

## QV EQUITIES LIMITED

ABN 64 169 154 858

### Corporate Governance Statement

The Board of Directors of QV Equities Limited (the Company) is responsible for the corporate governance of the Company. This Corporate Governance Statement sets out the Company's compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – 3<sup>rd</sup> edition.

The Board of Directors of the Company currently has in place Corporate Governance Policies and Charters which have been posted in a dedicated Corporate Governance information section of the Company's website at [www.qvequities.com](http://www.qvequities.com).

#### PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

	Corporate Governance Council Recommendation	Compliance (Yes/No)	Disclosure
1.1	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"><li>a) the respective roles and responsibilities of its board and management; and</li><li>b) those matters expressly reserved to the board and those delegated to management.</li></ul>	Yes	<p>The Company's Board Charter and the Investment Management Agreement between the Company and Investors Mutual Limited (the Manager) sets out the specific responsibilities of the board of the Company (<b>Board</b>) and those delegated to the Manager.</p> <p>The Board is responsible for guiding the strategic direction of the Company, driving its performance and overseeing the activities of management and the operation of the Company. The Board is responsible for the management of the affairs of the Company, including:</p> <ul style="list-style-type: none"><li>• Strategic and financial performance</li><li>• Executive management</li><li>• Audit and risk management</li><li>• Strategic planning</li><li>• Corporate governance and disclosure</li><li>• Performance evaluation</li></ul> <p>The Manager has been appointed to manage the investment portfolio of the Company and manage and supervise all investments. Investments made by the Manager must be consistent with the Investment Strategy.</p> <p>The Board appoints the Chairman and the Company Secretary.</p>

1.2	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>(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.</li> </ul>	Yes	<ul style="list-style-type: none"> <li>(a) The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance.</li> <li>(b) This will necessarily include undertaking background and other checks before appointing a person or putting them forward to security holders as a candidate for election as a director, as well as providing all material information relevant to a decision for election as a director.</li> </ul> <p>The qualifications, experience and special responsibilities of the Board members are set out in the Annual Report.</p>
1.3	<p>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 Board comprises experienced Company directors who have each received a formal letter of engagement setting out their roles and responsibilities and the Company's expectations of them. Each director has acknowledged this letter by signing a copy of the acceptance of the terms of employment letter.</p>
1.4	<p>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>The Board has appointed an experienced Company Secretary who is accountable to the Board through the Chairman.</p>
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(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</li> </ul>	No	<p>The Board has a diversity policy which can be found on the Company's website.</p> <p>The Board's composition is reviewed on an annual basis. In the event a vacancy arises, the Board will consider diversity in its nomination process.</p> <p>The Company has no employees as investments, marketing and operations are undertaken by employees of the Manager under an Investment Management Agreement. The scale of the Company's operations and the size of the management team provides limited opportunities to achieve meaningful progress with measurable diversity objectives. Therefore, the current policy does not currently include measurable objectives for achieving gender diversity.</p>

	<p>diversity policy and it's 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>Current female representation:</p> <table border="1"> <tr> <td>Board/Officers of the Company</td> <td>20%</td> </tr> </table> <p>The Company is not a relevant employer under the Workplace Gender Equality Act.</p>	Board/Officers of the Company	20%
Board/Officers of the Company	20%				
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>	Yes	<p>The Board Charter provides for an annual self-assessment of the Board's performance, each Board committee, and each individual Director against the relevant Charters, Corporate Governance policies, and agreed goals and objectives.</p> <p>The Board performed the annual self-assessment for the financial year ended 30 June 2016.</p>		
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>a) Not applicable</p> <p>b) Not applicable</p>	<p>The Company has no paid employees. The services of Anton Tagliaferro (Executive Director), Simon Conn (Executive Director) and Zac Azzi (COO and Company Secretary) are provided to the Company as part of the arrangements with the Investment Manager.</p>		

**PRINCIPLE 2 – STRUCTURE OF THE BOARD TO ADD VALUE**

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance (Yes/No)</b>	<b>Disclosure</b>
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director; and disclose</li> <li>(3) the charter of the committee; and</li> <li>(4) the members of the committee; and</li> <li>(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</li> </ol> <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>	Yes	<p>The Board has established a Nomination and Corporate Governance Committee which consists only of non-executive Directors and a majority of independent Directors to oversee the selection and appointment practices of the Company.</p> <p>The members of the Nomination and Corporate Governance Committee are John McBain (Chair). Peter McKillop and Jennifer Horrigan, who are all considered independent Directors for ASX purposes.</p> <p>The Nomination and Corporate Governance Committee has adopted a formal Charter. A copy of the Nomination and Corporate Governance Committee Charter is available on the Company's website.</p> <p>Details of the Directors' qualifications, their membership and attendance at Nomination and Corporate Governance Committee meetings are set out in the Directors' Report contained in the Annual Report.</p>

2.2	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.	Yes	<p>The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience. The mix of skills and diversity currently represented on the Board at 30 June 2016 is as follows:</p> <table border="1" data-bbox="976 277 1951 916"> <thead> <tr> <th>Skill</th> <th>Percentage</th> <th>Importance</th> </tr> </thead> <tbody> <tr> <td>Risk &amp; Compliance</td> <td>87%</td> <td>High</td> </tr> <tr> <td>Financial &amp; Audit</td> <td>93%</td> <td>High</td> </tr> <tr> <td>Strategy</td> <td>100%</td> <td>Medium</td> </tr> <tr> <td>Financial Services Industry</td> <td>100%</td> <td>High</td> </tr> <tr> <td>Marketing and/or Investor Relations</td> <td>93%</td> <td>Medium</td> </tr> <tr> <td>Funds Management</td> <td>93%</td> <td>High</td> </tr> <tr> <td>Management and operations</td> <td>87%</td> <td>High</td> </tr> <tr> <td colspan="3"><b>Diversity</b></td> </tr> <tr> <td>Female</td> <td>20%</td> <td></td> </tr> <tr> <td>Male</td> <td>80%</td> <td></td> </tr> </tbody> </table> <p>The qualifications, skills, experience and expertise relevant to the position held by each Director in office at the date of the Annual Report and their attendance at Board and Committee meetings is included in the Annual Report.</p>	Skill	Percentage	Importance	Risk & Compliance	87%	High	Financial & Audit	93%	High	Strategy	100%	Medium	Financial Services Industry	100%	High	Marketing and/or Investor Relations	93%	Medium	Funds Management	93%	High	Management and operations	87%	High	<b>Diversity</b>			Female	20%		Male	80%	
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2.3	<p>A listed entity should disclose:</p> <p>(a) the name 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 but the board is of the opinion that it does not compromise the independence of the director; the nature of the</p>	Yes	<p>Currently, the Company has five Directors, three of which are considered independent for ASX purposes. The majority of the Company's current Board are independent Directors.</p> <p>Peter McKillop – Independent, Non-executive Director. Appointed 17/4/2014  John McBain - Independent, Non-executive Director. Appointed 17/4/2014  Jennifer Horrigan - Independent, Non-executive Director. Appointed 26/4/2016  Anton Tagliaferro - Non-independent Director. Appointed 20/4/2014  Simon Conn - Non-independent Director. Appointed 14/6/2016</p>																																	

	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.		
2.4	A majority of the board of a listed entity should be independent directors.	Yes	The Board Charter provides that the Board should consist of a majority of independent Directors. The Board Charter provides that the Board should regularly assess whether each non-executive Director is independent. The Company has also assessed the independence of its Directors having regard to the requirements set out under this ASX principle.
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.	Yes	The roles of the Chairman and Chief Executive Officer (or senior executive performing the chief executive role) ( <b>CEO</b> ) are not exercised by the same individual. Peter McKillop is Chairman of the Board. Mr McKillop is considered independent for ASX purposes.
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.	No	The Board induction process is currently informal in nature. New directors are fully briefed by the Chairman and the Investment Manager about the nature of the business, current issues, corporate strategy and the expectations of the Company regarding the performance of Directors. Directors receive a formal letter of appointment setting out the key terms, duties, conditions and corporate expectations relevant to their appointment. New Directors are asked to sign this letter as acknowledgement of their acceptance of their terms of appointment.  The Company is currently considering formalising the induction process.

### PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance (Yes/No)</b>	<b>Disclosure</b>
3.1	A listed entity should:  (a) have a code of conduct for its directors, senior executives and employees; and	Yes	The Company has adopted a Code of Conduct which applies to all Directors, officers and employees (if any) of the Company as well as a Securities Trading Policy.

	(b) disclose that code or a summary of it.		These policies are available on the Company's website.
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**PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance (Yes/No)</b>	<b>Disclosure</b>
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent directors, who is not the chair of the board,</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of the members of the committee; and</li> <li>(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</li> </ol> <p>(b) if it does not have an audit committee, disclose that fact and the process it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of external auditor and the rotation of the audit engagement partner.</p>	Yes	<p>The Company has established an Audit Committee to oversee the accounting and financial reporting process, the auditing of financial statements, and implementing and supervising the Company's risk management framework. The Audit Committee consists of only independent, non-executive Directors to oversee the financial and internal risks.</p> <p>The members of the Audit Committee are Jennifer Horrigan (Chair), Peter McKillop and John McBain. Jennifer Horrigan is not the chair of the Board, that role is fulfilled by Peter McKillop.</p> <p>The Audit Committee has adopted a formal Charter. A copy of the Audit Committee Charter is available on the Company's website.</p> <p>Details of the Directors' qualifications, their membership and attendance at Audit Committee meetings are set out in the Directors' Report contained in the Annual Report.</p>

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, 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.	Yes	<p>The Company has adopted a Risk Management Policy, which requires the senior executive performing the role of CEO and the CFO to provide to the Board twice yearly, a certification that the Company's financial statements and notes present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they have been prepared and maintained in accordance with relevant Accounting Standards and the Corporations Act 2001.</p> <p>In addition, the Manager will confirm half-yearly in writing to the Board that the declaration provided above is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>
4.3	A listed entity that has an AGM should ensure that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.	Yes	The external auditors are requested to attend the AGM and are available to answer shareholders' questions regarding the conduct of the audit and the preparation of the Auditor's Report.

#### PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance (Yes/No)</b>	<b>Disclosure</b>
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules and;</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>The Company is committed to taking a proactive approach to continuous disclosure and creating a culture within the Company that promotes and facilitates compliance with the Company's continuous disclosure obligations.</p> <p>The Company has a Continuous Disclosure Policy and has adopted a set of procedures and guidelines to ensure that it complies with its disclosure obligations in accordance with all applicable legal and regulatory requirements, including the Listing Rules of the Australian Securities Exchange (ASX).</p> <p>A copy of the Company's Continuous Disclosure Policy is available on the Company's website.</p>



**PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS**

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance (Yes/No)</b>	<b>Disclosure</b>
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Company’s website has a dedicated “Latest News” section where it publishes all important Company information, updates and relevant announcements made to the market.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	<p>The Company is committed to regularly communicating with its shareholders in a timely, accessible and clear manner with respect to both procedural matters and major issues affecting the Company. To achieve this, the Company communicates with shareholders through a range of forums and publications.</p> <p>The Company encourages shareholders to submit questions or requests for information via the Company’s share registry, Link Market Services Limited at (+61) 1800 868 464 or via the Company’s registered office at 1300 552 895 or <a href="mailto:info@qvequities.com">info@qvequities.com</a>.</p> <p>The Company has a Shareholder Communications Policy for shareholders wishing to communicate with the Board. A copy of this policy is available on the Company’s website.</p>
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	The Board encourages full participation of shareholders at the Company’s Annual General Meeting and any other general meeting to ensure a high level of accountability and identification with the Company’s strategy. The external auditor will also be invited to attend the annual general meeting of shareholders and will be available to answer any questions concerning the conduct of the audit and the content of the Auditor’s Report.
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.	Yes	The Company’s registrar, Link Market Services, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an on-line account at <a href="https://investorcentre.linkmarketservices.com.au/Login.aspx/Login">https://investorcentre.linkmarketservices.com.au/Login.aspx/Login</a> .

**PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance (Yes/No)</b>	<b>Disclosure</b>
7.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose;</li> <li>(3) the charter of the committee;</li> <li>(4) the committee members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances or the members at those meetings; or</li> </ul> </li> <li>(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.</li> </ul>	Yes	<p>The Company considers ongoing risk management to be a core component of the management of the Company, and understands that the Company's ability to identify and address risk is central to achieving its corporate objectives. The Company has adopted a Risk Management Policy designed to assess, monitor and manage risk, including any material changes to its risk profile.</p> <p>The Audit Committee is responsible for the day to day oversight and management of the Company's risk management program, ensuring that the Company maintains an effective risk management and internal control systems and processes, and provides regular reports to the Board on the effectiveness of the risk management program in identifying and addressing material business risks.</p> <p>A copy of the Audit Committee Charter and the Risk Management Policy is available on the Company's website.</p> <p>The members of the Audit Committee are Jennifer Horrigan (Chair), Peter McKillop and John McBain.</p> <p>Details of the Directors' qualifications and their membership attendance at Audit Committee meetings are set out in the Directors' Report contained in the Annual Report.</p>
7.2	<p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>(b) disclose, in relation to each reporting period, whether such review has taken place.</li> </ul>	Yes	<p>The Audit Committee is responsible for regularly reporting to the Board the results of the Committee's review of the Company's risk management and internal control systems.</p> <p>The Company provides details of its compliance with this recommendation in the Annual Report.</p>

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>	Yes	<p>As a small company with limited operational complexity, the Company does not have an internal audit function. The Board works closely with the Manager to identify and manage operational, financial, market and compliance risk and regularly reviews its risk profiles to ensure these are current.</p> <p>The Board has adopted the Managers' GS007 – Asset Management Internal Controls which is audited on a yearly basis.</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>	Yes	<p>Due to the nature of the Company's operations, the Company has limited exposure to environmental and social sustainability risks. The Investment Manager has a mandate regarding investments in companies with potential ethical concerns.</p> <p>A summary of economic risks that is relevant to the Company include market price, interest rate, credit and liquidity risks, and are included in the financial risk management note in the Annual Report.</p>

**PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

	<b>Corporate Governance Council Recommendation</b>	<b>Compliance (Yes/No)</b>	<b>Disclosure</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;</p> <p>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</p>	No	<p>Given the size of the Board and the absence of any employees other than the Directors, a Remuneration Committee has not been formed. The Board believes that currently such a committee would not serve to protect or enhance the interests of the shareholders or its operations beyond the role currently performed by Directors. The Board as a whole considers the issue of remuneration. Should the size of the Company change, the Company will consider establishing a separate Remuneration Committee.</p>

	<p>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>		
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>	Yes	<p>In the absence of a Remuneration Committee, the Board is responsible for evaluating the performance of the Company's Executive Directors, CEO, COO and Company Secretary.</p> <p>Directors are entitled to receive Directors' fees of up to \$100,000 per annum to be shared among the Directors. Additional remuneration may be paid in accordance with the Company's Constitution.</p> <p>The services of CEO from time to time, Anton Tagliaferro (Executive Director), Simon Conn (Executive Director) and Zac Azzi (COO and Company Secretary) are provided to the Company without additional charge as part of the arrangements with the Manager.</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>	Not applicable	<p>The Company does not have an equity based remuneration scheme.</p>

QV Equities Limited corporate governance practices were in place for the financial year ended 30 June 2016 and at the date of signing the Directors' Report.

For further information on the Corporate Governance Policies and Charters adopted by the Company, please refer to our website.