

# 2018 Corporate Governance Statement

We are committed to achieving best practice across the Group in all that we do, which we believe is fundamental to the long-term performance and sustainability of the Group and the delivery of our strategic objectives.

intelliHR Holdings Limited (the 'Company') and its associated entities (the 'Group'); believe corporate governance is central to its business objectives and a critical element contributing to the preservation of shareholder value.

The Board has adopted a suite of charters and key corporate governance documents which define the policies and procedures followed by the Group. These documents can be found in the Governance section of the Group's website and reviewed regularly to address changes in governance practices and the law.

The Group's Corporate Governance Statement references the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (3rd Edition) (the "Principles").

The Principles are outlined on the following pages, with the corresponding section of this Corporate Governance Statement addressing the Group's practices.

This statement provides an outline of the main corporate governance policies and practices the Group had in place during FY18 and how the Group's framework aligns with the Principles (unless otherwise noted).

This statement has been approved by the Board of Directors of the Group and the information contained herein is correct as of 29 August 2018.

You can find further information on the structure of our business, our board and management team along with our policies and practices on our website.

## Website Links:

### Company information

[www.intellihr.com.au/company/our-story](http://www.intellihr.com.au/company/our-story)

### Corporate governance

[www.intellihr.com.au/investor-relations/#corporate-governance](http://www.intellihr.com.au/investor-relations/#corporate-governance)

## Recommendations

## Compliance with recommendations

### Principle 1 – Lay solid foundations for management and oversight

#### 1.1 Role of Board and management

The Board has established a clear distinction between the functions and responsibilities reserved for the Board and those delegated to management, which are set out in the Group's Corporate Governance Charter (Charter). The Charter also provides an overview of the roles of the Chairman, Directors and Executives.

✓

A copy of the Charter is available in the Governance section of the Group's website.

#### 1.2 Information regarding election or re-election of Director candidates

The Group carefully considers the character, experience, education, skill set as well as interests and associations of potential candidates for appointment to the Board and conducts appropriate checks with assistance from the Remuneration and Nomination Committees to verify the suitability of the candidate prior to their election.

✓

Comprehensive biographical information is provided to shareholders in the notice of meetings to enable them to make an informed decision on whether to elect or re-elect a Director.

The Group has appropriate procedures in place to ensure material information relevant to a decision to elect or re-elect a Director is disclosed in the Notice of Meeting provided to shareholders.

**Principle 1 – Lay solid foundations for management and oversight** (continued)

**1.3 Written contracts of appointment**

In addition to being set out in the Charter, all directors and senior executives have a written agreement which formalises the terms of their appointment. Each Director commits to a letter of appointment which specifies the term of their appointment, the envisaged time commitment, expectations and duties relating to the position, remuneration, disclosure and confidentiality obligations, insurance and indemnity entitlements, details of the Group’s corporate governance policies, and reporting lines.

✓

Each Senior Executive enters into an employment contract which sets out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements. Contract details of senior executives who are Key Management Personnel can be found on page 20 of the 2018 Annual Report.

**1.4 Company Secretary**

The Group has a board-appointed company secretary. You can view her biographical details and qualifications on page 7 of the 2018 Annual Report.

✓

The group company secretary has overall responsibility for the group secretariat function and is directly accountable to the board, through the chairman, on all matters to do with the proper functioning of the board. This includes advising the board and its committees on governance matters, coordinating board business and providing a point of reference for dealings between the board and management.

All directors have access to the advice and services of the company secretary.

**1.5 Diversity and inclusion**

The Group’s Diversity Policy is disclosed on the Group’s website and sets out its objectives and reporting practices regarding diversity.

✓

The Board continues to review and monitor the Group’s diversity profile with a view to setting meaningful targets for the advancement of diversity within the Group.

**Gender diversity statistics as at 30 June 2018 are outlined in the table below.**

Item	Men	Women
Number of total employees	23	12
Percentage of total employees	66%	34%
Number of total Board members	5	-
Percentage of Board members	100%	0%

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**Principle 1 – Lay solid foundations for management and oversight** (continued)

1.5	Diversity and inclusion (continued)	FY2018 Measure		
		Targets	Objective	Progress
		Eliminate discrimination in the workplace.	Ensure equal opportunity training is offered.	Achieved
		Support diversity, including gender diversity into leadership positions.	Ensuring recruitment and development programs aim for 50% female participation.	Achieved

**1.6 Board reviews** The Board undertakes an evaluation process in August each year to assess its performance. The assessment is conducted by the Chairman who seeks Board and Management feedback on the performance of the Board and Committees as a whole, as well as feedback on individual directors and the Group’s reporting and governance practices. The most recent evaluation was completed in August 2018. ✓

**1.7 Management reviews** The Chair of the Board is responsible for evaluating the performance of the Executive Directors. At least annually, the Board formally evaluates the performance of the Executive Directors against their previously approved KPIs. These reviews are documented. Performance reviews have been undertaken for the current reporting period. ✓

**Principle 2 – Structure the board to add value**

**2.1 Nominations committee** The Board has not established a Nomination Committee but does have a Nomination Charter. The roles and responsibilities are set out in the Group’s Nominations Charter and these are currently overseen by the full Board ×

**2.2 Board skills matrix** The skills, knowledge and experience set out in the table below have been identified as those that are required for the effective management of the Group. The Board possesses broad coverage of these skills and attributes. Further details regarding the skills and experience of each Director are included in the 2018 Annual Report on page 9 to 13. ✓

**Skills Matrix**

The skills were determined by what is considered important for the management of a publicly listed company and specific to the industry in which the Group operates.

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**Principle 2 – Structure the board to add value**

**2.2 Board skills matrix**  
(continued)

The following table sets out the experience and skills deemed necessary or desirable by the Board, in the Group’s Directors and whether they are represented on the Board. ✓

Competency	Representation of skills held by directors
<b>Strategy</b> Track record of developing and implementing a successful strategy (strategy development & strategy execution).	4 Directors
<b>Going Global</b> Senior executive or equivalent to enter into global markets/jurisdictions.	2 Directors
<b>Human Resource Management</b> Experience in Human Resource Management.	1 Director
<b>Financial Acumen</b> Senior executive or equivalent experience in financial accounting and reporting, corporate finance, risk management, and internal financial controls, including an ability to probe the adequacies of financial and risk controls. In addition, deep knowledge of generic and travel industry specific risks, and macro drivers and trends.	2 Directors
<b>Corporate Governance</b> Strong corporate governance experience with an understanding of publicly listed company obligations.	2 Directors
<b>Innovation and Technology</b> Experience in using information and technology as a core product and solution differentiator, and experience in using information and technology systems as a strategic asset to grow business.	3 Directors
<b>Capital Markets and/or Mergers and Acquisitions</b> Experience in capital markets and/or experience in identifying, implementing or executing mergers and acquisitions.	2 Directors
<b>External Communications</b> Experience in using external communications to influence other business leaders, industry peak bodies, government, and financial market and investor stakeholders.	2 Directors
<b>Executive Management</b> Experience in evaluating performance of senior management and oversee strategic human capital planning. Experience in organisational change and management programs.	3 Directors

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**Principle 2 – Structure the board to add value** (continued)

**2.3 Disclose independence and length of service**

The Group currently has a five member Board, of which three are independent Non-executive Directors. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Group and its business. ✓

Details of their individual skills and experience are set out on pages 9 and 13 of the 2018 Annual Report and on the Group’s website.

**Board composition**

Board	Audit Committee
<b>Robert Bromage</b> (Appointed 4 July 2014) Managing Director	A
<b>Anthony Bellas</b> (Appointed 16 December 2016) Independent Non-executive Chairman	M
<b>Greg Baynton</b> (Appointed 16 December 2016) Independent Non-executive	C
<b>Jamie Duffield</b> (Appointed 16 December 2016) Independent Non-executive	M
<b>Jeremy Fong</b> (Appointed 19 October 2016) Executive Director	A

**C – Chairman, M – Member, A – Attendee**

**2.4 Majority of Directors independent**

In accordance with the Board Charter which is contained within the Charter and available on the Group’s website, a Director is considered independent if the Director is independent of management and free of any business or other relationship that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgment in relation to matters concerning the Group. ✓

Three of the five Board members are considered to be independent – Anthony Bellas, Greg Baynton and Jamie Duffield. Robert Bromage and Jeremy Fong are executive directors and therefore not considered independent.

The decision as to whether a Director is independent is a decision made by the Board.

**2.5 Chair independent**

The Chairman, Anthony Bellas, is an independent non-executive Director. ✓

Further details regarding the Chairman are set out on page 9 of the 2018 Annual Report and also available on the Group’s website.

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**Recommendations**
**Compliance with recommendations**
**Principle 2 – Structure the board to add value (continued)**

- 2.6 **Induction and professional development** An induction process including appointment letters and ongoing education exists to promote early, active and relevant involvement of new members of the Board. ✓
- Directors are encouraged to undertake continuing professional development activities each year and to join appropriate professional associations in order to continually develop and enhance their respective levels of industry knowledge, technical knowledge and other skills required to discharge their role effectively.

**Principle 3 – Act ethically and responsibly**

- 3.1 **Code of conduct** The Group has a Code of Conduct for Directors, senior executives, employees, consultants and contractors, which set out the fundamental principles of business conduct expected by the Group. The Code of Conduct, as it relates to Directors, is contained within the Charter and available on the Group's website. ✓

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

- 4.1 **Audit committee** The Group has established an Audit Committee which is comprised of three Independent Non-executive Directors and is chaired by Independent Non-executive Director Greg Baynton. Further details about the membership of the Audit & Risk Management Committee, including the names and qualifications of its members, are detailed in the Annual Report. ✓
- The Audit Committee Charter is contained within the Charter and available on the Group's website, along with information on its members. The number of meetings held by the Committee and the Directors' attendance at meetings is disclosed each year in the Group's Annual Report.
- 4.2 **MD and CFO certification of financial statements** The Managing Director and Chief Financial Officer provide a statement to the Board and Audit Committee in advance of seeking approval of any financial report to the effect that the Group's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects. In accordance with the above, the Board has received a written assurance that the declaration provided under section 295A Corporations Act is based on a sound system of internal control and risk management, which is operating effectively in all respects in relation to material business risks and financial reporting. ✓
- 4.3 **External auditor attends AGM** The Group's auditor, BDO Audit Pty Ltd ('BDO') attends the AGM each year and is available to answer questions. ✓

**Principle 5 – Make timely and balanced disclosure**

- 5.1 **Disclosure policy** The Group has adopted a Continuous Disclosure Policy which sets out the processes and practices to ensure compliance with the continuous disclosure requirements under the ASX Listing Rules and the Corporations Act. A copy of the policy and guidelines are available on the Group's website. ✓

**Principle 6 – Respect the rights of security holders**

- 6.1 **Publicly available information accessible on website** The Group's website contains extensive information on the Group, its history and business activities and information relevant to investors as set out in the guidelines. ✓
- Investors may access copies of ASX announcements, notices of meeting, investor presentations and annual reports, as well as general information about the Group, on the Group's website.

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**Principle 6 – Respect the rights of security holders** (continued)

<b>6.2 Investor relations programs</b>	<p>Through its shareholder communications, the Group aims to provide information that will enable existing and potential shareholders and financial analysts to make informed decisions about the Group's value.</p> <p>The Group conducts regular market briefings including interim and full year results presentations, investor roadshows, and also attends industry conferences in order to facilitate communication with investors and other stakeholders. All presentation material is provided to the ASX prior to these events and subsequently uploaded to The Group's website ensure that all shareholders have timely access to information. The Group's website also provides important information regarding compliance and corporate governance. The Group aims to ensure that all shareholders are well informed of all major developments affecting the Group through its ongoing commitment to continuous disclosure obligations.</p>	✓
<b>6.3 Facilitate participation at meetings of security holders</b>	<p>Shareholders are encouraged to attend the Group's Annual General Meeting and to ask questions of Directors. The notice of meeting includes a process to enable shareholders to submit questions to the Board and the Group's auditor prior to the meeting.</p>	✓
<b>6.4 Facilitate electronic communication</b>	<p>The Group provides its investors the option to receive communications from, and send communications to, the Group and the share registry electronically.</p>	✓

**Principle 7 - Recognise and manage risk**

<b>7.1 Risk committee</b>	<p>Due to the size and nature of the Group, the Board had not established a separate Risk Committee. Currently the full Board performs this role. However, a Risk Committee has been established for FY 2019.</p> <p>The Charter for the Audit &amp; Risk Management Committee is included on the Company's website.</p> <p>The Board is responsible for ensuring that adequate policies in relation to risk management, compliance and internal controls are in place.</p> <p>The Group's Risk Management Policy in place during the reporting period is on the Company's website.</p>	x
<b>7.2 Annual risk review</b>	<p>The Board is responsible for the oversight and management of risk, including the identification of material business risks on an ongoing basis.</p> <p>A review of material business risks has been conducted in the current period, which concluded that controls over risk management processes were adequate and effective.</p>	✓
<b>7.3 Internal audit</b>	<p>The Group does not have a formal internal audit function. To ensure compliance with the Group's published policies and procedures and its legal and regulatory obligations, the Group continually review and refine processes and policies to enhance the effectiveness of the Group's internal controls. Any identified control and process issues are formally reported to the Audit Committee and formalised action plans are put in place to address the issues.</p>	✓

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**Principle 7 - Recognise and manage risk (continued)**

<b>7.4 Sustainability risks</b>	<p>The Group has determined there is a level of exposure to economic risk and the impact of economic conditions upon the Group may be either specific, or of a more general nature. Economic downturns may have an adverse impact on the Group's operating performance as a result of reduced spending on human resource management programs.</p> <p>The Group continues to actively monitor and manage all perceived economic risks to the business through monitoring the financial, economic and industry data available to the Company from internal and external sources.</p> <p>For further information relating to the Group's exposure to various financial risks, with explanations as to how this impacts the Group please refer to the Notes to the Consolidated Financial Statements: Risk section located on page 63 of the 2018 Annual Report.</p> <p>The Directors advise the Group have no material exposure to environmental or social sustainability risks.</p>	✓
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**Principle 8 - Remunerate fairly and responsibly**

<b>8.1 Remuneration committee</b>	<p>The Board has not established a separate Remuneration Committee. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing such a committee. The role of the Remuneration Committee is carried out by the full Board with any members interested in the matters being discussed excusing themselves from the discussion.</p>	✗
<b>8.2 Disclosure of Executive and Non-Executive Director remuneration policy</b>	<p>The Group seeks to attract and retain high performing Directors and Executives with appropriate skills, qualification's and experience to add value to the Group and fulfil the roles and responsibilities required. Further details of the Group's remuneration methodologies are set out on pages 16 to 17 of the 2018 Annual Report.</p> <p>Executive remuneration is to reflect performance and accordingly, remuneration is structured with a fixed component and performance-based component. Non-Executive Directors are paid fixed fees for their services in accordance with the Group's Constitution. Fees paid are a composite fee (covering all Board and Committee responsibilities) and any contributions by the Group to a fund for the purposes of superannuation benefits for a Director. No other retirement benefits schemes are in place in respect to Non-Executive Directors.</p> <p>The Group provides long term incentives to executives via its Employee Share Option Plan. The Plan is designed to focus executives on delivering long-term shareholder returns. Under the Plan, participants will be able to exercise their options subject to market vesting conditions being satisfied.</p>	✓

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**Principle 8 - Remunerate fairly and responsibly** (continued)

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| <p><b>8.2 Disclosure of Executive and Non-Executive Director remuneration policy</b><br/>(continued)</p> | <p>Participation in the Plans are at the Board's absolute discretion and no individual has a contractual right to participate in the Plans.</p> <p>Further details regarding remuneration and share retention policies and the remuneration of Executive and Non-Executive Directors, are set out on pages 14 to 24 of the 2018 Annual Report and detailed in the Securities Trading Policy available from the Group's website.</p>  |
| <p><b>8.3 Policy on hedging equity incentive schemes</b></p>   | <p>Details of the Group's Employee Share Option Plan are set out in the Remuneration Report which can be found on page 21 of the 2018 Annual Report. ✓</p> <p>The Group's Employee Share Option Plan prohibits transactions which conflict with the Group's Securities Trading Policy (which prohibits Directors and executives from entering into margin lending arrangements or short-term dealings trading in relation to company securities). A copy of the Securities Trading Policy is available on the Group's website.</p> |

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