



## Corporate Governance Statement 2017

**For the year ended 31 March 2017**

**As at 23 May 2017**

The corporate governance arrangements for OFX Group Limited (the **Company**) and its subsidiaries (the **Group**) are set by the Board having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (**ASX Principles and Recommendations**), corporate best practice and the best interests of all shareholders.

The Company is committed to adopting best practice in corporate governance where these practices are appropriate to the business and add value.

The documents that are described in this Corporate Governance Statement are available on the Company's website at <https://www.ofx.com/en-au/investors/corporate-governance/>.

The information in this Corporate Governance Statement is current as at 23 May 2017 and has been approved by the Board.

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

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

The Board has adopted a Board Charter that details the functions and responsibilities of the Board, Chairman and individual directors. Responsibility for the day to day management and administration of the Group is delegated to the Chief Executive Officer (**CEO**), assisted by his direct reports. The CEO manages the Group in accordance with the strategy, financial plans and delegations approved by the Board. A formal delegation from the Board to the CEO sets out the limits of that delegation.

The Board is responsible for the overall operation and stewardship of the Group and, in particular for the long-term growth and profitability of the Group, the strategies, policies and financial objectives of the Group and for monitoring the implementation of those policies, strategies and financial objectives.

The functions reserved for the Board include:

- Providing input into, and approval of, the Group's strategic direction and budgets as developed by management and delegating implementation of that to the CEO.
- Directing, monitoring and assessing the Group's performance against strategic and business plans, to determine if appropriate resources are available.
- Approving and monitoring capital management and major capital expenditure, acquisitions and divestments.
- Identifying the principal risks of the Group's business, reviewing and ratifying the Group's systems of internal compliance and control, risk management and legal compliance, to determine the integrity and effectiveness of those systems.
- Approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the ASX and other stakeholders.
- The appointment and removal of the CEO and the Company Secretary.
- Ratifying the appointment and removal of Executives (which includes all Executives who report directly to the CEO).



- Determining whether the remuneration and conditions of service of Executives are appropriate.
- Establishing and monitoring Executive succession planning.
- Monitoring of performance including approving criteria for assessing performance of Executives.
- Ensuring ethical behaviour and compliance with the Group's governing documents, including the Group's Code of Conduct.

To assist in undertaking the above in the most efficient manner, the Board has established two Board Committees and the current members are as follows:

- Audit, Risk and Compliance Committee (**Audit Committee**) - Grant Murdoch (Chair), Melinda Conrad, Douglas Snedden and Steven Sargent; and
- Remuneration and Nomination Committee (**Remuneration Committee**) - Melinda Conrad (Chair), Douglas Snedden and Steven Sargent.

There is a Charter for each Committee setting out its role and responsibilities. Committee Charters are available on the Company's website at <https://www.ofx.com/en-au/investors/corporate-governance/>. Further details about the operation of these Committees can be found below.

### **Appointment of new Directors**

Potential new Directors are subject to appropriate and prudent background and screening checks prior to appointment.

A Director appointed to fill a casual vacancy must stand for election at the next Annual General Meeting (**AGM**). Additionally, Directors who have been in office without re-election for three years since their last appointment must retire and seek re-election at the Company's AGM. In each case, the Company provides to shareholders all material information in its possession, concerning the Director standing for appointment or re-election, in the explanatory memorandum to the relevant Notice of Meeting.

### **Letters of Appointment for Directors and Group Executive Team**

Directors receive formal letters of appointment setting out the arrangements relating to their appointments including:

- Term of appointment;
- Anticipated time commitment;
- Remuneration;
- Requirements to disclose directors interests which may affect independence;
- Requirements to comply with key Company policies including the Code of Conduct and Securities Trading Policy;
- Entitlement to seek independent advice at the expense of the Company;
- Insurance, indemnity and ongoing rights to access information arrangements; and
- Ongoing confidentiality obligations.

Similarly, the CEO and his direct reports all have letters of appointment setting out the key terms and conditions of appointment and include details about their remuneration, which are updated from time to time, as appropriate. Background screening checks are undertaken in respect of Executives prior to appointment.

### **Company Secretary**



The Company Secretary, Freya Smith reports directly to the Chairman of the Board and has an internal reporting line to the Chief Risk Officer. The Company Secretary is appointed by the Board and is accountable to the Board, through the Chairman on all Board and governance matters.

The Company Secretary is responsible for supporting the effectiveness of the Board by ensuring that policies and procedures are followed and co-ordinating the completion and dispatch of the Board agendas and papers.

The Company Secretary and each Director has the opportunity to communicate with each other as directly required.

### **Board and Committee Evaluation**

The Remuneration Committee is responsible for scheduling formal performance reviews of the Board and its committees annually, assisted by the Company Secretary. The Board then undertakes an evaluation process to review its performance. The review process for both the Board and its Committees involves:

- completion of a questionnaire/survey by each Director or member of the Committee and nominated Executives who have regular interaction with the Board;
- the preparation and provision of a report to the Board and each Director with feedback on the performance of the Board and its Committees based on the survey results; and
- the Board /Committee members meet to discuss areas for improvement and identify actions to be taken for improvement.

A performance review of the Board was conducted in April 2017 in accordance with the process outlined above. The next performance review of the Board and Committees is scheduled for April 2018.

The Remuneration Committee is also responsible for scheduling performance reviews of each Non-Executive Director. In relation to the re-appointment of a Non-Executive Director, the Remuneration Committee reviews the performance of Non-Executive Director during their term of office and makes recommendations to the Board. Annual performance reviews for each Non-Executive Director took place in April 2017. The performance review process comprises:

- completion by each Director of a survey prepared and distributed by the Company Secretary; and
- an individual feedback session conducted by the Chairman with each Non-Executive Director, covering his or her performance based on the survey results. A Non-Executive Director is nominated by the Board to conduct a similar feedback session with the Chairman.

### **Diversity**

The Board has adopted a Diversity Policy and the Company is committed to providing and promoting a corporate culture which embraces diversity. A copy of the Diversity Policy is available on the Company's website at at <https://www.ofx.com/en-au/investors/corporate-governance/>. The Diversity Policy includes a requirement for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. The Chief People & Culture Officer is responsible for ensuring that the Company meets its diversity compliance and reporting obligations.

Diversity helps the Company improve business results, enhance its reputation and attract, engage and retain talented people. People value working in an organisation where differences



are respected. In addition, having a diverse range of employees better enables the Company to provide the best service to its customers.

The Company's commitment to workplace diversity is an investment in the creation of a sustainable and enduring business, which will deliver long term shareholder value. The Company's Diversity Policy is designed to clarify the Company's commitment to an inclusive workforce that embraces and promotes diversity in all respects. The Policy also provides a framework for the Board to set measurable objectives for achieving diversity and to assess annually the Company's progress in achieving them.

To assist the Company to continue its work towards achieving diversity in the workplace, the following measurable objectives were reviewed by the Remuneration and Nomination Committee and approved by the Board during FY2017. A summary of progress achieved against these objectives during the year is set out below.

**Objective:** *To monitor trends and implement initiatives encouraging retention and attraction of more women into Technology & Product and Sales roles to better align gender diversity to a Group ratio.*

**Performance against Objective:** The Company actively monitors recruitment, turnover and retention trends and reports on biannually to the Remuneration Committee. The Company has also initiated wellness activities focused on supporting work/life integration which have been predominantly taken up by women. The Company actively supports flexible work arrangements and in FY2017, implemented the Lucy Mentoring participation (female engineering students at UTS) and UNSW Coop sponsorship with focus on women.

**Objective:** *When establishing a formal Learning & Development program focus on initiatives that support the improvement of women's representation at both ends of the 9-Box Talent spectrum. Success would see metrics mirror the broader OFX gender diversity metrics.*

**Performance against Objective:** The Company introduced a Learning and Development program focused on emotional resilience and broader leadership skills. This program was open to a wide audience that included the Senior Leadership Team and new Managers. The introduction of the program has resulted in a dramatic improvement in female representation in talent review with metrics indicating women are over-represented in terms of high potential/high performance talent ratings.

**Objective:** *Monitor gender pay gap analysis*

**Performance against Objective:** The Company undertakes an annual review of staff salaries including an analysis of gender pay gap issues.

As part of the process towards achieving gender diversity, the representation of female employees is outlined below.

OFX Group	Proportion of female employees in OFX Group as at 31 March 2017				
	Board	Executive*	Senior Leadership Team**	Manager***	Employee****
Female	20%	40%	60%	41%	42%
Male	80%	60%	40%	59%	58%

\*Represents the Group Executive Team who report to the CEO.

\*\*Represents the Senior Leadership Team who all report into an Executive.

\*\*\*Represents all people managers.

\*\*\*\*Represents all other staff (total employees minus senior executives and managers).

The Company's FY2018 objectives for diversity will be:



1. To implement a formal Flexible Workplace Policy accompanied by a communication and education initiative to support a flexible workplace and to support Managers to have flexible work conversations.
2. To monitor trends and implement initiatives encouraging attraction of more women into customer-facing Sales roles to better align gender diversity to a Group ratio and ensure the Company's customer interfacing employees better reflect the Company's customer base in terms of gender.
3. To understand and ensure that dramatic change in talent in favour of women is not at the cost of performing males.

The Board oversees the Company's strategies on gender diversity, including monitoring achievements against gender targets set by the Board.

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

**Nomination, Appointment and Re-election of Directors**

The procedures for the appointment and removal of Directors are ultimately governed by the Company's Constitution. One of the roles of the Remuneration Committee, as set out in its Charter, is to identify and recommend to the Board individuals for nomination as members of the Board and its Committees, taking into account such factors as it deems appropriate, including experience, qualifications, judgement and the ability to work with other Directors.

Given the size of the Board at this time, it is considered unnecessary to have a stand-alone Nomination Committee.

External consultants maybe engaged to assist the Board in identifying appropriate candidates for appointment. In addition, potential directors are subject to appropriate and prudent background and screening checks.

A Director appointed to fill a casual vacancy must stand for election at the next AGM. Additionally, Directors who have been in office without re-election for three years since their last appointment must retire and seek re-election at the Company's AGM. In each case, the Company provides to shareholders all material information in its possession, concerning the Director standing for appointment or re-election, in the accompanying memorandum to the relevant notice of meeting.

Prior to and following appointment, potential and new directors may meet with Executives to familiarises themselves with the Company's business, strategy and operations.

**Composition of the Board**

The Board currently comprises five Directors, being a Non-Executive Chairman, one executive Director and three Non-Executive Directors. The Board's size and composition is determined by the Directors, within limits set by the Company's Constitution. Directors' profiles, duration of office and details of their skills, experience and special expertise are set out in the Directors' Report in the Company's 2017 Annual Report.

The Board seeks to have an appropriate mix of skills, experience, expertise and diversity to enable it to discharge its responsibilities and add value to the Company. The Board values diversity in all respects, including gender and differences in background and life experience, communication styles, interpersonal skills, education, functional expertise and problem solving skills. Together, the Directors contribute the following key skills and experience:

Skills and Experience	Board Representation
Risk & Compliance - Identify key risks to the organisation related to each key area of operations.	Highly developed skills / experience



<b>Financial Acumen</b> - Qualifications and/or experience in accounting and/or finance, including the ability to assess the quality of financial controls, analyse financial statements, assess financial performance.	Developed skills / experience
<b>Strategy</b> - Ability to identify and critically assess strategic opportunities and threats to the organisation.	Highly developed skills / experience
<b>Governance</b> - Knowledge and experience in best practice governance structures, policies and processes.	Developed skills / experience
<b>Technology</b> - Knowledge of IT Governance including privacy, data management and security.	Developed skills / experience
<b>People</b> - Experience with managing people and teams, including the ability to appoint and evaluate CEO and senior executive level managers, oversee talent development, engagement and organisational change.	Highly developed skills / experience
<b>Remuneration</b> - Experience in Board Remuneration or at a senior executive level.	Developed skills / experience
<b>Capital Management</b> - Capital management / Valuation and Mergers & Acquisitions expertise	Developed skills / experience
<b>Previous Board Experience</b>	All Non-Executive Directors
<b>Financial Services</b> - Experience in financial services and payments services. Understanding of the current drivers of the international payments services market.	Developed skills / experience
<b>Growth business and/or dynamic markets</b> - Experience in build growth businesses and/or in highly competitive and dynamic markets/industries	Developed skills / experience
<b>Technology</b> - Experience and expertise in technology / business model disruptive change.	Developed skills / experience
<b>Innovation</b> - Experience in delivering new product offerings in response to market demand. Experience in leveraging digital technology to drive innovation.	Developed skills / experience
<b>Marketing</b> - Experience in acquisition development and marketing of financial services, in particular, online payments services.	Developed skills / experience
<b>Customer Engagement</b> - Experience in customer service and management strategies, and marketing to business, retail and online consumers.	Highly developed skills / experience
<b>Global Expertise</b> - Multi geographical expertise and experience.	Developed skills / experience
<b>Legal and Compliance</b> - Experience in oversight of operations and obligations in a highly complex regulatory environment.	Developed skills / experience

The appointment of any new directors is based on pre-established criteria having regard to the existing skills matrix of the Board as a whole and having assessed those areas where additional skills or background or experience are required.

### Director Independence

The Board Charter requires that the majority of the Directors are to be “independent” as defined in the Board Charter. This takes into account the guidance provided under the ASX Listing Rules and the ASX Principles and Recommendations.

The Board will review any determination it makes as to a Director’s independence on becoming aware of any information that may have an impact on the independence of the Director. For this purpose, Directors are required to ensure that they immediately advise the Board of any relevant new or changed relationships to enable the Board to consider and determine the materiality of the relationships.

The Board annually reviews the independence of directors. The Board considers that Steven Sargent, Melinda Conrad, Douglas Snedden and Grant Murdoch are Independent Directors.





The Board has determined that John Alexander (Skander) Malcolm is not an Independent Director because of his executive responsibilities as CEO.

### **Chairman and CEO are not the same person**

The Chairman of the Board is elected by the Non-Executive Directors. The Board supports the separation of the role of Chairman (Steven Sargent) and CEO (Skander Malcolm). The Chairman's role is to manage the Board effectively, to provide leadership to the Board, and to facilitate the Board's interface with the CEO.

Steven Sargent was appointed as Chairman of the Board on 14 November 2016. The Board has determined that Steven Sargent is an Independent Director.

### **Director education**

All Directors are responsible for ensuring they remain current in understanding their duties as Directors. Ongoing directors have access to continuing education about the Group in the form of regular updates from the CEO and his direct reports, and where necessary by external legal and financial advisors on specific issues. Any new Directors receive a comprehensive induction designed to familiarise them with the business, strategy and operations by way of meetings with Executives and other key employees, access to all relevant Company information including Board papers.

### **Conflicts of interest**

The letters of appointment of the Directors outline the Board's policy on conflicts of interest. Where conflicts of interest do exist, Directors excuse themselves from discussions and do not exercise their right to vote in respect of such matters.

### **Access to Information and Independent Advice**

All Directors have access to the CEO's direct reports and the Company Secretary, to discuss issues or obtain information on specific areas in relation to items to be considered at Board meetings or other areas as they consider appropriate. Further, Directors have unrestricted access to Group records and information.

The Board, the Board Committees and each Director have the right, subject to the approval of the Chairman, to seek independent professional advice at the Group's expense to assist them to carry out their responsibilities. Further, the Board and Board Committees has the authority to secure the attendance at meetings of outsiders with relevant experience and expertise.

### **Evaluation of Executives**

The Remuneration Committee, together with the CEO reviews and makes recommendations to the Board following the CEO's annual performance assessment of his direct reports. The annual performance assessment of the CEO is undertaken by the Remuneration Committee and the Remuneration Committee reviews the performance of the CEO against his performance objectives.

Performance reviews of the CEO and each member of the Group Executive Team were undertaken following the end of the 2017 financial year.

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

### **Code of Conduct**

The Board maintains high standards of ethical conduct and the CEO is responsible for ensuring that high standards of conduct are maintained by all staff. The Group's reputation as an ethical business organisation is critical to its ongoing success. The Board has adopted a Code of



Conduct covering the practices necessary to maintain confidence in the Group's integrity; the practices necessary to take into account the Group's legal obligations and reasonable expectations of its stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. It is not a prescriptive set of rules but rather a practical set of principles giving direction and reflecting the Group's approach to business conduct.

The Company's Code of Conduct is available on the Company's website at <https://www.ofx.com/en-au/investors/corporate-governance/>.

The Company encourages individuals to report known or suspected instances of inappropriate conduct, including breaches of the Code of Conduct and other policies and directives. There are policies in place designed to protect employees and contractors from any reprisal, discrimination or being personally disadvantaged as a result of their reporting a concern.

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

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

The Board is committed to a transparent system for auditing and reporting of the Group's financial performance. The Board has established the Audit Committee, which performs a central role in achieving this goal.

The Audit Committee's principal functions as set out in its Charter, which is available on the Company's website are as follows:

- to ensure that the Audit Committee understands the Group's structure, business and controls to ensure that it can adequately assess the significant risks facing the Group;
- to oversee the Group's financial reporting process on behalf of the Board and to report the results of its activities to the Board, including:
  - to review the Group's financial statements to determine whether they are accurate and complete and make any necessary recommendations to the Board;
  - to review significant accounting policies adopted by the Group to ensure compliance with AIFRS and generally accepting accounting principles;
  - consider financial matters relevant to half year reporting in a timely manner; and
  - review other financial information distributed externally as required.

One of the main purposes of the Audit Committee is to ensure the quality and independence of the audit process. The Chair of the Audit Committee and the Chief Financial Officer (**CFO**) work with the external auditors to plan the audit approach. All aspects of the audit are reported back to the Audit Committee and the auditors are given the opportunity at Audit Committee meetings to meet with the Board. At least twice a year, the auditors meet with the Board without management present.

The Audit Committee is structured so that it has at least three members, consists only of Non-Executive Directors, consists of a majority of independent directors and is chaired by an independent Chair who is not the Chairman of the Board. Further all members must be financially literate and at least one member shall have accounting and/or related financial management expertise.

The Audit Committee has a minimum of four scheduled meetings each year and at other times as required. The Company Secretary attends and minutes all meetings. The Chair of the





Committee reports the findings of the Committee back to the Board at the following Board meeting.

The auditor is invited to attend all meetings. To ensure the auditor remains independent, all audit and non-audit work is authorised by the Audit Committee. The auditors are not permitted to perform any non-audit or assurance services that may impair or appear to impair the external auditor's judgement.

### **Declarations**

In accordance with section 295A of the *Corporations Act 2001* (Cth) and Principle 4 "Safeguard Integrity in Corporate Reporting", for each half and full year financial period, the CEO and CFO provide the Board with a written declaration that, in their respective opinions:

- the financial records of the Company have been properly maintained; and
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company.

To underpin the integrity of the Company's financial reporting and risk management framework, it is also the Company's practice for the CEO and CFO to state to the Board in writing that in their respective opinions:

- statements made regarding the integrity of the financial statements are found on a sound system of risk management and internal compliance and control systems which implement the policies adopted by the Board;
- the risk management and internal compliance and control systems, the extent that they relate to financial reporting, are operating effectively and efficiently, in all material respects based on the risk management framework adopted by the Company;
- the Company's material business risks (including non-financial risks) are being managed effectively.

In FY2017, the Board received the declarations and statements referred to above in relation to the half year ending 30 September 2016 and the full year ending 31 March 2017.

### **Audit Process**

The financial reports are subject to an annual audit by an independent professional auditor, who also reviews the Group's half yearly financial statements. The Audit Committee oversees this process on behalf of the Board, in accordance with its Charter.

One of the main purposes of the Audit Committee is to ensure the quality and independence of the audit process. The Chair of the Committee and the CFO work with the external auditors to plan the audit approach. All aspects of the audit are reported back to the Committee and the auditors are given the opportunity at Committee meetings to meet with the Board. At least twice a year, the auditors meet with the Board without management present.

The current external auditor is PWC. The lead audit and engagement partner for the 2017 financial year was Mr. Chris Cooper.

### **Attendance at AGM by Auditor**

The external auditor attended the 2016 AGM and was available to answer questions from shareholders present at the meeting.

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

#### **Continuous Disclosure Policy**



The Board has adopted a comprehensive Continuous Disclosure Policy that is available on the Company's website. The purpose of the Continuous Disclosure Policy is to:

- ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the *Corporations Act 2001* (Cth) and the ASX Listing Rules and as much as possible seeks to achieve and exceed best practice;
- provide shareholders and the market with timely, direct and equal access to information issued by the Group; and
- promote investor confidence in the integrity of the Group and its securities.

The Continuous Disclosure Policy is administered by several key personnel within the Group with the Company Secretary having overall responsibility for the administration of the Policy and all communications with the ASX. The onus is on all staff to inform the Company Secretary of any material price sensitive information as soon as becoming aware of it.

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

### **Shareholder communications**

The Company is committed to effective, accurate and timely communication with its shareholders, market participants, customers, employees, suppliers, financiers, creditors, other stakeholders and the wider community. The Company will ensure that all stakeholders, market participants and the wider community are informed of its activities and performance.

The Board has adopted a Communications Policy, which is available on the Company's website, which sets out the Group's approach and commitment to communication. Information is communicated in a number of ways including:

- Group websites;
- annual and half yearly reports;
- market disclosures;
- updates on operations and developments;
- market briefings and webcasts of briefings; and
- presentations at General Meetings.

The half year and annual report, market releases and presentations are all available on the Company's website.

In addition, the Company has an investor relations engagement program that includes engaging with institutional investors, buy-side and sell-side research analysts and individual investors on a scheduled basis (including the release of its results) or ad hoc basis (including industry conferences and key updates). The Board places importance on these interactions as it allows the Company to articulate its strategy and also receive feedback from investors on its strategy, financial performance and governance. During the 2017 financial year, the following key information was released to shareholders:

- half year results;
- full year results;
- annual report; and
- Chairman and CEO's presentations to the AGM.

Advance notification of scheduled analysts briefings are provided to shareholders, the briefings are webcast and then archived to the Company's website.

The Company will hold its AGM in August and a copy of the Notice of Meeting will be posted on the Company's website as well as being provided directly to shareholders via their



nominated means of communication. The Board encourages shareholders to attend the AGM or to vote directly or by proxy if they are unable to attend. Shareholders are also invited to submit questions prior to the AGM, which may be addressed by the Chairman or CEO in their addresses.

Shareholders are encouraged to receive communications from and send communications to the Company and its share registrar, Computershare electronically.

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

### **Risk Management Policy**

The Company believes that risk recognition and management are integral to creating and maintaining shareholder value, and to the successful execution of its strategic objectives. The Company has a Risk Management Policy which sets out its approach to risk management. The Company seeks to ensure that appropriate systems are in place to identify material risks that impact the business; that the financial impact of identified risks is understood and appropriate internal control systems are in place to limit the Group's exposure to such risks, that appropriate responsibilities are delegated to control the identified risks effectively and any material changes to the Group's risk profile are appropriately disclosed. This occurs through the Risk Management Framework which establishes a system of risk oversight and management to identify, assess, monitor and manage risk.

Details of the key risks and how they are managed are set out in the Operating and Financial Review of the Directors Report in the Company's 2017 Annual Report. No material environmental or social sustainability risks were identified.

### **A risk management and internal control system**

The Board Charter provides that it is the responsibility of the Board to identify the principal risks of the business and also to review and ratify the Group's systems of internal compliance and control, risk management and legal compliance to determine the integrity and effectiveness of those systems.

The Audit Committee also assists the Board in carrying out its accounting, auditing, financial reporting and risk management responsibilities. The Committee is required to regularly review those areas of greatest compliance risk including obtaining updates from management. The Audit Committee is required to at least annually review the effectiveness of the compliance function and be satisfied that all regularly compliance matters have been considered in the preparation of all official documents of the Group. Management undertakes quarterly risk assessments and these assessments are reported to the Audit Committee. The risk assessments include information to show the status of identified risks and how these are being managed.

The Chief Risk Officer has access to the Chairman of the Audit Committee.

The CEO and the CFO have provided a written statement to the Board in accordance with section 295A of the *Corporations Act 2001* (Cth) that their view provided on the Group's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board, and that the Group's risk management and internal compliance and control system is operating in all material respects. The signed statement was received by the Board prior to the acceptance of the annual financial statements.

The Company's internal audit function is outsourced to Ernst & Young. Internal Audit provides independent assurance over the effectiveness of the Company's risk management, internal control and governance processes. The internal audit function has direct access to the Chairman of the Audit Committee and to management. A risk-based approach is used to develop the annual internal audit plan, aligning planned internal audit activities to the Company's material risks. The internal audit plan is approved by the Audit Committee annually.



## **Principle 8 - Remunerate fairly and responsibly.**

### **Remuneration and Nomination Committee**

The Remuneration Committee's purpose, duties, membership and structure are documented in its Charter. The Remuneration Committee is responsible for:

- providing advice in relation to remuneration packages of executives, non-executive Directors and executive Directors, equity-based incentive plans and other employee benefit programs including:
  - reviewing the Group's recruitment, retention and termination policies;
  - reviewing the Group's superannuation arrangements;
  - reviewing succession plans of Executives and the CEO; and
  - recommending individuals for nomination as members of the Board and its committees;
- ensuring the performance of the Executives and members of the Board are reviewed at least annually;
- considering those aspects of the Group's remuneration policies and packages including equity-based incentives, which should be subject to shareholder approval; and
- monitoring the size and composition of the Board and consider strategies to address Board diversity and the Group's performance in respect of the Group's Diversity Policy.

### **Composition of Committee**

The Remuneration Committee is structured so that it has least three members, consisting only of Non-Executive Directors all of whom are independent directors, and is chaired by an independent Chair who is not the Chairman of the Board.

### **Trading in the Company securities by Directors and Employees**

All Directors and employees are required to comply with the Group's Securities Trading Policy in undertaking any trading in the Company's shares and may not trade if they are in possession of any inside information. Directors and employees can only trade during the specified trading windows immediately following the release of the half year and full year results and the annual meeting. In addition, directors and certain restricted employees may only trade during the trading windows with prior written clearance as set out in the Policy.

The table of Directors' shareholdings is included in the Directors' Report in the Company's 2017 Annual Report.