.au/assets/TEK_Communications_Policy_v2.pdf">https://www.thorneytechnologies.com.au/assets/TEK_Communications_Policy_v2.pdf</a></p>	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 6</p>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</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 risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 7</p>	
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 7</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 7</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b> (CONTINUED)			
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.	... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: <input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 7	
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.	... 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 7	



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</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 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 do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 8</p>	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 8</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><input checked="" type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
	<p>Alternative to Recommendation 1.1 for externally managed listed entities:</p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 1</p>	
	<p>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement Principle 8</p>	

# **THORNEY TECHNOLOGIES LTD**

ABN: 66 096 782 188

## **2019 CORPORATE GOVERNANCE STATEMENT**

Current as at and approved by the Board on 17 June 2019

# Corporate governance statement

## 2019 Corporate governance statement

Thorney Technologies Ltd (Company) is committed to developing and maintaining an effective system of corporate governance which is commensurate with the size and nature of the Company, its Board and the scope of its operations.

In the following statements we detail how the Company adheres to the *ASX Corporate Governance Principles and Recommendations* and where there is non-adherence we disclose why the Company considers that it is necessary to take a different approach.

Approved by the Board on 17 June 2019.

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

The primary role of the Board is to ensure the long-term prosperity of the Company.

The Board is responsible for a broad range of matters and will act in the best interests of the Company to ensure that the business of the Company is properly managed. The Company has no employees and its day-to-day functions and investment activities are managed by Thorney Management Services Pty Ltd (**Investment Manager**) pursuant to an investment Management Agreement (**IMA**) approved by shareholders.

The Board has adopted a **Board Charter** which stipulates the respective roles and responsibilities of the board and matters expressly reserved to the Board and which operational activities and what levels of authority have been delegated to the Investment Manager.

The Board may delegate any of these matters to individual Directors, Board Committees or the Investment Manager but any such delegation shall be in accordance with the law and the Company's **Constitution**.

The Board meets at least quarterly. At these meetings senior managers of the Investment Manager are available to report on the Company's operations.

Before being invited to join the Board and standing for election by shareholders, all non-executive Directors have appropriate background checks. All details of directors' qualifications, skills, experience, independence including other material directorships currently held and any related party disclosures are included in the meeting materials presented to shareholders before the director stands for election or re-election.

Arrangements have been agreed between the Company and the Directors personally with respect to their individual remuneration and other terms of appointment. Each Director has entered into an agreement regarding insurance, access to records and disclosure of any trading in Company securities as required under ASX Listing Rules, confidentiality and the Company's **Trading Policy**.

The Company Secretary is directly accountable to the Board and has a direct reporting line to each Director of the Company in regards to all matters to do with the proper functioning of the Board and the Committees.

### Diversity

The Company has not promulgated a **Diversity Policy** nor has it set any measurable objectives for gender diversity in compliance with ASX Recommendation 1.5. As the Company has no employees the Board has determined that a **Diversity Policy** and the setting of measurable objectives to achieve gender diversity are not warranted at this time. However, the composition of the Board is periodically reviewed.

## Corporate governance statement continued

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

The Company undertakes annual performance self-assessments of the Board, the Audit & Risk Committee and individual directors. A review was conducted in 2019.

The Board annually reviews the performance of the Investment Manager based on total returns to shareholders and with reference to peer LIC performance and benchmark ASX indices. The Chairman and Investment Manager is a substantial holder of TEK and has interests closely aligned to the interests of all shareholders. A review was conducted in 2019.

The Investment Manager performs the tasks that would ordinarily be performed by senior executives and has an established induction process for all its employees with responsibilities under the IMA. As part of this induction process, new senior executives of the Investment Manager will receive briefings on the business of the Company and the Investment Manager and their policies and procedures. These briefings will focus on the key operational, regulatory, risk and compliance issues that are of relevance to the Company and the Investment Manager.

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

#### Nomination and appointment of new Directors

ASX Recommendation 2.1 states that a board should establish a nomination committee and disclose a charter. Given the size and nature of the Company, the Board has determined that a Nomination Committee is not warranted.

The Board considers the issues that would otherwise be considered by a Nominations Committee.

#### Board skills matrix

The Board must comprise directors with an appropriate range of skills, experience and expertise.

The **Board Skills Matrix** sets out the full key skills and experience of the Directors and the extent to which they are represented on the current Board and its Committees. The essential skill sets are as follows:

Essential Skill area	Board	Essential Skill area	Board
Strategy	4 Directors	Expertise in the areas of the Company's business	4 Directors
Financial performance	4 Directors	Depth of experience with the Company	4 Directors
Risk and compliance oversight	4 Directors	Experience building large scale in an organisation	4 Directors
Board experience	4 Directors	Commercial experience	4 Directors

In addition to the skills and experience outlined in the Board Skills Matrix the Board considers that each Director has the appropriate attributes such as:

- honesty and integrity;
  - an understanding of shareholder value;
  - has sufficient time to undertake the role appropriately;
  - an enquiring mind; and
- a demonstrated commitment to appropriate standards of governance.

The Company's **Constitution** provides that there must be a minimum of 3 and a maximum of 10 directors.

Having regard to the size and the nature of its business, the Company has determined that a 4 member board is appropriate and sufficient to enable it to effectively discharge its responsibilities to the Company.

## Corporate governance statement continued

### Principle 2: Structure the board to add value continued

#### Majority of independent directors

The Board currently comprises one independent, non-executive director (Alan Fisher) and three non-independent non-executive directors (Alex Waislitz, Martin Casey and Jeremy Leibler). The Board regularly assesses the independence of each non-executive director.

Director	Position	Classification	Appointment	Last election
Alex Waislitz	Chairman	Non-independent	9 December 2016	9 December 2016
Alan Fisher	Director	Independent	29 August 2014	24 November 2017
Martin Casey	Director	Non-independent	22 June 2016	9 December 2016
Jeremy Leibler	Director	Non-independent	9 December 2016	9 December 2016

The Company notes that the current Board does not comply with ASX Recommendation 2.4 as it does not have a majority of independent directors. The Board considers that all Directors of the Company bring significant expertise and investment experience to the Company and that the current structure is appropriate for the Company at this time.

Directors are elected by shareholders and in accordance with the provisions of the *Constitution*, no director holds office for a period longer than three years without standing for re-election by the shareholders.

#### Chairman and independence

The Company notes that ASX Recommendation 2.3 (modified recommendation for externally managed listed entities) and ASX Recommendation 2.5 states that the chair of the Company and Investment Manager should be independent.

The Board takes the view that although Mr Waislitz is not considered independent, it is in the best interests of shareholders that Mr Waislitz be the Chairman of the Company, and we make the following observations:

- Mr Waislitz, as the long-term chairman and CEO of the private Thorney Investment Group, has a demonstrated track record of successful investment performance over two decades.
- In December 2016, shareholders voted in favour of all Thorney Investment Group proposals, including the appointment of Mr Waislitz as a director, on the expectation he be appointed Chairman of the Company.
- Delegation of certain responsibilities to Board committees.

The Company has a program for inducting new directors and each director individually reviews their training and professional development needs to maintain the skills and knowledge required to effectively perform their role.

Each director may obtain independent professional advice at the expense of the Company on matters arising in the course of their Board duties. The payment for the cost of the advice by the Company is subject to the approval of the Chairman, which will not be unreasonably withheld.

## Corporate governance statement continued

### Principle 3: Act lawfully, ethically and responsibly

#### Code of Conduct and Conflicts of Interest

The Company has established a *Code of Conduct* that provides guidance to Directors and employees of the Investment Manager. Under these principles Directors will:

- conduct business lawfully
- conduct business in good faith and in a manner that will maintain confidence in the Company's integrity;
- perform their duties to high standards of honest, ethical and law-abiding behaviour;
- treat others with dignity and respect; and
- not engage in conduct likely to adversely affect the reputation of the Company.

The *Code of Conduct* also sets out details of how conflicts of interest should be avoided. Directors must disclose to the Company any material personal interest they or their associates may have in a matter that relates to the affairs of the Company, and inform the Board, via the Company Secretary, of any changes. Where conflicts of interest arise, the Code sets out appropriate arrangements that must be followed.

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

### Principle 4: Safeguard integrity in corporate reporting

#### Audit Committee

The Company has established an Audit and Risk Committee (**Committee**) and adopted an Audit and Risk Committee Charter. Alan Fisher (Committee Chairman) and Jeremy Leibler have been formally appointed to the Committee but all directors are invited and encouraged to attend each meeting. Mr Fisher has extensive business and corporate experience, is a qualified accountant and a director of a number of public companies. Mr Leibler is a qualified lawyer with vast corporate experience and a partner of a leading Australian corporate law firm. The Company notes that its Committee composition and Charter do not conform to ASX Recommendation 4.1, which requires the Committee have three members, a majority of independent directors and be chaired by an independent director. However, the Board believes that given the size and nature of the Company and the Board, the Committee structure is sufficiently appropriate to independently verify and safeguard the integrity of the financial reporting.

As the Committee has been recently formed, there are no details of attendance at Committee meetings by directors to disclose for the most recent reporting period.

#### Assurance

The Company does not employ its own CEO or CFO. Following re-admission to the official list, for the purposes of section 295A of the Corporations Act and ASX Recommendation 4.2, the Chairman and Company Secretary will provide the required assurances and declarations each half-year.

#### External Auditor

The *Audit and Risk Committee Charter* includes information on the procedures for selection and appointment of the external auditor of the Company and for the rotation of the external audit engagement partner. This year shareholders appointed Ernst & Young as the company's auditor.

The Company ensures that the external auditor attends the AGM and is available to answer questions relevant to the audit from shareholders.

## Corporate governance statement continued

### Principle 5: Make timely and balanced disclosure

The Company has adopted a *Disclosure Policy* which has procedures designed to ensure compliance with ASX Listing Rule and Corporations Act disclosure requirements and to ensure accountability of Directors and senior management of the Investment Manager for that compliance.

The policy, which is available on the Company's website, has procedures designed to ensure that material information is communicated to the Chairman and Company Secretary and for the assessment of information for the disclosure of material information to the market.

The Board acknowledges the importance of promoting timely and balanced disclosure of all material matters concerning the Company and believes it is fully compliant with Principle 5 and its recommendations.

### Principle 6: Respect the rights of shareholders

The Company has a *Communications Policy* which seeks to promote effective communication with our shareholders. The Company communicates in several ways including via its Annual Report and Half-yearly accounts, monthly net tangible asset backing announcements, shareholder updates from the Chairman and other ASX announcements regarding material investments and other developments.

The Company maintains a website at: [www.thorneytechnologies.com.au](http://www.thorneytechnologies.com.au).

#### Annual General Meeting

The Chairman of the meeting will ensure that shareholders are given the opportunity to participate at the AGM.

The Company encourages shareholders to contact the Share Registry and opt in to receive and send all communications to and from the Company electronically.

### Principle 7: Recognise and manage risk

The Board, through the Committee, is responsible for setting policies for oversight of risk and identification and management of material business risks. The Company has an approved *Audit and Risk Committee Charter* (see Principle 4 above) and in conjunction with the Investment Manager has adopted a *Risk Management Policy*.

Alan Fisher (Committee Chairman) and Jeremy Leibler have been formally appointed to the Committee but all directors are invited and encouraged to attend each meeting. The Company notes that its Committee composition and Charter do not conform to ASX Recommendation 7.1, which requires the Committee have three members, a majority of independent directors and be chaired by an independent director. However, the Board believes that given the size and nature of the Company and the Board, the Committee structure is sufficiently appropriate to independently verify and safeguard the integrity of the Company's risk management framework.



## Corporate governance statement continued

### Principle 7: Recognise and manage risk continued

The Investment Manager has implemented a risk management and compliance framework which enables the identification of risks, the execution of appropriate responses, the monitoring of risks and the controls applied to mitigate risks.

The main areas of risk that have been identified are market risk and operational risk. As a listed investment company the Company will always bear market risk as it invests its capital in assets that are not risk free. Operational risks can include legal, regulatory, disaster recovery, systems, process, human resource, environmental and social risks. Our risk management framework has been designed to monitor, review and continually improve risk management throughout the Company.

The Committee will review the Company's risk management framework annually. The Company will disclose whether the Committee is satisfied that it continues to be sound. ASX Recommendation 7.2 requires an annual review of the Company's risk management framework, however as the committee is recently formed and the *Risk Management Policy* recently adopted, a review by a third party specialist has taken place in the most recent reporting period.

The Board believes that commensurate with the size and nature of the business that an internal audit function is not warranted at this time and so the Company does not comply with ASX Recommendation 7.3. The Company utilises highly effective internal control processes and systems, developed over two decades by the Investment Manager to manage the multifaceted investment activities of the private Thorney Group. The Investment Manager employs staff and consultants who are responsible for evaluating and continually improving the effectiveness of the risk management and internal control systems. These systems are subject to an annual external audit.

The Company does have a material exposure to the Australian stock market. A large fall or correction to the overall market is likely to adversely affect the Company NTA. The Investment Manager seeks to reduce this risk through careful stock selection, diversification and management of the relative weightings of individual securities.

### Principle 8: Remunerate fairly and responsibly

#### Remuneration Committee

ASX Recommendation 8.1 states that a board should establish a remuneration committee. Given the size and nature of the Company and the fact the company does not employ executives, the Board has determined that a remuneration committee is not warranted, nor does it have a *Remuneration Policy* to disclose.

#### Non-executive Directors

Non-executive Directors are remunerated by a fixed director's fee including superannuation, or as a fixed consulting fee plus GST, as permitted by the Company's Constitution.

The maximum remuneration of Non-executive Directors is determined by Shareholders at a General Meeting in accordance with the *Constitution*, the Corporations Act and the ASX Listing Rules, as applicable. At present the maximum aggregate remuneration of Non-executive Directors is \$400,000 per annum. The apportionment of Non-executive Director Remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-executive Director. The Board may award additional remuneration to Non-executive Directors called upon to perform extra duties or services on behalf of the Company.

## Corporate governance statement continued

### Principle 8: Remunerate fairly and responsibly continued

#### Non-executive Chairman

The Non-executive Chairman is employed by the private Thorney Investment Group and does not receive any salary, benefits or incentives for his role as a Director of the Company.

The amount of remuneration for all directors, including all monetary and non-monetary components, are detailed in the directors' report under Remuneration Report (audited).

#### Investment Manager

The Investment Manager has specified authority and responsibility in regard to management of the Company's investment portfolio. The Investment Manager is entitled to a base fee and a performance fee in accordance with the IMA.

Persons involved in investment management are employees of the private Thorney Investment Group and are not remunerated by the Company.

Further details on the management fees paid to the Investment Manager are included in the financial statements.