

## 2017 Corporate Governance Statement

The directors of Adslot Ltd (“Adslot” or “the Company”) recognise the benefits of good corporate governance in achieving long-term shareholder value.

As such, the Company endeavours to comply with the Australian Stock Exchange Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition) (‘ASX Principles’) where appropriate. However, in some circumstances, the directors have elected to adopt different governance practices taking into account the size, complexity, history and corporate culture of the Company, or dispense with some ASX Principles altogether.

Given Adslot operates in a nascent, fast-emerging and highly-competitive niche of the global media industry (broadly referred to as the “ad tech” industry), the ability to adapt quickly to an ever-changing competitive environment is paramount to success. We need to “think big” to unlock global revenue opportunities, but “act small” to minimise costs and allow the Company to remain nimble while we get the Company to profitability.

Adslot’s Corporate Governance practices are therefore specifically designed to allow the Company to operate with an appropriate level of efficiency, effectiveness, practicality and flexibility to remain competitive and significantly grow shareholder value.

Where Adslot considers that an ASX Principle is not appropriate to its particular circumstances, and it has chosen not to adopt it, detailed reasons (and alternative practices, if appropriate) have been provided below.

The explanations regarding the Company’s governance arrangements are openly provided to ensure the market receives an appropriate level of information so that:

- security holders and other stakeholders in the investment community can have a meaningful dialogue with the board and management on governance matters;
- security holders can factor that information into their decision on how to vote on particular resolutions; and
- investors can factor that information into their decision on whether or not to invest in the Company’s securities.

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

***A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.***

#### ***Recommendation 1.1***

*A listed entity should disclose:*

- (a) the respective roles and responsibilities of its board and management; and*
- (b) those matters expressly reserved to the board and those delegated to management.*

The Company has separate functions for the Board and Senior Management.

The Board is responsible for:

- providing leadership and setting the strategic objectives of the Company;
- appointing the Chair;
- appointing, and when necessary replacing, the CEO;
- appointing, and when necessary replacing, the CFO and Company Secretary;
- approving the appointment, and when necessary replacement, of other Senior Management team members;
- overseeing Management’s implementation of the Company’s strategic objectives and its performance generally;
- approving operating plans, budgets and major capital expenditure;
- overseeing the integrity of the Company’s accounting and corporate reporting systems, including the external audit;
- overseeing the Company’s process for making timely and balanced disclosure of all material information concerning the Company;

- ensuring that the Company has an appropriate risk management framework and setting the risk appetite within which the board expects Management to operate;
- approving the Company's remuneration framework; and
- monitoring the effectiveness of the Company's governance practices.

Senior Management is responsible for:

- preparation and implementation of the board-approved operating plan and budget, based on the strategic objectives of the Company as set by the board, and operating within the risk appetite set by the board;
- all aspects of the day-to-day running of the business;
- attraction, recruitment, retention and motivation of quality staff to achieve the Company's strategic objectives within the confines of the board-approved budget and operating plan;
- achieving the Company's product development, sales & marketing and financial goals in a timely and effective manner;
- providing the board with accurate, timely, clear and concise financial and operating information, and broader market intelligence, to enable the board to perform its responsibilities; and
- securing key strategic partnerships to ensure the long-term success of the Company, and to gain competitive advantage within the industry in which it operates.

The Board and Senior Management functions are also disclosed publicly in the Company Board Charter which is published on the Company's website. The Board meet regularly to perform their prescribed functions, including formal meetings held at least every two months as well as additional *ad hoc* meetings where required. The Management team meet regularly, usually multiple times a week across the group.

As such, the Company operates in accordance with ASX Corporate Governance Principle 1.1.

### **Recommendation 1.2**

*A listed entity should:*

*(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and*

*(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.*

In appointing new members to the Board or Senior Management team, the Company undertakes various checks prior to appointing the candidate, such as character, experience, education, criminal record and bankruptcy history checks. The Company provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

As such, the Company operates in accordance with ASX Corporate Governance Principle 1.2.

### **Recommendation 1.3**

*A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

Each member of the Board and Senior Management team has entered into a written agreement with the Company, which outlines their roles and responsibilities and the Company's expectations of them. The material terms of any employment, service or consultancy agreement the Company enters into with the CEO or its directors is disclosed under the ASX Listing Rules at the time of appointment, and at any other time if there is any material variation to such an agreement.

As such, the Company operates in accordance with ASX Corporate Governance Principle 1.3.

## **Recommendation 1.4**

*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.*

Adslot has a highly-experienced and well-seasoned public company secretary who supports the effectiveness of the Board and its Committees. The role of the Company Secretary includes:

- advising the Board and its Committees on governance matters;
- monitoring that Board and Committee policy and procedures are followed;
- co-ordinating the timely completion and dispatch of Board and Committee papers;
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of directors.

Each of the Board members has direct and unfettered access to the Company Secretary.

As such, the Company operates in accordance with ASX Corporate Governance Principle 1.4.

## **Recommendation 1.5**

*A listed entity should:*

- 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;*
- disclose that policy or a summary of it; and*
- disclose 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 diversity policy and its progress towards achieving them, and either:*
  - 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*
  - 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.*

The Company is committed to diversity in the work place on all levels. Whilst the Company recognises the benefits of gender equality and diversity in a competitive labour market and the importance of being able to attract, retain and motivate employees from the widest possible pool of available talent, the Company unfortunately receives very few applications from women for predominantly technical roles within the organisation.

Outside of technical roles, the Company has strong representation of women in all other areas of the business, including sales and marketing, account service, customer support, finance and administration.

Discrimination, harassment, vilification and victimisation are not tolerated at any level. Recruitment and selection practices from the Board down are structured so that a diverse range of candidates are considered and that there are no conscious or unconscious biases that might discriminate against certain candidates.

All recruitment decisions within the Company are made purely based on appointing the candidate with the best skills, experience, knowledge, hunger for the role and cultural fit. The Company has not yet adopted or published an Equality and Diversity Policy. As the Company currently employs less than 100 employees in Australia, it is not required to make regular filings under the Workplace Gender Equality Act, and does not set specific targets for "Gender Equality Indicators". The Company simply appoints the best people it can find for the job, regardless of gender, age, disability, ethnicity, marital or family status, religious or cultural background, or sexual orientation. This approach to diversity is reflected in the highly diverse ethnic backgrounds of employees employed by the Company.

At 30 August 2017, Women filled 17% of the Company's Board, 29% of the Company's Senior Management team and 28% of all staff positions within the Company. Once profitable and of meaningful size, the Board will actively look at ways to improve its gender diversity at both Board and Senior Management level.

As such, although the Company actively embraces the philosophical pillars of ASX Corporate Governance Principle 1.5, the Company does not currently operate in full accordance with this principle.

## **Recommendation 1.6**

*A listed entity should:*

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Board regularly evaluates the performances of the board, its committees and individual directors by undertaking a formal evaluation process at least once each fiscal year.

The performance review is done by questionnaire. The Chairman receives and compiles the overall feedback on Board performance and the performance of the Audit & Risk and Remuneration Committees. The Head of the Audit and Risk Committee receives and compiles feedback regarding the Chairman's performance. The feedback is anonymised as appropriate, and then is shared with the entire Board in the interests of transparency and continuous improvement. The Board assesses the feedback, agrees ways to improve performance, and then implements and measures those initiatives.

An evaluation was undertaken in the FY17 reporting period in accordance with the above process.

As such, the Company currently operates in accordance with ASX Corporate Governance Principle 1.6.

## **Recommendation 1.7**

*A listed entity should:*

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and*
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The company has a process for evaluating the performance of senior executives, including the evaluation of performance against key performance indicators (KPIs). The CEO's KPIs are set by the Board, and the senior executives KPIs are set by the CEO. A performance review of the chief executive officer and senior executives of the company has taken place prior to the date of this report, in accordance with the established process.

As such, the Company currently operates in accordance with ASX Corporate Governance Principle 1.7.

## **Principle 2: Structure the board to add value**

**A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.**

### **Recommendation 2.1**

*The board of a listed entity should:*

(a) *have a nomination committee which:*

- a. *has at least three members, a majority of whom are independent directors; and*
- b. *is chaired by an independent director,*

*and disclose:*

- c. *the charter of the committee;*
  - d. *the members of the committee; and*
  - e. *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*
- (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.*

Given:

- the small size of the Company and the specific industry niche within which it operates;
- that the Company's strategy is critical to the Company's future success and ability to achieve profitability and unlock significant value for shareholders;

the Board seeks to ensure:

- that its membership consists predominantly of directors with specific and relevant industry experience, expertise and knowledge;
- that the size of the board is conducive to effective discussion and efficient decision-making;
- that the cost of the board remains reasonable relevant to the size of the business.

The Board also considers that successful businesses at this life-stage require active and engaged directors who have significant shareholdings at risk, and/or directors who have intimate familiarity with the business and the industry in which it operates, in order to ensure that the Company succeeds in the best interests of all shareholders.

The Board is therefore currently comprised of six board members, all with significant commercial expertise; five of them specifically in the Company's relevant field of endeavour; and four of them being Top 20 shareholders in the Company.

The directors collectively perform the functions of a nomination committee, and the directors do not consider that any increase in efficiency or effectiveness would be achieved through the formation of an independent nomination committee.

The board considers that the individuals on the board can and do make quality and independent judgements in the best interest of the Company on all relevant issues.

As the Company has no nomination committee, the Company is not currently compliant with ASX Corporate Governance principle 2.1(a), but does disclose that fact and the processes employed to ensure an effective board in compliance with 2.1(b).

## **Recommendation 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.*

The Company has 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. As such, the Company operates in accordance with ASX Corporate Governance Principle 2.2.

## **Recommendation 2.3**

*A listed entity should disclose:*

- (a) the names of the directors considered by the board to be independent directors;*
- (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 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.*

The Board currently consists of six directors, of which two are executive directors, and four are non-executive directors. Of the four non-executive directors, three are independent directors: Mr Quentin George, Mr Adrian Giles and Ms Sarah Morgan.

The two executive directors (Mr Ian Lowe and Mr Ben Dixon) are not considered independent (as defined under the ASX Principles) based on their executive roles within the organisation.

Mr Andrew Barlow is considered not independent based on his previous appointment as an executive of the Company (without having had at least 3 years separating the cessation of his employment and him serving on the board).

Despite the above, the board's view is that the disclosed interests of the non-independent directors will not influence, in any material respect, their capacity to bring an independent judgment to bear on issues before the Board, and that they still have the capacity, and understand the obligation, to always act in the best interests of the Company and its security holders generally.

All candidates for election as a director are required to disclose all interests, positions, associations or relationships to the Company prior to their appointment. Further, directors must notify the Company of any change in a non-executive director's interest, position, association or relationship that could bear upon his or her independence.

The nature of any directors' interest, position, association or relationship with the Company, and the length of service of each director, is disclosed in the Directors' Report section of the Company's Annual Report.

As such, the Company is operating in accordance with ASX Corporate Governance Principle 2.3.

## **Recommendation 2.4**

*A majority of the board of a listed entity should be independent directors.*

Although the majority of the Board consists of *non-executive* directors, the Board currently consists of an even number of *independent* and *non-independent* directors as defined under the ASX Principles.

As such, the Company does not currently operate in full accordance with ASX Corporate Governance Principle 2.4. However, the Company intends to appoint another independent director as soon as possible to bring the Company into compliance with Principle 2.4,

## **Recommendation 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.*

The chair of the board of Adslot Ltd, Mr Andrew Barlow, is not an independent director as defined under the ASX Principles. However, the roles of chair and chief executive officer are held by different individuals in accordance with the ASX Principles. As such, the Company operates partially in accordance with ASX Corporate Governance Principle 2.5.

With regards to the Chairman not being independent: Mr Barlow is the founder of Adslot and one of the largest individual shareholders in the business. Mr Barlow therefore has a significant vested interest in ensuring the success of the business, and ensuring the Board performs its role in setting the strategy and holding the management team accountable. Mr Barlow has extensive private and public Company board experience in the role of Chairman, and within the relevant industry. As a global Company with significant operations in the US market, the board also believes that it is acceptable, and preferable at this stage of the Company's evolution, to adopt the conventions adopted by similar-type technology companies in the US, where it is common practice to retain its Founder as Chairman.

The board does not believe that the appointment of an independent chairman at this stage of the Company's evolution would result in any improved performance of the business, and believe cash conservation demands a small Board with the relevant experience – especially as it pertains to the appointment of independent directors.

## **Recommendation 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.*

Given the complex nature of the industry in which the Company operates, the Board and Management invest a considerable amount of time on the induction of new directors to ensure they have a thorough understanding of the industry, the Company's place within it and the operations of the Company.

Directors also have access to a broad range of professional advisors who provide advice and assistance as requested by the directors, and at the expense of the Company.

The Company supports any director who wishes to undertake further education and training that supports their role as a director.

The Company therefore operates in compliance with ASX Corporate Governance Principle 2.6.



### ***Principle 3: Act ethically and responsibly***

***A listed entity should act ethically and responsibly.***

#### ***Recommendation 3.1***

*A listed entity should:*

- a) *have a code of conduct for its directors, senior executives and employees; and*
- b) *disclose that code or a summary of it.*

The Company has a code of conduct for directors, senior executives and employees that provides policy and guidance on matters of conduct. The aim of the code is to guide directors, senior executives and employees in the execution of their responsibilities, to ensure all legal obligations and stakeholder requirements are considered, and to provide all stakeholders with confidence in the integrity of the Company and the directors. The Company actively complies with this policy. The code of conduct is published on the Company's website.

The Company has a policy concerning trading in company securities by directors and employees. The aim of this policy to provide guidance to directors and senior employees when acquiring or disposing of shares in the Company, and to ensure any acquisition or disposal of shares in the Company by a director or senior employee is conducted in accordance with legal and regulatory requirements and good corporate governance practice. The Company actively complies with this policy. This policy is published on the Company's website.

To enable a director to carry out his or her duties, the board allows individual directors to seek independent professional advice after discussion with the chairman in the first instance. The aim of this practice is to ensure that all directors are in a position to have or to obtain all necessary information required for them to make an informed decision about any matter concerning the Company. Any necessary advice is obtained at the company's expense and advice obtained is made available to all directors.

The Company therefore operates in accordance with ASX Corporate Governance Principle 3.1.

### ***Principle 4: Safeguard integrity in corporate reporting***

***A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.***

#### ***Recommendation 4.1***

*The board of a listed entity should:*

- a) *have an audit committee which:*
  - i. *has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*
  - ii. *is chaired by an independent director, who is not the chair of the board, and disclose:*
    - iii. *the charter of the committee;*
    - iv. *the relevant qualifications and experience of the members of the committee; and*
    - v. *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*
- b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The Company has an Audit & Risk Committee which is chaired by an independent director, Ms Sarah Morgan. Mr Adrian Giles and Mr Geoff Dixon were the committee's other two members, up until Mr Geoff Dixon resigned his position on the Board on 1 December 2016, after which, Mr Adrian Giles was the committee's only other member.



As recommended by the ASX Principles, the committee was chaired by an independent chair who was not chair of the board and the Audit & Risk Committee did have only non-executive directors as members, and it consisted of a majority of independent directors.

The Audit & Risk Committee adopted a Charter that clearly set out its role and conferred on it all necessary powers to perform that role. The Audit & Risk Committee Charter was published on the Company's website.

The Committee had the power to call upon the attendance of the CEO, CFO, the external auditor or any other person to the meeting from time to time. The directors also had access to professional advisors who provided advice and assistance as requested by the Committee members, and directors.

Compliance with accounting and financial reporting standards and procedures are subject to board review and review by the external auditors. Any non-executive director has direct access to the external auditor and is permitted to make such enquiries of the auditor, as they feel necessary. The external auditor is invited to attend the annual general meeting and make themselves available to answer any questions pertaining to the conduct of the audit, the content of the audit report or the financial affairs of the Company.

The Company does not currently operate in full accordance with ASX Corporate Governance Principle 4.1 because it currently consists of only two members. However, the Company intends to appoint another independent director who will join the Audit & Risk Committee, as soon as possible, which will bring the Company into full compliance with Principle 4.1.

#### **Recommendation 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 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.*

A signed declaration from the CEO and CFO (as outlined above) was obtained by the Board prior to the directors approving the entity's financial statements for the financial period.

The Company acts in accordance with ASX Corporate Governance Principle 4.2.

#### **Recommendation 4.3**

*A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The Company currently holds an AGM every year no later than 30 November, in accordance with this ASX Principle and the ASX Listing Rules. The AGM is typically held at the Company's auditors' offices, and the Company's auditors are available to shareholders to answer any questions relevant to the audit.

The Company acts in accordance with ASX Corporate Governance Principle 4.3.

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

***A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.***

***Recommendation 5.1***

*A listed entity should:*

- a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- b) *disclose that policy or a summary of it.*

The Company has a written policy for complying with the ASX Listing Rules continuous disclosure requirements. The company actively complies with this policy. The policy is published on the Company website in the Investor Relations section.

The Company currently complies with ASX Corporate Governance Principle 5.1.

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

***A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.***

***Recommendation 6.1***

*A listed entity should provide information about itself and its governance to investors via its website.*

The Company has a policy for promoting effective communication with shareholders. The Company actively complies with this policy, by way of regular ASX announcements, letters posted to shareholders, and regular shareholder presentations.

In addition, the Company maintains an up-to-date Investor Relations section on its website, which contains links to:

- the names, photographs and brief biographical information for each of its directors and senior executives;
- its constitution, its board charter and the charters of its board committees;
- the corporate governance policies and other corporate governance materials referred to in these recommendations;
- copies of its annual reports and financial statements;
- copies of its announcements to the ASX;
- copies of notices of meetings of security holders and any accompanying documents;
- copies of its media releases, which are also published on LinkedIn, Facebook and Twitter (where appropriate);
- if it keeps them, webcasts and/or transcripts of meetings of security holders or investor or analyst presentations and copies of any materials distributed at those presentations;
- contact details for enquiries from shareholders, analysts or the media; and
- contact for its securities registry.

The Company, and some of its directors and employees, are also active on social media, including LinkedIn, Facebook and Twitter.

The Company therefore acts in accordance with ASX Corporate Governance Principle 6.1.

## **Recommendation 6.2**

*A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

The Company has both a formal and informal investor relations program, which is appropriate to its size.

In addition to the Company's Annual General Meeting, the Company undertakes to deliver at least two additional shareholder update presentations throughout the year, usually following the half-year and full-year results announcements. Shareholder update presentations are usually held in both Sydney and Melbourne, and are held with both institutional and private investors by arrangement, and to the broader public and shareholder base where interest is sufficient to justify them.

In addition to the formal investor relations program outlined above, the Company also actively engages with shareholders, either by meeting with them upon request (where reasonable) and responding to any enquiries they make from time to time.

The Company has appointed an internal Investor Relations team, which includes the CEO and CFO, to ensure all enquiries from shareholders receive an appropriate response within as short a time-frame as possible.

As such, the Company currently acts in accordance with ASX Corporate Governance Principle 6.2.

## **Recommendation 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.*

Notices of shareholder meetings are sent to all shareholders in advance of the meeting. These notices contain detailed background to all resolutions and the processes to vote.

The Company operates in accordance with ASX Corporate Governance Principle 6.3.

## **Recommendation 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.*

The Company currently allows shareholders to receive communications from the Company and its security registry (Computershare) electronically.

In addition, the Company allows shareholders to communicate with the Company via email to [investor.relations@adslot.com](mailto:investor.relations@adslot.com).

The Company currently operates in accordance with ASX Corporate Governance Principle 6.4.

## **Principle 7: Recognise and manage risk**

**A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.**

### **Recommendation 7.1**

*The board of a listed entity should:*

- a) *have a committee or committees to oversee risk, each of which:*
  - i. *has at least three members, a majority of whom are independent directors; and*
  - ii. *is chaired by an independent director;**and disclose:*
  - iii. *the charter of the committee;*
  - iv. *the members of the committee; and*
  - v. *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*
- 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.*

The Directors of the Company take the management of business risk seriously, it identifies and evaluates risks, and their associated mitigation strategies.

The area of risk considered under the risk policy include: strategic, operational, financial, people and regulatory risk; product and productivity; intellectual property and information; technological and systems; and legal and compliance risk. Financial risk management, including market risks, credit risk, liquidity risk, foreign currency risk, cash flow risk, interest rate risk and fair value risk are each addressed in the annual report of the Company.

In accordance with section 295A of the Corporation Act, the board has received assurance from both the CEO and Company Secretary that a system of risk management and internal control appropriate to the size and nature of the organisation is in place and is operating effectively in all material respects.

The Company currently operates in compliance with ASX Corporate Governance Principle 7.1.

### **Recommendation 7.2**

*The board or a committee of the board should:*

- a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- b) *disclose, in relation to each reporting period, whether such a review has taken place.*

The Board reviewed the risk management framework during the year and no substantive changes were made from the framework in place at the time.

The Company operates in compliance with ASX Corporate Governance Principle 7.2.

### **Recommendation 7.3**

*A listed entity should disclose:*

- a) *if it has an internal audit function, how the function is structured and what role it performs; or*
- 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.*

The Company does not have an internal audit function. The Board throughout the year evaluated risk management and internal control processes. Further, in accordance with section 295A of the Corporation Act, the Company has received assurance from both the CEO and Company Secretary that a system of risk management and internal control appropriate to the size and nature of the organisation is in place and is operating effectively in all material respects.

The Company operates in compliance with ASX Corporate Governance Principle 7.3.

## **Recommendation 7.4**

*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.*

The Company believes it does not have any material exposure to economic, environmental or social sustainability risks and as such does not produce a sustainability report.

The Company operates in compliance with ASX Corporate Governance Principle 7.4.

## **Principle 8: Remunerate fairly and responsibly**

### **Recommendation 8.1**

*The board of a listed entity should:*

a) *have a remuneration committee which:*

- 1) *has at least three members, a majority of whom are independent; and*
- 2) *is chaired by an independent director,*

*and disclose:*

- 3) *the charter of the committee;*
- 4) *the members of the committee; and*
- 5) *as at the end of each reporting periods the number of times the committee met throughout the period and the individual attendances of the members at those meetings, or*

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.*

The Company operates a Remuneration Committee and its Charter is published on the Company website. The members of the Remuneration Committee are Mr Adrian Giles (Chair), Mr Andrew Barlow and Mr Quentin George.

The committee meets the ASX principles by having at least three members, chaired by an independent director, and a majority of its members are independent. The directors have access to professional advisors who provide advice and assistance as requested by the directors.

The Company operates in accordance with Principle 8.1.

### **Recommendation 8.2**

*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.*

The non-executive directors and the executive directors and senior management of the Company have clearly distinguishable remuneration structures that are set out in documented service agreements. Full remuneration details for directors and key executives are provided in the director's report and the notes to the annual financial statements in this annual report.

The Company operates in accordance with Principle 8.2.

### **Recommendation 8.3**

*A listed entity which has an equity-based remuneration scheme should:*

(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*

(b) *disclose that policy or a summary of it.*

Adslot's equity-based remuneration plans are disclosed to shareholders whenever they are refreshed. The last refresh was in November 2014 and they will again be refreshed and summarised at the Company's Annual General Meeting of shareholders to be held in November 2017.

Adslot has a policy which specifically limits participants in its schemes from selling, transferring, encumbering or otherwise dealing in their equity-based instruments until all restrictions are lifted under the plan rules.

The Company operates in compliance with ASX Corporate Governance Principle 8.3.