

## **CORPORATE GOVERNANCE STATEMENT**

**QUT bluebox Pty Ltd** ('bluebox') has established corporate governance practices, which are designed to focus on responsible stewardship, integrity, accountability and effective risk management, on behalf of all beneficiaries. **bluebox's** governance framework is concerned with structures and processes for decision making and with the controls and behaviours that support effective accountability for performance outcomes and results. This encompasses:

- Defining and monitoring the strategic direction;
- Defining policy and procedures to operate within legal and social requirements;
- Establishing control and accountability systems;
- Reviewing and monitoring management and the organisations performance;
- Risk management.

### **Responsibilities and Functions of the Board**

The Board takes ultimate responsibility for all corporate governance matters and is accountable to the shareholder(s) for the overall business performance of the Company. **bluebox's** board of directors is committed to protecting and enhancing shareholder value, and conducting the company's business ethically and in accordance with the highest standards of corporate governance.

The Board is responsible for ensuring there exists an effective internal control framework and the development of a set of policies, procedures and practices which set criteria and enable the Board to monitor compliance with statutory, legal, stakeholder and best practice requirements. This framework is regularly reviewed.

Responsibility for the operational conduct of the business is delegated to the Chief Executive Officer who is accountable to the Board.

The most significant responsibilities of the Board are:

- promote and be responsible for good governance within the Company;
- reporting to shareholders and other stakeholders;
- ensuring compliance with relevant statutory regulations and standards;
- ensuring adequate risk management processes are in place;
- ensure risks are identified, assessed, prioritized and properly managed;
- periodically reviewing internal controls and internal and external audit reports;
- maintain a system for detecting, recording and dealing with governance breaches and complaints;
- monitoring and influencing the culture and reputation of the Company ;

- create a culture of compliance and continuous improvement;
- monitoring the Board composition, director selection and Board process and performance;
- ensuring adequate induction and ongoing training for directors;
- approving key executive appointments and ensuring executive succession planning;
- reviewing the performance and remuneration of the Chief Executive Officer and senior management;
- ensuring that the Board as a whole has an appropriate understanding of each substantial segment of the business;
- validating and approving the corporate strategy, strategic direction and long term objectives;
- reviewing and approving the annual plans;
- reviewing business results, monitoring budgetary control and corrective actions (if required); and
- authorizing and monitoring major investment and strategic commitments.

### **Board Composition**

The Board should comprise from five to seven directors who possess the skills, knowledge and experience necessary to provide proper stewardship and control of the Company. Non-executive directors should comprise at least 60% of the total board numbers and independent directors at least 50% of the total board numbers. The CEO and company secretary may or may not be a director.

Profiles of the directors of the Company, including details of their qualifications, age and experience are included on the company website.

An independent director:

- is not a substantial shareholder (individually or through a related party);
- has not been employed in an executive capacity with the Company in the last three years;
- is not retained as a professional advisor to the Company;
- has not been a member of the external audit team in the past two years;
- is not a significant supplier to the Company;
- has no significant contractual relationship which could (or reasonably be perceived to) interfere with the directors ability to act in the best interests of the Company.

Potential directors can be nominated by the directors or the member(s), however, an appointment can only be made following an assessment of the candidate by the board. Potential conflicts of interests should be carefully considered prior to nominating potential directors.

A director can be appointed or removed from the board by a resolution of the member(s). If a director is removed or disqualified, the director forgoes all rights to future remuneration (director's fees).

## **Board Operations**

The Board works as a whole, as above, across the range of its responsibilities.

The Board normally meets 6 times per year, where it receives monthly performance, operations and compliance reports from the Chief Executive Officer and Chief Financial Officer, if any. In addition to formal meeting time, directors spend time reading and analysing board papers and reports submitted by management, and they also engage in regular informal discussions with management. Board members also meet periodically in the absence of the Chief Executive Officer and the senior executive team to discuss management performance.

All directors have unrestricted access to company records and information, and each director has the right to seek independent professional advice in relation to the execution of Board responsibilities at the Company's expense.

Committees are also used to assist the Board in fulfilling its responsibilities. Each Committee has its own charter setting out the authority delegated to it by the Board, and detailing the manner in which the Committee is to operate. At this time, the Board has established an Audit, Compliance and Risk Management Committee and a Human Resources and Remuneration Committee. Special Purpose Committees may also be established as and when required.

## **Audit, Compliance and Risk Management Committee**

The Board of Directors is supported by an Audit, Compliance and Risk Management Committee operating under written terms of reference approved by the Board. The Committee currently consists of three Non-Executive Directors.

Meetings are attended (by invitation), by the Chief Executive Officer, the engagement partner of the Company's external auditor and any other Directors or professional advisers as required by the Committee, or as requested by an individual director.

The primary objectives of the Audit, Compliance and Risk Management Committee are to assist Directors to fulfil their obligations in regard to finance and administration, namely:

- Integrity and quality of interim and annual financial reporting and disclosures.
- Identification and management of key financial and regulatory risks.

- Compliance with relevant laws, regulations, standards, and codes relating to the finances and administration of the company.
- Adequacy of internal control framework.
- Monitor **bluebox**'s compliance with its Australian Financial Services Licence conditions, including base level financial requirements.

This embraces oversight of the financial and operational risk management processes, insurance, external audit, and the internal review process.

The performance of the external and internal auditor's are reviewed by the Audit, Compliance and Risk Management Committee.

### **Human Resources and Remuneration Committee**

The Board has established a Human Resources and Remuneration Committee whose charter is to consider remuneration policies and practices generally, and specifically determines remuneration packages and other terms of employment for the Chief Executive Officer and senior executives. The CEO is remunerated on the basis of a remuneration package which includes a performance-based component, the payment of which is dependent on achievement of pre-agreed individual and/or corporate performance goals.

Remuneration packages will be reviewed annually, having regard to performance, and relevant comparative information.

The Board maintains a direct interest in succession planning for senior managerial positions.

The Committee currently consists of three Directors.

### **Audit Process**

The Company's financial accounts are subject to an annual audit by an external auditor, currently Queensland Audit Office. The Audit Committee oversees this process.

The auditors attend board meetings at which annual accounts are considered and adopted. The Committee Chairman meets our audit partner periodically, and the auditors have a standing invitation to meet with the Committee, with the Committee Chairman, or the Company Chairman at any time in the absence of management.

### **Auditor Independence**

It is anticipated that the Audit Partner from the Queensland Audit Office will be rotated at least every five years.

In addition, our audit firm is not generally engaged to provide non-audit services. Specifically, taxation advice is provided by Corrs Chambers Westgarth and Grant Thornton.

## **Chief Executive Officer**

Our most senior executive, the Chief Executive Officer, is selected by the Board and will be the subject to at least annual performance reviews by Non-Executive Directors. The Chief Executive Officer, together with the senior management team, recommends policy and strategic direction and submits plans to achieve the same for Board approval. The Chief Executive Officer has responsibility for managing day to day operations.

## **Corporate Planning**

The creation of an environment conducive to maximising the long term value of the Company is to be led by the Board through the development and subsequent implementation of the strategic plan. Such a plan is to be developed, reviewed and reported upon at least annually.

Each business plan (annual or major project) should set the strategic direction of the Company, specifying (as a minimum) the vision, mission, values, objectives, strategies, measurable performance targets and milestones.

In developing strategic plans, the Board is responsible for:

- guiding and challenging management business planning;
- providing entrepreneurial leadership to the Company;
- fostering an appropriate culture matched to the companies values and strategies;
- directing the company toward achieving its business plan objectives;
- reporting planned strategies and progress to numbers.

## **Board Appraisal and Remuneration**

During the year, the Board reviews and evaluates the performance of the Board, collectively and individually. The Chairman also meets informally with each director to discuss individual Board member performance.

The remuneration of each Director is set out in the Directors' Report of the Annual Report. The Board determines the remuneration of Non-Executive Directors with the total amount approved by the holding company. Executive directors do not receive directors fees in addition to their salaries.

## **Directors' Arrangements with the Company**

The Constitution provides that a Director may enter into an arrangement with the Company or with any controlled entity. Directors or their firms may act in a professional capacity for the Company or controlled entities, other than to act as an Auditor of the Company. These arrangements are subject to the restrictions of the Corporations Act.

Disclosure of related party transactions, if any, are fully disclosed in the financial statements.

In accordance with the *Corporations Act 2001* (Cth), directors are required to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. When the Board believes that a significant conflict exists the Board will make a decision on the extent of the apparent conflict and propose appropriate actions. Those actions may include the Director concerned abstaining from discussion (unless requested) and voting, or withdraw from the Board Meeting whilst such matters are considered.

### **Risk Identification and Management**

The Board considers risk management as one of its primary responsibilities.

The Audit, Compliance and Risk Management Committee is charged with the responsibility of identifying and providing recommendations concerning financial and non-financial risks.

The entire Board, in consultation with executive management, is responsible for considering and acting upon recommendations from the Audit, Compliance and Risk Management Committee regarding associated management control policies and procedures needed to adequately manage such risks.

### **Ethical Standards**

The Board expects Directors and employees to observe the highest standards of behaviour and business ethics. All Directors, executives and employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of **bluebox**. All board members have endorsed the Board Code of Conduct and have agreed to conduct and regulate their affairs consistent with that code.

### **Sales/Purchase of Securities by Directors**

A Director or officer must not buy, sell or subscribe for securities in the Company if they are in possession of 'inside information'. Inside information can be defined as information that is not generally available which, if the information were generally available, a reasonable person would expect to have a material effect on the price or value of the securities in the Company.

The *Corporations Act 2001* (Cth) provides that a reasonable person would be taken to expect information to have a material effect on the price or value of securities of a body corporate if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to subscribe for, buy or sell the securities.

Unless there are unusual or pressing circumstances, Directors may only trade in the Company's securities (subject to insider trading restrictions above), during each of the

four weeks following the announcement of the half year and full year results and following the Annual General Meeting (if any).

Directors and officers are required to discuss their intention to trade in the Company's securities with the Chairman of the Company prior to trading.

### **Shareholder Relations**

Shareholder Relations are an integral part of Corporate Governance and the Board will strive to ensure that shareholders are kept informed of all major developments that impact on the Company through:

- The Statutory Report
- Quarterly reporting to the shareholder(s) in the prescribed format
- Notices of meetings and other explanatory material sent to shareholders in connection with general meetings of shareholder(s)
- The Internet on [www.qutbluebox.com.au](http://www.qutbluebox.com.au)

Shareholder(s) are encouraged to participate in the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategies and goals.