

## Appendix 4G

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

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

**Name of entity**

XENITH IP GROUP LIMITED

**ABN / ARBN**

88 607 873 209

**Financial year ended:**

30 JUNE 2017

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

- These pages of our annual report:
- This URL on our website: <http://www.xenithip.com/Home/?page=Governance-Documents>

The Corporate Governance Statement is accurate and up to date as at 29 August 2017 and has been approved by the board.

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

Date: 29 August 2017

Name of Director or Secretary authorising lodgement:

Lesley Kennedy, Company Secretary

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<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 ... <sup>4</sup>
<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 <b>OR</b> <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"/> in the Board Charter which can be found at the following URL on our website: <a href="http://www.xenithip.com/Home/?page=Governance-Documents">http://www.xenithip.com/Home/?page=Governance-Documents</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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 <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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 <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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 <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> 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.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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 <b>OR</b></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"/> Diversity Policy can be found at the following URL on our website: <a href="http://www.xenithip.com/Home/?page=Governance-Documents">http://www.xenithip.com/Home/?page=Governance-Documents</a></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 <b>OR</b></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 <b>OR</b></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 <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> <p><i>Note: The Company does not comply with Recommendations 1.5(a) and (b) and the reasons for this are set out in the Corporate Governance Statement. The Company does however comply with recommendations (c)(i) and (ii) as set out in the Corporate Governance Statement.</i></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 <b>OR</b></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 <b>OR</b></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 <b>OR</b></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 <b>OR</b></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 <b>OR</b></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 <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<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, 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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 <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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 <b>OR</b></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 <b>OR</b></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 <b>OR</b></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 <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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<p>2.3 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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the length of service of each director:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Directors' Report which forms part of the Company's Annual Report which can be found at the following URL on our website: <a href="http://www.xenithip.com/Home/?page=Result-Centre">http://www.xenithip.com/Home/?page=Result-Centre</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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 <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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 <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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 <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>... our code of conduct or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> Code of conduct is available at the following URL on our website: <a href="http://www.xenithip.com/Home/?page=Governance-Documents">http://www.xenithip.com/Home/?page=Governance-Documents</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[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 <b>OR</b></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"/> Audit and Risk Committee Charter is located at the following URL on our website: <a href="http://www.xenithip.com/Home/?page=Governance-Documents">http://www.xenithip.com/Home/?page=Governance-Documents</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Directors' Report which forms part of the Company's Annual Report which can be found at the following URL on our website: <a href="http://www.xenithip.com/Home/?page=Result-Centre">http://www.xenithip.com/Home/?page=Result-Centre</a></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 <b>OR</b></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>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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 Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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 <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<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 a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> Continuous Disclosure and Shareholder Communications Policy can be located at the following URL on our website: <a href="http://www.xenithip.com/Home/?page=Governance-Documents">http://www.xenithip.com/Home/?page=Governance-Documents</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<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 <a href="http://www.xenithip.com">http://www.xenithip.com</a>	<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 <b>OR</b> <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 <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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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 <b>OR</b></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>
<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, 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 an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></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"/> Audit and Risk Committee Charter is located at the following URL on our website: <a href="http://www.xenithip.com/Home/?page=Governance-Documents">http://www.xenithip.com/Home/?page=Governance-Documents</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Directors' Report which forms part of the Company's Annual Report which can be found at the following URL on our website: <a href="http://www.xenithip.com/Home/?page=Result-Centre">http://www.xenithip.com/Home/?page=Result-Centre</a></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 <b>OR</b></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>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<p>7.2 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 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 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> <p>The Company complies with (a). Regarding (b) the Corporate Governance Statement notes that during the period the financial, operational and compliance risks in the business were regularly considered by the Board and management.</p> <p>Following the acquisition of Watermark and Griffith Hack and the increasing complexity of the expanded business, the Audit and Risk Committee has commenced the development of a formal risk management framework for the Group, and the Board (through the Audit and Risk Committee) intends to conduct an annual review of the Company's risk management framework in future.</p>
<p>7.3 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):]</p> <p>... 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):]</p> <p>... 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 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>
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... 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>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<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, 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 <b>OR</b></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"/> People and Culture Committee Charter is located at the following URL on our website: <a href="http://www.xenithip.com/Home/?page=Governance-Documents">http://www.xenithip.com/Home/?page=Governance-Documents</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Directors' Report which forms part of the Company's Annual Report which can be found at the following URL on our website: <a href="http://www.xenithip.com/Home/?page=Result-Centre">http://www.xenithip.com/Home/?page=Result-Centre</a></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 <b>OR</b></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 <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>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>	<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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> Remuneration Report, which forms part of the Company's Annual Report which can be found at the following URL on our website: <a href="http://www.xenithip.com/Home/?page=Result-Centre">http://www.xenithip.com/Home/?page=Result-Centre</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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 Statement

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# Corporate Governance Statement

(Adopted by the Board 29 August 2017)

The board of Directors of the Company (**Board**) is committed to principles of best practice in corporate governance and is responsible for ensuring the existence of an effective corporate governance environment to safeguard the interests of the Company, its shareholders and other stakeholders.

This statement sets out the Company's current compliance with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 2014 (**Principles** and **Recommendations**). The Principles and Recommendations are not prescriptive regarding the conduct of ASX listed companies. Rather, an ASX listed company is required to report on an "if not, why not" basis, disclosing the reasons why it is not complying fully with its obligations under the Principles and Recommendations.

The Board considers that the Company complies with the Principles and Recommendations to the extent appropriate for the Company, given its size and stage of development.

Comments on the Company's compliance with the Principles and Recommendations are set out below in this corporate governance statement (**Statement**). Details of the Company's key policies and the charters for the Board and each of its Committees are available on Xenith IP's website under 'About Us' / Governance Documents' at [www.xenithip.com](http://www.xenithip.com)

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

The Board's responsibilities are set out in the Company's Board Charter. Specifically, the Board is responsible for the overall governance and stewardship of the Company. The Board Charter also sets out the responsibilities of the Managing Director and explains the relationship between the Board and management.

The functions of the Board, Chair and Managing Director are also specifically set out in the Board Charter. The Chair leads the Board and has responsibility for ensuring that the Board receives accurate, timely and clear information, to facilitate the performance of its duties. The Managing Director is appointed by the Board and is responsible for the ongoing management of the Company.

The Board has appointed committees to oversee certain functions, including the Audit and Risk Committee, and the People and Culture Committee.

The Board holds regular formal Board meetings, and will also meet as frequently as may be required to deal with urgent matters.

A copy of the Board Charter is available on the Company's website.

## **Director Criteria**

Before appointing any individual to act as a director of the Company (**Director**), or putting forward to shareholders a candidate for election as a Director, the Board undertakes appropriate checks (including police clearance checks and bankruptcy searches) and verification of qualifications and experience of potential Directors.

Potential non-executive Directors are also required to notify the Chair of that potential Director's other commitments, and to provide the Chair with details of an indication of the time involved in such commitments. This enables the Chair to determine whether the individual will have adequate time to fulfil his or her responsibilities as a non-executive Director of the Company.

All material information in the Company's possession relating to a potential Director will be provided to shareholders as the need arises, including in the form of disclosures contained in an explanatory memorandum to a notice of meeting, seeking the approval of shareholders to the election or re-election of Directors.

## **Director and Executive Agreements**

The Company has entered into an executive services agreement with Stuart Smith in respect of his appointment as Managing Director, and with Russell Davies in respect of his appointment as Executive Director of the Company. During the period, Russell Davies resigned as a Director of the Company following the acquisition of Watermark and Griffith Hack and the subsequent restructure of the executive management team of the Company. Effective 9 August 2017, Craig Dower was appointed as the Managing Director and Chief Executive Officer and Stuart Smith commenced in the role of Head of Corporate Development and Executive Director. Mr Dower entered into an executive services agreement with the Company regarding his role and the key terms of this agreement were disclosed to the ASX on 1 August 2017.

The Company has entered into executive employment agreements with each of the senior executive management team, including those appointed to the Company's senior executive management team following the acquisitions of the Griffith Hack and Watermark businesses.

During the period, Kathryn (Kate) Spargo was appointed as a non-executive Director of the Company. The Company has entered into agreements with each of Sibylle Krieger, Susan Forrester, Andrew Harrison and Kate Spargo. Each agreement sets out the terms of the appointment of each of Sibylle Krieger, Susan Forrester, Andrew Harrison and Kate Spargo as non-executive Directors.

## **Company Secretary**

Through the Chair, the Company Secretary, Lesley Kennedy, is directly accountable to the Board in relation to matters of governance and the functions of the Board. Her role includes advising the Board and its committees on governance matters, monitoring that policies and procedures are followed, coordinating the timely completion and despatch of Board papers and ensuring that the business at meetings is accurately captured in the minutes.

The Company Secretary is accessible to all Directors. The Board is responsible for the appointment and removal of the Company Secretary.

The Company has entered into an executive services agreement with Lesley Kennedy in respect of her appointment as Chief Financial Officer (**CFO**) and Company Secretary.

### Diversity and Inclusion Policy

The Company is strongly committed to creating an inclusive culture where difference is recognised and valued. In order to effect the Company's commitment, the Board has developed and adopted a Diversity and Inclusion Policy which includes the requirement for the Board to set measurable objectives for achieving gender diversity.

The Board has set objectives for achieving greater gender diversity and will continue to assess both the objectives and the group's progress in achieving them on an annual basis.

The Company is a 'relevant employer' as that term is defined in the Workplace Gender Equality Act 2012 (Cth).

The respective proportions of men and women on the Board, in senior executive positions (includes Executive Directors, CFO, Company Secretary and Principals) and across the Company at 30 June 2017 were:

	Male Representation (%)	Female Representation (%)
Board	40	60
Senior Executive Management(*)	78	22
Principals	70	30
Attorneys and Lawyers	59	41
Support	17	83
Total	35	65

\* Includes Acting Head of Human Resources consultant.

Effective 9 August 2017, Mr Craig Dower was appointed to the Board as Managing Director and Chief Executive Officer. Following Mr Dower's appointment the female representation on the Board changed to 50% and the Senior Executive Management changed to 20%.

The diversity and inclusion strategy sets measurable objectives to be achieved by 2020. Some of these objectives are on track to be achieved by 2020 while others will take longer. The Company commits to reporting on our progress.

Following the acquisition of Watermark and Griffith Hack, the Company has reviewed its diversity objectives and has determined that the objectives are still appropriate for the Group

Our objectives are set out below:

### 1. Establish a Diversity and Inclusion Committee

As disclosed in the prior year Statement, this Committee was to be established by mid-2017 to oversee the implementation of strategies and set further objectives as required.

Following the acquisition of Watermark and Griffith Hack, the Company has adjusted the timeline for implementation of this objective, with the view to the establishment of the Committee across the Group by December 2017.

### 2. Representation of women on the Xenith IP Board

The representation of women on the Board is to be at least 50%. Following the resignation of Russell Davies and the appointment of Kate Spargo and Craig Dower, the current representation is 50% of the Board. The Company will ensure that there are effective selection processes for future Board vacancies which will maintain a 50% or greater representation.

### 3. Undertake succession and talent planning to identify gaps, future leaders and opportunities to progress women to senior roles

In order to realise this, the Company will continue to:

- discuss retirement plans of current Principals (especially former equity partners) to identify potential gaps
- identify high potential staff members capable of progression to senior roles
- provide development programs to support staff progression / fast track high potential staff members with tailored programs such as coaching, leadership programs
- recruit high calibre qualified staff with potential to progress to leadership roles

The Company has set the following targets for 2020 and will ensure progression towards those targets during 2018:

	At 30 June 2017 Female (%)	Target by 2020 Female (%)
Board	60	50
Senior Executive Management	22	50
Principals	30	50
Attorneys and Lawyers	41	50
Support	83	60

#### **4. Increase representation of women trainee patent attorneys**

The Company will aim to increase the representation of women trainee patent attorneys to reflect the percentage of graduates in the relevant discipline ie 50% for science graduates with PhDs and 14% for engineering graduates.

In order to realise this, the Company will continue to:

- raise awareness at local universities of the option of a career as a Patent Attorney, especially for women
- support programs which encourage female participation in science and engineering activities.

#### **5. Increase percentage of attorneys, lawyers, trainees and senior managers in the Company working flexibly**

The Company aims to make flexible working arrangements available to those who request it wherever reasonably practicable. The Company will provide training/education to ensure managers understand the benefits of a flexible working culture and ensure that staff and managers are aware of the Company's flexible working policies.

#### **6. Provide training in unconscious bias to those involved in the hiring process**

The Company aims to commence this training during the 2018 financial year with the aim of ensuring that by March 2018, all those involved in the hiring process will have undergone this training.

#### **7. Undertake cultural intelligence (Cultural IQ) training to support innovation, diversification and inclusion strategies**

The Company undertook a culture and engagement survey in November 2016 regarding the Shelston IP business. Following the acquisition of Watermark and Griffith Hack, future engagement surveys across the Group will be scheduled every two years.

A copy of the Diversity Policy is available on the Company's website.

#### **Performance review of the Board**

The People and Culture Committee is responsible for establishing the processes for reviewing the performance of the Board, the Board's Committees and individual Directors.

The Board, Audit and Risk Committee and People and Culture Committee will periodically self-assess their performance against a range of set criteria developed annually by the People and Culture Committee.

During the year ended 30 June 2017, the Board conducted a collective performance evaluation of the Board and its Committees. The performance of the Board and its Committees was measured against both qualitative and quantitative indicators. The objective of this evaluation was to identify strengths and weaknesses and provide best practice corporate governance for the Company.

An informal peer review was undertaken for each Director seeking re-election at the inaugural Annual General Meeting (**AGM**) to enable a recommendation to be made by the Board to Shareholders. This process will be followed annually.

## Performance review of Executive Management

The Board is responsible for reviewing and recommending remuneration arrangements for the Managing Director and the Senior Executives reporting to the Managing Director, including contract terms, annual remuneration and participation in the Company's short and long term incentive plans.

At least annually, the People and Culture Committee conduct a performance evaluation of the Managing Director to assess whether the Managing Director has met the Managing Director's key performance indicators set the previous year. The Managing Director's annual review was completed in December 2016. Detail of the remuneration of Stuart Smith, who was appointed as Managing Director during the Reporting Period is set out in the Company's Remuneration Report.

Management team members' (**'Executives'**) key performance indicators are set annually in collaboration with the Managing Director and each individual executive. At least annually, the Managing Director conducts one-on-one performance evaluations with the individual Executives reporting directly to him to assess whether each Executive has met their key performance indicators set the previous year. Performance evaluations for each of the Executives were completed in June 2017 in accordance with the Company's performance review process. Detail of the Key Management Personnel (**KMP**) remuneration is set out in the Remuneration Report. KMP at 30 June 2017 includes the executive positions of the Chief Executive Officer and Chief Financial Officer.

## Principle 2 – Structure the Board to add value

The Board and its People and Culture Committee oversee the process of appointment and remuneration of the non-executive Directors, Executive Directors (including the Managing Director), Company Secretary, CFO and other senior executives and employees of the Company. Nomination matters, including succession planning, fall directly under the responsibility of the Board as a whole, not the People and Culture Committee. The Board has determined that this approach is better suited to the Company at this stage of its development.

### Board Skills

The Board seeks to ensure it has the appropriate mix of skills, knowledge and experience to guide the Company and assist Management achieve the strategic objectives set by the Board.

As part of this process the Board has prepared and considered a board skills matrix. It looks at the current skills and diversity of the Board and its needs going forward. The Board considers there is currently an appropriate mix of skills, diversity and experience on the Board, taking into account the size of the company and the nature of its operations.

The Board's collective skills, knowledge and experience were considered by the Board in considering the appointment of Kate Spargo as a non-executive Director of the Board.

The mix of skills and experience in the current Board, and those that the Board would look to maintain, and build on, include:

<p><b>Industry Experience</b></p> <ul style="list-style-type: none"> <li>• Intellectual Property regulatory frameworks</li> <li>• Innovation / commercialisation of innovation</li> <li>• Professional Services – management, marketing and human resources</li> <li>• General commercial / business</li> </ul>	<p><b>Strategy / Acquisitions</b></p> <ul style="list-style-type: none"> <li>• Strategic Planning and Monitoring</li> <li>• Capital markets/funding</li> <li>• Acquisitions</li> <li>• Financial analysis and due diligence</li> <li>• Post-merger integration</li> <li>• Experience in Asian markets</li> </ul>
<p><b>Qualifications</b></p> <ul style="list-style-type: none"> <li>• Patent Attorney</li> <li>• Accounting / Financial</li> <li>• Legal</li> <li>• Management / business</li> </ul>	<p><b>Management / Leadership</b></p> <ul style="list-style-type: none"> <li>• Senior management positions outside XIP</li> <li>• Directorships of other listed and unlisted companies including IP / Professional Services firms</li> <li>• Committee member and Chair experience</li> </ul>
<p><b>Governance and Risk Management</b></p> <ul style="list-style-type: none"> <li>• Legal</li> <li>• Corporate Governance</li> <li>• Risk Management</li> <li>• Information Technology</li> </ul>	<p><b>Stakeholder relations</b></p> <ul style="list-style-type: none"> <li>• Managing internal and external stakeholders</li> <li>• Stakeholder communications</li> </ul>

The Board will continue to monitor and update the skills matrix at least annually to ensure that as the Company develops the Board comprises the appropriate mix of skills and experience.

The Board recognises the importance of succession and renewal. It continues to monitor the Board composition accordingly.

### Director Independence

At 30 June 2017 the Board comprised one executive Director and four non-executive Directors. All of the non-executive Directors are considered independent. During the period Russell Davies resigned as a Director of the Company and Kate Spargo was appointed as a Director.

Stuart Smith is an executive Director and was appointed as Managing Director during the Reporting Period. During his appointment, Russell Davies was also an executive Director. Mr Davies and Mr Smith were appointed on 26 August 2015. Russell Davies resigned as a director of the Company on 20 April 2017 and Stuart Smith continues to serve on the Board.

Effective 9 August 2017, Craig Dower was appointed as the Managing Director and Chief Executive Officer and Stuart Smith commenced in the role of Head of Corporate Development and continues to serve as an executive Director.

The Board considers that the following Directors are independent:

- a) Susan Forrester;
- b) Andrew Harrison;
- c) Sibylle Krieger; and
- d) Kate Spargo.

The Company's Chair is Sibylle Krieger, who is not the Managing Director, and is considered to be independent.

Kate Spargo was appointed as a director on 20 April 2017. Susan Forrester, Andrew Harrison and Sibylle Krieger were appointed in October 2015 and have served on the Board since that date.

If an independent Director is or becomes aware of any information, facts or circumstances that will or may affect his or her independence, the Director must immediately disclose all relevant details in writing to the Company Secretary and the Chair.

### **Director Induction and ongoing education**

The Board is responsible for the induction program for new Directors and the development of a Director's education program.

Any new Directors will undergo a formal induction program in which they are given a full briefing on the Company, its operations and the industry in which it operates. Where possible, this will include meetings with key executives, tours of premises, provision of a due diligence package and presentations from management.

Each appointed Director completed an induction program through their involvement in the due diligence process as part of listing on the ASX, and Kate Spargo, who was appointed during the current year, completed a separate induction program as part of her appointment. Craig Dower, who was appointed on 9 August 2017 has also undergone an induction to his role with the Company.

The Company provides ongoing professional development opportunities for Directors (both formal and informal).

Further, with the consent of the Chair, individual Directors are entitled to obtain independent advice from external advisers in relation to any Board matter, at the Company's expense.

## **Principle 3 – Act ethically and responsibly**

The Board has established and adopted a Code of Conduct, which sets out the Company's commitment to making positive economic, social and environmental contributions to each of the communities in which it operates, while complying with all applicable laws and regulations and acting in a manner that is consistent with the Company's foundational principles of honesty, integrity, fairness and respect.

The Code of Conduct applies to the Directors and all employees of the Company. Consultants, contractors and partners working with or for the Company are informed of the Code, the Company's expectations and their obligation to act in accordance with the Code.

If an employee of the Company is aware of, or suspects a breach of the Code of Conduct or other inappropriate behaviour, he or she is encouraged to report any such breach or behaviour to the Company promptly. In these circumstances, the employee will have the benefit of protections applicable under legislation regarding whistle-blowing.

A copy of the Code of Conduct is available on the Company's website and should be read in conjunction with the Company's Diversity Policy which is also available on the Company's website.

## Principle 4 – Safeguard integrity in corporate reporting

The Board has established an Audit and Risk Committee to (amongst other things):

- a) monitor and review the effectiveness of the control environment of the Company in the areas of operational and balance sheet risk, legal and regulatory compliance and financial reporting; and
- b) oversee the Company's relationship with its external audit firm (including appointment or removal of the auditor).

The Audit and Risk Committee currently comprises Andrew Harrison, Sibylle Krieger and Susan Forrester. Andrew Harrison, an independent Director who is not the chair of the Board, currently chairs the Audit and Risk Committee.

The Board has adopted an Audit and Risk Committee Charter to assist with ensuring the integrity and reliability of information prepared for use by the Board.

It is intended that the Audit and Risk Committee will meet at least three times each year. Details of the Committee's meetings and individual director attendance during the reporting period and the relevant qualifications experience of the members of the Committee is set out in the Directors' Report.

A copy of the Audit and Risk Committee Charter is available on the Company's website.

### **Managing Director and CFO Declaration**

The Board Charter and Audit and Risk Committee Charter require that, prior to approval of the Company's financial statements in respect of any given financial period, each of the Managing Director and CFO must provide a declaration that, in their opinion:

- a) the financial records of the Company have been properly maintained;
- b) the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company; and
- c) the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Such a declaration was made prior to the approval of the half-year accounts in February 2017 and the current full-year accounts. With regard to the full-year accounts the declaration was made by Craig Dower and Lesley Kennedy. Stuart Smith also made a declaration on the same terms as he fulfilled the chief executive function during the reporting period.

### **External Auditor attendance at the Annual General Meeting**

The Company's external audit firm will be present at the Company's annual general meeting for the purpose of answering shareholder questions about the conduct of the audit and the preparation and content of the external audit firm's report.

## Principle 5 – Make timely and balanced disclosure

The Board's aim is to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of the Company.

The Company has adopted a Continuous Disclosure and Shareholder Communications Policy, which sets out, amongst other matters:

- a) the manner in which the Board will ensure compliance with the disclosure requirements imposed by the ASX Listing Rules; and
- b) the manner in which the Company will promote effective communication with Shareholders, and encourage their participation at general meetings.

The Board has primary responsibility for the Company's compliance with its continuous disclosure obligations and is therefore responsible for overseeing and implementing this Policy. The Board makes the ultimate decision on whether there is any materially price sensitive information that needs to be disclosed to the ASX.

A copy of the Continuous Disclosure and Shareholder Communications Policy is available on the Company's website.

## Principle 6 – Respect the rights of security holders

The Company respects the rights of its Shareholders and to facilitate the effective exercise of those rights, the Company's policy is to promote effective two-way communication with Shareholders and other investors so that they understand the Company's business, governance, financial performance and prospects, as well as how to assess relevant information about the Company and its corporate activities.

### Company's website

A page on the Company's website, [www.xenithip.com](http://www.xenithip.com), is dedicated to corporate governance, and includes links to copies of all of the Company's corporate governance policies.

The Company's website also includes in the corporate governance section links to:

- a) names, photographs and brief biographical information for each of its Directors and Group executives;
- b) Constitution, Board Charter, Audit and Risk Committee Charter and People and Culture Committee Charter; and
- c) Code of Conduct, Diversity Policy, Share Trading Policy and Continuous Disclosure and Shareholder Communications Policy.

The Company's website also includes in the Announcements and Reports Section links to:

- a) annual reports and financial statements;
- b) ASX announcements; and
- c) notices of meetings of Shareholders and any accompanying documents.

The Company's website also includes:

- a) an overview of the Company's business;
- b) a description of the structure of the Group;
- c) historical information about the market prices of the Company's shares;
- d) contact details for enquiries from Shareholders, analysts or the media; and
- e) contact details for the Company's Share Registry.

### **Investor relations program**

The Company will hold its AGM on 21 November 2017 and the Chair, Managing Director and CFO will engage in two-way communications with shareholders in advance of the AGM, as appropriate.

The Company recognises the importance of its relationships with investors and analysts. Following the Company's release of its half year and annual financial statements, the Company conducts investor briefings (via teleconference calls) and investor road shows with institutional groups and analysts.

### **Shareholder engagement and participation**

The contact details of the Company and its share registry (see below under 'electronic communications') are available to Shareholders to address and facilitate any Shareholder-related enquiries.

To encourage Shareholder engagement and participation at the AGM, Shareholders have the opportunity to attend the AGM, ask questions from the floor, participate in voting and meet the Board and the Senior Management team in person.

Shareholders who are unable to attend the AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form accompanying the notice of meeting or online through the share registry's website. Shareholders have the opportunity to submit written questions to the Company and its external auditor, or make comments on the management of the Company and access AGM presentations and speeches made by the Chair and Managing Director prior to the commencement of the meeting. The Company will publish results of the meeting to the ASX and on its website following the conclusion of the AGM.

### **Electronic Communications**

The Company gives its Shareholders the opportunity to receive communications from the security registry electronically.

Contact details for the Company's security registry are available on the Company's website. Shareholders may elect to receive all Shareholder communications (including notification that the annual report is available to view, notices of meeting and payment statements) by email. Electronic communications have the added advantage of being more timely and cost effective, which benefits all shareholders. Shareholders should contact the Company's security registry if they want to elect to receive electronic communications.

A copy of the Continuous Disclosure and Shareholder Communications Policy is available on the Company's website.

## Principle 7 – Recognise and manage risk

### **Audit and Risk Committee**

In its function as a risk committee, the Audit and Risk Committee assists the Board in fulfilling its corporate governance responsibilities in regard to oversight of the Company's risk management framework and internal control systems.

Details of the Audit and Risk Committee are contained in the disclosure under Principle 4. For details regarding the number of Audit and Risk Committee meetings and the attendance at those meetings, refer to the Directors' Report contained within the Directors' Report

The Company's Audit and Risk Committee charter sets out the requirements, roles and responsibilities for managing risks across the group.

The Audit and Risk Committee Charter is available on the Company's website.

During the period the financial, operational and compliance risks in the business were regularly considered by the Board and management.

Following the acquisition of Watermark and Griffith Hack and the increasing complexity of the expanded business, the Audit and Risk Committee has commenced the development of a formal risk management framework for the Group, and the Board (through the Audit and Risk Committee) intends to conduct an annual review of the Company's risk management framework in future.

Senior Management has reported to the Board (through the Audit and Risk Committee) on the effectiveness of the management of the material risks faced by Company during the financial year ended 30 June 2017.

### **Internal Audit**

Due to the current stage of development of the Company, the Company does not have an independent internal audit function. During the period the financial, operational and compliance risks in the business were considered by the Board and management, and these will continue to be monitored through reporting to the Audit and Risk Committee.

The Board requires the executive Directors and senior management to establish a system of internal control and risk management to monitor compliance with the Company's policies and procedures. Reviews of specific areas are undertaken by internal or external parties on an ad hoc basis, and by the Company's auditors as required for the Group's audit. Improvements are made, where identified, to increase the effectiveness of the Company's internal controls.

The Board will continue to consider the requirements under Recommendation 7.3, and will regularly review the Company's risk management framework. In light of the recent acquisitions and significant increase in the size and complexity of the Company, the Audit and Risk Committee will be reviewing the need for an internal audit function in the 2018 financial year.

### **Economic, environmental and social sustainability risks**

The Company does not consider, based on its risk assessment, that it has any material exposure to environmental and social sustainability risks.

The Board considers that the Company does have material exposure to economic risk, particularly in relation to foreign exchange risk. The Company undertakes a significant amount

of transactions in foreign currency and is therefore exposed to foreign currency risk arising from movements in the exchange rates. The Company has adopted a hedging policy whereby up to 80% of the Company's exposure to USD foreign currency is hedged for up to 6 months through the use of collar instruments whereby the Company is protected from adverse movements in the exchange rate up to a certain point, and to offset the cost of this protection, the Company forfeits any benefit from favourable movements in the exchange rate below a certain point. This policy is currently under review by the Board.

## Principle 8 – Remunerate fairly and responsibly

In its function as a remuneration committee, the People and Culture Committee assist the Board in fulfilling its corporate governance responsibilities in regard to:

- assessing the remuneration policy and compliance with legal and regulatory requirements;
- reviewing material changes to the remuneration policy, including remuneration structure, retention and termination policies for all staff;
- reviewing material changes to the recruitment policies, procedures and remuneration approach for the Company's Senior Management team (including the Managing Director and CFO);
- recommending performance-based (at-risk) components of remuneration and targets for the Company's financial performance as they relate to incentive plans, including equity-based payments; and
- assessing overall remuneration outcomes, including by gender.

The People and Culture Committee currently comprises three members, being Susan Forrester, Sibylle Krieger and Kate Spargo. The People and Culture Committee is chaired by Susan Forrester, who is an independent Director. Prior to his resignation as a director, Russell Davies was a member of the Committee.

The Board has adopted the People and Culture Committee Charter which specifies the role and the responsibilities of the People and Culture Committee in overseeing the process of remuneration of non-executive Directors, the Managing Director, Company Secretary, CFO and other senior executives and employees of the Company.

It is intended that the People and Culture Committee meet at least three times each year. Details of the Committee's meetings during the reporting period and individual director attendance is set out in the Directors' Report.

A copy of the People and Culture Committee Charter is available on the Company's website.

### Remuneration Report and remuneration policies

In relation to remuneration issues, the Board (with the assistance of the People and Culture Committee) has established a remuneration philosophy to ensure that it remunerates fairly and responsibly. The remuneration philosophy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated Directors and employees.

Following the acquisition of Watermark and Griffith Hack, significant work has been undertaken by the People and Culture Committee to develop a Company-wide remuneration strategy that is appropriate and meaningful for all business units within the Company.

Details about the Company's remuneration philosophy, policies and practices are provided within the Remuneration Report, which is part of the Directors' Report. As detailed in the Remuneration Report, the structure of Non-executive Director remuneration and that of Executives is clearly distinguished. Non-executive Directors receive fees, which do not include any incentive payments. Executives are expected to participate in incentive plans.

As outlined in the Remuneration Report, the Company has developed incentive plans for Key Management Personnel and other senior management, with full detailed disclosure of these incentive arrangements set out in the Remuneration Report. There are also no retirement schemes for Non-executive Directors, other than superannuation.

#### **Equity-based remuneration scheme**

The Company has established an equity based Performance Rights Plan for Senior Executive Management with appropriate service conditions and performance conditions aligned to Shareholder's interests.

A key component of the company wide remuneration strategy recently developed is the introduction of the STI deferral plan rolled out with effect from 1 July 2017. As part of this plan Senior Executive Management and key professional staff will be invited to participate in the STI Deferral Plan whereby up to 50% of the STI award is deferred into service rights which vest on the expiry of a further 2 years of continued service.

Under the Share Trading Policy, participants are prohibited from entering into any arrangement, including any financial product that operates to limit the economic risk of the securities, prior to vesting or becoming exercisable (as relevant).

A copy of the Share Trading Policy is on the Company's website.