

## Prime Financial Group Ltd

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## Corporate Governance Statement

### Current and approved by the Board as at 29 August 2018

Prime Financial Group Ltd (“The Company”) is committed to implementing the highest standards of corporate governance, on a pragmatic basis, whereby shareholders’ interests are paramount. The Company has reviewed the ASX Corporate Governance Council’s “*Corporate Governance Principles and Recommendations* 3<sup>rd</sup> edition (“ASX Recommendations”) and has implemented practices largely consistent with those ASX guidelines, with due regard to the current size and nature of the Company’s operations and also the practical economic interests of its shareholders. Variations to the ASX Recommendations are summarised at the end of this statement.

The Company implemented an initial governance policy/code of conduct on 1 December 2004, in anticipation of the re-listing of the Company, which occurred on 7 December 2004. The Corporate Governance Statement is reviewed on an annual basis, or more frequently as appropriate, to ensure that it continues to be current. The Company is committed to being transparent with its stakeholders and is in the process of formalising a number of its longstanding processes and practices in line with the updated ASX Recommendations.

### 1. CORPORATE GOVERNANCE PRINCIPLES

For ease of reference, the eight essential corporate governance principles as set out in the ASX Recommendations are embodied in the items listed in the following table.

Essential Corporate Governance Principle	Items in which it is embodied
1. Lay solid foundation for management and oversight	2.1; 2.3; 2.4; 2.5; 3.2; 4.1; 4.2 and 4.3
2. Structure the board to add value	2.2; 2.5.4 and 3.3
3. Act ethically and responsibly	2.4; 2.5 and 7
4. Safeguard integrity in corporate reporting	3.1; 4.2; 4.3; and 5.2
5. Make timely and balanced disclosure	4.3; 5.1; 5.2 and 7
6. Respect the rights of security holders	2.4; 5.2; 6 and 7
7. Recognise and manage risk	2.2; 2.4; 2.5; 3.1; 4.2; 4.3 and 6
8. Remunerate fairly and responsibly	3.2

## 2 BOARD OF DIRECTORS

### 2.1 Role of the Board

The Board's role is to govern the Company by setting its strategic direction and providing oversight to the management. In governing the Company, the Directors have committed to act in the best interests of the Company as a whole and its shareholders.

The main tasks of the Board are to provide strategic direction and to chart and oversee the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the operations of the Company.

### 2.2 Composition of the Board

As at 29 August 2018, the Board comprises four Directors, Mr. Paul Cowan (Chairman), Mr. Tim Carroll, Mr. Simon Madder (Managing Director/CEO) and Mr. Peter Madder (Executive Director).

The Board has the effective composition, size and commitment to adequately discharge its responsibilities and duties.

At this time, two of four directors are Non-Executive Directors, including the Non-Executive Chairman.

As the Company has a diverse number and range of investments, the Company has adopted the following definition of "independent" which substitutes the concept of a "group company" for that of a "material investee". This definition takes a practical approach that in many ways exceeds best practice, but is more reflective of the Company's structure and operations.

For the purpose of the definition of "Independent Director", a "material investee" is an investee company that contributes more than 5% of the Company's earnings. Where a company is an investee of an investee of the Company, that company will only be a material investee where it satisfies the definition of "material investee" in its own right.

An Independent Director:

- a. is a Non-Executive Director;
- b. is not a substantial shareholder of the Company (i.e. is not currently a holder of more than 5% of the existing issued capital of the Company) or an officer of, or otherwise associated directly with, a "substantial" shareholder of the Company;
- c. has not been employed in an executive capacity by the Company or a material investee within the last 3 years;
- d. has not been a principal or employee of a material professional adviser or a material consultant to the company or a material investee, or an employee that is materially associated with the service provided, within the last 3 years;
- e. is not a material supplier or customer of the Company or a material investee, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- f. has no material contractual relationship with the Company or a material investee other than as a Director of the Company or a material investee;
- g. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- h. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

In accordance with the above definition, the Company at present has two Directors who are viewed as independent. Mr. Paul Cowan and Mr. Tim Carroll satisfy the above requirements and are free from any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring independent judgment to the role of Director of the Company. The Company and its Directors will continue to review its Board composition, with due regard to its (evolving) activities, the ASX guidelines and economic efficacy, as deemed appropriate.

### 2.3 Directors

Mr. Paul Cowan is considered Independent.

Mr. Tim Carroll is considered Independent.

Mr. Simon Madder is the Managing Director and Chief Executive Officer of the Company. Mr Madder is not classified as Independent.

Mr. Peter Madder is an Executive Director of the Company. Mr. Madder is not classified as Independent.

Each Director is appointed by way of a formal letter of appointment, setting out the scope of their role and responsibilities.

### 2.4 Responsibilities of the Board

In general, the Board is responsible for providing entrepreneurial leadership, strategic direction, risk management guidance and overseeing the management and operations of the Company.

The principal functions and responsibilities of the Board include:

**Leadership** – overseeing the operations of the Company and establishing policies that reflect the values of the Company and guide the conduct of management.

**Strategy** – to set and review the corporate strategy and strategic goals with guidance from the Managing Director/Chief Executive Officer.

**Planning** – overseeing the development of the Company's strategic plan and approving that plan as well as approving the annual and long-term budgets.

**Shareholders** – ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.

**Governance** – developing, monitoring and reviewing the Company's corporate governance policies and compliance with those policies.

**Compliance and Risk Management** – reviewing and ratifying the Company's risk management, compliance, control and accountability systems at least annually and otherwise as necessary.

**Finances** – determining the risk-return profile of the Company and its investments and setting the key performance indicators for its Investment Managers and investee companies.

**Personnel** – appointing, and, where appropriate, removing the Managing Director/Chief Executive Officer, Chief Financial Officer and Company Secretary.

**Resources** – monitoring the performance of the management team and ensuring that they have sufficient human and financial resources available.

**Capital Management** – approving and monitoring major capital expenditure, capital management and major acquisitions and divestitures.

**Authorisation and Delegation** – delegating appropriate powers to the Managing Director/Chief

Executive Officer and the Chief Financial Officer from time to time to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

## **2.5 Board Policies**

### **2.5.1 Conflicts of Interest**

To ensure the proper and transparent operation of the Company, Directors must:

- a. disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- b. if requested by the Board (in writing), within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling or is unable (due to other commercial factors) or has not been requested by the Board to remove a conflict of interest then the Director must, in accordance with the *Corporations Act*, absent themselves from discussion and/or voting on matters about which the conflict relates.

### **2.5.2 Commitment to Board Duties**

Each member of the Board must ensure that they commit to spending sufficient time to enable them to carry out their duties as a Director of the Company.

### **2.5.3 Confidentiality**

In accordance with legal requirements and agreed ethical standards, Directors and managers of the Company must keep confidential all information received in the course of their involvement with the Company, including the exercise of their duties. They must not disclose any non-public information, except where disclosure is authorised or legally mandated.

### **2.5.4 Education and Induction**

New Directors undergo an induction process in which they are given a full briefing on the Company, including:

- a. details of the roles and responsibilities of a Director with an outline of the qualities required to be a successful Director;
- b. formal policies on Director appointment as well as conduct and contribution expectations;
- c. details of all relevant legal requirements;
- d. a copy of this Statement;
- e. guidelines on how the Board processes function;
- f. details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- g. background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- h. an analysis of the Company;
- i. a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget; and
- j. a copy of the Constitution of the Company.

The Chairman will be responsible for arranging the induction briefing.

In addition, in order to achieve “continuing improvement” of Board performance, skills and knowledge, all Directors are encouraged to undergo continual professional development as required/deemed appropriate.

#### **2.5.5 Independent Professional Advice**

The Board collectively and each Board Committee and Director has the right to seek independent professional advice at the Company’s expense, up to specified limits, to assist them to carry out their responsibilities. The current specified limit is not more than \$5,000 in relation to a discrete (separate) matter and any Director cannot accrue more than \$10,000 of fees, without prior authorisation from the Chairman.

One or more Directors can seek professional advice from the same adviser. The Board may seek professional advice from an adviser that has been engaged by an individual Director.

The rights of and limitations on Directors to seek independent professional advice is intended to allow Directors to properly carry out their duties as Directors and is separate from the ability of management to obtain professional advice or services in relation to the operations of the Company.

#### **2.5.6 Related Party Transactions**

Proposed related party transactions including any financial transaction between a Director and the Company, will be reported in writing at each Board meeting. Unless there is an exemption under the *Corporations Act* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. If shareholder approval for the related party transaction is required, then the Board must consider all the costs and benefits of the proposed related party transaction before deciding whether to refer the matter to the shareholders or to reject the proposed related party transaction.

#### **2.5.7 Performance Review/Evaluation**

The Board will undertake a periodic performance evaluation based upon appropriate commercial criteria, having due regard to the cost/benefit thereof. The Board’s performance shall be measured against both “qualitative” and “quantitative” indicators (subject to basic commercial principles). The objective of this evaluation is to adhere to “best practice corporate governance” for the Company.

### **3. BOARD COMMITTEES**

#### **3.1 Audit Committee**

The Board has established an Audit Committee. The Committee’s Chairman is Mr. Paul Cowan. The other members of the Committee are Mr. Simon Madder and Mr. Peter Madder.

Below is a summary of the designated role, composition and responsibilities of the Audit Committee.

##### **3.1.1 Role**

The Audit Committee is responsible for reviewing the **integrity** of the Company’s financial reporting, overseeing the **independence** of the external auditors, and supervising the risk management of the Company.

##### **3.1.2 Composition**

The Audit Committee consists of three members (refer above) of whom all are Directors of the Company. One of the three Audit Committee members is an Independent Director, being Mr. Paul Cowan.

##### **3.1.3 Responsibilities**

The Audit Committee is responsible for reviewing the audited annual and half-yearly financial

statements and any reports that accompany published financial statements, prior to submission to the Board and recommends their approval.

The Audit Committee also recommends to the Board the appointment of the external auditor each year, reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee is also responsible for guiding the Board in developing and monitoring policies on the Company's risk oversight and management, including in relation to any external material economic, environmental and social sustainability risks.

### **3.2 Remuneration Committee**

The Board has established a Remuneration Committee. The Committee Chairman is Mr. Paul Cowan. The other members of the committee include Mr. Tim Carroll, Mr. Simon Madder and Mr. Peter Madder.

#### **3.2.1 Role**

The primary role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities to establish appropriate remuneration levels and incentive policies for Directors and senior management.

#### **3.2.2 Composition**

The Remuneration Committee consists of four members (refer above) of whom all are Directors of the company. The Committee's Chairman is Mr. Paul Cowan. The other members of the Committee are Mr. Tim Carroll, Mr. Simon Madder and Mr. Peter Madder.

#### **3.2.3 Responsibilities**

The responsibilities of the Remuneration Committee include:

- a. setting policies for senior Executive Directors'/Officers' remuneration;
- b. setting the terms and conditions of employment for the Managing Director/CEO;
- c. reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements;
- d. reviewing the remuneration of both Executive and Non-Executive Directors;
- e. making recommendations to the Board on any proposed changes and undertaking annual performance reviews.

#### **3.2.4 Senior Executive Remuneration Policy**

The Company will remunerate its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy, and subject to the determination of the Remuneration Committee, the remuneration of senior executives may be comprised of the following:

- a. Fixed salary, including superannuation, that is determined from a review of the market and reflects core performance requirements and expectations;
- b. A performance bonus designed to reward achievement by individuals of performance objectives; and
- c. Participation in the Prime Employee Share Plan

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company's objective is to align the interests of senior executives with those of shareholders and increase performance of the Company.



In evaluating the performance of senior executives, consideration is given to Key Performance Indicators that are established in advance by the Board and are reviewed from time to time to ensure their continuing relevance to the Company.

The philosophy of deploying this remuneration structure/strategy is to provide a clear intention to improve the Company's financial performance, and thereby increase underlying shareholder value.

The Board may use its discretion to pay bonuses, use share options and provide other incentive payments. This discretion shall be exercised on the following basis:

- a. retentions and motivation of key executives;
- b. attraction of quality management to the Company;
- c. performance incentives which allow executives to share the rewards of the success of the Company.

### ***3.2.5 Equity Based Executive Remuneration***

Where an equity based executive remuneration package is proposed by the Board or the Remuneration Committee.

### ***3.2.6 Non-Executive Director Remuneration Policy***

Non-Executive Directors are paid their fees within the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not, and will not, receive performance-based bonuses and shall not participate in equity-based remuneration schemes of the Company which the Company may elect to establish in the future. Non-Executive Directors are entitled to statutory superannuation, in accordance with the law.

### ***3.2.7 Current Non-Executive Directors' Remuneration***

The aggregate maximum amount of remuneration paid to Non-Executive Directors must not exceed the limits prescribed by the Constitution of the Company.

## **3.3 Nomination Committee**

The Nomination Committee currently comprises Mr. Paul Cowan (Chairman), Mr. Tim Carroll, Mr. Simon Madder and Mr. Peter Madder. The Chairman of the committee is a Non-Executive Director and is classified as Independent.

### ***3.3.1 Role***

The role of the Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

### ***3.3.2 Responsibilities***

The responsibilities of the Nomination Committee include devising criteria for Board membership, reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans and evaluates the Board's performance, including regular review of Director independence, and makes recommendations for the appointment and removal of Directors.

### ***3.3.3 Indicative Criteria for selection of Directors***

Any other Directors shall be appointed, based on the specific governance skills required by the Company after detailed evaluation of the cost/benefit to the Company, and hence its shareholders. All prospective Directors shall undergo reference checks, including as to their character, experience, education, criminal record and bankruptcy history. All material relevant information about a prospective Director held by the Company shall be provided to shareholders for the purpose of deciding whether or not to elect that Director. The Company acknowledges that it will at all times require at least two Directors with (direct and current) experience in the financial services industry, having due regard to the

Company's market and its current and intended activities. In addition, Directors should have the relevant blend of personal experience in:

- a. accounting and financial management;
- b. legal skills; and
- c. high level demonstrable business experience and acumen.

### **3.4 Due Diligence Committees**

#### **3.4.1 Role**

The Role of Due Diligence Committees is to conduct due diligence on any activities of the Company that require or warrant due diligence investigations. These activities include capital raising and acquisitions.

A Due Diligence Committee will always be required where the Company issues a Prospectus or any other similar disclosure document. Due Diligence Committees are also required for all material acquisitions; however they are optional for non-material acquisitions. A material acquisition is any investment or acquisition which is valued in excess of 5% of the Company's market capitalisation.

Due Diligence Committees must report their findings to the Board.

#### **3.4.2 Formation and Composition**

Due Diligence Committees will be formed as and when required. The Board may have more than one different Due Diligence Committee in operation at any time.

The composition of each Due Diligence Committee will be nominated by the Nomination Committee and ratified by the Board.

## **4. COMPANY MANAGEMENT**

### **4.1 Role of Management Team**

It is the role of management to manage the Company in accordance with the direction and delegations of the Board and it is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

### **4.2 Role of the Managing Director/Chief Executive Officer**

In general, the Managing Director/CEO is responsible for providing leadership, strategic direction and implementation, tactical direction, risk management guidance and the management and operations of the Company.

The principal functions and responsibilities of the Managing Director/CEO include:

**Strategy** – to implement the Board's strategic direction and to guide the Board on strategy development;

**Business Planning and Execution** – to prepare the business plans for the Company and execute the business plans that have been ratified by the Board;

**Business Development** – to supervise and assist the management team in developing the business of the Company and its investees;

**Operational Oversight** – to oversee the operations of the Company;

**Capital Raising** – to co-ordinate the Company's capital raising activities;

**Acquisitions** – to guide the growth of the Company through strategic acquisitions;

**Financial Reporting** – to state together with the Chief Financial Officer to the Board that the



Company's financial reports present a true and fair view and are in accordance with relevant accounting standards and that such opinion has been formed on the basis of a sound and effective system of risk management and internal control;

**Risk Management** – to report to the Board (together with the CFO) on the Company's risk management and internal compliance and control systems, and to further develop risk management strategies as appropriate;

**Liaison with Investment Community** – to be the Company's primary liaison with stockbrokers and investment analysts and to raise the profile of the Company within the investment community;

**Regulatory Compliance** – managing (together with the CFO) compliance with ASX related obligations of the Company;

**Representation on Investee Boards** – to be a representative of the Company on the Boards of the Company's investees, specifically with the objective of encouraging integration within the group and developing combined product and service offerings throughout the group. The CEO may delegate this role as he deems appropriate.

#### 4.3 Role of the Chief Financial Officer

In general, the Chief Financial Officer is responsible for the Company's financial reporting and the Company's compliance with the ASX listing rules.

The principal functions and responsibilities of the Chief Financial Officer include:

**Reporting** – financial reporting for the Company and its investees.

**Controls** – development and monitoring of financial controls for the Company and its investees.

**Financial Reporting** – to state together with the Chief Executive Officer to the Board that the Company's financial reports present a true and fair view and are in accordance with relevant accounting standards;

**Capital Raising** – to assist the CEO with the Company's capital raising activities;

**Liaison with Investment Community** – to be the Company's secondary liaison with the investment community, particularly in the area of financial disclosure;

**Regulatory Compliance** – managing compliance with ASX and company secretarial related obligations of the Company;

**Risk Management** – to report (together with the CEO) to the Board on the Company's risk management and internal compliance and control systems, and to further develop risk management systems, procedures and controls as appropriate;

**Board Reporting** – supplying the Board with timely financial information and reports to enable the Board to properly carry out its duties.

#### 4.4 Auditors attendance at AGM

The Company will ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

### 5. COMMUNICATION AND DISCLOSURE

#### 5.1 Continuous Disclosure Obligation (ASX)

All Directors must familiarise themselves with the continuous disclosure requirements of the *Corporations Act* and the *ASX Listing Rules*. In accordance with the *ASX Listing Rules* the Company will immediately notify the ASX of information:

- a. 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
- b. that would, or would be likely to, influence persons who commonly invest in securities in deciding

whether to acquire or dispose of the Company's securities.

It is preferred that all disclosure be approved by the Board before being released to the ASX. However, given the continuous nature of this disclosure requirement, if Board approval is not practicable in the circumstances, urgent disclosure may be approved jointly by the Managing Director/CEO and CFO.

The Board has delegated to the Chief Executive Officer and Company Secretary, responsibility for overseeing and coordinating the Company's disclosure to the ASX. The company secretary is also accountable directly to the Board, through the Chairman, in relation to the administration of the Board.

## **5.2 Shareholder Communication**

The Company recognises its role as a representative/chargee of its shareholders. The Company will facilitate the effective discharge of its duty to shareholders. The Company, inter alia, is committed to:

- a. communicating effectively with shareholders through releases to the market via ASX, the Company website and information mailed (or emailed, if requested) to shareholders and the general meetings of the Company;
- b. communicating clearly and succinctly in relation to the general and fiscal affairs of the Company, in a plain manner;
- c. allowing and enabling shareholders to participate and ask questions in general meetings of the Company, including asking questions of the external auditor relevant to the audit; and
- d. The Company will also make available a telephone number and email address for shareholders to make enquiries of the Company.

## **6. TRADING IN THE COMPANY'S SECURITIES**

### **6.1 Designated Officers**

This code in relation to trading in the Company's securities applies to all Designated Officers.

#### **6.1.1 Designated Officers**

Designated Officers are:

- a. all Directors;
- b. any employees of the Company or any subsidiary company who would become aware of undisclosed price sensitive information about the Company in the ordinary course of their jobs. This includes the Managing Director/Chief Executive Officer, Chief Financial Officer, Company Secretary and any employee involved in the Company's investment, acquisition or divestiture activities.

#### **6.1.2 Relevant Officers**

Relevant Officers are Designated Officers whose shareholding is required to be disclosed to the ASX.

### **6.2 "Trading Windows"**

The Company has implemented a Policy under which Designated Officers may only trade in the Company's securities during the four months commencing immediately after each of the following:

- a. the release by the Company of its half-yearly results to the ASX;
- b. the release by the Company of its annual results to the ASX.

A Designated Officer may trade in Company shares during a closed period if that trading falls within one of the following categories of "excluded trading":

- a. transfers of Company shares already held from a Designated Officer's own name into a superannuation fund to which the Designated Officer is a beneficiary;

- b. an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in Company shares) where the assets of the fund or other scheme are invested at the discretion of a third party;
- c. undertakings to accept, or the acceptance of, a takeover offer;
- d. trading under an offer or invitation made to all or most of Company's members such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan or an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board.
- e. a disposal of Company shares that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement; or
- f. trading under any Company employee incentive scheme in accordance with the rules of a Board approved Incentive Plan.

### **6.3 Trading at other times**

If Designated Officers wish to trade in the Company's Securities outside of the trading windows, they must first seek permission from the Chairman. The Chairman will only approve the request in situations of severe financial hardship or other exceptional circumstances, where the Designated Officers have provided a compelling reason for needing to trade outside of the trading windows and the Designated Officers have confirmed that they are not in possession of any unpublished price sensitive information.

The following are examples of situations of severe financial hardship or other exceptional circumstances which the Chairman may consider sufficient to warrant approval under this paragraph 6.3:

- a. "severe financial hardship" could include (but is not limited to) the Designated Officer having a pressing financial commitment that cannot be satisfied other than by selling the relevant Company shares; and
- b. "exceptional circumstances" could include (but is not limited to) where the Designated Officer is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement, to transfer or sell Company shares or there is some other overriding legal or regulatory requirement for him or her to do so.

### **6.4 Insider Trading**

In addition, consistent with the law, all Designated Officers, employees, advisers and all other people are prohibited from trading in the Company's securities while in the possession of unpublished price sensitive information concerning the Company. For clarity, the Company considers that unpublished price sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

### **6.5 Notification of Trades**

#### **6.5.1 Notification of Trades**

Prior to trading in the Company's securities, Designated Officers and all employees of the Company or any subsidiary company and all professional advisers of Company or any subsidiary company must give the Company Secretary notice confirming that they are not in possession of any unpublished price sensitive information.

#### **6.5.2 Further Notification from Relevant Officers**

The completion of any such trade by a Relevant Officer must also be notified to the Company

Secretary (who in turn shall advise the ASX).

## **7. COMPANY CODE OF CONDUCT**

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has committed to adhering to an underlying corporate “Code of Conduct” to guide compliance with legal and other obligations to legitimate stakeholders. “Stakeholders” include employees, clients, customers, Government authorities, creditors and the community as whole. This Code embraces the following:-

### ***7.1.1 Responsibilities to Shareholders and the Financial Community Generally***

The Company will comply with the spirit as well as the letter of all laws and regulations that govern shareholders’ rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company’s financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

### ***7.1.2 Responsibilities to Clients, Customers and Consumers***

Employees have an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company’s clients, customers and consumers. The Company, for its part, is committed to providing clients, customers and consumers with fair value.

### ***7.1.3 Employment Practices***

The Company will endeavour at all times to provide a safe workplace, in which there is equal opportunity for all employees at all levels of the Company. The Company will not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

### ***7.1.4 Obligations Relative to Fair Trading and Dealing***

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. It is the Company’s intention at all times to deal fairly and honestly with the Company’s customers, suppliers, competitors and other employees and it encourages its employees and business partners to do the same.

### ***7.1.5 Responsibilities to the Community***

The Company is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs and with due regard to the interest of the shareholders of the Company.

### ***7.1.6 Responsibility to the Individual***

The Company is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

### ***7.1.7 Conflicts of Interest***

Employees and Directors are required to avoid conflicts, as well as the appearance of conflicts, between personal interests and the interests of the Company.

### ***7.1.8 How the Company Complies with Legislation Affecting its Operations***

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company’s operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of “gifts”, the Company’s policy will prevail.

### ***7.1.9 How the Company Monitors and Ensures Compliance with its Code***

The Board, management and all employees of the Company are committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.

#### **7.1.10 Diversity**

The Company has a strong commitment to diversity and seeks to promote an inclusive culture where people are encouraged to succeed, whatever their backgrounds, perspective or experience. The Company's Diversity Policy is available on the Company website. It includes measurable objectives for achieving gender diversity. The Company Annual Report discloses the proportion of females in the organisation and in senior management positions.

### **8. "IF NOT, WHY NOT"**

The ASX Recommendations are based around the principle that all listed companies should comply with the recommendations unless they explain why they are non-compliant. Whilst the Company is not required to report on any variations from the ASX Recommendations pursuant to listing rule 4.10.3, it has provided a summary of such variations below for the benefit and convenience of stakeholders.

#### **Recommendation 2.1 - A majority of the Nomination Committee should be Independent Directors (See paragraph 3.3)**

Recommendation 2.1 provides that a majority of the Nomination Committee should be Independent Directors. As the Company has only two Independent Directors at this time, it is not possible for the Company to comply with this recommendation. The Board is mindful of this and Mr. Paul Cowan and Mr. Tim Carroll, the Independent Directors are actively involved with all major decisions of the Committee as they arise. The Committee (and each Director) also exercise the right to seek independent professional advice where it is required.

#### **Recommendation 2.2 – A listed entity should have and disclose a Board skills matrix**

Recommendation 2.2 provides that 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. The Board is in the process of defining its skills matrix.

#### **Recommendation 2.4 – A majority of the Board should be Independent Directors**

Recommendation 2.4 provides that a majority of the Board should be Independent Directors. Given that the Board only has four Directors of which two Directors are Independent Non - Executive Directors, it is difficult for the Company to comply with this recommendation.

#### **Recommendation 4.1 – Audit Committee**

Recommendation 4.1 provides that the Audit Committee should have at least three members who are all Non-Executive Directors and a majority of whom are Independent Directors. It also recommends that the committee be chaired by an Independent Director who is not the Chair of the Board. In both respects, the Company, due to its size and number of Directors, is currently unable to comply with this recommendation. The Board is mindful of this and Mr. Paul Cowan, the sole Independent Director on the Audit Committee is actively involved in all major decisions of the committee. The Committee (and each Director) also exercise the right to seek independent professional expert advice where it is required.

Recommendation 4.1 also provides that the Board should disclose a charter of the Audit Committee. The Committee does not at this time have a formal, written charter but is mindful of this recommendation and seeks independent professional advice where necessary.

#### **Recommendation 5.1 – Continuous Disclosure Obligation**

Recommendation 5.1 provides that a listed entity should have a written policy for complying with its

continuous disclosure obligations under the Listing Rules and should disclose that policy. The Company's disclosure policy is encapsulated in paragraph 5.1 of this Statement and is clearly understood by the Directors however, the Company does not at this stage have a separate formal, written policy.

**Recommendation 7.1 and 7.2 – Risk Committee**

Recommendation 7.1 provides that the Committee overseeing risk should have at least three members, a majority of whom are Independent Directors. In this respect, the Company, due to its size and number of Directors, is currently unable to comply with this recommendation. It does, however, have an Independent Director as Chair of the Audit (and Risk) Committee. The Board is mindful of this and Mr. Paul Cowan, the sole Independent Director is actively involved in all major decisions of the committee. The Committee (and each Director) also exercise the right to seek independent professional advice where it is required.

Recommendation 7.1 also provides that the Board should disclose a charter of the Committee. The Committee does not at this time have a formal, written charter but is mindful of this recommendation and seeks independent professional advice where necessary.

**Recommendation 8.1 - A majority of the Remuneration Committee should be Independent Directors (See paragraph 3.3)**

Recommendation 8.1 provides that a majority of the Remuneration Committee should be Independent Directors. As the Company has only two Independent Directors at this time, it is not possible for the Company to comply with this recommendation at this time. The Board is mindful of this and Mr. Paul Cowan and Mr. Tim Carroll, the Independent Directors are actively involved with all major decisions of the Committee as they arise. The Committee (and each Director) also exercise the right to seek independent professional advice where this is required.

Recommendation 8.1 also provides that the Board should disclose a charter of the Remuneration Committee. The Committee does not at this time have a formal, written charter but is mindful of this recommendation and sets out in detail the processes used for calculating Director and senior executive remuneration in the Annual Report.