

FAMILY ZONE CYBER SAFETY LIMITED
ACN 167 509 177
(Company)

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 29 August 2019 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company has, as at 30 June 2019 followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

The Company's Corporate Governance Plan is available on the Company's website at
<https://cdn2.hubspot.net/hubfs/416543/docs/FZO%20Corporate%20Governance%20Plan%20-%203rd%20Edition.pdf>

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|--|--------|---|
| <i>Principle 1: Lay solid foundations for management and oversight</i> | | |
| <p>Recommendation 1.1</p> <p>A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> | YES | <p>The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the</p> |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|---|------------|--|
| | | <p>Board's disclosure policy.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p> |
| <p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</p> | <p>YES</p> | <p>(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director. Information in respect of each Directors experience and qualifications are outlined in the Annual Report. Directors will be put forward for re-election at the Company's Annual General.</p> |
| <p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p> | <p>YES</p> | <p>The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> <p>The Company has written agreements with each of its Directors and executive service agreements with key management personnel.</p> |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION | | | | | | | | | | | | |
|---|--------|---|--|------|--------|-----------|------|---|-------------------|-----|-----|-----------------|-----|-----|
| <p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p> | YES | The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. | | | | | | | | | | | | |
| <p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.</p> | PARTLY | <p>(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives if considered appropriate, and to assess annually both the objectives if any have been set and the Company's progress in achieving them.</p> <p>(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.</p> <p>(c) The Board did not formally set measurable diversity objectives for the past financial year.</p> <p>The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation is outlined below</p> <table border="1" data-bbox="1225 1002 2018 1254"> <thead> <tr> <th></th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Directors</td> <td>100%</td> <td>-</td> </tr> <tr> <td>Senior executives</td> <td>89%</td> <td>11%</td> </tr> <tr> <td>Other employees</td> <td>82%</td> <td>18%</td> </tr> </tbody> </table> | | Male | Female | Directors | 100% | - | Senior executives | 89% | 11% | Other employees | 82% | 18% |
| | Male | Female | | | | | | | | | | | | |
| Directors | 100% | - | | | | | | | | | | | | |
| Senior executives | 89% | 11% | | | | | | | | | | | | |
| Other employees | 82% | 18% | | | | | | | | | | | | |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|---|--------|--|
| <p>Recommendation 1.6</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> | YES | <p>(a) The Board is responsible for evaluating the performance of the Board, its committees and individual Directors and senior executives on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company did not formally perform any such evaluations of the Board, its committees and individual Directors for the financial year ended 30 June 2019 however the performance of the executive Directors was informally considered on a regular basis by the Chairman and Non-executive Directors and the performance of the Chairman and Non-executive Directors reviewed throughout the year by the Managing Director. Given the size of the Board and stage of operations it was not considered necessary to undertake formal evaluations.</p> |
| <p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> | YES | <p>(a) The Board is responsible for evaluating the performance of the Company's senior executives on an annual basis. The processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Executive Directors work closely with and regularly review the performance of senior executives against performance targets. No formal performance evaluation meetings or salary reviews were undertaken this financial year given the Company had implemented a "salary freeze" as part of its commitment to reducing overheads and achieving cash flow breakeven.</p> |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|---|--------|--|
| <i>Principle 2: Structure the Board to add value</i> | | |
| <p>Recommendation 2.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p> | YES | <p>(a) The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.</p> <p>The Company did not have a Nomination Committee for the past financial year as the Board did not consider the Company would benefit from the establishment of a separate Nomination Committee. In accordance with the Company's Board Charter, the Board will carried out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:</p> <ul style="list-style-type: none"> (i) devoting time as required to discuss potential new Director appointments and identifying additional skills sets that may be required as the Company's operations grows; and (ii) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules. |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|---|--------|--|
| <p>Recommendation 2.2</p> <p>A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p> | No | <p>Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.</p> <p>The Board has not yet established a formal board skills matrix. Gaps identified in the collective skills of the Board will be regularly reviewed by the Board as a whole, with the Board proposing new candidates for directorships/executives having regard to the desired skills and experience required by the Company as well as the proposed candidates' diversity of background.</p> <p>Details of each of the Director's skills and experience are outlined in the Company's Annual Report.</p> |
| <p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p> <p>(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each Director</p> | YES | <p>(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Company has disclosed those Directors it considered to be independent in its Annual Report. The Board currently considers Mr John Sims, Mr Phil Warren and Sir Peter Westmacott to be independent Directors.</p> <p>(b) Mr Phil Warren has a relevant interest in services agreement the Company has with Grange Consulting. This is not however a material agreement and is not considered to interfere with Mr Warren's ability to bring independent judgement in respect to Board decisions.</p> <p>(c) The Company's Annual Report discloses the length of service of each Director, as at the end of each financial year.</p> |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|--|--------|--|
| <p>Recommendation 2.4</p> <p>A majority of the Board of a listed entity should be independent Directors.</p> | Yes | <p>The Board comprises of a majority of independent Directors. Sir Peter Westmacott joined the Board as an independent non-executive Director on 8 October 2018. Since this time the Board composition has comprised two executive Directors and three independent non-executive Directors. Given two of the Directors hold executive roles with the Company they are not considered independent.</p> |
| <p>Recommendation 2.5</p> <p>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p> | YES | <p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>The Chair of the Company for the past financial year is an independent non-executive Director, Mr John Sims who has not been the CEO/Managing Director.</p> |
| <p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.</p> | YES | <p>In accordance with the Company's Board Charter, the Nomination Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.</p> |
| <p><i>Principle 3: Act ethically and responsibly</i></p> | | |
| <p>Recommendation 3.1</p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p> | YES | <p>(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.</p> |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|---|--------|---|
| Principle 4: Safeguard integrity in financial reporting | | |
| <p>Recommendation 4.1</p> <p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the chair of the Board, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | PARTLY | <p>(a) The Company has an Audit Committee comprising two independent non-executive Directors, Mr John Sims and Mr Phil Warren. Mr Warren is the chairman of the audit committee and is not the chair of the Board.</p> <p>The Board is of the view that the experience and professionalism of the persons on the audit committee are sufficient to ensure that all significant financial reporting matters are appropriately addressed and actioned.</p> <p>The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company).</p> <p>A copy of the Corporate Governance Plan is available on the Company's website.</p> <p>The qualification of the audit committee members and number of meetings attended during the financial year is outlined in the Company's Annual Report.</p> |
| <p>Recommendation 4.2</p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate</p> | YES | <p>The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms.</p> <p>The Company has obtained sign off on these terms for the year ended 30 June 2019.</p> |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|--|--------|--|
| accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | | |
| <p>Recommendation 4.3</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p> | YES | <p>The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p> <p>The Company's external auditor attended the Company's Annual General Meeting during the past financial year and has been invited to the upcoming Annual General Meeting in November 2019.</p> |
| <i>Principle 5: Make timely and balanced disclosure</i> | | |
| <p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p> | YES | <p>(a) The Board Charter provides details of the Company's disclosure policy. In addition, the Corporate Governance Plan details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation.</p> <p>(b) The Corporate Governance Plan, which incorporates the Board Charter, is available on the Company website.</p> |
| <i>Principle 6: Respect the rights of security holders</i> | | |
| <p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p> | YES | <p>The Company's website https://www.familyzone.com/ provides extensive information about the Company's products and services. Information relevant to investors including the Company's Corporate Governance Plan, Constitution, ASX Announcements, Financial Report and Directors/Management can be found at https://www.familyzone.com/investor</p> |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|---|--------|--|
| <p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p> | YES | <p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.</p> |
| <p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p> | YES | <p>Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Refer to the Company's Shareholder Communication Strategy available on the Company's website as part of the Company's Corporate Governance Plan.</p> |
| <p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p> | YES | <p>The Company's share register is currently maintained by Automic Registry Services. Shareholders have the option of receiving shareholder communications from the Company and Automic electronically, unless an original signature or documents is required.</p> <p>Shareholders can register on the Company's website to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports.</p> |
| <p><i>Principle 7: Recognise and manage risk</i></p> | | |
| <p>Recommendation 7.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, | YES | <p>(a) The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>A copy of the Corporate Governance Plan is available on the Company's website.</p> |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|--|--------|---|
| <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p> | | <p>(b) The Company, aside from the Audit Committee, did not have a separate Risk Committee for the past financial year to oversee risk. All matters that might properly be dealt with by the Risk Committee are dealt with by the full Board. The Board is of the view that the experience and professionalism of the persons on the Board is sufficient to ensure that all significant matters are appropriately addressed and actioned.</p> <p>The Board is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of those systems.</p> |
| <p>Recommendation 7.2</p> <p>The Board or a committee of the Board should:</p> <ul style="list-style-type: none"> (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and (b) disclose in relation to each reporting period, whether such a review has taken place. | NO | <ul style="list-style-type: none"> (a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound. (b) The Board did not complete a formal risk assessment framework review during the year ended 30 June 2019 however the Board of Directors reviews the key risks facing the Company on an ongoing basis. Senior management also provide management reports which highlights progress against key strategic initiatives and also highlights key operational risks. This is reviewed by the Executive Directors and any key risks highlighted and discussed at the Board Meetings. |
| <p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or | YES | <ul style="list-style-type: none"> (a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function. (b) As at 30 June 2019 Company did not have an internal audit function for the past financial year given the stage and size |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|---|--------|---|
| (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | | of the Company's operations. The Audit Committee is responsible for ensuring that sound risk management policies are in place for the Company, and reporting to the Board as appropriate. Management is further responsible for undertaking and assessing risk management and internal control effectiveness, and the Board assumes the responsibility to establish and implement effective management and internal control processes. |
| <p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> | YES | <p>The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> <p>The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> <p>The Company discloses any material risk exposures in its Annual Report, through ASX announcements and on its ASX website as part of its continuous disclosure obligations.</p> |
| <i>Principle 8: Remunerate fairly and responsibly</i> | | |
| <p>Recommendation 8.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> | YES | <p>(a) The Company's Corporate Governance Plan contains a Remuneration Committee Charter that provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company formed a Remuneration Committee in the</p> |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|---|------------|---|
| <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | | <p>past financial year, comprising two non-executive independent Directors, Mr John Sims and Mr Phil Warren. Mr Warren is chairman of the Remuneration Committee and is not the chair of the Board.</p> <p>The Board is of the view given its current size and composition that two independent non-executive Directors have the necessary experience and professionalism to undertake the role of the remuneration committee.</p> <p>The Remuneration Committee did not have any formal meetings during the year given the Board had agreed to "salary freeze" and to convert all/part of their cash salaries into securities for CY2019 as a commitment to reducing overheads cost and achieving cashflow breakeven. The remuneration committee reviewed and approved a resolution in relation to the achievement of equity based remuneration performance milestones for executives and employees.</p> |
| <p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.</p> | <p>YES</p> | <p>The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed on the Company's website.</p> <p>The Board Charter sets out the policies and practices of the remuneration of Non-Executive Directors, Executive Directors and other senior executives.</p> <p>The Non-Executive Directors are paid a fixed annual fee for their service to the Company as Non-Executive Directors. Executive Directors of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their respective executive services agreements with the Company. Directors and senior executives also participate in the Company's equity based incentive plans</p> |

| RECOMMENDATIONS (3 RD EDITION) | COMPLY | EXPLANATION |
|---|------------|--|
| | | <p>such as the employee share option scheme. Details of the remuneration of the Directors are outlined in the 30 June 2019 Annual Report.</p> <p>During the CY2019 the Directors agreed to convert all or part of their cash salaries into securities as a commitment to reducing overhead costs as the Company moves towards achieving cashflow breakeven.</p> |
| <p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p> | <p>YES</p> | <p>(a) The Company's Share Trading Policy includes a restriction on Key Management Personnel entering into any arrangement that would have the effect of limiting the exposure of the KMP to risk relating to an element of the KMPs remuneration that has not vested or remains subject to a holding lock.</p> <p>(b) The Company's Share Trading Policy is available on the website.</p> |