

**A1 INVESTMENTS & RESOURCES
CORPORATE GOVERNANCE
2017 CORPORATE GOVERNANCE STATEMENT**

INTRODUCTION

The 2017 ASX Corporate Governance Statement of A1 Investment & Resources Limited (“A1” or “the Company” or “the A1 Group”).

A key to A1’s compliance with the Corporate Governance Council’s Principles and Recommendations is set out below:

- [Appendix 4G](#) (each year and filed with the final annual accounts of the Company in each year)
- Annual Corporate Governance Statement
- Constitution and charters

POLICIES

A1 has implemented a number of policies and procedures to support its commitment to conducting the Company’s business ethically and in a way that is open and accountable to shareholders and the marketplace.

- A1 [Code of Conduct](#) 2016
- A1 [Continuous Disclosure Policy](#) 2016
- A1 [Risk Management Policy](#) 2016
- A1 [Accounting Standards](#) 2016

OVERVIEW

Corporate governance is central to A1’s (the Company or A1 Group) approach to the enhancement of shareholder value and the protection of shareholders’ funds.

The A1 Group is committed to ensuring that its policies and practices in the critical areas of financial reporting, remuneration reporting and corporate governance meet high levels of disclosure and compliance.

A1 INVESTMENTS & RESOURCES
CORPORATE GOVERNANCE STATEMENT

The Company requires that all directors, senior executives and employees act ethically and responsibly at all times.

COMPLIANCE WITH GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

Throughout the financial year ended 30 June 2017, and as at the date of this statement, the Board has endorsed the recommendations contained in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd edition) (ASX Principles).

The Board has reviewed the Company's corporate governance policies and practices and considers that they comply with the ASX Principles, with a general proviso that some of the Principles have not been strictly adopted and had to be deferred because of the size of the Company.

WEBSITE

Our ASX Appendix 4G, which is a check list cross-referencing the ASX Principles to the relevant disclosures in this corporate governance statement (Statement) and the 2017 Annual Report, may be accessed at www.a1investments.com.au (website).

This statement, our ASX Appendix 4G and the 2017 Annual Report (Annual Report) have each been lodged with the ASX.

Details of the A1 Group's corporate governance practices, including its charters, policies and codes of conduct, are also available on the Company's website.

GOVERNANCE FRAMEWORK

The Company is governed by a board of directors (Board) each of whom is elected by the Company's shareholders.

The Board is accountable to shareholders for the strategic direction of the Company and value-creation for shareholders.

The Board delegates implementation of its strategy to the A1 Group management within a formal delegation framework; it remains ultimately responsible for corporate governance and the activities of the Company.

The Board has not established any committees on the basis the Company is a relatively small company at this time but the Board acknowledges that the activities of committees usually formed in other and larger companies must be undertaken by the current Board.

The Board has indicated its commitment to the establishment of an Audit, Risk Management and Compliance Committee (ARMCC) and a People Policy Committee when the size of the Company can justify such committees. In the meantime the traditional functions of these committees will be undertaken by the Board. The Board has also noted that further committees would be established in the future such as a Nomination Committee to consider new possible directors and a Sustainability Committee.

- make recommendations to the Board in relation to the appointment and the terms of appointment of the Senior Group Executives, developing and maintaining succession plans, and evaluating the performance of key executives;
- keeping the Board and market fully informed about material continuous disclosure; and
- managing the day-to-day operations in accordance with standards for social, ethical and environmental practices.

Further details of the roles and responsibilities of the MD are outlined in the Board charter, which is available on the Company's website.

The MD and each senior executive has a written contract with the Company, setting out the terms and conditions of his/her appointment, including remuneration entitlements and performance requirements.

The importance of a clear relationship between management performance and the assessment of remuneration is reflected in our approach to evaluating management performance.

The following process for senior management performance evaluation was completed during the last reporting period:

- the performance evaluation of the MD was carried out by the Chairperson, in consultation with the remaining members of the Board; and
- the MD is primarily responsible for the remuneration and performance evaluation of members of the Group including the other Executive directors of the Company.

BOARD STRUCTURE

The Board Charter recommends a Board composed of a majority of independent non-executive directors but recognises that the size of A1 does not readily permit such a structure at this time. The Board aims to have directors who, with the MD, have an appropriate mix of skills to provide the necessary breadth, depth of knowledge and experience to meet the Board's responsibilities and objectives. The Board also reviews potential candidates for Board appointment and assesses retiring directors standing for re-election, considering a number of factors including but not limited to:

- skills, experience, expertise, personal qualities and attributes that will best complement the skill set and characteristics of existing directors and enhance Board effectiveness;
- diversity (in its broadest sense) of Board composition;
- the capability to devote the necessary time and commitment to the role; and
- potential conflicts of interest and independence.

The Board also undertakes appropriate checks of any potential candidates before a person is appointed by the Board or put forward to shareholders as a candidate for election as a director. In its recommendation to shareholders in relation to the election or re-election of a director, the notice of meeting for an Annual General Meeting (AGM) sets out material information that would be relevant to the shareholder's decision.

The Board recognises that having a range of different skills, backgrounds and experience represented among its directors is important to ensuring robust decision-making and the effective governance of the A1 Group.

DIRECTOR TENURE, ELECTION AND APPOINTMENT

Under the ASX Listing Rules, no director (other than the MD) may hold office without re-election past the third AGM following their appointment, or three years, whichever is longer. A director appointed as an addition to the Board must not hold office without re-election past the next AGM of the company. The A1 Board Charter provides that all directors including the MD must be elected by the shareholders.

Where necessary for the orderly management of directors' retirement in accordance with the Board Charter, the Board may determine that the maximum term of service for a particular non-executive director should be a shorter period. Any such determination of the Board will be reflected in its recommendation to shareholders in relation to the re-election of that director.

The Board may also approve a longer term of service for a particular non-executive director where it considers that would benefit the Company.

In circumstances where a person is appointed as Chairperson while already serving as a non-executive director, it is the Board's expectation that the Chairperson will serve in that capacity for a period of about five years. Accordingly, the maximum term of service of that person as a non-executive director may need to be extended to a period sufficient to accommodate that expectation.

In accordance with the Company's Constitution and the ASX Listing Rules, at each AGM of the Company, there must be an election of directors.

Eligible directors who retire may offer themselves for re-election by shareholders at the next AGM. Directors are invited to make a short presentation to shareholders at the relevant AGM in support of their candidacy for election or re-election.

Since the last AGM no new directors were appointed to the Board.

Charlie Nakamura was appointed as MD in FY16 and was elected to the Board by shareholders at the 2015 AGM.

In accordance with current Board Charter Mr Ogawa is due by rotation to be re-elected and has offered himself for re-election at the 2017 AGM.

INDEPENDENCE OF DIRECTORS

The Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the director's 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 generally.

Any director who considers that they may have a conflict of interest or a material personal interest in any matter concerning the Company is required to declare immediately this potential conflict of interest for Board review.

The Board regularly reviews the independence of each non-executive director in light of the relevant information disclosed to the Board. The current Board only has one independent director, Mr Hiro Ogawa who by virtue of his position in Japan was deemed not independent in considering management and corporate issues surrounding the business and affairs of A1 Japan and Great Voyages during the FY 2016. It was acknowledged by the other members of the Board that Mr Ogawa had no financial interest in A1 Japan but he was involved in the management and the overall supervision of the businesses in Japan. Before the end of the FY2017 the Company fully disposed of A1 Japan and its subsidiaries.

An assessment of the independence of each director was completed during August 2017. Although Mr Ogawa had no further interest in administering or overseeing A1 Japan the Board collectively determined that no directors were considered by the Board to be independent.

The details of each existing Board member is set out in the Annual Report.

DIRECTORS' INDEPENDENT ADVICE

The directors, the Board and Board Committees (if any) are entitled to seek external professional advice, as considered necessary, at the Company's expense. If appropriate, advice may be made available to all directors.

PERFORMANCE EVALUATION

The Chairperson is responsible for monitoring the contribution of individual directors. The Chairperson of the Board, is responsible for the process for evaluating the performance of the directors, Board Committees (if any) and the Board as a whole.

The Board did not engage any external adviser to review the performance of the Board as a whole, , individual directors, or the Chairperson in the FY 2017.

There is also a process of formal performance evaluation of the senior executives that occurs on an annual basis. During the reporting period, the performance of the senior executives was reviewed.

DIRECTOR INDUCTION AND DEVELOPMENT

The Company provides a letter of appointment to all directors, which sets out the Company's expectations, their duties, reporting line (if applicable) the terms and conditions of their appointment, remuneration and forms part of the program of induction for directors.

Directors also participate in informal induction and training programs. The Company Secretary oversees and reviews the director induction process.

The Company Secretary supports directors by providing access to information in appropriate form, including procedures to cover additional requests of management and provision of independent professional advice, where requested.

COMPANY SECRETARY

Peter Ashcroft is the Company Secretary and the Executive Chairperson of the Company. All directors have access to the services and advice of the Company Secretary. Details of the skills, experience and expertise of the Company Secretary are set out in the Annual Report.

Peter Ashcroft in his capacity as Company Secretary is accountable directly to the Board, on all matters to do with the proper functioning of the Board and Board Committees (if any).

AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The Audit, Risk Management and Compliance Committee's (ARMCC) role is to provide advice and assistance to the Board in relation to the governance framework of the Company, including in relation to its risk management and internal control systems, compliance policies and systems, accounting policies and practices, internal and external audit functions, as well as the financial reporting of the A1 Group. The roles and responsibilities as set out herein for the ARMCC is undertaken by the Board at this time due to the small size of the Company.

AUTHORITY

The ARMCC:

- will have unrestricted access to the A1's Group's senior management and Company records as required;
- is authorised to meet with external or internal auditors without any other member of management being present, as the ARMCC deems appropriate; and
- is authorised to obtain any independent legal or other professional advice that it considers necessary to execute its functions.

MEMBERSHIP, CHARTER AND RESPONSIBILITIES

The ARMCC must comprise a minimum of three directors. The Board Charter provides that as the Company grows and there are more independent directors appointed to the Board ARMCC will comprise the ARMCC which should have an independent non-executive director who is not the Chairperson of the Board.

All members of the ARMCC are required to have appropriate business expertise and be financially literate. At least one member is required to have relevant financial qualifications and experience, as determined by the Board.

The responsibilities, objectives, composition and operation of the ARMCC are set out in the ARMCC Charter which is available on the Company's website.

AUDITOR APPOINTMENT AND SUPERVISION

The ARMCC has responsibilities in relation to the appointment, co-ordination and supervision of the external auditor and internal audit. The Board of A1 has delegated this responsibility to Peter Ashcroft in his capacity as Chairperson and Company Secretary. The ARMCC Charter sets out the framework in relation to its risk management and internal control systems, compliance policies and systems,

structure, accounting policies and practices, internal and external audit functions, as well as the financial reporting. Hall Chadwick is the Company's external auditor.

The ARMCC makes recommendations to the Board as to the selection, appointment, re-appointment or replacement of the external auditor. The external audit appointment is formally reviewed every three years and performance reviewed annually.

The ARMCC has not set any nominal "cap" on the level of non-audit services to be performed by the external auditor, as it considers that this may restrict the ability of the Company to access the best advisers for the particular task. The Board appointed Hall Chadwick as external auditor at the 2015 AGM.

Mr Drew Townsend was the lead audit partner for Hall Chadwick in the company's audit for FY17.

Hall Chadwick has provided the required independence declaration to the Board for the financial year ended 30 June 2017. The independence declaration forms part of the directors' report and is provided in the Annual Report.

The external auditor attends AGMs and is available to answer questions from shareholders. Details of the non-audit services provided by the external auditor over the reporting period are included in the Financial Statements located in the Annual Report.

Further details regarding the responsibilities of the ARMCC are set out in the ARMCC charter which is available on the Company's website.

INTERNAL AUDIT

A1 has no internal audit function at this time.

RISK MANAGEMENT FRAMEWORK AND POLICY

Despite the small size of the A1 Group it is a complex business and is exposed to a range of strategic, financial, operational and sustainability related risks that are inherent in operating, within Australia, including food, property, farming and general investment operations.

A more detailed coverage of material business risks is provided in the Annual Report.

The company's decision to divest its business in Japan known as A1 Japan (and Great Voyage) in FY 2016 arose from an acknowledgment by the Board of the difficulties in managing the operational risks in Japan and the costs of administering the business including the cost of a corporate governance and risk management in Japan.

A1 has a sound system of risk management and internal control which, together with the governance structure, is designed to ensure that the material risks of conducting business are effectively managed.

The Risk Management Framework has regard to relevant regulations, standards and guidelines including the ASX

Principles and the Australian/new Zealand standard AS/NZS ISO 31000:2009 *Risk Management – Principles and guidelines*.

The Risk Management Policy was reviewed in FY17 by management and formally approved by the ARMCC.

The policy reflects the overall philosophy of the Company's approach to risk management, and the roles and responsibilities for risk management within the Company.

The Enterprise Risk Management Framework is reviewed annually. This Framework details the approach for managing risk based on a clear set of minimum standards aligned to good practice and governance for risk based on the three lines of defence model with clear accountabilities articulated for the Board, management and trading businesses.

Risk management at the A1 Group is a coordinated and disclosed approach for:

- identification, assessment and management of risks impacting the success of strategic objectives and operating plans;
- provision of forward looking risk performance measurement to monitor and act on risk indicators;
- continually raising risk awareness in the business to consider risk and its impact on business; and
- considering risk in key business forums and decisions, and as part of business governance.

RISK MANAGEMENT OVERSIGHT

A principal aim of the Company's risk management governance structure and internal controls systems is to identify, evaluate and manage business risks, with a view of enhancing the value of shareholders' investments and safeguarding assets. Overall risk management oversight responsibilities under the enterprise risk management Framework and Risk Management Policy are divided between the Board, ARMCC, and management. The Risk Management Policy outlines the roles and responsibilities of each of these functions in identifying and assessing risk, and is available on the Company's website.

The Board;

- Provides oversight of risk exposures and risk taking
- Sets and communicates expectations for intelligent risk management
- Approved appetite for risk

Each business unit of the company;

- Sets business direction and resolves significant enterprise risk issues
- Provides recommendations to the MD and the Board on risk policy, frameworks, risk appetite and risk practices
- Implements enterprise risk management in the business units

A1 RISK POLICY MANAGEMENT SYSTEM

LINES OF DEFENCE

The Business
(1st Line of Defence)
Owns and manages risk

Oversight Functions
(2nd Line of Defence)
Oversees and sets the frameworks and standards

Independent Assurance
(3rd Line of Defence)
Provides independent assurance of frameworks and controls effectiveness

The Risk Management Policy is a statement of the overall approach to risk management for the Company and outlines the key principles to guide informed risk-taking and the key responsibilities for risk management.

ASSURANCES BY MANAGEMENT

The Board has received assurance from the MD, in accordance with applicable regulatory requirements, stating that, in his opinion and in all material respects;

- the financial records of the Company for the financial year have been properly maintained;
- the Financial Statements, and the notes to the Financial Statements, for the financial year comply with the relevant accounting standards;
- the Financial Statements, and the notes to the Financial Statements, for the financial year give a true and fair view of the financial position and performance of the Company and the group; and
- the assurances given above and the integrity of the Company's Financial Statements is founded on sound systems of risk management and compliance and internal control which implements, in all material respects, the policies adopted by the Board.

The Board's role in the assurances includes:

- determining the scope of risk management, compliance and internal control to be covered by the MD's assurance;
- confirming the internal control benchmark criteria.

REMUNERATION REPORT

Details of the remuneration paid to directors and key management personnel are set out in the Remuneration Report which forms part of the Directors' Report, located in the Annual Report.

BOARD APPROVAL

This Corporate Governance Statement has been approved by the Board of A1 Investments & Resources Limited. This Corporate Governance Statement is correct as at 26 June 2018.



Charlie Nakamura
Managing Director and Chief Executive
Officer



Peter Ashcroft
Executive Chairman & Company Secretary

26 June 2018

A1 Investments & Resources Limited

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CORPORATE GOVERNANCE STATEMENT
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