



**SPRINTEX LIMITED  
AND CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED  
30 JUNE 2017**

SPRINTEX LIMITED  
AND CONTROLLED ENTITIES

**CORPORATE GOVERNANCE STATEMENT**

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The Board of Directors of the Company is responsible for the corporate governance of the Company. The Board guides and monitors the business affairs of the Company on the behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance Statement of the Company is structured with reference to the Australian Stock Exchange Corporate Governance Council's (the Council's) "Corporate Governance Principles and Recommendations" ("ASX Principles") which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the Board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balances disclosures
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

Commensurate with the spirit of the ASX Principles, the Company has followed each of the Recommendations to the extent the Board considered that their implementation was practicable and likely to genuinely improve the Company's internal processes and accountability to external stakeholders. The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact is disclosed, together with reasons for the departure.

**Explanation for Departures from Best Practice Recommendations**

Principle 2

***Nomination Committee***

Recommendation 2.4 requires listed entities to establish a nomination committee. During the year ended 30 June 2017, the Company did not have a separately established nomination committee. However, the duties and responsibilities typically delegated to such committees are included in the responsibilities of the full Board.

Principle 8

***Remuneration Committee***

Recommendation 8.1 requires listed entities to establish a remuneration committee. During the year ended 30 June 2017, the Company did not have a separately established remuneration committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

With the exception of the departures from the Corporate Governance Council's recommendations in relation to the establishment of a nomination committee and remuneration committee as stated above, the corporate governance practices of the Company are compliant with the Council's best practice recommendations.

**Board Function**

The Board is accountable to the shareholders for the performance of the Company and will have overall responsibility for its operations. Day to day management of the Company's affairs, and the implementation of the corporate strategy and policy initiatives, is delegated by the Board to the Senior Management Team.

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**CORPORATE GOVERNANCE STATEMENT**

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The key functions of the Board include:

- approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- adopting budgets and monitoring the financial performance of the Company;
- overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- overseeing the implementation and management of effective safety and environmental performance systems;
- ensuring all major business risks are identified and effectively managed; and
- ensuring that the Company meets its legal and statutory obligations.

### **Structure of the Board**

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement. In accordance with the definition of independence above, Mr R O'Brien is considered to be independent.

There are procedures in place, agreed by the Board, to enable directors in furtherance of their duties to seek appropriate independent professional advice at the Company's expense.

The terms in office held by each director in office at the date of this report are as follows:

<b>Name</b>	<b>Position</b>	<b>Term in Office</b>
Mr R Siemens	(Non-executive Chairman)	Appointed 29 August 2005
Mr D White	(Deputy Chairman)	Appointed 14 March 2012, Appointed Deputy Chairman 6 September 2013
Mr M Wilson	(Non-executive Director)	Appointed 26 October 2009
Mr R O'Brien	(Independent Non-executive Director)	Appointed 3 March 2010
Mr R Lau	(Non-executive Director)	Appointed 28 October 2015

### **Performance**

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, the Board conducted performance evaluations that involved an assessment of each Board member's and key executive's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of the Company. KPM whose performance is consistently unsatisfactory may be asked to retire.

### **Trading Policy**

The Company has a formal policy for dealing in the Company's securities by Directors, employees and contractors. This sets out their obligations regarding disclosure of dealing in the Company's securities. The Company's trading policy permits Directors and senior management to acquire securities in the Company at any time other than seven (7) days prior to and two (2) days after the release of the Company's quarterly, half yearly and annual financial results to the ASX and when they have knowledge of price sensitive information.

However Company policy prohibits Directors and senior management from dealing the Company's securities at any time while in possession of price sensitive information. Directors must advise the Board before buying or selling securities in the Company. All such transactions are reported to the Board. In accordance with the

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SPRINTEX LIMITED  
AND CONTROLLED ENTITIES

**CORPORATE GOVERNANCE STATEMENT**

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provisions of the Corporations Act and the Listing Rules, the Company advises ASX of any transaction conducted by Directors in the securities of the Company.

**Audit Committee**

The Board has established an Audit Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. The committee's primary responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Company;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Company's governance policies.

**Risk**

The Board has identified the significant areas of potential business and legal risk of the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company will be the responsibility of the Board.

To this end, comprehensive practices are in place that are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Company's resources;
- compliance with applicable laws and regulations;
- preparation of reliable published financial information.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts were prepared and reviewed at Board meetings. Budgets were prepared and compared against actual results.

**CEO and CFO Certifications**

In accordance with section 295A of the Corporations Act, both the acting Chief Executive Officer and Chief Financial Officer have provided a written statement to the Board that:

- their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating effectively in all material respects.

**Remuneration**

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
  - attraction of high quality management to the Company; and
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SPRINTEX LIMITED  
AND CONTROLLED ENTITIES

**CORPORATE GOVERNANCE STATEMENT**

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- performance rewards to allow executives to share in the success of the Company
- For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report in pages 9 to 21.

There is no scheme to provide retirement benefits to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the executive team.

**Shareholder communication policy**

Pursuant to Principle 6, the Company's objective is to promote effective communication with its shareholders at all time. The Company is committed to:

- ensuring that shareholders and the financial market are provided with full and timely information about the Company's activities in a balanced and understandable way;
- complying with continuous disclosure obligations contained in applicable ASX listing rules and the Corporation Act in Australia; and
- communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meeting
- Through shareholder meetings and investor relations presentations
- Through letter and other forms of direct communications to shareholders
- By posting relevant information on the Company's website: [www.sprintex.com.au](http://www.sprintex.com.au)

The external auditors are required to attend the annual general meeting and are required to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

**Diversity at Sprintex**

The Group recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience and employs people based on their underlying skill sets in an environment where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

17.6% (2016 – 14%) of the Company's employees are female, none of whom are classified as key management personnel.

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