



AstiVita Limited ABN 46 139 461 733

## **Corporate Governance Statement For the Year Ended 30 June 2019**

The objective of the Board of AstiVita Limited ("AstiVita") is to create and deliver long term shareholder value through a range of diversified but interrelated activities around the importation, distribution, sales of household products, appliances renewable energy products.

AstiVita and its subsidiaries operate as a single economic entity under a unified Board and management. As such, the Board's corporate governance arrangements apply to all entities with the Group ("the Group").

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

#### **Role of the Board and Management**

The Board of Directors is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight to management. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The roles and responsibilities of the Board (Board Charter), Board Committees and senior management have been established through Board approved Charters that are available in the Corporate Governance section of the website at [www.aircorporate.com.au](http://www.aircorporate.com.au).

To assist it in carrying out its responsibilities, the Board has established several standing Board Committees of its members. The Chairman of each Board Committee reports on any matters of substance at the next full Board Meeting. Membership of Board Committees and attendance at Board and Board Committee meetings is tabulated in the Directors' Report in the Annual Report.

The Board Committees are:

- Audit and Risk Committee
- Nomination and Remuneration Committee

Information on the Directors is contained in the Directors' Report in the Annual Report on page 4.

#### **Company Secretaries**

The Company Secretaries are appointed and removed by the Board and are responsible for establishing and maintaining the appropriate support mechanisms to enable the Board to function effectively. The Company Secretary is also responsible for ensuring the Board procedures are complied with and advising the Board on governance matters. All Directors have access to the Company Secretary for advice and support services as required and is accountable to the Board through the Chairman.



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## Independent Advice

Each Director and Board Committee has the right of access to relevant Group information and the executive management team. Directors may seek independent professional advice at the Group's expense with approval from all Directors at a Director's meeting. A copy of advice received by the Director is made available to all other members of the Board.

## Diversity Policy

The Board is committed to a diverse workplace environment. Astivita only have 5 employees to run its warehouse/logistics operations. The remaining business functions have been outsourced to other companies.

- 20% of all employees are female or from diverse cultures and nationalities.

The Board of Directors ("**the Board**") of AstiVita Limited ACN 139 461 733 ("**the Company**") has adopted the following Diversity Policy.

1. The Company is an equal opportunity employer and supports the principle of equal employment opportunity for all staff at all levels of employment regardless of gender, marital or family status. Sexual orientation, gender identity, age, disability, ethnicity, religious beliefs, cultural background, socioeconomic background, perspective and experience.
2. The Company is committed to providing a working environment which is free from discrimination, bullying, victimisation, harassment and sexual harassment in accordance with Commonwealth and State Legislation.
3. Recruitment practices are in place whereby a diverse range of candidates are considered, and no conscious or unconscious bias occurs in the selection of candidates.
4. The Board of Directors will review its Diversity Policy annually.
5. The Board as at 30 June 2019 has:
  - 20% of all employees are female or from diverse cultures and nationalities.

## Principle 2: Structure the Board to add Value

### Directors

The Board of AstiVita Limited presently comprises of two non-executive Directors, one of whom is independent and one executive Director.

- Lev Mizikovsky – 5 years' service
- Rade Dudurovic – 8 years' service
- Geoff Acton – 4 years' service



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The Board is fully aware of the ASX Corporate Governance Council Principles and Recommendations, and the reasons behind them. However, as the ASX Corporate Governance Council (“Council”) expressly recognises, different entities may legitimately adopt different governance practices, based on a range of factors, including their size, complexity, history and corporate culture. For that reason, the Principles and Recommendations are not mandatory and do not seek to prescribe the corporate governance practices that a listed entity must adopt.

The diversity and skill set of the Board, as set out in the skills matrix, highlights the level of industry and commercial experience currently on the Board. The skills matrix of the Board is detailed in the Board Charter on the Company’s website.

The current Directors of the Company are listed in the Directors’ Report with a brief description of their qualifications, experience, special responsibilities and status.

### **Chairman of the Board**

The Chairman of the Board is a non-executive Director and not independent.

### **Nomination and Remuneration Committee**

The Board has a Nomination and Remuneration Committee, comprising of three non-executive Directors, one of whom is independent:

- Rade Dudurovic (Chairman)
- Geoff Acton
- Lev Mizikovsky

The Governance and Remuneration Committee Charter sets out its role, responsibilities, composition, structure, membership requirements and guidelines and is posted on the Company’s website.

The primary function of the Nomination and Remuneration Committee is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the following areas:

- Remuneration policies and incentive plans.
- Board nominations and remuneration.
- Corporate conduct and business ethics, including ongoing compliance with laws and regulations.

Other functions include:

- Managing Board and Board Committee membership and succession planning.
- Undertaking Board, Committee and Director performance evaluation.
- Performing Board member induction, education and development.
- Overseeing compliance with the code of conduct and other best practice governance standards.
- The appointment and re-election of directors.



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### **Principle 3: Promote ethical and responsible decision-making**

#### **Code of conduct**

The Company has a Code of Conduct which sets out the behaviour required of all Board members, senior management, employees and contractors. The Code of Conduct is detailed on the website.

#### **Dealing in AstiVita Limited Shares**

The Company's Securities Trading Policy, which can be found on our website, places restrictions on the ability of Directors, officers and employees to trade in the Company's shares whilst in the possession of price sensitive information that has not been made public.

#### **Ethical Standards**

The Board is committed to its core governance values of integrity, respect, trust and openness among and between Board members, management, employees, customers and suppliers.

### **Principle 4: Safeguard integrity in financial reporting**

#### **Audit and Risk Committee**

The Board has established an Audit and Risk Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Group.

The Audit and Risk Committee Charter sets out its role, responsibilities, composition, structure and membership requirements and is posted on the Corporate Governance section of the Company's website.

At least one member of the Audit and Risk Committee must have financial expertise (i.e. is a qualified accountant or other financial professional with expertise in financial and accounting matters). The Company has two qualified accountants on its committee.

The Audit and Risk Committee comprises of a minimum of three Board members, one of whom is independent. The Audit and Risk Committee is chaired by a non-executive Director, who is not the Chairman of the Board.

The members of the Audit and Risk Committee were:

- Rade Dudurovic (Chairman)
- Geoff Acton
- Lev Mizikovsky

The names and qualifications of those appointed to the Audit and Risk Committee and their attendance at meetings of the committee are included in the Director's Report.



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The Audit and Risk Committee meets at least twice a year with the auditors. The Audit and Risk Committee met two times during the year.

Under the ASX Principles and Recommendations, if the board of a listed entity considers that a recommendation is not appropriate to its particular circumstances, it is entitled not to adopt it. If it does so, the Board should explain why it has not adopted the recommendation – the “if not, why not” approach. In respect of the correct composition of the Audit Committee, the Board, considering all the circumstances at the time, determined that based on the financial resources of the Company, its small size, and coupled with the wealth of accounting and audit experience on the committee the Board determined that it was appropriate not to adopt the ASX Principles and Recommendations.

The purpose of the committee:

1. To review the integrity of the company’s financial reporting and oversee the independence of external auditors.
2. To liaise with external auditors.
3. The adequacy of the entity’s corporate reporting processes and internal control framework.
4. The appropriateness of the accounting judgements or choices exercised by management in preparing the entity’s financial statements.
5. The appointment or removal of the external auditor.
6. The fees payable to the auditor for the audit and non-audit work.
7. The rotation of the audit engagement partner.
8. Any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor.
9. To review the company’s risk management processes in accordance with the Board policy.

## **External Auditors**

The Company and the Audit and Risk Committee policy is to engage auditors who clearly demonstrate independence.

The performance of the external auditors is reviewed annually. External auditors will be available to answer questions at the Annual General Meeting.

For the Year End Financial Report the General Manager has provided:

- A written declaration regarding the integrity of the financial statements of the Company.
- Assurance that the Company’s risk management and internal compliance and control systems are operating effectively in all material respects.



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

A continuous disclosure regime operates throughout the Group. Policies and Procedures are in place to ensure matters that a person could reasonably expect to have a material effect on the share price are announced to the ASX in a timely manner.

These policies and procedures have been formally communicated to all relevant staff. The Company Secretary is the nominated Continuous Disclosure Officer. The Board approves, or is advised of, all releases that are made to the ASX.

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

The company has established a Shareholder Communication Policy which is detailed on its website.

The Company endeavours to keep its Shareholders informed by:

- Reports to the ASX and the press;
- Half and full year profit announcements;
- Annual Reports;
- Continuous disclosures to the ASX pursuant to the ASX Listing Rules; and

Shareholders can email the company through the Company Secretary on [shareholderinfo@astivita.com.au](mailto:shareholderinfo@astivita.com.au) or contact the share registry on 1300 552 270 or for international; 61 (0)3 9415 4000.

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

The Board has ultimate responsibility for risk management, compliance and control functions across the Group. These functions are aligned with the Company's business objectives. The Company has in place internal controls intended to identify and manage significant business risks.

As noted under Principle 4, the Board has established an Audit and Risk Committee to identify those areas of risk which are most likely to cause major disruption and damage to the business of the Group and to implement, with Board approval, plans and procedures which will mitigate any damage.

#### **1. The Responsibilities of the Board:**

- The Board is responsible for oversight and review of the Company's risk management strategy to ensure it is sufficiently clear and in line with the Company's overall risk tolerance and expectation of stakeholders and for reporting to stakeholders on how risks are managed.
- Monitoring management performance against the entity's risk management framework, including whether it is operating within the risk appetite set by the Board.
- Review any material incident involving fraud or a breakdown of the entity's risk controls and the "lessons learned".



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- Receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks.
  - Oversee the entity's insurance program, having regard to the entity's business and the insurable risks associated with its business.
2. The Board undertakes a risk review of the company annually and has established a risk matrix.
  3. The Board reviews its internal controls annually.
  4. The company currently has no significant exposure to environment or social risks.

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

The Company intends to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

As noted under Principle 2, the Board has established a Remuneration and Nomination Committee to review and determine, among other things, remuneration policies and packages applicable to any Executive Directors, the Company Secretary and Senior Executives. The Committee's Charter is available on the Company's website. Details of the remuneration of Directors and key executives are set out in the Annual Report. This Committee is concerned with recommending remuneration and governance policy which:

- Motivates Directors and management to pursue the long-term growth and success of the Company within an appropriate control framework.
- Demonstrates a clear relationship between key executive performance and remuneration.

The activities of the Nomination and Remuneration Committee may include:

- Assessing, and periodically reviewing, appropriate remuneration policies, levels and packages. Remuneration packages may include share schemes, incentive performance packages, superannuation entitlements and fringe benefits and any other items considered appropriate by the Committee.
- Setting the remuneration for the General Manager.
- Proposing Director Remuneration for ratification by shareholders.
- Monitoring the implementation by the Company of its remuneration policies.
- Undertaking periodic reviews of the job description and performance of the employees.
- Managing complaints, grievances and disciplinary processes as they affect senior executives.

For further details our full Corporate Governance Policies please refer to the website [www.aircorporate.com.au](http://www.aircorporate.com.au).