

5G NETWORKS LIMITED

Corporate Governance Statement

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
<p>Recommendation 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.</p>	YES	<p>The Company has adopted a Board Charter that sets out the roles and responsibilities of the Board and management.</p> <p>A copy of the Board Charter is available on the Company's website www.5gnetworks.com.au.</p>
<p>Recommendation 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 relevant to a decision on whether or not to elect or re-elect a director.</p>	YES	<p>(a) The Company has guidelines for the appointment and selection of the Board. The Company's Nomination and Remuneration Committee Charter requires the Committee to ensure appropriate checks (including checks in respect of character, experience, education and criminal record) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a director.</p> <p>(b) Under the Nomination and Remuneration Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p> <p>A copy of the Nomination and Remuneration Committee Charter is available on the Company's website www.5gnetworks.com.au.</p>
<p>Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	<p>The Company has had written agreements with each of its Directors and senior executives setting out the terms of their appointment.</p>
<p>Recommendation 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.</p>	YES	<p>Under the Board Charter the Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.</p>

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<p>Recommendation 1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>	NO	<p>The Company currently has a small Board of 3 directors and a small management team.</p> <p>The Board will consider adopting and implementing a diversity policy when it considers that it has the resources to do so effectively.</p>
<p>Recommendation 1.6 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>	WILL COMPLY	<p>The Charter of the Nomination and Remuneration Committee requires the Committee to establish procedures for evaluating and rating the performance of Board members.</p> <p>This requirement has not yet been implemented.</p>
<p>Recommendation 1.7 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>	WILL COMPLY	<p>The Charter of the Nomination and Remuneration Committee requires the Committee to establish procedures for evaluating and rating the performance of senior executives.</p> <p>This requirement has not yet been implemented.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 2: Structure the board to add value		
<p>Recommendation 2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	PARTLY	<p>The Board has established a Nomination and Remuneration Committee.</p> <p>The Committee is currently comprised of 2 members the Independent Chairman Mr Albert Cheok and an Independent Non-executive director Mr Joe Gangi.</p> <p>As the size of the Board increases the Board will consider appointing a third member to the Committee.</p> <p>The Charter of the Nomination and Remuneration Committee permits the Managing Director to attend Committee meetings in an advisory, non-voting capacity.</p>
<p>Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	NO	<p>The Board will consider developing and adopting a skills and diversity matrix when it considers that it has the resources to do so effectively.</p>
<p>Recommendation 2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	YES	<p>Each of:</p> <ul style="list-style-type: none"> • The Chairman, Mr Albert Cheok; and • Mr Joe Gangi <p>is considered by the Board to be an independent director.</p> <p>Neither of these 2 directors has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition).</p> <p>Mr Cheok and Mr Gangi were appointed as directors on 29 June 2017.</p>
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors.</p>	YES	<p>2 of the 3 Directors are independent directors.</p>
<p>Recommendation 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.</p>	YES	<p>The Chairman, Mr Albert Cheok is an independent Director and is not the CEO/Managing Director.</p>
<p>Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	NO	<p>The Board will consider developing and implementing a program for inducting new directors and providing appropriate professional development opportunities for continuing directors when it considers that it has the resources to do so effectively.</p>

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Principle 3: Act ethically and responsibly		
Recommendation 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.	YES	The Company's Code of Conduct applies to the Company's Directors, senior executives and employees. A copy of the Code of Conduct is available on the Company's website www.5gnetworks.com.au .
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	PARTLY	The Board has established an Audit and Risk Committee. The Committee is currently comprised of 2 members the Independent Chairman Mr Albert Cheok and an Independent Non-executive director Mr Joe Gangi. Mr Gangi is the Chairman of the Audit and Risk Committee. He is a chemical engineer by training but has held senior leadership positions in a number of substantial companies and holds an MBA from RMIT/Aarhus School of Business in Denmark and has completed the Executive Program for Growing Companies at Stanford University, USA. Mr Cheok has a first class honours degree in Economics from the University of Adelaide and is a Fellow of the Certified Public Accountants Australia. As the size of the Board increases the Board will consider appointing a third member to the Committee. A copy of the Audit and Risk Committee Charter is available on the Company's website www.5gnetworks.com.au .
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate 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.	WILL COMPLY	
Recommendation 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.	WILL COMPLY	The Auditor will attend the Annual General Meeting.

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Principle 5: Make timely and balanced disclosure		
Recommendation 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.	YES	The Board has adopted a Continuous Disclosure Policy. A copy of the Continuous Disclosure Policy is available on the Company's website www.5gnetworks.com.au .
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available on the Company's website www.5gnetworks.com.au .
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	NO	The Board will consider developing and implementing a Shareholder Communications Strategy when it considers that it has the resources to do so effectively.
Recommendation 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.	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the dispatch of any notice of meeting to shareholders, the Company Secretary will send out material stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 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.	WILL COMPLY	The Company will give security holders the ability to register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	PARTLY	The Board has established an Audit and Risk Committee. The Committee is currently comprised of 2 members the Independent Chairman Mr Albert Cheok and an Independent Non-executive director Mr Joe Gangi. As the size of the Board increases the Board will consider appointing a third member to the Committee. A copy of the Audit and Risk Committee Charter is available on the Company's website www.5gnetworks.com.au .

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<p>Recommendation 7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	WILL COMPLY	The Charter of the Audit and Risk Committee requires the Committee to review the Company's risk management framework with management at least annually.
<p>Recommendation 7.3 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>	WILL COMPLY	The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function.
<p>Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	WILL COMPLY	The Company has no material exposure to economic, environmental and social sustainability risks.
Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a 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>	PARTLY	<p>The Board has established a Nomination and Remuneration Committee.</p> <p>The Committee is currently comprised of 2 members the Independent Chairman Mr Albert Cheok and an Independent Non-executive director Mr Joe Gangi.</p> <p>As the size of the Board increases the Board will consider appointing a third member to the Committee.</p> <p>The Charter of the Nomination and Remuneration Committee permits the Managing Director to attend Committee meetings in an advisory, non-voting capacity.</p> <p>A copy of the Audit and Risk Committee Charter is available on the Company's website www.5gnetworks.com.au.</p>
<p>Recommendation 8.2 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>	WILL COMPLY	<p>The Company's policies and practices will be disclosed in the Remuneration report contained in its annual report.</p> <p>The Board will ensure that the different roles and responsibilities of non-executive Directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>

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<p>Recommendation 8.3 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>	NO	<p>The Company has an equity-based remuneration scheme (the Executive and Director Share Option Scheme).</p> <p>The nature of the scheme is such that a policy on whether participants are permitted to enter transactions to limit risk is not appropriate, as there is no economic risk involved in participating in the Executive and Director Share Option Scheme.</p>