



## **DTI GROUP LTD CORPORATE GOVERNANCE STATEMENT**

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This corporate governance statement outlines the corporate governance framework that has been established by DTI Group Ltd ("DTI" or "Company") and its controlled entities ("Group") and its compliance with that framework for the reporting period from 1 July 2016 to 30 June 2017.

The Directors are cognisant of the Corporate Governance Principles and Best Practice Recommendations ("ASX Principles") published by the ASX Corporate Governance Council and have adopted the ASX Principles where they are considered appropriate to a company's circumstances. Under ASX Listing Rules a company is required to provide a statement disclosing the extent to which it has followed all the recommendations of the ASX Principles and identify all the recommendations that have not been followed and give reasons for not following them. Unless otherwise outlined in this statement, the Board considers that the Company's policies and practices follow the ASX Principles for the reporting period from 1 July 2016 to 30 June 2017.

The charters, codes and policies in respect of the Company's corporate governance practices referred to in this statement are reviewed and updated periodically to ensure that they remain appropriate to the Company's circumstances. They are available at the DTI website <[www.dti.com.au/investors](http://www.dti.com.au/investors)>. These charters, codes and policies were last reviewed in August 2016.

This statement is current as at 29 August 2017 and has been approved by the Board of Directors of DTI.

### **Principle 1: Lay Solid Foundations for Management and Oversight**

#### **(a) Roles of the Board and Management**

The Board acknowledges that it is accountable to shareholders and must ensure that the Company is properly managed to protect and enhance shareholder value by ensuring the long-term health and prosperity of the Group.

The key responsibilities and functions of the Board are to:

- develop, review and monitor the Company's long-term business strategies and provide strategic direction to management
- ensure policies and procedures are in place to safeguard the Company's assets and business and to enable the Company to act ethically and prudently
- develop and promote a system of corporate governance which ensures the Company is properly managed and controlled
- identify the Company's principal risks and ensure that it has in place appropriate systems of risk management, internal control, reporting and compliance and that management is taking appropriate action to minimise those risks

- review and approve the Company's budgets and consolidated financial statements. Before the Board approves the Company's financial statements, it shall receive from the chief executive officer and the chief financial officer a declaration that the financial records of the Group comply with the appropriate accounting standards and give a fair view of the financial position and performance of the Company
- monitor management's performance and the Company's financial results on a regular basis
- appoint, appraise and determine the remuneration and benefits of the chief executive officer
- delegate powers to the chief executive officer as necessary to enable the day-to-day business of the Group to be carried on, and to regularly review those delegations
- ensure that the Group has in place appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations
- determine the appropriate capital management for the Group including share and loan capital and dividend payments
- determine and regularly review an appropriate remuneration policy for employees of the Group.

The Board has delegated the day-to-day management of the business and affairs of DTI to the chief executive officer. The Board has approved detailed delegation authority limits for the chief executive officer and certain senior managers that may be exercised in accordance with DTI's Delegated Authority Policy. Financial and procedural controls are maintained by management to ensure adherence to the delegated authority limits and DTI's Delegated Authority Policy. When considered appropriate by the Board these financial and procedural controls may be amended.

In addition to the requirements of the law, the Company's constitution and ASX Listing Rules, the following matters (including amendments to any such matters) require approval from the Board:

- establishment of DTI's overall strategic direction; business plan, including geographic expansion and product range; and the Company's key business and financial objectives
- approval of acquisition and disposal of assets which exceed the authority limits delegated to the chief executive officer
- various financial controls
- changes to the Company's capital or corporate structure
- charging or encumbering in any way the assets of the Group or borrowing any money or obtaining any financial facility.

The DTI Delegated Authority Policy was reviewed in February 2017 and is posted on the Company's website <[www.dti.com.au/investors](http://www.dti.com.au/investors)>.

**(b) Procedure for the Selection and Appointment of Directors**

The Board has established guidelines for the appointment and selection of Directors. These guidelines are to ensure that the Board consists of members with a range of skills and qualities to meet its primary responsibility for promoting the success of the Company in a way which ensures that the interests of shareholders and stakeholders are promoted and protected.

Retiring Directors are not automatically re-appointed. Directors are generally appointed for a three-year period and then are subject to the selection and appointment procedures described in the guidelines. The guidelines do not apply to the managing director. The Company has undertaken various checks on the current Directors. The Company will undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a Director, and provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

(c) **Letters of Appointment**

(i) **Non-Executive Directors**

Non-Executive Directors have received formal letters of appointment setting out the term of office, their role and responsibilities, time commitments, remuneration and expenses, outside interests, the requirement to disclose director's interests, the requirement to comply with key corporate policies, the Company's policy on when Directors may seek independent professional advice, indemnity and insurance arrangements, and confidentiality obligations.

(ii) **Senior executives**

The Company has entered into employment agreements with senior executives of the Company which provide the employment conditions remuneration and entitlements for the senior executive's position with the Company. The agreement also contains an acknowledgement by the senior executive to maintain information which is confidential to the Group. All inventions, discoveries and novel designs created by the senior executive as a result of or in the course of the performance of their duties with the Group are assigned to the Company.

(iii) **Company secretary**

The company secretary's responsibilities include:

- ensuring that the business and attendance at Board and committee meetings are captured in the minutes
- advising the Board and its committee members on governance
- acting as the Company's disclosure officer to ASX
- monitoring that Board and committee policies and procedures are followed.

The company secretary is accountable directly to the Board, through the Chairman. Each Director is able to communicate directly with the company secretary and vice versa.

(d) **Diversity Policy**

The Company has adopted a Diversity Policy to assist DTI to achieve a corporate objective of attracting, developing and retaining people who are highly competent and can contribute to the long-term success of the Company and its corporate values by bringing a broader range of perspectives, experience and ideas.

As at 30 June 2017 of the 85 employees employed throughout the Group in full-time, part-time and casual employment, 13 percent of employees were women and 87 percent were men.

There are no women on the Board and no women hold a senior executive position. A senior executive position is a position which reports directly to the chief executive officer or the Board.

The Company has set measurable diversity objectives effective 1 July 2015 as follows:

- over each of the next three years increase the percentage of women across the whole organisation
- by 30 June 2018 at least 20 percent of women comprise the workforce.

	FY 16	FY 17
% Female	15	13
% Male	85	87

In establishing these diversity objectives the Company is cognisant that achieving such objectives is influenced by many factors including:

- the need to hire the best qualified person for the available job as established by the Company's Equal Opportunity Policy
- changes in the number of people employed due to expansion or reduction in future business activities of the Company
- changes in the composition of the workforce due to resignations, redundancies or terminations.

Due to the current size of the Group's workforce the Company will lodge annual public reports with the Workplace Gender Equality Agency for the Company's Australian operations.

**(e) Board and Board Committee Performance Evaluation**

The charter of the Company's Nominations and Remuneration Committee requires the Committee to carry out performance appraisals of Directors when making recommendations to the Board regarding any Directors who should not continue in office when considering the composition of the Board. A review of the performance of the Board, its committees and individuals was undertaken in July 2016.

**(f) Senior Executive Performance Evaluation**

The Board reviews the performance of the chief executive officer against key performance indicators on an annual basis. The chief executive officer undertakes a formal review each year assessing the performance of senior executives. During the 2017 financial year, performance reviews of the senior management personnel were completed in accordance with the company's Development Appraisal Process. The CEO was appointed on 1 December 2016 and is due to be evaluated before 30 September 2017. Information on the performance evaluation and structure of the remuneration for the Company's key management personnel is included in the Remuneration Report contained in the 2017 Annual Report.

**Principle 2: Structure of the Board to Add Value****(a) Composition of the Board**

The Board is responsible for the overall operation and stewardship of the Group and for the overall success and long-term growth in a way which ensures that the interests of shareholders are promoted and protected.

The information in this statement to the Directors, the Board and committee membership is current as at the date of this statement.

The members of the Board are:

<b>Director</b>	<b>Independence</b>
Chris Morris – Non-Executive Chairman	Non-independent
Peter Tazewell – Chief Executive Officer (from 1/12/2016)	Non-independent
Richard Johnson – Executive Director	Non-independent
Neil Goodey – Non-Executive Director	Non-independent
Glyn Denison – Non-Executive Director	Independent
Jeremy King – Non-Executive Director	Independent

Details of the respective Director's tenure, skills, experience, directorships of other listed companies and other responsibilities are included in the Directors' Report contained in the 2017 Annual Report.

**(b) Director Independence**

The Board does not comprise a majority of independent Non-Executive Directors which is a departure from recommendation 2.4 of the ASX Principles. The Company has adopted the guidelines based on the factors set out in the ASX Principles in assessing the independent status of a Director. These guidelines are set out in the Board Charter.

The Board considers that each of Glyn Denison and Jeremy King is an independent Director for the purpose of the ASX Principles.

Chris Morris, Neil Goodey, Peter Tazewell and Richard Johnson are not considered by the Board to be independent. Mr Tazewell is the managing director and chief executive officer of the Group. Mr Morris and Mr Goodey are substantial shareholders holding 19.66% and 5.19% respectively in the Company.

As Chairman of the Board and being non-independent this is a departure from recommendation 2.5 of the ASX Principles. The Board believes that Mr Morris is the most appropriate Director to lead the Board as a Non-Executive Chairman, that he is able to bring independent judgement and business acumen to relevant issues falling within the scope of the role of Chairman, and that DTI as a whole benefits from this extensive experience and knowledge of both large and small public companies.

Mr Goodey co-founded DTI in June 1995 and held the position of managing director of DTI until 2009. He created the software-focused vision for DTI and worked directly with the Company's engineering team to develop DTI's products and underlying intellectual property. This knowledge and experience enables Mr Goodey to provide an invaluable contribution as a Director of the Company.

(c) **Board Skills Matrix**

Collectively, the Board has an extensive range of commercial skills and other relevant experience required for effective management of the Company's business. Board members, including some who are also directors of other ASX listed companies, together have a combination of experience in the following areas:

- mass transit surveillance solutions and services
- product and software development, sales and marketing
- corporate and business strategy
- international business
- business growth and development (both organically and by acquisition)
- executive leadership
- corporate law and finance
- corporate governance.

The Board considers that its current members have an appropriate mix of skills that enable the Board to discharge its responsibilities and deliver the Company's strategy and corporate objectives.

(d) **Nominations and Remuneration Committee**

The Board has established a Nominations and Remuneration Committee which currently consists of all of the members of the Board. Due to the composition and size of the Board, the structure of the committee is a departure from recommendation 2.1 of the ASX Principles as the committee does not have a majority of independent Directors and the chair of the committee is the Chairman of the Board.

The committee has been established under a separate charter which can be viewed at <[www.dti.com.au/investors](http://www.dti.com.au/investors)>.

The role of the committee in relation to nomination is to:

- review the size and composition of the Board
- review and advise the Board on the range of skills available on the Board and appropriate balance of skills for future Board membership
- review and consider succession planning for the chief executive officer, the chairman and other Directors and key executives
- develop criteria and procedures for the identification of candidates for appointment as Directors, with the criteria including a consideration of the candidate's
  - skills, experience, expertise and personal qualities
  - capability to devote the necessary time and commitment to the role
  - potential conflicts of interest and independence
- apply the criteria and procedures to identify prospective candidates for appointment as a Director and make recommendations to the Board

- make recommendations to the Board regarding any Directors who should not continue in office, having regard to the results of a formal performance appraisal of Directors and/or consideration of the appropriate composition of the Board
- nominate for approval by the Board external experts (where appropriate) to advise on the matters listed above
- review the time required from a non-executive Director and whether Directors are meeting this requirement
- evaluate management's recommendations on the appointment of key executives
- develop a plan for identifying, assessing and enhancing Director competencies
- ensure that there are appropriate professional development opportunities for continuing Directors to develop and maintain the skill and knowledge needed to perform their role as a Director effectively
- ensure that there is an appropriate induction program for new Directors and members of senior management and review its effectiveness.
- The current committee comprises:

Member	Independence
Chris Morris – Chairman	Non-independent
Glyn Denison – member	Independent
Glyn Denison - member	Independent
Neil Goodey - member	Non-independent

ails of the number of times the committee met and the individual attendances of the members at those meetings are included in the Directors' Report contained in the 2017 Annual Report.

### Principle 3: Act Ethically and Responsibly

#### (a) Ethical Behaviour

The Company recognises that its reputation is a valuable asset which is based largely on the ethical behaviour of the people who represent the Company.

#### (b) Code of Conduct

The Board has established a Code of Conduct which outlines how the Company expects Directors and employees to not only comply with the law, but also to conduct themselves in a manner consistent with the current community and corporate standards.

The objectives of the Code of Conduct are:

- to provide a benchmark for professional behaviour throughout the Company
- to support DTI's business reputation and corporate image within the community
- to make employees aware of the consequences if they breach the code.

Any breach of the Code of Conduct is treated as a serious matter and may give rise to disciplinary action including termination of employment.

The code contains “Statements of Commitment” to employees, clients, shareholders, governments and to communities. The code requires compliance with and respect for the law, fair dealing, equal opportunity and anti-discrimination matters, occupational health and safety issues, disclosure of Company information, provision of information about the Company which has not been made public and conflicts of interest. In addition, the code contains guidelines dealing with gifts, prizes and entertainment, improper use or theft of Company property or assets, dealing with confidential and private information and outside employment activities.

**(c) Supporting Policies to the Code**

The Board has established various policies to support the Code of Conduct including:

**(i) Whistleblowing**

DTI recognises that any genuine commitment to detecting and preventing illegal and other undesirable conduct must include, as a fundamental cornerstone, a mechanism whereby Directors and employees can report their concerns freely and without fear of repercussion.

DTI’s Whistleblower Protection Policy provides a mechanism for the reporting of illegal and other undesirable conduct. An employee can report a matter of concern to their immediate supervisor or manager, or to a more senior manager or the company secretary or in instances where the employee wishes to remain anonymous, to the chair of the Audit, Risk and Compliance Committee. All reported concerns are required to be investigated appropriately and feedback regarding the investigation’s outcome provided to the employee where appropriate.

**(ii) Securities dealing by DTI Directors and employees**

The purpose of DTI’s Securities Dealing Policy is:

- to explain the type of conduct in relation to dealings in securities of DTI that is prohibited under the Corporations Act which is applicable to all employees of and certain contractors to the Group
- to establish a best practice procedure relating to buying and selling securities that provides protection to both DTI and Group employees against the misuse of unpublished information which could materially affect the value of securities.

An overview of the insider trading laws in Australia is provided to employees. In addition to the restrictions imposed at law, the policy places additional restrictions on the following people in DTI (“designated persons”):

- all Directors
- certain senior management reporting directly to the chief executive officer
- any employee or contractor considered necessary or appropriate by the chief executive officer or company secretary from time to time.

The company secretary notifies the persons who are considered designated persons for the purposes of the policy.

Designated persons must not deal in the Company’s securities:



- during the period from 1 January until one trading day following the release of the Company's half-year results
- during the period from 1 July until one trading day following the release of the Company's full-year results.

A designated person must notify the company secretary of any dealing in the Company's securities by the designated person or any associate of the designated person within two business days of such dealing having taken place.

(iii) **Equal Opportunity Policy**

DTI's Equal Opportunity Policy commits the Company to providing a work environment in which everyone is treated fairly and with respect, irrespective of sex, sexual orientation, race, age, disability, religion or ethnic origin and which is free of discrimination, bullying, victimisation, vilification and sexual and other unlawful harassment.

The policy is based on the following objectives:

- to hire the best-qualified person for the available job without regard to their race, colour, national origin, marital status, pregnancy, religion, political conviction, impairment or sexual preference
- to appraise and promote employees on the basis of objective assessment of performance and potential. This decision will be made without discrimination
- to conduct all Company activities without discrimination
- to maintain a workplace free of harassment.

DTI is committed to complying with relevant and applicable equal opportunity, anti-discrimination and affirmative action legislation, regulations and supporting laws.

Copies of the policies outlined above are available at <[www.dti.com.au/investors](http://www.dti.com.au/investors)>.

**Principle 4: Safeguard Integrity of Corporate Reporting**

(a) **Audit, Risk and Compliance Committee**

The Audit, Risk and Compliance Committee plays a key role in the overview of responsibilities of the Board relating to financial reporting, risk management, internal controls framework, corporate governance and external audit processes.

The committee's primary responsibilities within the governance structure of the Group are to assist the Board in:

- fulfilling its overview of the audit process
- overseeing financial reporting
- fulfilling its overview of the systems of internal control which the Board and management have established
- its processes of risk management and in monitoring compliance with corporate policies, the Code of Conduct and corporate governance and risk management policies generally
- the decision-making process
- meeting planning, agenda and board paper format, and minute requirements.

The Board has determined that the Committee shall comprise three Directors all of whom are Non-Executive Directors and a majority of whom are independent. The committee is chaired by an independent Non-Executive Director who is not the chair of the Board. The chief executive officer, the chief financial officer and any other individual may attend meetings at the invitation of the chairperson of the committee, but are not members of the committee.

The current committee comprises:

<b>Member</b>	<b>Independence</b>
Jeremy King – Chairman	Independent
Glyn Denison – Member	Independent
Neil Goodey – Member	Non-independent

Details of the relevant experience, qualifications and experience of members of the committee and the number of times the committee met and the individual attendance of the members at those meetings are included in the Directors' Report contained in the 2017 Annual Report.

**(b) Written Affirmation**

The Board has received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial report risks. This assurance was given on 23 August 2017.

The Board has also received from the chief executive officer and the chief financial officer written affirmations concerning the consolidated entities' financial statements as set out in the Directors' Declaration contained in the 2017 Annual Report.

**(c) Auditor to attend Annual General Meeting**

The Company's external auditor will be in attendance at the 2017 Annual General Meeting of the Company to answer questions from shareholders relevant to the audit.

**Principle 5: Making Timely and Balanced Disclosure**

**Market Disclosure**

The Company has adopted a Market Disclosure Policy for the purpose of:

- identifying material price-sensitive information
- reporting such information to the disclosure officer for review
- ensuring DTI achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules
- ensuring the Company, the Board and key senior management do not contravene the Corporations Act or ASX Listing Rules.

The rules set out in the policy are designed to ensure that announcements made by the Company:

- are made in a timely manner

- are factual
- do not omit material information
- are expressed in concise and clear language that allows shareholders and the market to assess the impact of the information when making investment decisions.

The policy applies to Directors and members of senior management who are most likely to be in possession of, or become aware of, the relevant information. All DTI employees are made aware of the existence of the policy so that they can assist with reporting of potentially sensitive information to the appropriate persons within the Company.

DTI is committed to:

- complying with the general and continuous disclosure principles contained in the ASX Listing Rules and the Corporations Act
- preventing the selective or inadvertent disclosure of material price-sensitive information
- ensuring that shareholders and the market are provided with full and timely information about its activities
- ensuring that all market participants have equal opportunity to receive externally available information issued by DTI.

The company secretary has been appointed as DTI's disclosure officer responsible for implementing and administering the Market Disclosure Policy.

The disclosure officer is responsible for all communication with ASX and for making the decisions on what should be disclosed publicly under the policy.

The disclosure officer is responsible for developing and maintaining relevant guidelines to help DTI's employees understand what information may be materially price-sensitive.

The disclosure officer is responsible for monitoring all DTI disclosure practices and for making recommendations to the Board on updating the policy in response to change in internal structure legislature and regulatory developments and technology developments.

## **Principle 6: Respect the Rights of Security Holders**

### **Shareholder Communications**

DTI recognises that its current and prospective shareholders are entitled to be informed in a timely manner of all major happenings and developments affecting DTI. DTI's website currently includes a section on its corporate governance policies and practices ([www.dti.com.au/investors](http://www.dti.com.au/investors)). In addition, the website is updated progressively to contain relevant information to shareholders and interested parties.

The chief executive officer and the company secretary have the primary responsibility for communication with shareholders. The chief executive officer has overall responsibility for communication with analysts, stockbrokers, the media and major shareholders. The company secretary has overall responsibility for communication with ASX, other regulatory bodies and retail shareholders.

DTI has a Communications Policy which is based upon compliance with the Company's disclosure obligations and aims at all times to achieve best practice.

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The policy commits the Company to facilitating shareholder participation in member meetings and to dealing promptly with shareholder enquiries.

DTI believes that communicating with shareholders by electronic means, particularly through its website, is an efficient way of distributing information in a timely and convenient manner.

Shareholders can elect to receive communications from the Company's share registry electronically. Shareholders are also able to send communications to the Company and the Company's share registry and receive responses to these communications electronically.

The Company holds its Annual General Meeting in Perth, to which all shareholders are invited. Shareholders who are unable to attend can appoint a proxy to attend and vote at the meeting.

## **Principle 7: Recognise and Manage Risk**

### **(a) Risk Management**

DTI's Risk Management Policy assists in the development of organisational capabilities in risk management for internal control purposes. Risk management is regarded as an integral part of the Company's strategic planning, business planning and investment/project appraisal procedures. The focus of risk management is the identification and treatment of risks with the objective to add maximum sustainable value to all of the activities of the Company.

The Board acknowledges that it is ultimately responsible for the risk management and internal control framework of the Company. The Board regularly reviews the effectiveness of the risk management and internal control framework. The Board reviews and discusses strategic risks and opportunities arising from changes in the Company's business environment regularly and on an as needs basis. The Board has delegated some of its responsibilities to the Audit, Risk and Compliance Committee; however, maintains the overall responsibility for the process.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to report to the Board through the Audit, Risk and Compliance Committee on the efficiency and effectiveness of risk management.

The risk management framework is based on principles in ISO31000.

The Company does not have an internal audit function; however, the Company has a dedicated quality manager. The Company achieved ISO9001 accreditation in July 2015.

### **(b) Economic, Environmental and Social Sustainability Risks**

#### **(i) Economic sustainability risks**

Economic sustainability risks are risks relating to macro-economic conditions which could affect the Group's ability to continue operating at current levels over the long-term. The Group is exposed to a number of economic sustainability risks including:

- foreign exchange risk
- regulatory risk
- sovereign risk.

These risks are included in the Company's risk register and if the risk is considered material and able to be mitigated, mitigation strategies are prepared by management.

#### **(ii) Environmental sustainability risks**

Environmental sustainability risks are the risks to the Group's ability to continue operating in a manner that does not compromise the health of ecosystems in which it operates over the long-term.

The Company does not believe that it is exposed to any environmental sustainability risks which have a real possibility of substantially impacting on the Group's ability to create or preserve value for its shareholders over the short-, medium- or long-term.

Notwithstanding this, environmental sustainability is important to the Company and accordingly the Company has implemented a number of initiatives to minimise the impact of its operations on the environment.

(iii) **Social sustainability risks**

Social sustainability risks are risks to DTI's ability to continue operating in a manner that meets acceptable social norms and needs over the longer-term. The Company does not believe that it is exposed to any social sustainability risks which have a real possibility of substantially impacting on DTI's ability to create or preserve value for its shareholders over the short-, medium- or long-term.

**Principle 8: Remunerate Fairly and Responsibly**

(a) **Nominations and Remuneration Committee**

The Board has established a Nominations and Remuneration Committee which currently consists of all of the members of the Board. Due to the composition and size of the Board, the structure of the committee is a departure from recommendation 2.1 of the ASX Principles as the committee does not have a majority of independent Directors and the chair of the committee is the Chairman of the Board.

The committee has been established under a separate charter which can be viewed at <[www.dti.com.au/investors](http://www.dti.com.au/investors)>.

The role of the committee in relation to remuneration is to:

- determine the remuneration policy recommendations of the chief executive officer
- determine the remuneration and contract terms for the chief executive officer
- determine the terms and conditions of long-term incentive plans, short-term incentive plans, share right plans, performance targets and bonus payments for the chief executive officer and senior management
- determine the terms and conditions of any employee incentive plans
- determine the remuneration of non-executive Directors
- review, manage and disclose the policy (if any) under which participants to an equity-based remuneration scheme may be permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme
- determine the content of the Remuneration Report to be included in the Company's Annual Report.

Details of the number of times the committee met and the individual attendances of the members at those meetings are included in the Directors' Report contained in the 2017 Annual Report.

(b) **Remuneration Policies and Practices**

(i) **Non-Executive Directors**

The maximum aggregate fee approved by shareholders that can be paid to Non-Executive Directors is \$250,000. The amount paid to each Non-Executive Director is

a fixed amount as agreed by the Board and does not include a commission or percentage of profits or income of the Company.

Non-Executive Directors are not eligible to receive retirement benefits (other than statutory superannuation) and do not participate in any equity-based payment or incentive plans.

The details of the remuneration paid to each Non-Executive Director during the financial year are included in the Remuneration Report contained in the 2017 Annual Report.

(ii) **Executives**

The Company has entered into an agreement with the chief executive officer which has established a remuneration and reward framework. The agreement is designed to provide a base salary with the addition of short- and long-term incentive rewards to attract and retain a strong candidate and promote financial performance and growth, while also encouraging long-term shareholder value. Short-term and long-term incentives are subject to the achievement of qualitative non-financial performance indicators and the achievement of key financial metric targets.

Senior management are paid a base salary and may be paid a yearly cash bonus following an annual performance review. Specific short- and long-term incentives are currently not included in a senior manager's employment contract.