

## Appendix 4G

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

Name of entity

Axxis Technology Group Limited (ASX:AYG)

ABN

98 009 805 298

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>

☒ [www.axxis.com](http://www.axxis.com) and attached.

The Corporate Governance Statement is accurate and up to date as at 30 August 2017 and has been approved by the board. Our corporate governance disclosures can be located at <http://www.axxis.com/corporate-governance>.



Justyn Stedwell – Company Secretary  
31/8/17

<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.

## 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<p>... the fact that we follow this recommendation:  <input checked="" type="checkbox"/> in our Corporate Governance Statement.</p> <p>... 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):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b>  <input checked="" type="checkbox"/> at this location:  <a href="http://www.axxis.com">www.axxis.com</a> (Board Charter)</p>	
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.	<p>... the fact that we follow this recommendation:  <input checked="" type="checkbox"/> in our Corporate Governance Statement.</p>	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<p>... the fact that we follow this recommendation:  <input checked="" type="checkbox"/> in our Corporate Governance Statement.</p>	

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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</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</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b><u>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</u></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; <b><u>OR</u></b></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 (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</p>	
2.2	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.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement  <input checked="" type="checkbox"/> ... the length of service of each director is set out below:  Justyn Stedwell: Appointed: 30 March 2016 Jeremy King: Appointed: 11 January 2017 Eddie King: Appointed: 11 January 2017	
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> is at this location: www.axxis.com	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of	[If the entity complies with paragraph (b):] ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<p>whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></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>		
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b><u>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</u></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 checked="" type="checkbox"/> is at this location:  www.axxis.com	
<b><u>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</u></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"/> is at this location:  www.axxis.com	
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	
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	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b><u>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</u></b>			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and	[If the entity complies with paragraph (a):] ... the fact that we have a committee or committees to oversee risk that comply with paragraph (1): <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input checked="" type="checkbox"/> an explanation why the entity does not comply with 7.1(a)(1) is in our Corporate Governance Statement.



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<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; <b>OR</b></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>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> is at this location:</p> <p>www.axxis.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> is at this location:</p> <p>Page 6 of the Annual Report</p>	
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b></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 (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 <b>AND</b></p> <p><input checked="" type="checkbox"/> is at this location:</p> <p>www.axxis.com (Risk Management Policy)</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (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; <b>OR</b> (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.	[[If the entity complies with paragraph (b):] ... the fact that we do not have a remuneration committee and the processes it employs for setting the level and composition of remuneration for directors and senior executives is disclosed: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: <input checked="" type="checkbox"/> in our Corporate Governance Statement	

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

**Axxis Technology Group Limited**  
**Corporate Governance Statement**  
**30 June 2017**

The Board of directors ('the Board') of Axxis Technology Group Limited ('Axxis' or 'the company') is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business affairs of Axxis on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance Statement is structured with reference to the Australian Securities Exchange ('ASX') Corporate Governance Council's ('the Council's') 'Corporate Governance Principles and Best Practice Recommendations (3<sup>rd</sup> edition)' ('the Recommendations'),

The Recommendations are not prescriptions, they are guidelines. The Council recognises that the range in size and diversity of companies is significant and that smaller companies from the outset may face particular issues in following all the Recommendations. If a company considers that a recommendation is inappropriate to its particular circumstances, it has the flexibility not to adopt it.

The Board has adopted the best practice recommendations as outlined by the Council to the extent that is deemed appropriate considering the current size and operations of Axxis. Therefore, where the Board considers that the cost of implementing a recommendation outweighs any potential benefit, those recommendations have not been adopted.

**Principle 1 - Lay solid foundations for management and oversight**

**Functions of the Board and Management**

The Board is ultimately responsible for all matters relating to the running of the company.

The main task of the Board is to drive the performance of the company.

The Board's role is to govern the company rather than to manage it. In governing the company, the directors must act in the best interests of the company as a whole. It is the role of senior management to manage the company in accordance with the direction and delegations of the Board; the Board will oversee the activities of management in carrying out these delegated duties.

The Board has the final responsibility for the successful operations of the company. Successful operations will usually be manifest by achieving optimum shareholder value. The Board is responsible for articulating the following:

- The objectives and strategic direction of the company; and
- The values of the company, including how it will treat with all stakeholders.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board will include the following:

1. Leadership of the Organisation: overseeing the company and establishing codes that reflect the values of the company;
2. Strategy Formulation: to set and review the overall strategy and goals for the company and ensuring that there are policies in place to govern the operation of the company;
3. Overseeing Planning Activities: the development of the Company's strategic plan;
4. Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy;
5. Company Finances: ensuring there are adequate resources provided to achieve the objectives;
6. Human Resources: establishing appropriate human resource policies and ensuring there are adequate human resources for the company to be successful;
7. Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the company's occupational health and safety systems to ensure the well-being of all employees;
8. Delegation of Authority: delegating appropriate powers to the Managing Director ('MD') and the senior management team to ensure the effective day-to-day management of the Company; and
9. Ensuring there is appropriate Corporate Governance.

**Board Appointments**

The Company undertakes reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

### **The Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

### **Diversity**

Axxis values the differences between its personnel and the valuable contribution that these differences can make to the Company. Axxis is an equal opportunity employer and aims to recruit staff from as diverse a pool of qualified candidates as reasonably possible based on their skills, qualifications and experience.

The Board believes that multicultural diversity and other diversity factors are equally important as gender diversity within its organisation. The Board has not set any measurable objectives in regards to gender diversity as the Board is currently satisfied with the level of diversity within Axxis.

The Company currently has no employees and utilises the services of consultants. When a new operating business is acquired the Company will consider implementing measurable objectives in relation to diversity.

The participation of women in the company is currently as follows:

- |  |        |
|--|--------|
| • Women employees in the consolidated entity | 0 of 0 |
| • Women in senior management positions       | 0 of 0 |
| • Women on the board                         | 0 of 3 |

### **Evaluating the Performance of Senior Executives**

The Board considers the ongoing development and improvement of the performance of senior executives as a critical input to effective governance. Senior executives are encouraged to participate in continuing education programs that will update their skills and knowledge of key developments within the industry in which the company operates, and regulatory and legislative changes that impact on reporting responsibilities.

On an annual basis, the Board conducts a performance review of key management personnel ('KMP'). The Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. As the Company does not currently have an operating business no KMP review was conducted during the year.

### **Board Performance**

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance. Directors are encouraged to participate in continuing education programs that will update their skills and knowledge of key developments within the industry in which the company operates, and regulatory and legislative changes that impact on reporting responsibilities.

The performance of the Board, Board Committees and individual directors is reviewed by the Board as a whole. The reviews are based on a number of predetermined performance objectives. The criteria for evaluating performance, is aligned with the financial and non-financial objectives of the company. The Board will consider the outcome of each review and develop a series of actions to guide improvement.

When evaluating the performance of individual directors, the Chairman will provide each director with confidential feedback on his or her performance. An independent director will provide confidential feedback to the Chairman on his own performance. The Board does not endorse the reappointment of a director who is not satisfactorily performing the role. Directors whose performance is unsatisfactory may be asked to retire. Due to changes in Board structure board performance reviews were not conducted during the year. It is the Board's intention to conduct a review in the 2018 financial year.

### **Independent professional advice**

The Board collectively and each individual director has the right to seek independent professional advice at the company's expense, up to a specified limit of \$5,000 unless otherwise agreed by the Chairman, to assist them to carry out their responsibilities.

**Principle 2 - Structure the Board to add value**

**Structure of the Board**

The skills, experience, expertise and period of office of each director in office throughout the year are included in the directors' report. The Board is currently composed of three non-executive directors, Justyn Stedwell, Jeremy King and Eddie King

The Board assesses whether a director is independent in accordance with the Council's independence guidelines. The Board comprises of all independent directors. Therefore, the Board does comprise of a majority of independent directors.

Jeremy King is the Chairman of the Board and is an independent Director.

**Nomination of Directors**

The Board is responsible for the nomination and selection of directors. Given the size of the company and the nature of its operations, the Board does not believe it to be appropriate to establish a Nomination Committee at this time.

Directors are appointed based on the specific skills required to effectively govern the company. The company aims at all times to have at least two directors with appropriate experience within the telecommunications and information technology industries. In addition, directors should have the relevant blend of experience in:

- accounting and financial management; and
- director level business management and governance.

The Board periodically assesses the competencies and experience of each Board member and the experiences and skills required at Board level to meet its operational objectives. The Board has not developed a formal Board skill matrix. The Board is satisfied with the skills and experience of each director and the current Board, the Board will consider developing a Board skills matrix upon the acquisition of an operating business or when the need to appoint a new director arises.

**Induction of New Directors and Ongoing Development**

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

A new director induction program is in place and Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

**Commitments**

Each member of the Board is committed to spending sufficient time on company matters to enable them to effectively carry out their duties as a director of the company. Other commitments of non-executive directors which may affect their contribution to the company are considered prior to a director's appointment to the Board and are reviewed each year. Prior to appointment or re-election, each director must acknowledge that they have and will continue to have the time available to discharge their responsibilities to the company.

The Board holds at least 6 scheduled meetings each year. For details of the number of Board meetings held during the year and the number of meetings attended by each director refer to the directors' report.

**Principle 3 – Act ethically and responsibly**

**Corporate Code of Conduct**

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Corporate Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. The Corporate Code of Conduct can be viewed at the company's website.

#### **Directors and Officers Code of Conduct, and Employee Code of Conduct**

The Board has established the Directors and Officers Code of Conduct, and the Employee Code of Conduct to guide directors, officers and employees as to:

- the practices necessary to maintain confidence in the company's integrity; and
- the practices necessary to take into account their ethical and legal obligations and the reasonable expectations of the company's stakeholders.

The Directors and Officers Code of Conduct, and the Employee Code of Conduct can be viewed at the Company's website.

#### **Reporting Unethical or Illegal Practices**

Company policy requires employees who are aware of unethical or illegal practices to report these practices to management. Any reports of unethical or illegal practices are investigated by management or the Board. Reporters of unethical practices may remain anonymous.

#### **Principle 4 – Safeguard integrity in corporate reporting**

##### **Audit Committee**

Due to the size of the Company and limited scope of the Company's current operations the Board fulfils the responsibilities of the Audit Committee to ensure oversight by the Board of all matters related to the financial accounting and reporting of the company. The Board monitors the processes, which are undertaken by management and auditors

##### **Declarations to the Board**

The Chairman (CEO equivalent) and Company Accountant (CFO equivalent) have provided the Board with 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.

##### **External Auditor**

The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

**Principle 5 – Make timely and balanced disclosure**

**Continuous Disclosure**

The Company has a Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

In accordance with the ASX Listing Rules the company immediately notifies the ASX of information:

- concerning the company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would likely to, influence persons who commonly invest in securities.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. The Board and the Company Secretary are responsible for ensuring that company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules.

The Company Secretary and the Chairman ensure that company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

**Principle 6 – Respect the rights of shareholders**

**Shareholder Communication**

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed to shareholders, annual and half-year financial statements and the general meetings of the company;
- giving shareholders ready access to balanced and understandable information about the company and corporate proposals; and
- making it easy for shareholders to participate in general meetings of the company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the company. These contact details are available on the "about us" page of the Company's website.

The Company views the annual general meeting as an opportunity for shareholders to meet with and ask questions of the Board. Accordingly all shareholders are given the opportunity to ask questions. The Company's external auditors are in attendance at the annual general meetings. All shareholders are given the opportunity to ask the Company's external auditors questions about the conduct of the audit and the preparation and content of the auditor's report.

Shareholders may elect to, and are encouraged to, receive communications from the Company and its securities registry electronically.

The Company maintains information in relation to its corporate governance documents, Directors and senior executives, Board and committee charters and annual reports on the Company's website.

**Principle 7 – Recognise and manage risk**

**Risk Management**

The Board is committed to the identification, assessment and management of risk throughout the Company's business activities.

Due to the size of the Company and limited scope of the Company's current operations the Board fulfils the responsibilities of the Audit Committee to provide risk oversight and management within the Company. Management reports risks identified to the Board on a periodic basis.



Risk management is considered a key governance and management process. The Board ultimately determines the company's risk profile and is responsible for approving and overseeing the company's risk management policy and internal compliance and control systems. The Board reviews the Company's risk management framework at least annually to satisfy itself that it continues to be sound, accordingly a review of the Company's risk management framework occurred during the year.

The Company has established and implemented a system for identifying, assessing, monitoring and managing material risk throughout the organisation. The risk management system is implemented by senior management and is designed to ensure:

- all major sources of potential opportunity for and harm to the company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the company appropriately balance the risk and reward trade off;
- regulatory compliance and integrity in reporting is achieved; and
- the company's continued good standing with its stakeholders.

The risk management system involves a multi-stage process of risk identification, analysis, evaluation, strategy development, strategy implementation, monitoring and review.

Management reports to the Board on the effectiveness of the Company's management of its material business risks. In addition, the Board undertakes a review of all major activities to assess risk and the effectiveness of strategies implemented to manage risk. During the reporting period, management has reported to the Board as to the effectiveness of the Company's management of its material business risks. The Company does not have an internal audit function.

The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks

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

#### **Remuneration**

The Company remunerates directors and key executives fairly and appropriately with reference to the skills and experience of the director/executive and employment market conditions. Any bonus or incentive payments made to directors and executives are based on the achievement of set financial and/or operational performance targets. Payment of equity-based remuneration is made in accordance with thresholds set in plans approved by shareholders.

The Company is committed to remunerating its Senior Executives in a manner that is market-competitive and consistent with 'Best Practice' as well as supporting the interests of Shareholders. Senior Executives may receive a remuneration package based on fixed and variable components, determined by their position and experience.

Non-Executive Directors are remunerated out of the maximum aggregate amount approved by Shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors receive fixed fees. There is no scheme to provide retirement benefits to Non-Executive directors other than statutory superannuation.

Participants in an equity based remuneration scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

For details of the amount of remuneration, and all monetary and non-monetary components, for directors and key management personnel refer to the directors' report.

### **Remuneration Committee**

Due to the size of the Company and limited scope of the Company's current operations the Board fulfils the responsibilities of the Remuneration Committee .

The Board fulfils this function by:

- formulating guidelines as to what constitutes appropriate "human resource" policy for the company; including but not limited to, base pay, incentive schemes; retention and termination policies, succession planning and human resource development;
- providing an assessment of market expectations relative to senior executives and Board members remunerations commensurate with their responsibilities;
- making a determination of the appropriate "tiers" of personnel; including who constitutes the "senior management" team;
- specific employment agreements, including roles and responsibilities, and levels of remuneration, for the senior management team;
- an employment agreement, including role and responsibilities, and level of remuneration, for the MD;
- management agreements for executive and non-executive directors;
- provide results of periodic audits of the human resource policies; and
- the establishment of a performance review process; including performance reviews of at least the MD and members of the Board.