

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

SMARTTRANS HOLDINGS LIMITED

ABN / ARBN:

86 009 065 650

Financial year ended:

30 JUNE 2017

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: <http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents/>

The Corporate Governance Statement is accurate and up to date as at *[insert effective date of statement]* and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 29 September 2017

Name of Director or Secretary authorising lodgement: Leanne Ralph

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at <a href="http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents/">http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b> <input checked="" type="checkbox"/> at all material information relevant to the decision of whether or not to elect or re-elect a director is contained in the Company's AGM Notice of Meeting.	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b> <input checked="" type="checkbox"/> at <a href="http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents/">http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<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 the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) 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>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at [insert location]</p> <p>... and a copy of our diversity policy or a summary of it:  <a href="http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents/">http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents/</a></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why for 1.5 (c) that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<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>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.7	<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>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> details of the outcomes of the performance evaluation undertaken during the year for the MD and senior executives can be found in the Remuneration Report in the Annual Report refer to</p> <p><a href="http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents/">http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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 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, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 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 (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity 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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) 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> <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 corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at 4.1(a)(4) Corporate Governance Statement</p> <p><input checked="" type="checkbox"/> at 4.1(a)(5) Corporate Governance Statement and Directors' Report Section of the Annual Report Refer to: <a href="http://www.smarttransholdings.com/reporting/">http://www.smarttransholdings.com/reporting/</a></p> <p>NOTE: The Committee is a combined Audit, Risk and Finance Committee.</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<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, in their opinion, the financial records of the entity 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 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>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity 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.	... our continuous disclosure compliance policy or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents">http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input type="checkbox"/> at <a href="http://www.smarttransholdings.com">http://www.smarttransholdings.com</a> <a href="http://www.smarttransholdings.com/about/">http://www.smarttransholdings.com/about/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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 risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents">http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents</a></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at 7.1(a)(4) Corporate Governance Statement and 7.1(a)(5) Corporate Governance Statement and Directors Report Section of the Annual Report Refer <a href="http://www.smarttransholdings.com/reporting">http://www.smarttransholdings.com/reporting</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why 7.2(a) is so in our Corporate Governance Statement.</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	<p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<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>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents">http://www.smarttransholdings.com/about/smarttrans-corporate-governance-documents</a> ... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at</p> <p>8.1(a)(4) Corporate Governance Statement</p> <p>8.1(a)(5) Corporate Governance Statement and Directors Report Section of the Annual Report Refer <a href="http://www.smarttransholdings.com/reporting">http://www.smarttransholdings.com/reporting</a></p> <p>Note : The Committee is a combined Remuneration and Nomination Committee</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<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.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> in the Remuneration Report section of the Annual Report at <a href="http://www.smarttransholdings.com/reporting">http://www.smarttransholdings.com/reporting</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<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>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## SMARTTRANS HOLDINGS LIMITED

### CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement (**Statement**) outlines the main corporate governance practices currently in place for SmartTrans Holdings Limited (**Company** or **SmartTrans**) and addresses the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**). The Board believes the Company accords with the majority of the principles and recommendations of the ASX Corporate Governance Council.

The corporate governance policies and practices described below are those that have been in place for the 2016-17 financial year, or as at the date of this Statement where indicated. The Board continues to review the governance framework and practices of the Company to ensure they meet the interests of shareholders.

All references to the Company's website are to: [www.smarttransholdings.com](http://www.smarttransholdings.com).

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

##### **(a) Role of the Board**

The Board is committed to effectively representing and promoting the Company, and thereby adding long-term value to all shareholders. The board is accountable to shareholders for the management of the Company's business and affairs and as such is responsible for the overall strategy, governance and performance of the Company. To clarify the roles and responsibilities of directors and management and to assist the Board in discharging its responsibilities, the Company has established a governance framework at 1(b) below, which sets out the functions reserved to the Board and provides for the delegation of functions to Board Committees and to senior management.

The Board operates under a formal charter, which can be found on the Company's website.

##### **(b) Governance Framework**

The diagram below depicts the operation of the Company's governance framework

## BOARD

Formally delegates certain functions to Board Committees and to management via the formal Board and Committee charters.

Directly retains responsibility for a number of matters including:

- Strategy – Overseeing the companies strategic direction
- Oversight of Management - the appointment of the MD, succession planning, monitoring the performance of the MD and senior management and the approval of their remuneration policies
- Shareholders – reporting to shareholders
- Other Stakeholders – maintaining appropriate relationships with SmartTrans stakeholders
- Ethics and Responsible Decision-Making – actively promoting ethical and responsible decision making and monitoring compliance with policies governing the operation of the Group.
- Oversight of Financial Management and Capital Management – reviewing and approving the annual operating budgets, approving decisions concerning the capital of the company, and determining dividend policy and approving related dividends
- Compliance and Risk Management – monitoring strategic risk management systems and the integrity of internal control and reporting systems

### Audit, Risk and Finance Committee

Key functions

To oversee and review:

- The integrity of the Company's external financial reporting and financial statements
- The appointment, remuneration, independence and competence of SmartTrans external auditors;
- The effectiveness of SmartTrans system of risk management and internal controls; and
- SmartTrans systems and procedures for compliance with applicable legal and regulatory requirements

### Remuneration and Nomination Committee

Key functions:

To review and make recommendations on:

- Executive remuneration and incentive policy
- Level of remuneration for non executive directors
- Design of all equity based plans
- Board size and composition
- Criteria for board membership
- Appointment, re-elections and succession.

MD and Senior Executives

### (c) Board committees

The ultimate responsibility for the oversight of the operations of the Company rests with the Board. However, the Board may discharge any of its responsibilities through committees of the Board in accordance with the Constitution and the *Corporations Act 2001* (Cth) (**Corporations Act**).

The Board has established the following standing Board Committees, which assist it with the execution of its responsibilities. The composition and effectiveness of the committees are reviewed on an annual basis:

- Audit, Risk and Finance Committee; and
- Remuneration and Nomination Committee

Each of these committees operate in accordance with specific charters approved by the Board which can be found on the Company's website.

The applicable composition requirements and current membership of each of the Board Committees are set out below:

Board Committee	Composition Requirements	Membership
Audit, Risk and Finance Committee	At least three members, all non-executive and the majority of whom are independent. The Chair should be a non-executive director. One member must also have financial expertise.	Tracy Colgan (Chair); Mark Vaile; Bryan Carr*
Remuneration and Nomination Committee	At least three members, the majority of whom are non-executive independent. The Chair should be an independent non-executive director.	Mark Vaile (Chair) Tracy Colgan; Bryan Carr*

\* Not all members of this committee are non-executive or independent, this is due to the small size of the Board and the inclusion of Finance responsibilities (the majority of which are management reporting related) in the committee's Charter.

The number of scheduled Board and Committee meetings held during the year and the number of meetings attended by each of the directors is set out in the table below:

	Board		Audit, Risk and Finance Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B
Mark Vaile	10	10	-	-	-	-
Andrew Forsyth	10	10	1	1	1	1
Ian Tang	10	4	-	-	-	-
Ian Hawkins	3	2	-	-	-	-
Greg Simpson	10	10	1	1	1	1
Bryan Carr	10	10	1	1	1	1
Tracy Colgan	-	-	-	-	-	-
Brendan Mason	-	-	-	-	-	-

**A:** Meetings eligible to attend    **B:** Meetings attended

Note: Mr Andrew Forsyth and Mr Greg Simpson resigned on 29 July 2017 and Mr Brendan Mason and Ms Tracy Colgan were appointed on the same date. Mr Ian Hawkins resigned on the 24 November 2016.

#### **(d) The Company Secretary**

The Company Secretary acts as secretary of the Board, attending all meetings of the Board and its committees. The Company Secretary is accountable to the Board through the chairperson on all corporate governance matters and the proper functioning of the Board.

#### **(e) Diversity**

In appointing members to the Board, consideration is given to the skills, business experience and educational backgrounds of candidates. The advantage of having a mix of relevant business, executive and professional experience on the Board; the importance of cultural and ethical values; and the benefits of diversity, including gender diversity is also recognised. These factors will also be considered in any future appointments to the Board including any identified skills 'gaps'.

A formal Diversity Policy has been adopted by the Board that outlines the Group's commitment to diversity in the workplace and the provision of a work environment that is free from discrimination and promotes equal opportunity for all. SmartTrans promotes an inclusive workplace where employee differences in areas like gender, age, culture, disability and lifestyle choice are valued.

The policy does not include measurable objectives for achieving gender diversity. Due to the current size of the organisation and stage of business maturity, this is deemed not necessary at this point in time. In addition, the Group has always had a policy of actively encouraging gender diversity at all levels in the organisation, and a culture that supports workplace diversity. This is evidenced by:

- The proportion of female directors: 25%
- The proportion of female employees in the whole organisation: 33%
- The proportion of female employees in senior positions: 0%

The Board may consider establishing measurable objectives for achieving gender diversity at later date.

#### **(f) Board and director performance**

The Board is committed to enhancing its effectiveness through performance management and review. The Board and Committee review process is designed to help enhance performance by providing a mechanism to raise and resolve issues and to provide recommendations to enhance its effectiveness.

The existing Board and Committee review process involves each director completing a confidential questionnaire covering the role, composition, processes and the carrying out of its responsibilities. The results of the questionnaire and an analysis of these results are then reported to the Board by the company secretary.

The Board conducted a performance review in during the year in accordance with the process outlined above. A review of the performance of the Committees was not undertaken during the year due to recent Board and management changes. It is envisaged that a performance review will be undertaken in FY18 of the Board and the Committees.

#### **(g) Senior Executives**

The Board delegates the responsibility for the day-to-day management of the Company and implementation of the strategic plan to the Managing Director (**MD**), who is assisted by the senior executives who report to him.

The MD consults with the Chairman on any matters, which the MD considers, are of such a sensitive, extraordinary or strategic nature as to warrant the attention of the Board, regardless of value. The authorisation thresholds for the control of expenditure and capital commitments are established and defined in the Company's Delegations and Authorities Policy, which are set to optimise the function and decision-making of the executive as the Company continues to grow and expand, whilst maintaining appropriate oversight by the Board.

Subject to these policy limits and the directions of the Audit, Risk and Finance Committee, the MD may sub-delegate the day-to-day running of the Company to the senior executive team. The exercise of delegated authority is restricted to specific organisational functions and roles.

The Delegations and Authorities Policy details the delegated thresholds for various types of commitment and individual positions, as well as the authorisation processes that are required to be followed.

All senior executives are appointed to their positions after a rigorous recruitment process. Each member of the senior executive team, including the executive directors, are employed pursuant to employment contracts, covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. Each contract refers to a specific formal job description. Each contract sets out the remuneration of the executive, including their entitlements to any rights under incentive plans.

#### **(h) Performance of Senior Executives**

The evaluation for all executives is based on specific criteria, including the business performance of the Company, whether strategic objectives are being achieved, and the development of management and personnel.

The MD's performance is formally assessed on an annual basis by the Board. All key performance indicators (**KPIs**) are carefully considered by the Remuneration and Nomination Committee, which evaluates the MD's performance and makes recommendations to the Board.

An annual assessment of the performance of all other senior executives is undertaken by the Board on the basis of recommendations by the MD, who conducts performance reviews in relation to each senior executive.

A performance evaluation for all senior executives, including the MD, was undertaken in the reporting period in accordance with the process disclosed above.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Annual Report under the heading 'Remuneration Report'.

### **Principle 2: Structure the board to add value**

#### **(a) Board size and composition**

The Constitution of the Company provides that there will be a minimum of three directors and not more than ten directors.

At the date of this report, the Board comprises the Managing Director, the Chairman, and executive director and two non-executive directors.

The current members of the Board are:

- Hon Mark Vaile AO (Chairman), (appointed 31 March 2016)
- Mr Brendan Mason (MD), (appointed 29 July 2017)
- Mr Bryan Carr (Executive Director), (appointed 26 July 2011)
- Mr Ian Tang (Non-executive Director), (appointed 13 March 2013)
- Ms Tracy Colgan (Non-executive Director), (appointed 29 July 2017)

The Board considers that the existing Board structure is appropriate for the Company's current operations and stage of development.

Directors' details are listed in the Annual Report in the Directors Report, including details of their other listed entity directorships and experience.

**(b) Board skills and diversity**

The Board considers that its directors and senior management have the combined skills and experience to discharge their respective responsibilities.

The full biographies of all directors are included in the Director's Report in the Annual Report.

The table following sets out the skills and experience considered by the Board to be important for its directors to collectively possess to effectively discharge their duties. This information presented has been taken from the Board's current skills matrix that was reviewed and updated during the 2016-17 financial year.

The Board, via the use of its skills matrix, has assessed the relevant level of each competency on the Board and although collectively some competencies and skills have a higher expertise or skill level than others, the Board is of the opinion that collectively it has an adequate skill level for all competencies to discharge its duties.

In addition to the skills and experience set out in table below, the Board considers that each director has the following attributes:

- Honesty and integrity;
- The ability to think strategically;
- The time available to devote to SmartTrans' business;
- A willingness to question and challenge; and
- A commitment to the highest standards of governance.

All directors are expected to use their range of relevant skills, knowledge and experience to apply their judgement to all matters discussed at Board meetings.

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SKILL	DESCRIPTION
Strategy	Ability to think strategically and identify and critically assess opportunities and threats and develop effective strategies in the context of changing market conditions.
Accounting, Finance and Risk	The ability to analyse financial statements and reporting, critically assess the financial performance of the Group, contribute to budget planning and efficient use of capital and resources.
Managerial/Management Experience	A broad range of commercial and business experience in business systems, practices, improvements, risk and compliance, sales, technology and human resources.
Negotiation Skills	The ability to negotiate effective deals across a variety of contexts; including different industries, products and services.
Industry experience	Experience and broad understanding of the digital distribution and logistics markets in Australia and e commerce Asia, including market drivers, risks and trends including policies, competitors, end users, regulatory policy and framework.
Investment	Experience in all aspects of the negotiation, structuring, risk management and assessment of both acquisitions and divestments. This also includes expertise in considering and implementing efficient capital management including alternative capital sources and distributions, yields and markets.
IT and Digital Technical Experience	Expertise in the area of technology including governance of technology projects and keeping abreast of emerging technology relevant to the Company.
Government Relations	Expertise in the in the critical analysis of government policy both in terms of policy development, interest group input and lobbying and legislation. Effective networks.
Community Relations	Expertise in managing communication between an Company and the community in which it operates so as to build positive and effective relationships.
Investor Relations	Experience in the integration of finance, communication, marketing and ASX compliance to enable the most effective two-way communication between a company, the financial community, and other constituencies, which ultimately contributes to a company's securities achieving fair valuation.
Environment	Knowledge of the environment in which the Company operates, the impact the Company has on that environment and related environmental risks.

People and performance	Appreciation for the best practices in HR planning and management with familiarity in employment legislation and labour relations, recruitment, compensation, performance reviews and conflict management.
Legal and compliance	Ability to identify key risks to the group in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.
ASX governance	Knowledge and experience in best practice ASX and Corporations Act, governance structures, policies and processes.
China/Asian Experience	An understanding of business operations in China/Asia, legal and compliance matters, key contacts and relationships, and people and cultural considerations.

Whilst the current Board composition meets the Company's needs, this skills and experience analysis will assist to identify opportunities for director training and development and to determine skills gaps that may be addressed through future board appointments.

**(c) Director Nomination Matters**

Pursuant to its charter (available on the Company's website), the Remuneration and Nomination Committee reviews, and where appropriate, makes recommendations to the board on the size and composition of the board, including assessment of necessary and desirable competencies of board members. To this end, the Remuneration and Nomination Committee will periodically assesses the appropriate mix of competencies, skills, experience and expertise required by the Board and assess the extent to which the required skills and experience are represented on the Board.

The Remuneration and Nomination Committee is also responsible for reviewing and making recommendations to the Board on its membership, including recommendations for the appointment and re-election of directors and where necessary, proposing candidates for consideration by the Board. The Remuneration and Nomination Committee must have regard to the factors set out in the Remuneration and Nomination Committee Charter, including that the Board should comprise directors with a broad range of skills, expertise and experience from a diverse range of backgrounds in accordance with the Diversity Policy.

Ultimately, the full Board determines who is invited to fill a casual vacancy after extensive one-on-one and collective interviews with candidates and thorough due diligence and reference checks.

The Remuneration and Nomination Committee's current membership, the independence of the members and details of Audit and Risk Committee meetings and attendance by each Committee member are set out in this Corporate Governance Statement and the Directors Report in the Annual Report.

**(d) Director Remuneration and Induction**

Non-executive directors are appointed pursuant to formal letters of appointment which, among other things, set out the key terms and conditions of the appointment, the Board's expectations in relation to the performance of the director, procedures for dealing with a director's potential conflict of interest and the disclosure obligations of the director, together with the details of the director's remuneration.

Non-executive director remuneration is reviewed on an annual basis.

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A director induction program has been designed and directors are expected to participate in this induction and orientation program on appointment. The program includes, explanations of company policies and procedures, governance frameworks, cultures and values, company history, director and executive profiles and other pertinent company information. SmartTrans also supports appropriate training and briefings to ensure that directors can enhance their skills and remain abreast of important developments to enable them to discharge their director obligations as effectively as possible.

**(e) Directors' independence**

The Board considers that it is able to exercise its judgement in an independent and unfettered manner and provide independent and effective oversight of management.

All members of the board, whether independent directors or not, exercise independent judgement in making decisions in the best interests of the Company as a whole.

In determining the independent status of each director, the Board has adopted the approach contained in ASX Principle 2, and specifically assesses the independence of all directors against the criteria outlined in Box 2.3 of the ASX Recommendations.

The Company does not use prescribed or pre-determined materiality thresholds for the purposes of assessing director independence but instead assesses independence on a case by case basis, having regard to the extent to which any relevant relationship or connection may materially interfere with the director's ability to exercise unfettered and independent judgement in the discharge of their responsibilities and duties.

As part of its independence assessment, the Board considers the length of time that the director has been on the Board, as a prolonged service period may also be seen to impair independence.

The Board considers that Mark Vaile (Chairman) and Tracy Colgan are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the director's judgement and they are each able to fulfil the role of an independent director for the purposes of the ASX Recommendations.

The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations. Mr Tang is considered independent by the board despite the fact that he has an association with substantial shareholders of the Company. The Board is of the view that despite this factor he is independent, as he does not represent the substantial shareholders of which he is a director and has the capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the company and its shareholders.

Bryan Carr and Brendan Mason are currently considered by the Board not to be independent. Brendan Mason is the Managing Director (**MD**) and Bryan Carr is an executive of the Company.

The Board has therefore determined that there is a majority of independent directors as required by the ASX Recommendations.

Where it is determined that a non-executive director should no longer be considered independent, the company shall make an announcement to the market.

**(f) Directors' interests**

Directors are required to keep the board advised of any interest that may be in conflict with those of the Company, and restrictions are applied to directors' rights to participate in discussion and to vote, as circumstances dictate when a conflict has been identified. In particular, where a potential conflict of interest may exist, directors concerned may be required to leave the Board meeting while the matter is considered in their absence.

The Company has also entered into a deed of disclosure with each director, which is designed to facilitate the Company's compliance with its obligations under the ASX Listing Rules relating to disclosure of changes in directors' security holdings. Directors and their nominated related party shareholdings, are also monitored to identify changes that may require urgent disclosure.

Standing items at each Board meeting going forward include:

- Director's Security holding Register; and
- Director's Standing Notice Register.

**(g) Chairman**

The role of Chairman and MD is not occupied by the same person. The Board has agreed that it should continue to have a majority of independent non-executive directors, that the positions of Chairman and MD must be separate, and that the Chairman should be an independent non-executive director.

Mr Mark Vaile was appointed Chairman of the Company on 31 March 2016 and is considered an independent director in accordance with recommendation 2.5 of the ASX recommendations.

**(h) Board meetings**

The Board typically schedules meetings on a bi-monthly basis, with additional meetings convened as required. Agenda's for each meeting are prepared by the Company Secretary together with the MD and input from the Chairman, and are distributed prior to the meeting together with supporting papers.

Standing items include the MD's report and the financial report, as well as reports addressing matters of strategy, governance and compliance. Senior executives are directly involved in board discussions, and directors have a number of further opportunities to contact a wider Company of employees, including visits to business operations.

Board papers include minutes of board committees as well as papers on material issues requiring consideration. Senior executives are invited to attend board meetings to present on particular operational or strategic items as required, and the board may seek further information on any issue, from any executive.

**(i) Independent advice**

The Board has a policy of enabling directors to seek independent professional advice for Company related matters at the Company's expense, subject to the prior notification of the Chairman and where the estimated costs are considered to be reasonable.

### **Principle 3: Act Ethically and Responsibly**

**(a) Code of conduct and ethical behaviour**

The Board acknowledges the need for high standards of corporate governance practice and ethical conduct by all directors and employees of the Company.

The Board has endorsed a Code of Conduct which outlines acceptable behaviour and attitudes expected from all staff to promote and maintain the confidence and trust of all those dealing with the Company.

The Company's Code of Conduct, which may be viewed on the Company's website, is the subject of periodic review to ensure that it covers all relevant issues and sets standards consistent with the Company's commitment to ethical and responsible behaviours.

The code of conduct sets out SmartTrans policies on various matters including conflicts of interest, use of SmartTrans property, confidentiality, equal opportunity, environment health and safety, compliance with laws and regulations and responsibility to shareholders and the financial community,

In addition to their obligations under the Corporations Act in relation to inside information, all directors, employees and consultants have a duty of confidentiality to the Company in relation to confidential information they possess.

The code also sets out the consequences for a breach of the code of conduct, including the possibility of legal or disciplinary action.

**(b) Employee and director trading in SmartTrans Holdings Limited securities**

In accordance with ASX Listing Rule 12.9, SmartTrans has adopted a written policy for dealing in securities which is intended to explain the prohibited type of conduct in relation to dealings in securities under the Corporations Act and to establish a best practice procedure in relation to directors', officers', employees', contractors' and their families and associates' dealings in shares in SmartTrans.

The securities trading policy sets out the restrictions that apply to dealing with shares including "closed periods", during which certain persons are generally not permitted to deal with shares along with a procedure under which certain persons are required to submit prior notification and obtain written confirmation prior to dealing in shares outside the "closed periods". Prohibited periods are:

- in the two weeks prior to the release of the Company's quarterly reports and for 1 business day after the release of the report;
- in the 1 month prior to the release of the Company's half-year financial results and for 1 business day after the release of the results;
- in the 1 month prior to the release of the Company's full-year financial results and for 1 business day after the release of the results; or
- for any other time period determined by the Board.

The policy also prohibits short term trading, margin lending, short selling and hedging of the Company's securities.

The Company's Security Trading Policy may be viewed on the Company's website.

**Principle 4: Safeguard integrity in corporate reporting**

The Audit, Risk and Finance Committee is responsible for assisting the Board in discharging its responsibilities to safeguard the integrity of the Company's financial reporting and the system of internal control. A key component of the Committee's role is to provide appropriate advice and recommendations to the Board to assist the Board to fulfil its responsibilities in regard to financial reporting, the internal control environment, and audit management where appropriate across the Company.

The Audit, Risk and Finance Charter, which is available on the Company website, takes into account the roles and responsibilities of the Audit Risk and Finance Committee as well as contemporary governance practices. The Audit, Risk and Finance Committee Charter includes details on the appointment and oversight of the external auditor. The Company will ensure the external auditor is available to shareholders at the Annual General Meeting to answer any questions they may have about the Company's external audit.

The Audit, Risk and Finance's current membership, the independence of the members and details of Audit, Risk and Finance meetings and attendance by each Committee member are set out earlier in this Corporate Governance Statement and the Directors Report in the Annual Report.

The qualifications and experience of the members of the Audit Risk and Finance Committee are outlined in the Directors Report in the Annual Report, on the Company's website and below:

**Tracy Colgan** (Chair of the Committee) was recently the AustCham Beijing Chair. Tracy's over thirty-year career included overseeing Kamsky Associates' China operations as President of KAI and Managing Director and postgraduate study at Renmin and Wuhan Universities.

Chinese investments overseen by Tracy have included a \$30 million joint venture chemicals manufacturing facility in Shanghai, a \$50 million wholly foreign owned enterprise (WFOE) based in Guangzhou. This joint venture with the People's Bank of China in Beijing involves issues of high national priority to China, including a cooperative aviation venture based out of Zhuhai, near Macau.

**Mark Vaile:** Mr Vaile is the former Deputy Prime Minister of Australia and former leader of the National Party. He brings a wealth of experience in the global commerce environment, including that of Trade Minister involved in negotiating the US-Australia Free Trade Agreement (FTA), the then proposed Australia-China FTA, as well as similar agreements with trading partners Singapore, Thailand and Malaysia.

**Bryan Carr:** Mr Carr has significant experience in the information technology sector and its application to the transport industry.

In accordance with the Company's legal obligations and Recommendation 4.2 of the ASX Recommendations, the MD and Group Financial Controller have made the following certifications to the Board in relation to the Financial Statements for each financial period in 2017:

- The financial statements and associated notes comply in all material respects with the Accounting Standards as required by Section 296 of the Corporations Act 2001, Corporations Regulations, International Reporting Standards and other mandatory professional reporting requirements;
- The financial statements and associated notes give a true and fair view, in all material respects, of the financial position and performance of the Company for the period as required by Section 297 of the Corporations Act 2001;
- The financial records of the company have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
- The integrity of the financial statements are founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the board of directors;
- The risk management and internal compliance and control systems of the Company relating to financial reporting objectives are operating effectively, in all material respects; and
- Subsequent to the end of the financial period, no changes or other matters have arisen that would have a material effect on the operation of risk management and internal compliance and control systems of the Company.

Additionally the MD and Group Financial Controller are responsible for the identification, assessment, management and reporting of material business risks to the Risk Committee and the SmartTrans Board.

## Principle 5: Make timely and balance disclosure

The Company is committed to complying with its continuous disclosure obligations under the ASX Listing Rules and Corporations Act and to ensuring that its shareholders are kept well-informed of all major developments affecting the Company's state of affairs, in order to promote transparency and investor confidence.

SmartTrans has adopted a Continuous Disclosure and Shareholder Communication Policy and it incorporates the continuous disclosure framework as set out in the ASX Listing Rules Chapter 3, as well as ASX Listing Rules Guidance Note 8. This policy is available on the Group's website.

The Continuous Disclosure Policy and Shareholder Communication Policy creates a framework for compliance with relevant disclosure obligations and establishes the accountability of the Board for achieving compliance. More specifically, the policy:

- Explains the Company's obligations under ASX Listing Rule 3.1 and the Corporations Act;
- Establishes internal processes for reporting of information considered to be potentially price-sensitive and for consideration of information reported by the Board;
- Establishes processes for the disclosure of price sensitive information, taking into account the clarification provided by ASX Guidance Note 8;
- Establishes internal processes for briefing of analysts, investor and media groups, responding to market speculation, leaks and rumours and calling trading halts where appropriate to avoid trading occurring in an uninformed market; and
- Outlines authorisation procedures for ASX announcements.

The Continuous Disclosure Policy includes policies on Shareholder Communication as follows:

- Communication of information;
- Analysts and institutional investors;
- Analyst reports;
- Inadvertent disclosure or mistaken non-disclosure;
- Media relations and public statements;
- Reports to shareholders;
- SmartTrans website;
- Use of electronic communication and other technology;
- General meetings;
- Notices of meetings;
- Auditor to attend AGM; and
- Shareholder privacy.

## Principle 6: Respect the rights of security holders

The Board aims to ensure that its shareholders are kept well-informed of all major developments and business events that are likely to materially affect the Company's operations and financial standing, and the market price of its securities. Information is communicated to shareholders through:

- The engagement of a consultant Investor Relations Manager;
- The Company's website under the Investor Information and Home tabs;
- Annual and half year financial reports lodged with the ASX and made available to all shareholders;
- Announcement of market-sensitive and other information, including annual and half year results announcements and analyst presentations released to the ASX; and
- The Chair and MD's addresses to, and the results of, the Annual General Meeting.

The Company's website contains a large amount of information for investors and this is primarily contained in the 'Home', 'About' and 'Reporting' tabs.

The following information for investors is located under these tabs:

- ASX releases;
- Shareholder reports;
- Media articles;
- Presentations;
- Directors details; and
- Corporate Governance information – including Charters and Policies.

The website has provision for electronic contact to be made with the Company.

The Company has a Continuous Disclosure and Shareholder Communication Policy that includes a formal procedure for dealing with potentially price-sensitive information. The policy sets out how the Company meets its disclosure obligations under ASX Listing Rule 3.1. The Company's policy is to lodge with the ASX and place on its website all market-sensitive information, including annual and half year result announcements and analyst presentations, as soon as practically possible.

The Company produces two sets of financial information each financial year: the half year financial report for the six months ended 31 December and the annual financial report for the year ended 30 June. Both are made available to shareholders and other interested parties.

Shareholders have the right, and are encouraged, to attend the Company's Annual General Meeting, held in October/November each year, and are provided with explanatory notes on the resolutions proposed through the notice of meeting. A copy of the notice of meeting is also posted on the Company website and lodged with the ASX.

In addition, a document is enclosed with the notice of meeting to invite shareholders to submit questions of the board, auditors or management, which are addressed at the Annual General Meeting.

Shareholders are encouraged to vote on all resolutions and unless specifically stated otherwise in the notice of meeting, all shareholders are eligible to vote on all resolutions. Shareholders who cannot attend the Annual General Meeting may lodge a proxy in accordance with the Corporations Act. Proxy forms may be lodged with the share registry by mail, hand delivery, facsimile or electronically.

Transcripts of the Chair and MD's reports to shareholders are also released to the ASX upon the commencement of the Annual General Meeting. These transcripts, together with the results of the meeting are also posted on the Company's website and the ASX.

The Company has developed, in consultation with an Investor Relations consultant, a program for appropriate engagement with investors, analysts and brokers. This plan will continue to evolve with the strategy of the group.

The Company's Disclosure and Shareholder Communication Policy outlines the processes to be followed by the Company to ensure communication with shareholders and the investment community is effective, consistent and adheres to the principles of continuous disclosure. The policy also outlines requirements for communications with analysts and investors to ensure that the communications are effective and comply with the Company's continuous disclosure obligations.

All shareholders are provided the option to receive communications from the Company and the share registry electronically and are encouraged to do so, with election documentation included in regular mail outs to shareholders.

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

The Board is responsible for ensuring that sound risk management framework and policies are in place. The Board has delegated to the Audit, Risk and Finance Committee the responsibility for identifying and overseeing major risks and ensuring that systems are in place to manage them.

In addition, the Audit, Risk and Finance Committee:

- Identifies and assesses the Company's material business risks;
- Regularly reviews and updates the Company's risk profile; and
- Oversees the risk management policies and systems.

The Audit, Risk and Finance Committee's current membership and the independence of the members are set out earlier in this Corporate Governance Statement. Details of Audit and Risk Committee meetings and attendance by each Committee member are outlined earlier in this statement and in the Directors Report contained in the Annual Report.

The Company's risk management framework is integrated with its day-to-day business processes and functional responsibilities.

A review of the Company's risk management framework was not carried out during the year ended 30 June 2017. The committee intends to undertake this review during the FY18 year.

#### **(a) Internal Audit**

The Company does not have an internal audit function as the board considers the Company not of the size to warrant such a function. Risk is monitored and managed by reporting to the Audit, Risk and Finance Committee.

#### **(b) Economic, environmental and social sustainability risks**

In accordance with Recommendation 7.4, the Audit and Risk Committee has considered whether the group has any material exposure to economic, environmental and social sustainability risks. Economic, environment and social sustainability are not considered key risks at this time.

### **Principle 8: Remunerate fairly and responsibly**

The Board has established a Remuneration and Nomination Committee, which in accordance with its Charter (available on the Company's website), is responsible for reviewing and making recommendations to the Board in respect of:

- For personal use only
- Executive remuneration;
  - Executive incentive plans;
  - Remuneration of the Company's key management personnel;
  - Equity based incentive plans;
  - Recruitment, retention, performance measurement and termination policies and procedures for non-executive directors, the MD and any other executive director and all senior executives reporting directly to the MD; and
  - The disclosure of remuneration in the Company's Annual Report.

The current membership of the Remuneration and Nomination Committee and the independence of the member's are set out earlier in this Corporate Governance Statement. Details of Remuneration and Nomination Committee meetings and attendance by each Committee member are outlined earlier in the Corporate Governance Statement and in the Directors Report contained in the Annual Report.

The Company distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives.

SmartTrans policy is to reward executives with a combination of fixed, performance-based and equity-based incentives.

Non-executive directors receive Board fees that are set having regard to the responsibilities and risks of the role and market competitiveness. To create alignment between non-executive directors and shareholders, non-executive directors are encouraged to hold SMA securities.

For details of the Company's remuneration structure, please refer to the Remuneration Report in the Company's Annual Report.

The use of derivatives or other hedging arrangements for securities of the company is prohibited. This is outlined in the Company's Securities Trading Policy available on the Company's website and discussed at 3(b) above.

**This Corporate Governance Statement was approved by a resolution of the Board on 29 September 2017.**