



**KAIZEN GLOBAL**

Investments

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**CORPORATE GOVERNANCE STATEMENT**

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Dated: 26 November 2014

Version: 1

Approved: December 2014

## INTRODUCTION

The Board of Directors is committed to maintaining high standards of safety, performance and corporate governance for Kaizen Global Investments Limited (**Company** or **KGI**) and any entities it may control (**Company** or **KGI Company**). Good corporate governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders – including shareholders, personnel, suppliers and communities in which the Company operates.

The Company's Corporate Governance Statement (**CGS**) is set out as follows:

Principle 1 – Lay solid foundations for management and oversight	1.1 - 1.7
Principle 2 – Structure the Board to add value	2.1 - 2.15
Principle 3 – Act ethically and responsibly	3.1
Principle 4 – Safeguard integrity in corporate reporting	4.1 - 4.3
Principle 5 – Make timely and balanced disclosure	5.1
Principle 6 – Respect the rights of security holders	6.1 - 6.2
Principle 7 – Recognise and manage risk	7.1 - 7.3
Principle 8 – Remunerate fairly and responsibly	8.1 - 8.2

The Company's Annual Reports and other NSX market announcements and releases will be available for download from the Company's website at [www.kaizenglobalinvestments.com](http://www.kaizenglobalinvestments.com) once they have been released.

The Corporate Governance page of the KGI website contains most of the charters, codes and policies that are referred to in this CGS. This may be found at the following URL:  
<http://kaizenglobalinvestments.com/corporate-governance>.

The names of the Managing Director, Chairman and Non-Executive Director currently in office and their qualifications and experience are stated in the Company's Prospectus dated 5 January 2015.

## PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### 1.1 Board of Directors - Role and Responsibilities

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In general the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance of the Company, and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole.

The Board also ensures that the Company complies with all of its contractual, statutory and any other legal and regulatory obligations. The Board has the final responsibility for the successful operation of the Company.

Where the Board considers that particular expertise or information is required, which is not available from within its members, appropriate external advice may be taken and reviewed prior to a final decision being made.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the matters set out below, subject to delegation to Senior Management as specified elsewhere in this Statement or as otherwise appropriate:

- (a) formulation and approval of the strategic direction, objectives and goals of the Company;

- (b) the prudential control of the Company's finances and operations and monitoring the financial performance of the Company;
- (c) the resourcing, review and monitoring of Senior Management and the investment professionals;
- (d) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (e) the identification of significant business risks and ensuring that such risks are adequately managed;
- (f) the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market; and
- (g) the establishment and maintenance of appropriate ethical standards.

The Board takes advice from the Audit Committee on matters within its Charter, however the Board retains final decision-making authority on those matters.

## **1.2 Senior Management - Role and Responsibilities**

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The role of Senior Management is to deliver the strategic direction and goals determined by the Board.

The Board has delegated to the Managing Director, and through the Managing Director to other Senior Executives (who may be appointed from time to time), responsibility for the day-to-day management of the Company, which includes:

- (a) management of the Company's operations and finances;
- (b) reporting to the Board on matters including the Company's operations and financial performance;
- (c) recommending Company strategy, budgets, plans, policies and risk management systems to the Board; and
- (d) determining Company policies, other than those reserved for the Board.

From time-to-time Senior Management may also be delegated responsibility for other matters under policies adopted by the Board.

## **1.3 Board Nominations**

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The Board will consider nominations for appointment or election of Directors that may arise from time to time, having regard to the skills and experience required by the Company (as detailed in the Board Skills Matrix referred to in Section 2.3 below) and procedures outlined in the Company's Constitution and the *Corporations Act 2001* (Cth).

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a Director. Candidates are assessed through interviews, meetings and background and reference checks (which may be conducted both by external consultants and by Directors) as appropriate.

The Company gives shareholders all material information in its possession relevant to the decision on whether or not to elect (or re-elect) a Director, either in the notice of the meeting at which the election of the Director is to be held, or by including in the notice a clear reference to the location on the Company's website, Annual Report or other document lodged with NSX where the information can be found.

## 1.4 Terms of Appointment – Directors and Senior Executives

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Each new Non-Executive Director will receive a letter formalising their appointment and outlining the material terms of their appointment. The Non-Executive Directors of the Company will not be appointed for fixed terms.

Senior Executives will generally have written employment agreements with the Company setting out their duties, obligations and remuneration. The Company does not presently have formal service or employment agreements with the Managing Director and Company Secretary, being the Company's current Senior Executives. The present Senior Executives are, however, experienced company executives and are well aware of the requirements of their positions, including their roles and responsibilities and their duties as directors/officers of the Company.

The Board has determined the Directors' and Senior Executives' remuneration. The Company will consider entering into service or employment agreements with its Senior Executives to formalise their duties, obligations and remuneration.

The Company's constitution requires one third of the Directors (or, if that is not a whole number, the whole number nearest to one third) to retire at each Annual General Meeting (**AGM**). The Director(s) who retire under this rule are those who have held office the longest since last being elected or appointed. If two or more Directors have been in office for the same period, those Directors may agree which of them will retire. This rule does not apply to any Managing Director. A Director appointed by the Board since the last AGM and subject to retirement and re-election at the following AGM is also not taken into account in determining the number of Directors who must retire by rotation.

The initial appointment and due for re-election dates of each current Director are listed below.

<b>Director</b>	<b>First Appointed</b>	<b>Due for re-election</b>
Connor Grindlay	26 September 2014	
Simon Winfield	26 September 2014	26 September 2017
Andre Edmunds	4 November 2014	4 November 2017

## 1.5 The Company Secretary

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The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role.

The Company Secretary is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the NSX as well as communicating with the NSX.

The Company Secretary is Mrs Lisa Grindlay (appointed 26 September 2014).

## 1.6 Diversity

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The Board, Senior Management and workforce of the Company currently comprises individuals that are culturally diverse, together with possessing an appropriate blend of qualifications and skills. The Company recognises the positive advantages of a diverse workplace and is committed to:

- (a) creating a working environment conducive to the appointment of well-qualified employees, Senior Management and Board candidates; and

(b) identifying ways to promote a corporate culture which embraces diversity.

The small size of, and low turnover within, the Company's workforce are such that it cannot realistically be expected to reflect the degree of diversity of the general population. Given those circumstances, and the current nature and scale of the Company's activities, the Board has determined that it is not practicable to set a formal diversity policy with measurable objectives for achieving gender diversity at this time. The Board monitors the extent to which the level of diversity within the Company is appropriate on an ongoing basis and periodically considers measures to improve it. The Board will give further consideration to the establishment of objectives for achieving gender diversity as the Company develops and its circumstances change.

The Board has delegated the responsibility of monitoring and ensuring workplace diversity to the Managing Director.

## **1.7 Performance Review and Evaluation**

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The Board as a whole has responsibility to review its own performance, the performance of individual Directors and the performance of any board committees. The Chairman also speaks to Directors individually regarding their role and performance as a Director.

Generally, evaluations are conducted initially by the Chairman via questionnaires and or interviews covering matters such as each Director's individual contribution, Board and Committee performance and the functioning of the Board and Committee processes. The overall outcomes are discussed by the Board with measures taken to improve the effectiveness and efficiency of the Board and committees (as appropriate).

The Board reviews the performance of the Company Secretary, who is the only other Senior Executive.

## **PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE**

### **2.1 Board of Directors – Composition, Structure and Process**

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The Board has been formed so that it has an effective composition, size and commitment to adequately discharge its responsibilities and duties given the current size and the scale and nature of the Company's activities. The Directors periodically review whether the size and composition of the Board remains appropriate to the Company's activities and operating environment.

### **2.2 Nomination Committee**

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As a consequence of its size, the Company's Board does not currently have a Remuneration or Nomination Committee but may establish one in future. Currently the Board determines all remuneration and nomination matters.

### **2.3 Skills, Knowledge and Experience**

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The Board seeks to ensure that its members have an appropriate mix of skills, knowledge and experience to enable it to properly perform its responsibilities and be well equipped to navigate the Company through the many opportunities and challenges it faces.

Directors are appointed based on the specific business, corporate and governance skills and experience required by the Company. The Board recognises the need for Directors to have a relevant blend of skills and personal experience in a range of disciplines required for the proper management and oversight of the Company's operations, having regard to the scale and nature of its activities.

While recognising that each Director will not necessarily have experience in each of the following areas, the Board seeks to ensure that its membership includes an appropriate mix of Directors with experience in the financial/investments sector, capital markets, general management, accounting and finance and corporate affairs.

### Board Skills Matrix

A current summary of the Directors' skills and experience relevant to the Company is set out below:

#### Skills and Experience (out of 3 Directors)

Leadership and Governance		Sector Experience	
Executive Management	3	Investment management	2
Corporate Governance	3	Analysis and research	2
Strategy	3	Resources/oil and gas	2
<b>Capital Markets</b>		Technology	3
Capital raising	2	Start-ups	3
Securities markets	2	<b>People</b>	
Capital management	2	Human Resources	3
Corporate actions	2	<b>Corporate</b>	
<b>Finance and Risk</b>		Mergers and acquisitions	2
Accounting	2	Legal	2
Risk Management	2	Investor Relations	2
Compliance	2		

The diverse qualifications, skills and experiences of the Directors represents a mix that the Board believes is appropriate to have reflected among its members. The Board reviews its Skills Matrix at least annually.

### 2.4 Chairman

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The Chairman leads the Board and has responsibility for ensuring that the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

The Chairman is Mr Simon Winfield (appointed Director on 26 September 2014), whose qualifications and experience are stated in the Company's Prospectus dated 5 January 2015.

### 2.5 Executive Directors

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The Company currently has two Executive Directors; the Managing Director and Chairman, both appointed on 26 September 2014.

The Company's Managing Director is Connor Grindlay. He is the appropriate person to perform the CEO-equivalent role in signing the declaration relating to the statutory accounts under section 295A of the Corporations Act.

The Board believes that the benefits to shareholders of a separate, independent Non-Executive Chairman, CEO and CFO does not outweigh the disadvantage of the real or perceived divergence of command and the additional remuneration and administrative expenses involved. However, the Board will periodically review whether it would be more appropriate to appoint an independent Non-Executive Chairman, CEO and CFO.

## 2.6 Non-Executive Directors

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The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. The Board currently has one Non-Executive Director. The Board as a whole is satisfied that the Non-Executive Director brings an independent discretion to his deliberations, unaffected by the executive status of the Chairman.

Mr Andre Edmunds (appointed 4 November 2014) is the Company's Non-Executive Director. His qualifications and experience are stated in the Company's Prospectus dated 5 January 2015.

## 2.7 Independence

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An independent Director, in the view of the Company, is a Non-Executive Director who:

- (a) has not previously been employed in an Executive capacity within the Company, unless a period of at least three years has elapsed between ceasing such employment and serving on the Board;
- (b) is not and has not within the last three years been a principal or senior employee of a material professional adviser to the Company;
- (c) is not and has not within the last three years been in a material business relationship (e.g. supplier or customer) with the Company, or an officer of or otherwise associated with someone with such a relationship;
- (d) is not a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company;
- (e) has no material contractual relationship with the Company other than as a Director of the Company;
- (f) has no close family ties with any person who falls within any of the categories described above; and
- (g) has not been a Director of the Company for such a period that his or her independence may have been compromised. There is no specified length of service beyond which a Director is no longer considered independent. The Board regularly assesses whether any, otherwise independent, Director who has served for more than 10 years may no longer be regarded as independent.

In the case where any of the above interests, positions or relationships exist the Company assesses its materiality to determine whether it might interfere, or reasonably be seen to interfere, with the Director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

The Board assesses the independence of Directors annually, or more frequently if circumstances require.

## 2.8 Induction and Professional Development

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It is the policy of the Board to ensure that the Directors and Senior Management of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively and that individual and collective performance is regularly and fairly reviewed.

The Company inducts new Directors by giving them a full briefing about the nature of the business, current issues, the corporate strategy and the expectations of the Board concerning the performance of Directors and access to all employees to gain full background on the Company's operations. Directors are encouraged to attend director training and professional development courses, as may be required to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles as Directors, at the Company's expense (as approved by the Chairman and or the Board, as appropriate and applicable).

## 2.9 Meetings of the Board

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The Board holds regular meetings, approximately monthly, and holds additional meetings whenever necessary to deal with specific matters requiring attention. Directors' circulatory resolutions are also utilised where appropriate either in place of or in addition to formal Board meetings. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

It is recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or non-executive capacity, provided that these commitments do not materially interfere with their ability to serve as a Director of the Company.

## 2.10 Conflicts of Interest

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To ensure that Directors are at all times acting in the interests of the Company, Directors must:

- (a) disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director or his duties to any other parties and the interests of the Company in carrying out the activities of the Company; and
- (b) if requested by the Board, 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 to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters to which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

## 2.11 Related-Party Transactions

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Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the NSX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholders' approval for the related party transaction, the Board may not approve the transaction. The Company will also disclose related party transactions in its Annual Report as required under the Corporations Act and relevant Accounting Standards.

## 2.12 Share Dealings and Disclosures

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The Company has adopted a Share Trading Policy (dated 26 November 2014), which applies to Directors and employees of the Company and contractors who have agreed to be bound by the policy. The policy is designed to:

- (a) explain the type of conduct in relation to dealings in the Company's securities that is prohibited under the relevant law and by the Company, including insider trading; and
- (b) establish a procedure for buying, selling or otherwise dealing in the Company's securities (generally and during specified prohibited periods) which requires (in the case of 'Executive Personnel') the prior approval from the Chairman of the Board or the Chairman of the Audit Committee Board, as appropriate. Approval during prohibited periods will only be granted where there is severe financial hardship or exceptional circumstances.

A copy of the Company's Share Trading Policy may be viewed and downloaded from the Company's website.

### 2.13 Independent Professional Advice

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Subject to prior approval by the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as a Director.

### 2.14 Company Information and Confidentiality

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All Directors have the right of access to all relevant Company books and to Senior Executives. In accordance with legal requirements and agreed ethical standards, Directors and employees of the Company have agreed to keep confidential all information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

### 2.15 Directors' and Officer's Deeds

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The Company has also entered into a deed with each of the current Directors to regulate certain matters between the Company and each officer, both during the time the officer holds office and after the officer ceases to be an officer of the Company (or of any of its wholly-owned subsidiaries). A summary of the terms of such deeds is contained within the Prospectus dated 5 January 2015.

## **PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY**

### 3.1 Code of Conduct

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The Company has developed a formal Code of Conduct, which may be viewed and downloaded from the Company's website. The Code sets and creates awareness of the standard of conduct expected of Directors, officers, employees and contractors in carrying out their roles.

The Company seeks to encourage and develop a culture that will maintain and enhance its reputation as a valued corporate citizen of the countries where it operates and an employer which personnel enjoy working for. The Code sets out policies in relation to various corporate and personal behaviour including safety, discrimination, the environment, communities and heritage issues, respecting the law, anti-corruption, interpersonal conduct, conflict of interest and alcohol and drugs.

While the Code seeks to prescribe standards of behaviour for all Company personnel to observe, it does not, and understandably cannot, identify every ethical issue that an individual might face. The Code's objective is to provide a benchmark for professional and personal behaviour throughout the Company, to safeguard the Company's reputation and to make clear the consequences of breaching the Code.

All Company personnel receive a copy of the Code when they start with the Company and can access the Code from the Company's website or request a copy from their reporting manager or the Office Manager.

## PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

### 4.1 Audit Committee

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The Audit Committee (established in November 2014) currently comprises all members of the Board.

The Audit Committee has a formal charter to prescribe its objectives, duties and responsibilities, access and authority, composition, membership requirements of the Committee and other administrative matters. It has an audit oversight function, with key responsibilities being to review and approve the audited annual and auditor reviewed half-yearly financial reports, to review reports from management and matters related to the external auditor and a risk management function.

The Audit Committee Charter may be viewed and downloaded from the Company's website.

### 4.2 CEO and CFO Declarations

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The Company has a Managing Director. The Board has determined that (pursuant to section 295A(3) Corporations Act) the Managing Director is the appropriate person to make the CEO/CFO equivalent declaration as required under section 295A of the Corporations Act.

These declarations state that, in his opinion, the financial records of the Company 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 Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. The Board receives, prior to their approval of the Company's financial statements for a financial period (i.e. the half year and full year reports), this written assurance from the Managing Director.

### 4.3 External Auditor

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The Company's external auditor (**Auditor**) is selected for its professional competence, reputation and the provision of value for professional fees. The external Auditor attends the Company's AGMs (in person or by teleconference) and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

## PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

### 5.1 Continuous Disclosure to NSX

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The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to NSX as well as communicating with NSX.

In accordance with the Corporations Act and NSX Listing Rules, the Company immediately notifies NSX 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, subject to exceptions permitted by that rule. A reasonable person is taken to expect information to have a material effect on the price or value of the Company's securities if the information 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.

All staff are required to inform their reporting manager of any potentially price-sensitive information concerning the Company as soon as they become aware of it. Reporting managers are in turn required to inform the Executive Chairman of any potentially price-sensitive information.

In general, the Company will not respond to market speculation or rumours unless required to do so by law or by the NSX Listing Rules.

The Company may request a trading halt from NSX to prevent trading in its securities if the market appears to be uninformed. The Managing Director and, where the Managing Director is not available, the Company Secretary (in consultation with the Board), are authorised to determine whether to seek a trading halt.

## **PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS**

### **6.1 Market and Shareholder Communications**

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Shareholders own the Company. Increasing shareholder value is the Company's key mission. Shareholders require an understanding of the Company's operations and performance to enable them to be aware of how that mission is being fulfilled. The Directors are the shareholders' representatives. In order to properly perform their role, the Directors must be able to ascertain the shareholders' views on matters affecting the Company.

The Board therefore considers it paramount to ensure that shareholders are informed of all major developments affecting the Company and have the opportunity to communicate their views on the Company to the Board. Information is communicated to shareholders and the market through various means including:

- (a) monthly net tangible asset (NTA) backing announcements released to NSX, which are posted on the Company's website;
- (b) the Annual Report which is distributed to shareholders if they have elected to receive a printed version and is otherwise available for viewing and downloading from the Company's website;
- (c) the AGM and other general meetings (the notices for which are available for viewing and downloading from the Company's website) called in accordance with the Corporations Act and to obtain shareholder approvals as appropriate. The Managing Director and Chairman (as appropriate) gives an address at the AGM updating shareholders on the Company's activities;
- (d) half-Yearly Directors' and Financial Reports, which are available for viewing and downloading from the Company's website; and
- (e) other announcements released to NSX as required under the continuous disclosure requirements of the NSX Listing Rules and other information that may be mailed to shareholders, which are available for viewing and downloading from the Company's website.

The Managing Director has general responsibility to speak to the media, investors and analysts on the Company's behalf. Other Directors or Senior Executives may be given a brief to do so on particular occasions (where appropriate).

The Company actively promotes communication with shareholders through a variety of measures, including the use of the Company's website and email. The Company's reports and NSX announcements may be viewed and downloaded from its website: [www.kaizenglobalinvestments.com](http://www.kaizenglobalinvestments.com) or the NSX website: under NSX code "KGI".

### **6.2 Shareholders' Meetings**

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Shareholders communicate with Directors through various other means including:

- (a) having the opportunity to ask questions of Directors at all general meetings;
- (b) the presence of the Auditor at AGMs (in person or by teleconference, as practicable and appropriate) to take shareholder questions on any issue relevant to their capacity as Auditor;
- (c) the Company's policy of expecting Directors to be available to meet shareholders at the AGM; and

- (d) the Company making Directors and selected Senior Executives available to answer shareholder questions submitted by telephone, email and other means (where appropriate).

Traditionally, the key forum for two-way communication between the Company and its shareholders is its AGM. The Board encourages shareholder participation at the Company's AGM and other general meetings of shareholders and the Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate. Shareholders who are unable to attend the AGM or a general meeting may submit questions and comments before the meeting to the Company and or to the Auditor (in the case of the AGM).

## **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

### **7.1 Risk Committee**

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As a consequence of the size and composition of the Company's Board the Board does not have a stand-alone Risk Committee. However, the Company's Audit Committee (refer Section 4.1 for further details) has an important risk management and compliance function, with key responsibilities being to ensure that an appropriate risk management framework is in place and is operating properly and reviewing and monitoring legal and policy compliance systems and issues. The Audit Committee Charter may be viewed and downloaded from the Company's website.

### **7.2 Internal Control and Risk Management**

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The Board of Directors is responsible for (but takes advice from the Audit Committee in relation thereto) the overall internal control framework (which includes risk management) and oversight of the Company's policies on and management of risks that have the potential to impact significantly on operations, financial performance or reputation.

The Board recognises that no cost-effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably-qualified and experienced service providers and suitably-qualified and experienced management personnel. The effectiveness of the system is monitored and continually reviewed by management on an on-going basis and at least annually by the Board. On a day-to-day basis, managing the various risks inherent in the Company's operations is the responsibility of the Managing Director in conjunction with the Company Secretary. Risks facing the Company can be divided into the broad categories of operations, compliance and market risks.

Operations risk refers to risks arising from day-to-day operational activities which may result in direct or indirect loss from inadequate or failed internal processes, decision-making, exercise of judgment, people or systems or external events. The Managing Director and the Company Secretary have delegated responsibility from the Board for identification of operations risks generally, for putting processes in place to mitigate them and monitoring compliance with those processes.

The Company has clear accounting and internal control systems to manage risks to the accuracy of financial information and other financial risks.

Compliance risk is the risk of failure to comply with all applicable legal and regulatory requirements and industry standards and the corresponding impact on the Company's business, reputation and financial condition. The Company's compliance risk management strategy ensures compliance with key legislation affecting the Company's activities. The Company's compliance strategy is kept current with advice from senior external professionals and the ongoing training of Executives and other senior personnel involved in compliance management. The Company Secretary has oversight responsibility for managing the Company's compliance risk.

The Company has policies on responsible business practices and ethical behaviour, including conflict of interest and share trading policies, to maintain confidence in the Company's integrity and ensure legal compliance.

The material economic risks to which the Company is exposed principally consist of market risks. Market risk encompasses risks to the Company's performance from changes in equity prices, interest rates, currency exchange rates, capital markets and economic conditions generally. The Investment Committee acts as the first line in managing this risk, under the supervision of its Chairman. The Board retains final responsibility to assess the Company's exposure to these risks and set the strategic direction for managing them.

As a Listed Investment Company (LIC), the Company has no direct material exposure to environmental or social sustainability risks. There is potential for indirect material exposure to environmental, social sustainability and economic risks through the entities in which the Company invests. The Investment Committee regularly reviews existing and proposed material investments. These reviews include assessing whether entities in which the Company has, or is considering making, material investments have exposure to material environmental, social sustainability, economic and other risks. These risks are taken into account as part of the process of determining whether to make, maintain or dispose of any given material investment.

The Company's approach to risk management is not stationary; it evolves constantly in response to developments in operations and changing market conditions.

Management has reported to the Board as to the effectiveness of the Company's management of its material business risks in respect of the Company's latest financial year.

### 7.3 Internal Audit

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The Company does not have an independent internal audit function. Due to the nature and size of the Company's operations, and the Company's ability to derive substantially all of the benefits of an independent internal audit function in the manner disclosed below, the expense of an independent internal auditor is not considered to be appropriate.

The Audit Committee performs all key elements of an internal audit function, including:

- (a) evaluating and seeking and obtaining reasonable assurance that risk management, control, and governance systems are functioning as intended and will enable the Company's objectives and goals to be met;
- (b) evaluating information security and associated risk exposures;
- (c) evaluating regulatory compliance programmes with consultation from internal and external legal counsel;
- (d) evaluating the Company's preparedness in case of business interruption; and
- (e) providing oversight of the Company's anti-fraud programmes.

The Audit Committee delegates to the Company Secretary the authority to implement any non-strategic amendments to risk management systems required as a result of changed circumstances, or where the potential for improvement has been identified; reporting all such matters to the Managing Director promptly, and to the Audit Committee/Board for consideration at its next meeting. The Audit Committee may also seek recommendations from appropriate Senior Executives where strategic changes to risk management and internal control processes are required.

## PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

### 8.1 Remuneration Committee

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The Board does not currently have a Remuneration Committee with a remuneration and nomination function.

### 8.2 Equity Based Remuneration Scheme

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The Company does not have an Employee Share Option Plan (**ESOP**) and has not issued equity-based remuneration (including shares and options) to Directors or Senior Management.

If options are proposed to be issued to Directors, Senior Management or employees, the Company's policy would be to require these option holders not to enter into transactions in associated products which limit the economic risk of holding unvested options. Also, under the Company's Share Trading Policy, Director and employee option-holders may not:

- (a) hedge or limit their exposure to risk in any unvested options in the Company; or
- (b) use any securities in the Company held by them as security for borrowing or other obligations (including a margin lending facility) without the written consent of the 'Trading Officer.

The Company's Share Trading Policy may be viewed and downloaded from the Company's website.