

**Tomizone Limited**  
**2017 CORPORATE GOVERNANCE STATEMENT –**  
**Compliance with ASX Principles**

Corporate Governance Recommendation		Is the Recommendation followed
<b>Principle 1 <i>Lay solid foundations for management and oversight</i></b>		
1.1	Disclose roles and responsibilities of Board and management	<b>Yes</b>
1.2	Undertake appropriate checks before appointing or electing a person as director	<b>Yes</b>
1.3	Written agreement with each director and senior executive	<b>Yes</b>
1.4	Company Secretary accountable directly to Board	<b>Yes</b>
1.5	Diversity Policy disclosures reported	<b>No</b>
1.6	Board performance evaluation undertaken	<b>Partly</b>
1.7	Senior executive performance evaluation undertaken	<b>No</b>
<b>Principle 2 <i>Structure the Board to add value</i></b>		
2.1	Nomination committee requirements met	<b>Yes</b>
2.2	Board skills matrix disclosed	<b>Yes</b>
2.3	Director Independence and tenure disclosed	<b>Yes</b>
2.4	Majority of the Board are independent directors	<b>Yes</b>
2.5	Chair of the Board is an independent director and not the same person as the MD	<b>No</b>
2.6	Director induction and ongoing training program	<b>Yes</b>
<b>Principle 3 <i>Act ethically and responsibly</i></b>		
3.1	Code of conduct available on website	<b>Yes</b>
<b>Principle 4 <i>Safeguard integrity in corporate reporting</i></b>		
4.1	Audit committee requirements met	<b>Yes</b>
4.2	MD and CFO financial statement declarations received	<b>Yes</b>
4.3	External auditors attend AGM and available to answer questions from shareholders	<b>Yes</b>
<b>Principle 5 <i>Make timely and balanced disclosure</i></b>		
5.1	Continuous Disclosure Policy available on website	<b>Yes</b>
<b>Principle 6 <i>Respect the rights of shareholders</i></b>		
6.1	Corporate and governance information available on website	<b>Yes</b>
6.2	Investor relations program	<b>Yes</b>
6.3	Processes to facilitate and encourage participation at shareholder meetings	<b>Yes</b>
6.4	Electronic shareholder communications functionality	<b>Yes</b>
<b>Principle 7 <i>Recognise and manage risk</i></b>		
7.1	Risk committee requirements met	<b>Yes</b>
7.2	Annual review of risk management framework	<b>Partly</b>
7.3	No internal audit function but internal control processes in place	<b>Yes</b>
7.4	Disclosure of material exposure to and management of economic, environmental and social sustainability risk	<b>Yes</b>
<b>Principle 8 <i>Remunerate fairly and responsibly</i></b>		
8.1	Remuneration committee requirements	<b>Yes</b>
8.2	Remuneration practices disclosed	<b>Yes</b>
8.3	Remuneration Policy disclosures regarding equity based remuneration	<b>Yes</b>

**Principle 1:**

***Lay solid foundations for management and oversight***

**Establish and disclose the respective roles and responsibilities of the Board and management and how their performance is monitored and evaluated**

- 1.1 The Company should disclose
- (a) the respective roles and responsibilities of the Board and management; and
  - (b) those matters expressly reserved to the Board and those delegated to management

**The Board is responsible for the corporate governance of the Company.**

**The Board has adopted a Board Charter which outlines the manner in which its powers and responsibilities will be exercised and discharged having regard to principles of good corporate governance and applicable laws. Pursuant to the Board Charter, the Board assumes responsibilities including the following:**

- (a) considering and approving the strategy of the Company;
- (b) adopting an annual budget and monitoring financial performance including approving the annual and half year financial statements and reports;
- (c) approving major investments and monitoring the return on those investments;
- (d) reviewing and monitoring significant business risks and overseeing how they are managed; and
- (e) appointing and reviewing the performance of the CEO including succession planning for the CEO and management.

**A copy of the Board Charter is available on the Company's website.**

**The Board has delegated specific authorities to the Chairman and to its various Committees. Subject to these delegated matters, the CEO is authorised to exercise all the powers of the Directors, except with respect to the following:**

- (f) approval of major elements of strategy including any significant change in the direction of that strategy;
- (g) approvals above delegated levels of credit limits, risk exposure, market risk limits and loans and encumbrances;
- (h) capital expenditure in excess of delegated levels of expenditure outside the ordinary course of business;
- (i) certain remuneration matters including material changes to remuneration policies and specific remuneration recommendations relating to the Board members and other executive officers of the Company;
- (j) adoption of the Company's annual budget;
- (k) approval of the interim and final accounts and related reports to the ASX;
- (l) specific matters in relation to continuous disclosure as defined in the Continuous Disclosure Policy;
- (m) any proposal to issue securities of the Company (except under a program previously approved by the Board); and
- (n) other matters as the Board may determine from time to time.

**The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis.**

**The Company intends to regularly review the balance of responsibilities between the Board and management to ensure that the division of functions remains appropriate to the needs of the Company.**

- 1.2 The Company should
- (a) undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director; and
  - (b) provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director

**Prior to the appointment of a person, or putting forward to shareholders a candidate for election, as a director, the Company undertakes checks which it believes are appropriate to verify a director's character, experience, education, criminal record and bankruptcy history including for new directors:•**

- background and reference checking;

- **requesting information in relation to the person's current and previous positions, directorships, bankruptcy history and any potential conflicts of interests**

**All material information relevant to a decision of whether to appoint or re-elect a director is made available to shareholders.**

**Board candidates must stand for election at the next general meeting of shareholders.**

**A profile of each director is disclosed in the Company's Annual Report and when directors are due for re-election, the Company discloses the information to shareholders in the Notice of Meetings at which directors will be elected or re-elected in order for them to make an informed decision about the election/re-election of that director.**

1.3 The Company should have a written agreement with each director and senior executive setting out the terms of their appointment.

**New directors, appointed to the Board, will be provided with a letter of appointment and/or service agreements and senior employees are given employment contracts prior to their engagement with the Company.**

**Such documentation includes their remuneration details together with the opportunity to access copies of Company and Board policies, the Constitution and prior Board minutes and papers for new Directors.**

**New directors will also be advised of their confidentiality and disclosure obligations, share trading policy guidelines, indemnity and insurance arrangements.**

**The Company has prepared formal letters of appointment for the existing directors of the Board.**

1.4 The Company Secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

**The Company Secretary is appointed, removed by the Board and reports directly to the Chairman.**

**The Company Secretary has a direct line of communication with the Chairman and each Director is able to communicate directly with the Company Secretary and vice versa.**

**For Tomizone, the Company Secretary is responsible for supporting the proper functioning of the Board which includes, but is not limited to, providing advice on governance, ASX policy and procedural issues, preparing detailed minutes.**

**In addition to these responsibilities, the Company Secretary is responsible for oversight of the share registry services provided by Link Market Services Pty Limited.**

1.5 The Company should:

- (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 Company's progress in achieving them;
- (b) Disclose that policy or a summary of it; and
- (c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the Company's diversity policy and its progress towards achieving them, and either
  - The respective proportions of men and women on the Board, in senior executive positions and across the whole organization; or
  - The most recent "Gender Equity Indicators" as defined in the Workplace Gender Equality Act

**A Diversity Policy was established in June 2015 which is available on the Company's webpage.**

**The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of the people employed.**

The Diversity Policy is to recruit and manage on the basis of qualification for the position and performance, not gender, age, nationality, race, religious beliefs, cultural background, sexuality, marital status or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

The Board reviews the Diversity Policy and the composition of the personnel for Tomizone annually.

The Board has set no measureable objectives for achieving gender diversity even though the total number of employees is ten – seven employees in New Zealand and three employees in Australia.

At Balance date the Board has no female directors and 0% of the senior executives are female. There is one female in the workforce of Tomizone in New Zealand and most recently the Company Secretary appointed is female.

Nonetheless, the Board will each year consider whether to set measurable objectives to achieve positive diversity outcomes, including a balance representation of women in the Company's business.

The Board did not set measurable objectives during the 2017 financial year regarding gender outcomes.

1.6 The Company should

- (a) Have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and
- (b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process

The Company's Corporate Governance Policies includes a Performance Evaluation Process Policy which discloses the annual process for evaluating performance.

The performance of the Board as a group and of individual Directors will be assessed each year.

No formal performance evaluation of the Board or the Directors took place during the 2017 financial year.

1.7 The Company should

- (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period on accordance with that process

If and when a senior management team is in place, the Board intends to assess performance and will address any issues that may emerge.

The evaluation of the performance of non-board members would be completed by the Chairman.

No formal performance evaluation of senior management took place in the reporting period but a number of informal performance appraisals with the outgoing CEO were completed with performance criteria being met.

## Principle 2:

*Structure the Board to add value*

**The Board should be of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.**

2.1 The Company should

- (a) Have a nomination committee
  - With a least three (3) members, a majority of who are independent directors;
  - Chaired by an independent director

And discloses:

- The charter of the committee;
- The members of the committee; and
- The number of times the committee met throughout the period and the individual attendance of the

members at those meetings

- (b) If the Company has no nomination committee, there must be disclosure of that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience independent and diversity to enable it to discharge its duties and responsibilities effectively.

**A Nomination Committee has been formed under Recommendation 2.1 being Mr Carling, Mr Adams and Mr Bailey (which essentially is the Board). The majority of the Committee are independent directors and the Committee is chaired by Mr Carling, an independent director.**

**The Committee identifies suitable candidates to fill vacancies as they arise with the aim of achieving the optimal mix of skills and diversity.**

**The Committee decides the selection of members of the Board and makes the necessary recommendations to Shareholders for election of Directors. In considering membership to the Board, the Committee take into account the appropriate skills and characteristics needed by the Board to maximize its effectiveness and the blend of skills, knowledge and experience for the present and future needs of the Company.**

**The previous Nomination Committee did not meeting during the 2016-2017 financial year.**

**As the members of the Committee all commenced with the Company post the 2017 year end, the current Committee as not yet formally met.**

2.2 The Company should have and disclose a Board skills matrix of skills and diversity that the Board currently has or is looking to achieve in its membership.

**The Board considers that collectively the directors represent the skills, knowledge and experience necessary and desirable to direct the Company. The non-executive directors contribute operational experience, an understanding of the industry in which Tomizone operates, knowledge of financial markets and an understanding of the matters that are important to the Company. The Chairman brings an additional perspective to the Board through a thorough understanding of Tomizone's business.**

**The current directors possess an appropriate mix of skills, experience and expertise to enable the Board to discharge its responsibilities and deliver the Company's strategic priorities.**

**The Board recognises that opportunities exist to consider diversity upon future retirements of non-executive directors.**

**The Company identifies the following as the main areas of skills required by the Board to successfully service the Company. The Directors have been measured to these areas in the skills matrix:**

<b>Skills and Experience</b>	<b>Board representation (out of 4 Directors)</b>
Executive and Non-Executive Experience	4
Industry experience and knowledge	2
Leadership	4
Corporate Governance and Risk Management	2
Strategic Thinking	4
Desired behavioural competencies	4
Capital Markets experience	4
Public Company experience	2
Financial acumen	2
<i>Subject matter expertise</i>	
• E-commerce and digital	2
• Accounting and audit	2
• Capital Management	2
• Corporate financing	2
• Industry Taxation	1
• Marketing/customers and retail	1

**As a team, the Board brings together a broad range of qualifications and experience but to the extent that any skills are not directly represented on the Board, they are augmented through external advisors.**

2.3 The Company should disclose:

- (a) The names of the directors considered by the Board to be independent;
- (b) If a director has an interest, position, association or relationship that might cause doubts about the independence of a director 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 explanation of why the Board is of that opinion; and
- (c) The length of service of each director

**The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance.**

**The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment and of the three (3) directors in office presently Mr Adams and Mr Carling are independent.**

**In making this determination the Board has had regard to the independence criteria in the ASX Principles and Recommendations, and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new directors upon appointment and reviews their independence, and the independence of the other directors, as appropriate.**

**Information with respect to potential issues of independence may be disclosed to the market but no formal policy exists to ensure such disclosure.**

**The Company has disclosed the details of each director (including their length of service) in the 2017 Directors Report.**

2.4 A majority of the Board should be independent directors

The Board is currently made up of four (4) directors, with two (2) of them being independent in terms of the relationships affecting Independent Status in Recommendation 2.3 of the Principles. Mr Phillip Joe, current Executive Director and Mr Ian Bailey, current Non-Executive Director, are not considered independent entities as Mr Phillip Joe is engaged in an executive role. Mr Ian Bailey is a Substantial Shareholder with a voting power of approximately 18%

**The majority of the Board are considered independent as per the criteria outlined in the Board Charter which includes the Company's criteria for independent of Directors.**

The directors believe that there exists a strong incentive for all Board members to carry out their directorial duties in an independent manner. The Board considers that this, combined with sufficient independence of view and variety of intellectual input between the directors to be satisfied with the ratio of independent and non-independent directors.

A determination with respect to independence is made by the Board on an annual basis. In addition, the directors are required on an ongoing basis to disclose relevant personal interests and conflicts of interest which may in turn trigger a review of a director's independent status.

**The Board's assessment of the independence of each current director is set out below**

<b>Name</b>	<b>Status</b>	<b>Appointment Date</b>
Ian Bailey (Chairman)	Not independent	3 July 2017
Phillip Joe	Not independent	22 May 2015
Matt Adams	Independent	3 July 2017
Maxim Carling	Independent	1 September 2017

2.5 The chair of the Board should be an independent director and, in particular should not be the same person as the CEO.

**The Chairman of the Board is not an independent director.**

**The Company believes that an independent Chairman, under Recommendation 2.5 does not necessarily improve the function of the Board - when the Chairman is a significant driver behind the business and is a sizeable shareholder, it adds value to the Company as the Chairman has a vested interest to develop a**

**cohesive Board which operates effectively in protecting shareholders' interests and maintaining strong relationships with the other Directors and the senior team (if applicable). So there is no objection that the Chairman is not an independent director.**

**The Company currently does not employ a CEO consequently the Chairman is not the CEO of the entity.**

2.6 The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

**Due to the fact that directors are chosen for their specialist knowledge of their sector, the Board induction process is of an informal nature. New directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors.**

**Directors are given access to continuing education opportunities and professional development to update and enhance their skills and knowledge.**

### **Principle 3:**

*Act ethically and responsibly*

**The Company should act ethically and responsibly.**

3.1 The Company should:

- (a) Have a code of conduct for its directors, senior executives and employees; and
- (b) That disclose that code or a summary of it.

**A Directors and Executive Officers' Code of Conduct Policy, is in place and provides a framework for decisions and actions in relation to ethical conduct in employment and all employees and directors are expected, at a minimum, to follow.**

**The Board is committed to the establishment and maintenance of appropriate ethical standards in order to instil confidence in both clients and the community in the way the Company conducts its business.**

**The Code is included on the Company's website.**

### **Principle 4:**

*Safeguard integrity in corporate reporting*

**The Company should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting**

4.1 The Company should:

- (a) Have an audit committee
  - With a least three (3) members, all of whom are non-executive directors and the majority of who are independent directors;
  - Chaired by an independent director who is not the chair of the Board

And discloses:

- The charter of the committee;
- The relevant qualifications and experience of the members of the committee; and
- The number of times the committee met throughout the period and the individual attendance of the members at those meetings

- (b) If the Company has no audit committee, there must be disclosure of that fact and the processes it employs to independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

**An Audit and Risk Committee has been formed under Recommendation 4.1 being Mr Carling, Mr Adams and Mr Bailey (which essentially is the Board). Only two (2) of the Committee members are non-executive directors but the majority are independent directors and the Committee is chaired by Mr Adams, an independent director.**

**The Committee monitors the form and content of the Company's financial statements and maintains an overview of the Company's internal financial control and audit system and risk management systems.**

The Company has disclosed the relevant qualifications and experience of the members of the committee in the 2016 Directors Report.

A copy of the Audit and Risk Committee Charter is available on the Company's website.

The charter outlines the key areas of responsibility for the committee, outlining its responsibility for oversight of the quality and integrity of the accounting, auditing, financial reporting and operational risks of the Company. The charter was adopted by the Company in June 2015.

As the members of the Committee all commenced with the Company post the 2017 year end, the current Committee as not yet formally met.

During the 2016-2017 financial year, the Audit and Risk Management Committee met a total of four (4) times.

4.2 Before the Board approves the financial statements for a financial period, it should receive from its CEO and CFO a declaration that, in their opinion the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and gives a true and fair view of the financial position and performance of the Company which has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

On an annual basis, the Company's Accountant along with the Chairman, provide written confirmation to the Board that the Company's Financial Reports present a true and fair view, in all material respects of the Company's financial condition and operational results are in accordance with relevant accounting standards.

Furthermore, sign off of this Declaration is founded on a sign system of risk management and internal compliance and control which implements the policies adopted by the Board.

4.3 The external auditors are to attend the Company's AGM and are available to answer questions from shareholders relevant to the audit.

The Company's Annual General Meeting is conducted in accordance with the Corporations Act and the Constitution of the Company.

The Company ensures that a representative from the external auditor attends the Annual General Meeting to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

The Auditor's presence is made known to Shareholders during the Meeting and Shareholders are provided with an opportunity to put forward questions to the external auditor.

#### **Principle 5:**

##### *Make timely and balanced disclosure*

**The Company should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities**

5.1 The Company should

- (a) Have a written policy for complying with its Continuous disclosure obligations under the Listing Rules; and
- (b) Disclose that policy or a summary of it

Compliance procedures, to ensure timely and balanced disclosure of information in line with the Recommendations, have been noted and adopted by the Company and a Continuous Disclosure Policy has been adopted.

The Policy is available on the Company's website.

The Company Secretary is charged with ensuring that any disclosure steps which need to be taken by the Company are brought before the Board for discussion and, subject to amendment, approved.

The Company Secretary is responsible for disclosures to the market, in addition to communicating with the ASX.



**Principle 6:***Respect the rights of shareholders***The Company should respect the rights of its shareholders by providing them with appropriate information and facilities to allow them to exercise those rights effectively**

6.1 The Company should provide information about itself and its governance to investors via its website.

The Company maintains a website and shareholders can find all recent information on the Company under various headings on the Company's website, including latest ASX releases, details of its projects and its Corporate Profile.

**The Company will regularly update the website and contents therein as deemed necessary.**

**Shareholders may also request a copy of the Company's ASX recent releases.**

6.2 The Company should design and implement an investor relations program to facilitate effective two-way communication with investors.

**The Company has established a Shareholder Communications Policy which aims to ensure that shareholders are fully informed by communicating to them through**

- **Continuous disclosure reporting to the ASX;**
- **Quarterly, half yearly and annual reports; and**
- **Media releases, copies of which are lodged with the ASX and place on the Company's website.**

**Also, the Company has access to investor relation experts who are able to provide advice on an as needed basis.**

**The Company principally engages with its security holders at its AGM or personally as requested by individual security holders, which is a practice that the Company encourages.**

6.3 The Company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders.

**The Shareholder Communications Policy aims to ensure shareholder participation at all Annual and General Meetings that they are permitted to attend.**

**Questions from security holders, whether or not present at General Meetings, are encouraged and answered as fully as possible.**

6.4 The Company should give shareholders the option to receive communications from and send communications to the Company and its share registry electronically.

**Shareholders are given the option to receive information such as the Annual Report and Notice of Meeting in print or electronic form and they are encouraged to register for receipt of announcements and updates electronically.**

**Principle 7:***Recognise and manage risk***The Company should establish a sound risk management framework and periodically review the effectiveness of that framework**

7.1 The Company should:

- (a) Have a committee or committees to oversee risk, each of which
- Has at least three (3) members, a majority of who are independent directors; and
  - Chaired by an independent director

And discloses:

- The charter of the committee;
- The members of the committee; and
- The number of times the committee met throughout the period and the individual attendance of the members at those meetings

- (b) If the Company has no risk committee or committees, that satisfy (a) above, disclose that fact and the processes it employs to oversee the Company's risk management framework.

**The Company has a separately constituted Audit and Risk Committee which consists of three (3) members**

being Mr Adams, Mr Carling and Mr Bailey (which is essentially the Board). The majority of the Committee is comprised of independent directors and the Chairman, Mr Adams is independent.

Considering the Company's current size and stage of development, the Board is comfortable that only two (2) of the three (3) committee members are non-executive directors.

A copy of the Audit and Risk Committee Charter is available on the Company's website.

7.2 The Board or a Committee of the Board should:

- (a) Review the Company's risk management framework at least annually to satisfy itself that, it continues to be sound; and
- (b) Discloses, in relation to each reporting period, whether such a review has been taken.

**The Board annually reviews and approves the risk framework of the Company.**

**Internal controls are in place to mitigate against any material business risks.**

**Risks of a strategic, financial and operational nature (such as ability to raise capital to fund activities, commodity price and currency fluctuations, adequate levels of insurance, contract documentation, meeting financial reporting and compliance obligations) are reviewed on a regular basis by the Board.**

**Potential operational risks involved in running the Company are managed by the Board.**

**The Company did not undertake a formal performance appraisal during the reporting period but, upon assessment, consider the risk framework still appropriate.**

7.3 The Company should disclose:

- (a) If it has an internal audit function, how the function is structured and what role it performs; or
- (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.

**The Company does not have an internal audit function, and does not disclose the processes it uses to improve risk management. Nonetheless, it remains committed to effective management and the control of these factors.**

7.4 The Company 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.

**The Company recognises that it has exposure to economic, environmental and social sustainability risks which are managed through a series of internal and publicly available policies including but not limited to the Board Charter and the Code of Conduct.**

## **Principle 8**

*Remunerate fairly and responsibly*

**The Company should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for Shareholders.**

8.1 The Board should

- (a) Have a remuneration committee which
  - Has at least three (3) members, a majority of who are independent directors;
  - Chaired by an independent directorAnd discloses:
  - The charter of the committee;
  - The members of the committee; and
  - The number of times the committee met throughout the period and the individual attendance of the members at those meetings
- (b) If the Company has no 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.

**A Nomination Committee has been formed under Recommendation 2.1 being Mr Carling, Mr Adams and Mr**

**Bailey (which essentially is the Board). The majority of the Committee are independent directors and the Committee is chaired by Mr Carling, an independent director.**

**The Committee identifies suitable candidates to fill vacancies as they arise with the aim of achieving the optimal mix of skills and diversity.**

**The Committee decides the selection of members of the Board and makes the necessary recommendations to Shareholders for election of Directors. In considering membership to the Board, the Committee take into account the appropriate skills and characteristics needed by the Board to maximize its effectiveness and the blend of skills, knowledge and experience for the present and future needs of the Company.**

**The previous Nomination Committee did not meet during the 2016-2017 financial year.**

**As the members of the Committee all commenced with the Company post the 2017 year end, the current Committee as not yet formally met.**

**The Board, where necessary, consults external consultants and specialists.**

**8.2 The Company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.**

**The Board distinguishes the remuneration of non-executive directors from that of executive directors.**

**The Company's Constitution provides that the remuneration of non-executive directors is fixed and they do not participate in any incentive plans. And do not receive any retirement benefits. For information about non-executive director remuneration practice, reference can be made to the audited remuneration report set out in the Directors' Report.**

**The Board is responsible for determining the remuneration of any director or senior executive without the participation of the concerned director or executive**

**Furthermore, the information provided in the Remuneration Report is audited as required by Section 308(3C) of the Corporations Act 2001.**

**8.3 The Company if it has an equity based remuneration scheme should**

- (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**
- (b) Disclose that policy or a summary of it**

**The Company's policy on Dealing in Securities prohibits directors, offices and employees from entering into transactions (whether through the use of derivatives or otherwise) or arrangements which limits the economic risk of participating in unvested entitlements under any equity based remuneration scheme.**

**A copy of the Dealing Policy is on the Company's webpage.**