

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

CARDNO LIMITED

ABN / ARBN:

70 108 112 303

Financial year ended:

30 June 2016

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://www.cardno.com/corporategovernance>**

The Corporate Governance Statement is accurate and up to date as at 21 September 2016 and has been approved by the board.

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

Date: 21 September 2016



Signed by: Michael Pearson
Position: Company Secretary

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 ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
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 <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at www.cardno.com	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at www.cardno.com.au</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at www.cardno.com (for Workplace Gender Equality Act information)</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
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 <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.cardno.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at our Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at our Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.cardno.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at our Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at www.cardno.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at our Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Statement

CARDNO LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2016

The Board of Directors of Cardno Limited is ultimately responsible for all corporate governance matters of the consolidated entity and is accountable to the shareholders for the overall business performance of the company. The Board oversees a global governance framework which is designed to ensure the highest standards of corporate governance are uniformly maintained by all parts of the business in all locations around the world. Details of the corporate governance policies of the company can be found in the Investor Centre of the Cardno website, www.cardno.com.

Cardno Limited is committed to implementing and maintaining sound corporate governance practices and has considered the ASX Corporate Governance Principles and Recommendations (Third Edition) in the development of its corporate governance. The Board has assessed Cardno's current practice against these Principles and Recommendations and notes that Cardno's practices are consistent with them except where stated below.

The Board endorses a culture of continuous improvement and therefore continues to refine and develop its governance policies and practices to meet the needs of the business and in the interests of shareholders.

PRINCIPLE 1:

Lay solid foundation for management and oversight

The role of the Board and delegation to the Joint interim Chief Executive Officers and the senior management team has been formalised. The most significant responsibilities of the Board are:

- > providing strategic oversight including contributing to the development of and approving the corporate strategy;
- > reviewing and approving business plans, the annual budget and financial plans including reviewing the adequacy of resources and approving and monitoring major capital expenditure initiatives;
- > reviewing the operational and financial performance of Cardno's activities including monitoring budgetary control;
- > reporting to shareholders and the market;
- > ensuring compliance with prudential regulations and standards;
- > ensuring adequate risk management processes are in place;
- > reviewing internal controls and internal and external audit reports;
- > monitoring and influencing the culture and reputation of Cardno;
- > monitoring Board composition, Director selection and Board process and performance;
- > undertaking appropriate checks and making relevant enquiries before appointing a person as a Director;
- > approving key executive appointments and ensuring executive succession planning;
- > ensuring Cardno has a written agreement with each director and senior executive setting out the terms of their appointment;
- > reviewing the performance and remuneration of senior management;
- > ensuring that the Board as a whole has an appropriate understanding of each substantial segment of the business; and
- > authorising and monitoring major investment and strategic commitments.

The Board delegates to the Joint interim Chief Executive Officers, together with the senior management team, responsibility for the implementation of Cardno's corporate strategy, its business plans and the day-to-day management of its operations.

The performance of the senior management team is evaluated by the Board through formal performance reviews undertaken on an annual basis. The individual performances of the each member of the senior management team is reviewed against goals set in the previous year and new objectives are established for the following financial year.

In 2016 individual financial and non-financial goals were agreed for "at target" and out performance targets. A greater proportion of fixed annual remuneration is offered "at risk" and payable in the form of short term and long term incentives. Specific details are set out in the Remuneration Report.

The Company Secretary supports the Board and its committees. Cardno's Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Board's responsibilities and functions are also contained in Cardno's Corporate Governance Policy which can be accessed in the Investor Centre on the Cardno website.

PRINCIPLE 2: Structure the Board to add value

On 19 October 2015 Cardno and Crescent Capital entered into an implementation agreement ('Agreement') that included an agreed transition plan in relation to the future composition of the Board.

Consistent with the Agreement, two Non-Executive directors, Elizabeth Fessenden and Grant Murdoch resigned on 6 November 2015. Three Crescent nominees, namely Michael Alscher, Neville Buch and Nathaniel Thompson were appointed as Non-Executive Directors on that date.

On 27 January 2016 John Marlay, Tonianne Dwyer, Tony Barnes and Nathaniel Thompson resigned and Jeffrey Forbes and Steven Sherman were appointed as independent Non-Executive Directors. Gary Jandegian and Robert Prieto were also appointed as independent Non-Executive Directors on 11 March 2016. Nathaniel Thomson was reappointed at that time as well.

The Board currently comprises seven Non-Executive Directors including the Chairman. On 29 August 2016, the Managing Director resigned.

The current Non-Executive Directors bring a range of professional and industry based skills to Cardno. The Cardno Board skills matrix illustrates that the Board exhibits strong skills and experience in engineering, executive and commercial management of services companies, operational management and strategic planning, finance, funding and corporate governance. Two of the seven directors are based in the United States, which is important for Cardno given the company's significant operations in that jurisdiction.

The Board has adopted the following criteria to determine the independence of a Non-Executive Director:

- > is not a substantial shareholder of Cardno or an officer of, or otherwise associated directly with, a substantial shareholder of Cardno;
- > within the last three years has not been employed in an executive capacity by Cardno or another group member, or been a Director after ceasing to hold any such employment;
- > within the last three years has not been a principal of a material professional adviser or a material consultant to Cardno or another group member or an employee materially associated with the service provided;
- > is not a material supplier or customer of Cardno or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- > has no material contractual relationship with Cardno or other group member other than as a Director of the company;
- > has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Cardno; and
- > is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Cardno.

The Board has confirmed that based on this definition of independence, Mr. Sherman, Mr. Forbes and Mr. Prieto are independent Non-Executive Directors.

The role of the Chairman and Managing Director are separate. The Chairman of the Board is Mr. Alscher who is a

Non-Executive Director. After the departure of Mr. Wankmuller on 29 August 2016, the Joint interim CEO's are Mr. Buch and Mr. Jandegian.

Currently the Chairman of Cardno's Board, Mr. Alscher, is not an independent director due to his association with Crescent Capital, a substantial shareholder of Cardno. The role of the Chairman and the Joint interim CEO's are not held by the same person, ensuring separation between the Board and management.

Each Director, as part of their agreement with Cardno has the ability to seek independent advice at Cardno's expense after consultation with the Chairman.

In January 2016, the Nominations Committee became a function of the full Board of Directors rather than being delegated to a sub-committee of the Board.

The Nominations Committee oversees and facilitates Board and individual Director performance reviews and evaluation on an annual basis. The Board conducts formal reviews of both individual and collective performance annually using both internal processes and external facilitators as necessary to ensure independent professional scrutiny and benchmarking against developing best practices.

This year the Board's performance was not reviewed as all Directors were appointed within the last twelve months in accordance with an agreed Board transition process. The Board intends to conduct a performance evaluation of the board, its committees and individual directors in the next financial year.

The Nominations Committee assists the Board in determining the composition of the Board and its committees. When considering a candidate as a Director, consideration is given to the candidate's ability to act in the best interests of shareholders as well as specific skills and expertise and background which is corroborated by thorough reference checks. Consideration is also given to the candidate's capacity to understand the impacts of various laws and regulations on their role and on Cardno including company law, trade practices legislation, environmental law, workplace health and safety, equal opportunity and taxation.

As Cardno has significant operations outside of Australia, consideration is also given to the candidate's ability to understand the impacts of foreign jurisdiction legislation, foreign currency issues and the business environment in the countries in which Cardno operates. In addition, consideration is given to the candidate's knowledge of the areas of Cardno's operations, risk management concepts and how they apply to Cardno and corporate governance.

New Directors undergo an induction process in which they are given an extensive briefing on Cardno. This includes meetings with key executives, tours of the relevant businesses, an induction package and presentations. A formal letter of appointment is provided. In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continuing professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

The roles and responsibilities of the Nominations Committee are set out in its Terms of Reference which are displayed on the Investor Centre of Cardno's website.

Details of the individual skills, capabilities and experience of all Directors are disclosed in the Annual Report and on the company website.

PRINCIPLE 3: **Promote ethical and responsible decision making**

The Board expects Directors and employees to observe high standards of behaviour and business ethics. All Directors, executives and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the Company. The Board has adopted a Code of Conduct for Directors, senior managers and staff. The Code of Conduct is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour, professionalism and practices necessary to maintain confidence in the company's integrity. The code sets the standard of behaviour required in areas such as performance and conduct, health and safety, use of property, compliance with laws and professional standards, confidentiality of information and conflicts of interest.

The Board also promotes the maintenance of an open working environment in which all employees and contractors are able to report instances of unethical, improper, unlawful or undesirable conduct without fear of intimidation or reprisal. This is endorsed through the Whistleblower Policy and the Whistleblower hotline which is managed by an independent operator and accessible to all Cardno staff 24 hours a day, seven days a week, by telephone, email, online, fax and post. The Audit, Risk & Compliance Committee receives notifications and reports of disclosures made under the Policy.

In 2015, Cardno disclosed it had appointed external advisors to conduct an investigation to review certain payments related to government and state owned entity contracts in Ecuador, its subsidiary, Cardno Caminosca. Cardno continues to co-operate with appropriate regulators and authorities. Cardno has an ongoing commitment for compliance and disclosure and will continue to keep Shareholders and Stakeholders informed as appropriate.

The Board has adopted a policy for trading in Cardno securities by Directors, senior managers, financial services employees and staff. The purpose of this Policy is to guide Directors, senior managers and financial services employees in the performance of their activities and to define the circumstances in which they, other employees and associates, are permitted to deal in securities. The policy addresses each of the ASX requirements including provisions relating to the prohibition of trading by directors, senior executives and financial services employees in Cardno's securities during defined blackout periods.

The codes and policies have been designed with a view to ensuring the highest ethical and professional standards as well as compliance with legal obligations. The code and the policies are available for review in the Investor Centre of the Cardno website.

The Board continues its commitment to ensuring Zero Harm for all Cardno employees, clients, visitors and members of the public. To achieve this goal, the Board requires commitment and visible leadership from all managers, strong teamwork and the active participation of everyone to implement and reinforce this policy in all Cardno offices, facilities and in the field.

DIVERSITY

Over the years, Cardno has progressed significantly in understanding its workforce and how diversity and inclusion (D&I) programs and perspectives can positively influence our employees in and outside the workplace.

During 2016, there was significant progress made on the gender equality program - a vital pillar of the diversity strategy. Concept and design work also started on targeted campaigns and on the introduction of new D&I programs of work. This work was underpinned by the visible support of the executive team and senior sponsors.

The diversity strategy has three central elements: build leadership commitment, implement change programs, and partner with industry and other organisations to effect meaningful change on a broader scale.

Build leadership commitment

Over the last year, senior leaders across Cardno have visibly championed diversity. Former CEO Richard Wankmuller presented a keynote address at the Women in Leadership Summit in December 2015 sharing Cardno's business case for diversity.

International Women's Day was celebrated with a global all staff launch email from the Executive diversity sponsor, Susan Reisbord. In support of Close the Gap day, Cardno's APAC General Manager signed an organisational pledge to tackle the indigenous health crisis. Cardno's regional leadership team also continued sponsorship of the CEDA Women in Leadership series for 2015/2016. In November 2015, Cardno's partnered with a number of leaders to pledge to stand up, speak out and prevent domestic violence.

As at 30 June 2016, Cardno's Board of Directors was comprised of seven male leaders with a diverse range of backgrounds. 80% of the Executive Leadership Team was male and 20% female. The Regional Leadership Team, comprised of 16 Division Managers across the world, where 12.5% female and 87.5% male.

Showing strong leadership commitment continues to be a key focus in the coming year.

Implement change programs

Gender equality

The Women in Cardno program, initiated in 2013, is a key change program and entered its second term in 2016 with the election of a new Governing Body. For the next term, the focus is on delivering five key programs that aim to: provide more opportunities for networking, address the Gender Pay Gap (GPG), normalise flexibility, shift unconscious bias and behaviours, and ensure that Cardno engages with staff to seek their input and update them on progress.

Gender equality is a key focus at Cardno with a number of metrics tracked throughout the year. The global workforce is 33% women and 67% men. This represents a 3% increase in female workforce participation since 2015. Women in leadership metrics have been tracked since 2012 when the percentage was 11%. Currently Cardno has 17% of all leadership positions filled by women across the globe.

Flexibility

There is strong evidence for workplace flexibility increasing employee engagement and retention. Over 300 staff at Cardno

currently have a formal flexibility arrangement in place. There is also support for informal flexibility with a number of other staff accessing opportunities to work from home, telecommute, work reduced hours, relocate globally or take periods of leave. Over the coming year, greater focus is planned to promote flexibility for all staff.

Age

Cardno is proud to employ a diverse group of individuals who range in age from 16 to 81. The average age across the business is 40.2 years. With the majority of the workforce (68%) under 45 years of age, Cardno is positioned well for generational shifts and particularly the exit of baby boomers.

Multiculturalism

Due to the geographic spread of Cardno's operations, staff are naturally diverse and identify as coming from a myriad of nationalities and ethnicities. Globally, Cardno staff speak 79 unique languages to a professional working level or native/bilingual level. Cultural events are supported and celebrated regularly throughout the world.

Partner with industry and other organisations

Cardno is a founding member of the Queensland Male Champions of Change (QMCC) and continued its engagement in the last financial year. The focus has been on effecting industry change by mainstreaming flexibility, implementing gender targets and integrating diversity questions into the tender process.

An external partnership was formed with the Diversity Practitioners Association with Cardno proud to sign up as gold sponsor and host a launch event in May 2016.

Academic partnerships were also developed during the financial year with Cardno partnering with schools and universities to attend and present at external functions, as well as hosting expert speakers for internal events.

Future initiatives

The focus for 2017 will be on engaging with the new leadership team and building our existing program of works. This will include:

- > Ongoing work and support for domestic and family violence awareness
- > Including diversity and inclusion questions in the bi-annual engagement survey
- > Completing concept design for a new pillar in the diversity strategy
- > Implementing initiatives to mainstream and normalise flexibility
- > Continuation of sponsorship for Women in Leadership (through the Women in Cardno program, CEDA series and other avenues).
- > Sharing case studies of diversity and inclusion in action across the business.

Please view the Cardno Diversity and Inclusion page on the website and the Diversity Policy for more information.

PRINCIPLE 4:

Safeguard integrity in financial reporting

The Board recognises the critical importance of sound financial management, the accurate and timely reporting of financial performance and the management of risk. To assist the Board in the fulfilment of its duties and governance obligations in this area, the Board has established an Audit, Risk & Compliance Committee. Its role, objectives and responsibilities are set out in its Terms of

Reference which can be viewed in the Investor Centre of the company's website. The Committee meets at least four times per year.

Until November 2015 the Audit, Risk & Compliance Committee consisted of four Non-Executive Directors, Mr. Barnes, Mr. Johnston, Ms. Dwyer and Mr. Murdoch. Mr. Barnes, an independent Non-Executive Director, was Chairman of the Audit, Risk & Compliance Committee. Mr. Barnes was not the Chairman of the company.

In 2016 the Audit, Risk & Compliance Committee was re-constituted and now consists of Mr. Alscher, Mr. Forbes, Mr. Sherman and Mr. Prieto. Mr. Forbes, an independent Non-Executive Director is Chairman of the Committee. Mr. Forbes is not the Chairman of the company.

Some of the Audit Risk & Compliance Committee actions during 2015/2016 were:

- > review of accounting policy in relation to the treatment of corporate costs in respect to cash generating units;
- > review and enhancement of Internal Audit functions;
- > oversight of global compliance program;
- > review and update of Cardno Treasury Policy.

In respect of the current year, the Chief Executive Officer and Chief Financial Officer have provided the Board with a statement confirming that Cardno's financial reports present a true and fair view of its financial position and are in accordance with relevant accounting standards.

The Audit, Risk & Compliance Committee requires the rotation at least every five years of the external audit engagement partner.

The selection of the external audit engagement partner is assessed against specific criteria established and agreed by the Audit, Risk & Compliance Committee.

Cardno's auditors attend the Annual General Meeting of the company and are available to answer shareholders' questions.

Mr. Jason Adams currently fulfils the role of external audit engagement partner for the company.

PRINCIPLE 5:

Make timely and balanced disclosure

Cardno has adopted a Continuous Disclosure Policy which can be viewed in the Investor Centre of the company's website. The purpose of this Policy is to set out the procedures to be followed to enable accurate, timely, clear and adequate disclosure to the market and compliance with the ASX Listing Rules regarding disclosure.

The Policy also operates to ensure that all employees are aware of their obligations for compliance within the continuous disclosure obligations. The Board regularly reviews the Policy to ensure it reflects best practice standards regarding disclosure and to ensure the market is kept informed of price sensitive or significant information in accordance with the Listing Rules. The policy will be reviewed again in the new financial year.

The Company has adopted the principles of Regulatory Guide 247 Effective disclosure in an operating and financial review. As a result the annual report provides more comprehensive information allowing shareholders to better evaluate the company.

Cardno maintains a Confidential Information Policy which establishes standards of behaviour and processes regarding the manner in which the executives and employees handle confidential information relating to Cardno's business. A copy of the Policy is accessible on the Cardno intranet.

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

Further comments related to making timely and balanced disclosure are covered with consideration of the next Principle.

PRINCIPLE 6: Respect the rights of shareholders

The Board recognises the important rights of shareholders and strives to communicate with shareholders regularly and clearly – both by electronic means and using more traditional communication methods. Shareholders are encouraged to attend and participate at general meetings.

The Board has adopted a Communications Policy that provides for:

- > communicating effectively with shareholders through releases to the market via the ASX, the media, Cardno's website, information mailed to shareholders and the general meetings of Cardno;
- > all information disclosed to the ASX is posted on the Cardno website when it is disclosed to the ASX. Presentation material used in public presentations and to brief analysts is released to the ASX and posted on Cardno's website;
- > giving shareholders ready access to balanced and understandable information about Cardno and corporate proposals; and
- > the external auditor attending the Annual General Meeting and being available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

During 2015/2016, Cardno continued to develop its website which can now be read in Australian, UK and American English and Colombian Spanish languages. The website also allows members of the public to register to receive investor alerts when Cardno issues ASX and media announcements and other publications. A copy of Cardno's Communications Policy is able to be reviewed in the Investor Centre of the Cardno website.

Cardno's website contains an easily located link to shareholder information, including corporate governance information such as details of directors and senior executives, its constitution, its board charter, charters of each of its board committees and corporate governance policies. The website also links to copies of Cardno's annual reports and financial statement, announcements to the ASX, notices of meetings and webcasts.

PRINCIPLE 7: Recognise and manage risk

The Board's responsibility for the oversight of risk management is formalised in Cardno's Corporate Governance Policy. The Board, in

consultation with executive management, is responsible for identifying relevant risks. The risk management responsibilities of the Audit, Risk & Compliance Committee are set out in its Charter.

The Board considers that a separate Risk Committee is not currently required, however the format of the Audit, Risk & Compliance Committee meetings is structured to include a separate and dedicated risk forum to deal with any matters arising in relation to the Enterprise Risk Management Framework.

In pursuit of the fulfilment of their responsibilities for risk management, the Board, together with the senior management, regularly review the effectiveness of the Group's risk management processes for the identification, monitoring and mitigation of risk.

The Audit, Risk & Compliance Committee reports to the Board regularly on the implementation and management of significant risks to Cardno, including the economic, environmental and social sustainability risks of the organisation and how they are being mitigated and managed by management.

As a listed global organisation Cardno is exposed to economic sustainability risks including exposure to the Australian, USA and other international economies, plus market sectors such as oil and gas, commodity prices and infrastructure development. Cardno has sought to mitigate these risks through its business diversity and the strategic and operational actions of Board and management. With regards to the Social Sustainability of Cardno, the organisation has been active in the space as part of the broader risk framework initiatives, with the revision and re-launch of the Code of Conduct, Whistle Blower hotline, Anti-bribery and Corruption training, Fraud Awareness training and the continued and ongoing investment in Global Health and Safety initiatives. Cardno regards its exposure to environmental sustainability risks as low.

Cardno also monitors the quality and accuracy of its services through a Quality Management System. The details of the Quality Management System are available to staff via the company's intranet and client feedback is a feature of the system.

The Chief Executive Officer and Chief Financial Officer attest to the Board the soundness of the risk management and internal control systems each year and that the system is operating effectively in all material aspects in relation to financial risks.

Cardno's internal audit function provides assurance to the Board on the effectiveness of Cardno's risk management framework and the adequacy and effectiveness of the system of internal controls. As of November 2015 Cardno has not had an operating internal audit team. However a review of the Group Internal Audit function has recently been undertaken with the intention to re-establish the Group Internal Audit function in the current financial year.

The objective, roles and responsibilities of the Audit, Risk & Compliance Committee and the Operational Risk Management Committee are set out in their Charters, which are reviewed annually. A copy of the Charter of each committee can be viewed in the Investor Centre of the Cardno website. Details of the number of meetings of the Audit, Risk & Compliance Committee and members' attendance can be found in the Directors' Report.

PRINCIPLE 8:

Remunerate fairly and responsibly

In 2016 the role of the Remuneration Committee became a function of the full Board of Directors rather than being delegated to a sub-committee of the Board.

The Board has consciously designed Cardno's remuneration strategy to ensure its CEO and senior management team are strongly aligned to achieving Cardno's business strategies and delivering shareholder value. A detailed explanation of the remuneration strategy and arrangements is published in the Remuneration Report which forms part of the Directors' Report along with details of the current remuneration of the Directors and key management personnel.

The company's Securities Trading Policy specifically prohibits any Director, senior manager, financial services employee or employee from transacting in short selling, trading in products which limit the risk associated with the holding of unvested securities or profiting from trading in securities which decrease in market value. A copy of this policy can be accessed in the Investor Centre of the Cardno website.

The role, objectives and responsibilities of the Remuneration Committee are set out in its Charter, which is reviewed annually.

A copy of the Charter can be viewed in the Investor Centre of the Cardno website.