



# OAKAJEE CORPORATION

ACN 123 084 453

## Corporate Governance Statement

### Overview

The Company's Board governs the business on behalf of shareholders as a whole with the prime objective of protecting and enhancing shareholder value. The Board is committed to, and ensures that the:-

- (i) executive management runs the Company in accordance with a high level of ethics and integrity;
- (ii) Board and management complies with all applicable laws and regulations;
- (iii) Company continually reviews the governance framework and practices to ensure it fulfils its corporate governance obligations.

The Board endorses the ASX Corporate Governance Principles and Recommendations ('ASX CGP') however, at this stage of the Company's corporate development, implementation of the ASX CGP is not practical in every instance given the modest size and scale of the Company operations.

During the year ended 30 June 2016, the Company considered the 3<sup>rd</sup> Edition of the ASX CGP. This Statement reports on the revised recommendations and outlines the main corporate governance practices employed by the Board. Where it has not adopted a particular recommendation, an explanation is provided.

This Corporate Governance Statement was approved by the Board on 30 August 2016 and is current as at that date in accordance with ASX Listing Rule 4.10.3.

### 1. Laying solid foundations for management and oversight

#### *Role and Responsibility of Board and Management*

The relationship between the Board and senior management is critical to the Company's long term success. The Board is responsible for the performance of the Company in both the short and longer term and seeks to balance sometimes competing objectives in the best interests of the Company as a whole. The key aims of the Board are to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive Officer and senior management.

The responsibilities of the Board as a whole, the Chairman and individual Directors are set out in the Company's Board Charter and are consistent with ASX CGP 1. A copy of the Board Charter is available in the Corporate Governance section of the Company's website.

Before appointing a new Director, the Company will undertake appropriate checks such as a character reference, police clearance certificate, bankruptcy check and any other check it deems appropriate. Where a Director is to be re-elected or a candidate is put up for election to shareholders, all material information will be provided to shareholders for consideration.

To ensure that Directors clearly understand the requirements of their role, formal letters of appointment are provided to them. The content of the appointment letter is consistent with that set out in ASX CGP 1.

To ensure that Executive Directors clearly understand the requirements of the role, service contracts and formal job descriptions are provided to them, the content of which is consistent with ASX CGP1.



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## *Access to information*

Directors may access all relevant information required to discharge their duties in addition to information provided in Board papers and regular presentations delivered by executive management on business performance and issues. With the approval of their Chairman, Directors may seek independent professional advice, as required, at the Company's expense.

## *Company Secretary*

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The role of the Company Secretary is consistent with ASX CGP1.

## *Diversity*

The Board considers that due to the size of the Company, formally documenting the policy concerning gender diversity and the setting of measurable diversity objectives is not appropriate. The Company has only one full time employee and utilises external consultants and contractors to complement the full time workforce as and when required.

The Company provides equal employment opportunities to men and women at all times. Measurable objectives will be considered by the Board when the Company becomes of a size that warrants such objectives. Once established, the Board will review progress against any objectives identified on an annual basis.

## *Performance Evaluation*

The Chairman and/or the Managing Director are responsible for reviewing the performance of each individual Director at least once every calendar year with reference to the terms of their employment contract. A Director is nominated to review the individual performance of the Chairman and/or the Managing Director and meets privately with him to discuss this assessment.

## **2. Structure of the Board**

### *Board composition*

The Directors determine the composition and size of the Board in accordance with the Company's Constitution. The Constitution empowers the Board to set upper and lower limits with the number of Directors not permitted to be less than three. There are currently three Directors appointed to the Board and their skills and experience, qualifications, term of office and independence status is set out in the Directors' Report.

### *Nominations committee*

Due to the Company's size and scale, the Board has not established a sub-committee to undertake the responsibilities normally undertaken by a Nomination Committee. The Board is charged to undertake the responsibilities normally undertaken by a Nomination Committee.

### *Board succession/Board skills matrix*

The Board has adopted a Board skills matrix which identifies its collective mix of skills and diversity. The current composition of the Board is regarded as balanced with a complementary range of skills, independence, diversity and experience to enable it to discharge its duties and responsibilities effectively.



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Should the Company be in the position where it believes that it or a new Director does not have the requisite skills and experience, the Company will ensure that appropriate training or development is provided to ensure that the current or new Director has sufficient knowledge, skills and an understanding of their responsibilities.

### *Director independence*

Based on the definition of independence published in ASX CGP 2, only one Director is considered independent. Mr Jones and Mr Thomas are not independent as they are substantial security holders of the Company. Mr Rose is deemed independent.

### *Independent Decision Making*

The majority of the Board is not independent and the Company recognises that this is a departure from ASX CGP 2. All Directors bring to the Board the requisite skills which are complementary to those of the other Directors and enable them to adequately discharge their responsibilities and bring independent judgments to bear on their decisions.

Materiality thresholds used to assess Director independence have not as yet been established however the Board considers a Director to be independent where he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the Director's ability to act in the best interests of the Company.

The Board believes that the interests of the shareholders are best served by the current composition of the Board which is regarded as balanced with a complementary range of skills, diversity and experience as detailed in the Directors' Report.

The following measures are in place to ensure the decision making process of the Board is subject to independent judgments:-

- A standard item on each Board Meeting agenda requires Directors to focus on and declare any conflicts of interest in addition to those already declared;
- Directors are permitted to seek the advice of independent experts at the Company's expense, subject to the approval of the Chairman;
- All Directors must act all times in the interest of the Company; and
- Directors meet as required independently of executive management.

Adoption of these measures ensure that the interests of shareholders, as a whole, are pursued and not jeopardised by a lack of independence.

### *Inducting new Directors*

New Non-Executive Directors will be provided with a pack of information and documents relating to the Company including the Constitution, financial statements, recent Board papers and the various Board policies and charters.

## **3. Ethical and Responsible Decision Making**

### *Code of Conduct*

A Code of Conduct Policy is in place to promote ethical and responsible practices and standards for Directors, employees and consultants of the Company to discharge their responsibilities. This Policy reflects the Directors' and key officers' intention to ensure that their duties and responsibilities to the Company are



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performed with the utmost integrity. A copy of the Code of Conduct policy is available to all employees and is also available in the Corporate Governance section of the Company's website. The terms are consistent with ASX CGP 3.

## **4. Integrity of corporate reporting**

### *Audit Committee*

Due to the size and scale of the Company, during the year the Board has not established a sub-committee to undertake the responsibilities normally undertaken by an Audit Committee.

The full Board undertakes all Audit Committee responsibilities in accordance with its Audit Committee Charter located on the Company's website. The responsibilities include the following:-

- Reviewing and approving statutory financial reports and all other financial information distributed externally;
- Monitoring the effective operation of the risk management and compliance framework;
- Reviewing the effectiveness of the Company's internal control environment including compliance with applicable laws and regulations;
- The nomination of the external auditors and the review of the adequacy of the existing external audit arrangements; and
- Considering whether non audit services provided by the external auditor are consistent with maintaining the external auditor's independence.

The Company will give consideration at an appropriate time in the Company's development, for the creation of an Audit Committee.

### *CEO/CFO Sign Off*

Before the Board approves the Company's financial statements it receives a declaration from its CEO and CFO in accordance with ASX CGP 4.

### *External Auditor*

The lead audit partner responsible for the Company's external audit is required to attend each Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

## **5. Timely and balanced disclosure**

### *Continuous Disclosure Policy*

The Company has a written policy on information disclosure that focuses on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities.

A copy of the Continuous Disclosure Policy is located in the Corporate Governance section of the Company's website and the terms are consistent with ASX CGP 5.

The Company Secretary has been nominated as the person responsible for communications with the Australia Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.



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### **6. Rights of Security holders**

#### *Website*

The Company maintains a website at <http://www.oakajeecorp.com.au>. The website contains information consistent with ASX CGP 6.

#### *Communication*

The Company's Shareholder Communications Policy promotes effective communication with the Company's shareholders and encourages shareholder participation at general meetings. A copy of this Policy, which deals with communication through the ASX, the Share Registry, shareholder meetings and the annual report, may be found in the Corporate Governance section of the Company's website. All of the Company's announcements to the market may also be accessed through the Company's website. The Company's annual reports are posted on the Company's website.

Shareholders are provided with the opportunity to question the Board concerning the operation of the Company at the annual general meeting. They are also afforded the opportunity to question the Company's auditors at that meeting concerning matters related to the audit of the Company's financial statements.

Shareholders are also encouraged and given the opportunity to receive electronic communications from, and send electronic communications to, the Company and its share registry.

### **7. Recognising and Managing Risk**

#### *Risk Committee*

Due to the size and scale of the Company, during the year the Board has not established a sub-committee to undertake the responsibilities normally undertaken by a Risk Committee.

The Board is responsible for ensuring that risks, as well as opportunities are identified on a timely basis and receive an appropriate and measured response, recognising however that no cost effective internal control system will preclude all errors and irregularities.

The Company currently is not subject to any material exposure to environmental and social sustainability risks. The principal areas of risk for the Company are in:-

- occupational health and safety and work related safety risks; and
- financial risk in the areas of maintaining sufficient funding for the continuation of operations and risks related to fraud, misappropriation and errors.

The Board will review the effectiveness of implementation of the risk management system and internal control system at least annually. When reviewing risk management policies and internal control system the Board should take into account the Company's legal obligations and should also consider the reasonable expectations of the Company's stakeholders, including security holders, employees, customers, suppliers, creditors, consumers and the community.



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## *Internal Audit*

The Company does not currently have an internal audit function. Once the Company is at a size and scale that warrants an internal auditor or nears production status, the Board will be responsible for the appointment and overseeing of the internal auditor.

## **8. Remunerating Fairly and Responsibly**

### *Remuneration and Nominations Committee*

Due to the size and scale of the Company, during the year the Board has not established a sub-committee to undertake the responsibilities normally undertaken by a Remuneration & Nomination Committee. The Company will give consideration at an appropriate time in the Company's development, for the creation of sub-committees.

The full Board approves all management remuneration including the allocation of options (if any) and involves itself in the nomination, selection and retirement of Directors. No Director may be involved in setting their own remuneration or terms and conditions and in such a case relevant Directors are required to be absent from the full Board discussion.

The Board seeks to ensure that collectively its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective. It shall review the range of expertise of its members on a regular basis and seeks to ensure that it has operational and technical expertise relevant to the operation of the Company.

Directors are re-elected, nominated and appointed to the Board in accordance with the Board's policy on these matters set out in the Remuneration Committee Charter, the Company's Constitution and ASX Listing Rules. In considering appointments to the Board, the extent to which the skills and experience of potential candidates complement those of the Directors in office is considered.

The Company's remuneration philosophy, objectives and arrangements are detailed in the Remuneration Report which forms part of the Directors' Report.

### *Remuneration of Non-Executive Directors*

The annual total of fees to Non-Executive Directors is set by the Company's shareholders and allocated as Directors' Fees by the Board on the basis of the roles undertaken by the Directors. Full details of Directors' remuneration appear in the Remuneration Report. These fees are inclusive of statutory superannuation contributions. No retirement benefits are paid to Non-Executive Directors and no equity-based remuneration scheme exists for them.

### *Remuneration of Executive Management*

Remuneration packages for Executive management are generally set to be competitive so as to both retain executives and attract experienced executives to the Company.