

Corporate Governance Statement John Bridgeman Limited

1 Definition

In this document:

ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Board	means the board of John Bridgeman Limited.
Chair	means the Director of John Bridgeman Limited appointed as the chair of the Board from time to time.
CFO	means the chief financial officer or equivalent officer (by whatever title known) of John Bridgeman Limited.
Company Secretary	means the person appointed company secretary of John Bridgeman Limited.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of John Bridgeman Limited.
John Bridgeman Limited	means John Bridgeman Limited ACN 603 477 185.
Group	means John Bridgeman Limited and its controlled entities.
Listing Rules	means the listing rules of NSX.
Managing Director/CEO	means the managing director (or if there is no managing director, the CEO) or equivalent officer (by whatever title known) of John Bridgeman Limited.
NSX	means National Stock Exchange of Australia Limited ABN 11 000 902 063 or the securities exchange operated by it (as the case requires)
Shareholders	means Shareholders of John Bridgeman Limited.

2 Introduction

John Bridgeman Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Although the company is not listed on ASX, the Board has taken the view that the company should, to the extent possible and relevant, comply with the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (Recommendations). This Corporate Governance Statement summarises the main corporate policies of the company and outlines the extent to which the company's corporate governance policies and practices are consistent with the Recommendations.

The Directors monitor the business affairs of John Bridgeman Limited on behalf of Shareholders and have adopted this Corporate Governance Statement to encourage Directors to focus their attention on accountability, risk management and ethical conduct. A description of the Group's main corporate governance practices is set out below. The Board regularly reviews the framework and practices to ensure they meet the interests of Shareholders.

3 Responsibility

The Board is responsible for the corporate governance of John Bridgeman Limited. The Board develops strategies for the Group, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance process are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Group's conduct and activities;
and
- (c) ensure compliance with the Group's legal and regulatory objectives. Consistent with these goals, the Board assumes the following responsibilities:
 - (i) developing initiatives for profit and asset growth;
 - (ii) reviewing the corporate, commercial and financial performance of the Group on a regular basis;
 - (iii) acting on behalf of, and being accountable to, the Shareholders;
and
 - (iv) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

John Bridgeman Limited is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

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

The relationship between the Board and senior management is critical to the Group's long-term success. The directors are responsible to the Shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of Shareholders and other key stakeholders and to ensure the Group is properly managed.

The responsibilities of the Board include:

- providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring:
 - organisational performance and the achievement of the Group's strategic goals and objectives; and
 - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;
- monitoring financial performance including approval of the annual and half year financial reports and liaison with the Group's auditors;
- appointment, performance assessment and, if necessary, removal of key executives;
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the CFO and the Company Secretary;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;
- overseeing the operation of the Group's system for compliance and risk management reporting to Shareholders; and
- ensuring appropriate resources are available to senior management.

The terms and conditions of the appointment and retirement of directors are set out in a letter of appointment.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the

Managing Director/CEO and senior executives. These delegations are reviewed on an annual basis.

The Group has developed a process for annual appraisal of senior executives measuring performance, including contribution to the overall success of the business. The appraisal is designed to measure success in achieving objectives set for the past twelve months and to set objectives for the ensuing twelve months. Succession planning is also built into the appraisal process to encourage development of future leaders within the Group.

5 Principle 2: Structure the board to add value

The Board operates in accordance with the broad principles set out below:

5.1 Board composition

The election of Board members is subject primarily to the wishes of Shareholders in general meeting. However, subject to that consideration, the Board will abide by the following principles:

- (a) the Board is to be comprised of both executive and non-executive directors. Non-executive directors bring perspective to the Board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management;
- (b) in recognition of the importance of independent views and the Board's role in supervising the activities of management, as the size of the Board increases with the intention that half of the Board will be independent of management, the Chair will be an independent non-executive director. All directors are required to bring independent judgement to bear in their Board decision making;
- (c) the Chair is elected by the full Board and is required to meet regularly with key executives;
- (d) the Company was listed on NSX in August 2015 and has expanded rapidly, including through the acquisition of various existing businesses. Until the integration of acquired business units and personnel is completed, the Board does not consider that it is timely to establish measurable Board gender diversity objectives and assess annually the objectives and progress in achieving them;
- (e) the Group is to maintain a mix of directors on the Board from different backgrounds with complementary skills and experience; and
- (f) the Board will, from time to time, undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

The Board seeks to ensure that:

- (g) at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the group and directors with an external or fresh perspective; and
- (h) the size of the Board is conducive to effective discussion and efficient decision-making.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership. However, an informal assessment process, facilitated by the Chairman in consultation with John Bridgeman Limited's professional advisors, has been committed to by the Board.

5.2 Board members

Details of the members of the Board, their experience, expertise, qualifications, term of office and independent status will be set out in the directors' report under the heading "Information on directors".

5.3 Directors' Independence

The Board has adopted specific principles in relation to directors' independence. These state that to be independent, a director must be a non-executive and:

- (a) not be a substantial Shareholder of the Group or an officer of, or otherwise associated directly with, a substantial Shareholder of the Group;
- (b) within the last three years, not have been employed in an executive capacity by John Bridgeman Limited or any other Group member, or been a director after ceasing to hold any such employment;
- (c) within the last three years not have been a principal of a material professional adviser or a material consultant to John Bridgeman Limited or any other Group member, or an employee materially associated with the service provided;
- (d) not be a material supplier or customer of John Bridgeman Limited or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (e) must have no material contractual relationship with John Bridgeman Limited or a controlled entity other than as a director of the Group; and
- (f) be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the directors' ability to act in the best interests of John Bridgeman Limited.

Materiality for these purposes is determined on both a quantitative and qualitative bases. An amount of over 5% of annual turnover of John Bridgeman Limited or Group or 5% of the individual directors' net worth is considered material for these purposes.

In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the Shareholders' understanding of the directors performance.

Recent thinking on corporate governance has introduced the view that a directors' independence may be perceived to be impacted by lengthy service on the Board. To avoid any potential concerns, the Board has determined that a director will not be deemed independent if he or she has served on the Board of John Bridgeman Limited for more than ten years.

5.4 Term of Office

John Bridgeman Limited's Constitution specifies that all directors, other than a managing director, must retire from office no later than the third annual general meeting following their last election. Where eligible, a director may stand for re-election.

5.5 Commitment

The number of meetings of John Bridgeman Limited's Board of directors and of each Board committee held each year, and the number of meetings attended by each director is disclosed in John Bridgeman Limited's Annual Report.

It is John Bridgeman Limited's practice to allow executive directors to accept appointments outside John Bridgeman Limited with approval of the Board. The commitments of non-executive directors are considered by the Board prior to the directors' appointment to the Board of John Bridgeman Limited and are to be reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to John Bridgeman Limited.

5.6 Conflict of interests

Directors are required to avoid conflicts of interest and immediately inform the Board should a conflict of interest arise. Directors are also required to advise of any relevant interest that may result in a conflict. The Board has adopted use of formal standing notices in which directors disclose any material personal interests and the relationship of these interests to the affairs of John Bridgeman Limited. A director is required to notify John Bridgeman Limited of any material personal interest or if there is any change in the nature or extent of a previously disclosed interest.

5.7 Independent professional advice

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at John Bridgeman Limited's expense. Prior written approval of the Chair is required, but this will not be unreasonably withheld.

5.8 Nominations and Remuneration

Due to the small size of the Board, nomination and remuneration matters are addressed by the Board. A set of guidelines has been established in this regard.

5.9 Board Performance Assessment

The Board has developed an annual self-assessment process for its collective performance, the performance of the Chair and its committees. A questionnaire is to be completed by each director, evaluating his or her individual performance, that of other Board members and of the Board as a whole. The results and any action plans are to be documented together with specific performance goals which are to be agreed for the coming year.

6 Principle 3: Promote ethical and responsible decision making

6.1 Code of Conduct

John Bridgeman Limited has developed a Code of Conduct (the **Code**) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

6.2 Trading in Company Securities

The purchase and sale of John Bridgeman Limited securities by directors and employees is not permitted during the following 'Closed' periods:

- (a) 1 July up to and including the day of release of the Half Year Report; and
- (b) 1 January up to and including the day of release of the Full Year Report.

Any transactions undertaken must be notified to the Chair in advance.

The directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

6.3 Diversity policy

John Bridgeman Limited values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly John Bridgeman Limited has developed a Diversity Policy. This policy outlines John Bridgeman Limited's diversity objectives in relation to gender, age, cultural background and ethnicity. In light of the size of the current Board measurable objectives for achieving diversity,

have not yet been set, but should the Board composition change or increase then measurable objectives will be determined.

6.4 Ethics

The Board is committed to the establishment and maintenance of appropriate ethical standards.

7 Principle 4: Safeguard integrity in financial reporting

7.1 Audit & Risk Committee

Due to the small size of the Board, the Audit & Risk Committee will be represented by the Board.

Details of the Board's qualifications and attendance at Audit & Risk Committee meetings are also set out in the directors' report in the Annual Report.

All members of the Audit & Risk Committee are financially literate and have an appropriate understanding of the industries in which the group operates.

The Audit & Risk Committee operates in accordance with a charter. The main responsibilities of the committee are to:

- (a) review, assess and approve the annual full and concise reports, the half year financial report and all other financial information published by John Bridgeman Limited or released to the market;
- (b) assist the board in reviewing the effectiveness of the organisation's internal control environment covering:
 - (i) effectiveness and efficiency of operations;
 - (ii) reliability of financial reporting;
 - (iii) compliance with applicable laws and regulations;
- (c) oversee the effective operation of the risk management framework;
- (d) recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance;
- (e) consider the independence and competence of the external auditor on an ongoing basis;
- (f) review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;
- (g) review and monitor related party transactions and assess their propriety; and

- (h) report to the board on matters relevant to the committee's role and responsibilities. In fulfilling its responsibilities, the Audit & Risk Committee:
 - (i) receives regular reports from management and the external auditors;
 - (ii) meets with external auditors at least twice a year, or more frequently if necessary;
 - (iii) reviews the processes the Managing Director/CEO and CFO have in place to support their certifications to the board; and
 - (iv) review any significant disagreements between the auditors and management, irrespective of whether they have been resolved.

The Audit & Risk Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

7.2 External Auditors

John Bridgeman Limited's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. John Bridgeman Limited's external auditor is disclosed in John Bridgeman Limited's Annual Report.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in the notes to the financial statements contained in John Bridgeman Limited's Annual Report. The external auditors provide an annual declaration of their independence to the audit committee in accordance with the requirements of the Corporations Act.

The external auditor attends the annual general meeting to be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the audit report.

8 Principles 5 and 6: Make timely and balanced disclosures and respect the rights of Shareholders

8.1 Continuous disclosure and Shareholder communication

John Bridgeman Limited has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of John Bridgeman Limited's securities. These policies and procedures also include the arrangements John Bridgeman Limited has in place to promote communication with Shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for

communications with the NSX. The role includes responsibility for ensuring compliance with the continuous disclosure requirements in the Listing Rules and overseeing and co-ordinating information disclosure to the NSX, analysts, brokers, Shareholders, the media and the public.

All information disclosed to the NSX is posted on John Bridgeman Limited's website as soon as it is disclosed to the NSX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the NSX and posted on John Bridgeman Limited's web site. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

9 Principle 7: Recognise and manage risk

9.1 Risk assessment and management

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit & Risk Committee and reviewed by the full Board.

The Board's collective experience will enable accurate identification of the principal risks that may affect the Group's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

The Audit & Risk Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They monitor John Bridgeman Limited's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the committee:

- (a) reviews the framework and methodology for risk identification, the degree of risk John Bridgeman Limited is willing to accept, the management of risk and the processes for auditing and evaluation John Bridgeman Limited's risk management system;
- (b) reviews group wide objectives in the context of the abovementioned categories of corporate risk;
- (c) reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of John Bridgeman Limited's exposure to risk;
- (d) reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis, and
- (e) review compliance with agreed policies.

The committee recommends any actions it deems appropriate to the board for its consideration.

Responsibility for risk management and internal control is delegated to the appropriate level of management within the Group, with the Managing Director/CEO and CFO having ultimate responsibility to the Board for the risk management and internal control framework.

The Group has a Risk Management Policy to formally document the policies and procedures already in place to manage risk.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

9.2 Corporate Reporting

In complying with recommendation 7.3 of the ASX Corporate Governance Recommendations, the Managing Director/CEO and CFO have made the following certifications to the Board:

- (a) John Bridgeman Limited's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of John Bridgeman Limited and Group and are in accordance with relevant accounting standards;
- (b) the above statement is founded on a system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- (c) the Group's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects in relation to financial reporting risks.

10 Principle 8: Remunerate fairly and responsibly

10.1 Remuneration

Due to the small size of the Board, nomination and remuneration matters are addressed by the Board. A set of guidelines has been established in this regard.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the Board when deemed appropriate, and, where necessary, is revised in consultation with the relevant employee.

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

Non-executive directors do not receive options or bonus payments and are not provided with retirement benefits other than superannuation.

The Board also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

10.2 Adoption of ASX Corporate Governance Recommendations

The Group has adopted the ASX Corporate Governance Recommendations (Third Edition) for all or part of the year, as outlined in the Corporate Governance Statement, with the following exceptions:

- (a) **Council Recommendation 2.4:** The Board should establish a Nomination Committee. The Board does not have a Nomination or Remuneration Committee due to the small size of the Board, but has adopted a Remuneration Committee Charter.
- (b) **Council Recommendation 3.2:** Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.
- (c) **Council Recommendation 3.3:** Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
- (d) **Council Recommendation 3.4:** Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

The Board has established a policy concerning diversity. Due to its current size, the Board has not set measurable objectives for achieving gender diversity, however should the Board increase in size then objectives will be set at that time

11 Miscellaneous

11.1 Review of document

- (a) External reviews of this document may be undertaken at the request of the Board.
- (b) A copy of this document (or a summary of it) may be made available on John Bridgeman Limited's website and to NSX to the extent necessary.

11.2 Endorsement

- (a) John Bridgeman Limited is committed to this document.
- (b) This document was adopted by the Board on 10 November 2016.