

# Corporate Governance

The Board is committed to conducting the Company's business ethically and in accordance with high standards of corporate governance.

This statement sets out the key elements of our corporate governance framework that has operated throughout the year, unless otherwise indicated.

## ASX Corporate Governance Principles

The Company considers that the corporate governance framework and practices comply with the ASX Corporate Governance Council's Principles and Recommendations (3rd edition, 2014).

An ASX Appendix 4G, which is a checklist that indicates where the Company has disclosed the relevant information in compliance with the ASX Corporate Governance Council's Principles and Recommendations, is available on our website at [www.gud.com.au](http://www.gud.com.au). In summary, the Company's disclosures have been made in this Corporate Governance Statement, the 2016 Directors' Report and on the Company's website. This Corporate Governance Statement and the Appendix 4G, were lodged with ASX on **28** July 2016.

The Company's corporate governance framework is kept under review and amendments are made in response to changes in the Company's business or applicable legislation and standards.

## 1. The Board of Directors

The Board operates in accordance with the general principles set out in its General Policy on Corporate Governance available to view in the corporate governance section of the Company's website at [www.gud.com.au](http://www.gud.com.au). The policy establishes the functions reserved to the Board and those delegated to Senior Executives, as described below.

### 1.1 Role of the Board

The role of the Board of Directors is to protect and optimise the performance of the Group, and accordingly the Board takes accountability for approving strategic direction, establishing policy, overseeing the financial position and monitoring the business and affairs of the Group on behalf of shareholders.

The Board has delegated responsibility for the operation and administration of the Company to the Managing Director who, along with the senior management team, is accountable to the Board. The various business operations within the Group are delegated to divisional Chief Executives who, together with their management teams, manage the businesses within an agreed framework of strategic plans, budgets, targets, standards and policies.

To assist the Board to maintain its understanding of the businesses and to assess the management team, Directors regularly receive detailed briefings from each member of the Executive general management team and visit operating locations.

Directors receive a comprehensive monthly performance report from the Managing Director, whether or not a Board meeting is scheduled, and have unrestricted access to Company records and information.

The Board strives to create shareholder value and ensure that shareholder funds are safeguarded.

To fulfil this role, the Board is concerned with:

- approving the strategic direction for the Company;
- overseeing the long-term performance against targets and objectives;
- monitoring ethical standards, environmental and safety performance and legal compliance;
- monitoring the Group's financial performance;
- approval of budgets, including significant capital expenditure;
- establishing and maintaining the quality of the Executive team and, in particular, monitoring and assessing the performance of the Managing Director;
- assessing business risk profile, risk management and business continuity plans, the adequacy of policies, internal controls and organisation structures; and
- reporting to shareholders on the direction, governance and performance of the Company.

The Board reviews its composition and processes annually (as detailed below).

## 1.2 Composition of the Board

The composition of the Board is determined using the following principles:

- The Board may, in accordance with the Constitution, comprise up to 10 Directors.
- The Chairman of the Board should be an independent Non-Executive Director.

The Board considers that a diverse range of skills, experience and knowledge is required to effectively govern the Company's business. With assistance from the Nominations Committee, the Board works to ensure that the Board achieves optimal composition for the Company's needs. Appropriate checks are undertaken before appointing a person to the Board, or putting forward a candidate to shareholders for election as a Director by the Company.

The Board is satisfied that the Board currently comprises Directors with a broad range of experience having a proper understanding of the current and emerging issues facing the Company, and who can effectively review and challenge Management's decisions.

The Board is currently comprised of five Non-Executive Directors (including the Chairman) and one Executive Director (the Managing Director). Details of the skills, experience and expertise of the Directors, and of the Company Secretary, as well as the period for which the Director has held office are set out in the 2016 Directors' Report.

## 1.3 Independence

The Chairman and all Non-Executive Directors are independent in accordance with the definition recommended in the ASX Corporate Governance Council Guidelines, being free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and act in the best interests of the Company and its shareholders generally.

The Board has adopted guidelines to determine materiality thresholds for the purposes of that definition. Broadly speaking, these guidelines seek to determine whether the Director is generally free of any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company. Such relationships could include where the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company;
- is, or has been employed in an executive capacity by the Company or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is, or has within the last three years been, a partner, Director, or senior employee of a provider of material professional services to the Company or any of its child entities;
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier or customer) with the Company or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- has a material contractual relationship with the Company or its child entities other than as a Director of the Company;
- has close family ties with any person who falls within any of the categories described above; or
- has been a Director of the Company for such a period that his or her independence may have been compromised.

The Board believes the separation of the roles of Chairman and Managing Director and the predominance of independent Non-Executive Directors are appropriate.

Directors have agreed to advise the Board, on an ongoing basis, of any interest that could potentially conflict with those of the Company.

The length of service of each Director may be found in the 2016 Directors' Report. As part of its independence assessment, the Board considered the length of service of each Non-Executive Director on the Board and concluded that no Director has been a director of the Company for such a period of time that their independence may have been compromised. See section 1.6 for further discussion.

## 1.4 Access to independent advice

Subject to prior consultation with the Chairman, Directors may seek independent advice from a suitably qualified expert at the Company's expense, as set out in the General Policy on Corporate Governance, available in the Corporate Governance section of the Company's website.

## 1.5 Directors' interests and benefits

Directors are not required to hold any share qualification. The current shareholdings are shown in the table below.

Directors	Shares held beneficially			
	Own name	Private company / trust	Total 30 June 2016	Total 30 June 2015
R M Herron	10,768	34,455	<b>45,223</b>	<b>25,223</b>
A Templeman-Jones	540	2,752	<b>3,292</b>	
M G Smith	-	30,373	<b>30,373</b>	<b>14,573</b>
G A Billings	-	11,250	<b>11,250</b>	<b>2,250</b>
D D Robinson	-	13,000	<b>13,000</b>	<b>3,000</b>
J P Ling	116,894	26,528	<b>143,422</b>	<b>114,011</b>
P A F Hay	4,828	-	<b>4,828</b>	<b>4,828</b>

## 1.6 Term of office and re-election of Directors

In the appointment of Directors, the Board has sought advice from independent sources and undertaken independent professional searches for suitable candidates possessing the appropriate range of skills, expertise and competencies.

In making recommendations to the Board regarding the appointment of Directors, the Nominations Committee periodically assesses the appropriate mix of skills, experience and expertise required by the Board and assesses the extent to which the required skills and experience are represented on the Board. The Nominations Committee also takes qualitative factors into account, such as diversity and cultural fit. To facilitate this process, the Nominations Committee maintains a skills matrix and profile of existing Board members in order to guide the development of the skills and experience criteria for any Board position to be filled. The Nominations Committee also takes into account succession plans for Directors more broadly as well as information resulting from the performance reviews of the Board, its committees and individual Directors as described in section 3.1 below. Where a potential 'gap' is identified in the backgrounds, experiences or skill sets that are considered desirable or necessary for the Board's continued effectiveness, this information is used to inform the selection of new Director candidates.

A summary of the breadth and depth of the Board's experience and skills appears below:

<b>Skills / Experience</b>	<b>Number of Directors possessing considerable skills /6</b>
Finance / Accounting	5
Business / Commercial	5
Relevant Industry experience	4
Legal	3
Good Judgement	5
Governance	5
Marketing (including digital)	4
Operations/Logistics	3
Strategy Development	5
Public Relations / Communications / Investor Relations	3
Human Resources	4
Risk Management	5
Entrepreneurship / Innovation	5
Corporate Social Responsibility	4
Investment / Capital Management	4

Each Director (and Senior Executive) is formally appointed through a written agreement with the Company, which details the terms of their appointment. New Directors receive a comprehensive induction manual on GUD's corporate governance policies and their role and responsibilities as a Director. They also receive special briefings from Management and visit key operating sites to assist them to quickly understand GUD's businesses and issues.

The Company provides opportunities for and encourages Directors to attend educational sessions throughout the year on various relevant subjects. These opportunities for professional development assist the Directors in developing and maintaining the skills and knowledge needed to perform their role.

All Directors (except the Managing Director) are elected by shareholders at the Annual General Meeting following their appointment and thereafter are subject to re-election at least once every three years. The Company provides shareholders with all material information in its possession relevant to the decision of whether or not to elect or re-elect a Director in its Notice of Annual General Meeting.

The Board maintains a retirement age policy for Directors, being the conclusion of the Annual General Meeting following a Director's 68th birthday. In recent years, Non-Executive Directors have been appointed on the basis that they would not seek to serve more than 10 years.

These policies may be varied by the Board on an annual basis. In the case of Mr Herron, who has served on the Board since June 2004, the Nominations Committee (other than Mr Herron) unanimously endorsed his continuation as a director at its meeting on 23 May 2016.

Executive Directors cease to be Directors when they cease to be Executives.

### **1.7 Role of the Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, ASX and all statutory and other filings.

## 2. Board Committees

The Board generally operates as a whole across the range of its responsibilities but, to increase its effectiveness, uses committees where closer attention to particular matters is required. The role of the Board Committees is to make recommendations to the Board on matters set out in each Committee's Charter. The Charters for the Audit, Risk & Compliance Committee, the Remuneration Committee and the Nominations Committee are available on the corporate governance section of the Company's website at [www.gud.com.au](http://www.gud.com.au).

Board Committees comprise Non-Executive Directors. Details regarding the role of each Committee and their composition as at 30 June 2016 are set out below. The qualifications and experience of the members of each Board Committee can be found in the 2016 Directors' Report. Details of the number of Board and Committee meetings held and attendance at these Board and Committee meetings, during FY16 can be found in the Company's 2016 Directors' Report.

### 2.1 Audit, Risk & Compliance Committee

G A Billings (Chairman), R M Herron, M G Smith, A Templeman-Jones and D D Robinson.

The Audit, Risk & Compliance Committee comprises only Non-Executive Directors, all of whom are currently considered by the Board to be independent. The Chairman of the Committee is an independent Non-Executive Director who is not the Chairman of the Board.

In accordance with its Charter, the Committee primarily assists the Board in fulfilling its responsibilities relating to accounting and compliance obligations of the Company and advises the Board on matters of financial significance or compliance with legal and contractual obligations. The Committee reviews the integrity of the Company's financial reporting and oversees the independence of the external auditors. It also:

- reviews the scope, performance and fees of the external auditor;
- oversees and appraises the quality of audit and reviews conducted by the external auditors;
- maintains communication between the Board, external auditors and Management;
- reviews financial information prepared by Management for external parties;
- reviews accounting policies and practices; and
- monitors compliance with applicable policies and controls.

By invitation, the Managing Director, Chief Financial Officer, Company Secretary, Group Financial Controller and representatives of the Company's external auditor are present for most of the proceedings.

The external auditor is appointed by the Board, is approved by shareholders and continues to hold office in accordance with the requirements of the Corporations Act. The Committee is responsible for reviewing the terms of appointment of the external auditor and for making recommendations to the Board regarding the appointment of the external auditor.

The Company has a formal policy on auditor independence, which is kept under review, including processes adopted by the external auditor and the Company to ensure independence is maintained, such as the rotation of the external audit personnel and restrictions on the external auditor providing services that may compromise independence.

Non-audit services that may be required by the Company have been categorised into those that the external auditor:

- is permitted to provide;
- is permitted to provide subject to Committee approval; or
- is not permitted to provide.

Non-audit services that the external auditor is not permitted to provide include accounting assistance, mergers and acquisition origination or completion, actuarial services, valuation and fairness opinions, internal audit services, advice on deal structuring, executive recruitment services, corporate strategy advice, legal services, general risk management reviews or services or acting as a broker, promoter or underwriter.

The policy recognises that there may be circumstances where the external auditor may perform non-audit services without prejudicing the auditor's independence. Such circumstance may include small or minor tasks of an assurance or compliance nature or cases where the auditor is uniquely positioned to provide the services. A regime of approval

limits is set out in the policy for the approval of non-audit services provided by the external auditor. The Committee also notes the external auditor's policy requiring the partner managing the Company's audit to be rotated within five years from the date of appointment.

The external auditor attends the Annual General Meeting and is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

## **2.2 Remuneration Committee**

A Templeman-Jones (Chairman), R M Herron, M G Smith, G A Billings and D D Robinson.

The Committee comprises only Non-Executive Directors, all of whom are currently considered by the Board to be independent. The Chairman of the Committee is an independent Non-Executive Director.

In accordance with its Charter, the Committee advises the Board on remuneration policies, practices and recommendations regarding the level and form of Executive remuneration, in particular that of the Managing Director and senior management reporting to the Managing Director.

By invitation, the Managing Director and Company Secretary are present for most of the proceedings.

The Remuneration Report included in the 2016 Directors' Report for includes further details on the Company's remuneration policy and its relationship to performance.

## **2.3 Nominations Committee**

R M Herron (Chairman), M G Smith, G A Billings, D D Robinson and A Templeman-Jones.

The Committee comprises only Non-Executive Directors, all of whom are currently considered by the Board to be independent. The Chairman of the Committee is an independent Non-Executive Director.

The Committee has adopted a Charter whereby its primary objective is to assist the Board in fulfilling the Board's responsibilities relating to the future tenure, size, diversity and composition of the Board, including succession planning, developing and maintaining a matrix of desirable skills, competencies and experience of board members and conducting performance evaluation of the Board and committees.

The Managing Director has the right to receive notices of all Committee meetings and to attend and speak at such meetings.

### **3. Performance evaluation and remuneration**

#### **3.1 Performance evaluation**

The Nominations Committee includes in its Charter the role of evaluating the Board's performance. This is conducted through an annual internal assessment. Directors provide written feedback in relation to the performance of the Board, its Committees, and individual Directors against a set of agreed criteria. This feedback is reported by the Chairman of the Nominations Committee to the Board following the assessment.

For the 2016 financial year, a performance evaluation was led by the Chairman. The purpose of the review was to assess strengths and weakness of the Board, its Committees and individual Directors, and identify areas that might be improved. The findings of this performance review have been considered by the Board and have been, and continue to be, taken into account in nominating existing Directors for re-election, identifying and nominating new candidates for appointment as Director, and in planning and conducting Board and Committee matters.

Executives and managers are also subject to an annual performance review in which performance is measured against agreed business objectives.

For the 2016 financial year, the performance of the Managing Director was assessed by the Board against achievement by the businesses and the Managing Director of agreed objectives. The performance of the Company's Senior Executives during the 2016 financial year was reviewed by the Managing Director and by the Remuneration Committee in May 2016.

More detail on the criteria against which the performance of the Managing Director and other Executives is set out in the Remuneration Report included in the 2016 Directors' Report.

#### **3.2 Director and Executive remuneration**

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced personnel. Performance, duties and responsibilities, market comparison and independent advice are all considered as part of the remuneration process.

In accordance with principles of good corporate governance, Non-Executive Director remuneration is currently structured so that Non-Executive Directors do not receive any remuneration that is linked to the Company's performance, nor do they receive any retirement or termination benefits other than superannuation.

The structure and details of the remuneration paid to the Directors and Senior Executives during the period are set out in the Remuneration Report included in the 2016 Directors' Report. The rules of the Company's LTI plan include provisions that prohibit participants entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

## **4. Risk management and internal controls**

### **4.1 Risk management framework**

The Board, through the Audit, Risk & Compliance Committee, is responsible for ensuring there is an adequate risk management framework in place, including policies in relation to risk management and internal compliance and control systems.

It is part of the Board's oversight role to regularly review the Company's risk management framework (at least annually) to satisfy itself that it continues to be sound implementation of that system. Such a review was undertaken during the 2016 financial year.

In brief, the Company's risk management framework is designed to ensure strategic, operational, governance, legal, reputational, product quality, brand, technological and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives, as well as to identify any material changes to the Company's risk profile.

Where considered appropriate, and where it is possible and practicable to transfer a particular risk, and in order to protect shareholders' funds, the Company carries insurance that the Board considers is sufficient for the size and nature of the Company's businesses.

### **4.2 Internal controls framework**

During the year, the Board reviewed the Company's risk management policies and procedures.

A formal review of risks is carried out semi-annually by each division and the corporate head office. The Board has adopted a policy of reviewing risks through a half-yearly reporting process.

Decisions on financial risk management are made by the Group Financial Risk Management Committee, chaired by the Chief Financial Officer, which operates within established policies, procedures and limits that are regularly reviewed by the Board and external advisers. These policies prohibit speculative transactions, restrict hedging to preset limits and require senior management approval of hedging instruments.

Each of the businesses has established IT disaster recovery programs. In addition, all businesses have business continuity plans in place. These plans are of an operational nature and address the major risks in each business. Plans are required to be reviewed and tested by businesses annually with copies submitted to the corporate head office.

### **4.3 Internal audit assurance**

The Company adopts a peer-review process to conduct half-yearly internal audits. Financial controllers and/or other finance staff in one division of the Company undertake an independent, structured review of the process and practices of another division of the Company. Personnel conducting the review are encouraged to make enquiries and examine methods, techniques and situations in the division they are reviewing for applicability in their own division. If the reviewer finds suspicious or unusual circumstances, they are encouraged to explore the circumstances and background as well as reporting a breach of policy or shortcoming. Outcomes of the peer-review process are reported to the Audit, Risk and Compliance Committee on a regular basis.

### **4.4 Economic, environmental and social sustainability risks**

The Company does not have any material exposure to economic, environmental or social sustainability risks. Its key risks are operational (such as responsible sourcing, brand reputation risk and the risk of the consolidation of the customer base) as well as foreign exchange risk. These are detailed, together with how the Company manages those risks in the Operating and Financial Review section of the 2016 Directors' Report.

### **4.5 Managing Director and Chief Financial Officer certifications**

The Managing Director and Chief Financial Officer have provided to the Board in respect of the Company's half year results for the period ending 31 December 2015 and full year results for the period ending 30 June 2016 declarations that, in their opinion:

- the Company's financial records have been properly maintained in accordance with the Corporations Act;
- that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operating results and that they are in accordance with relevant accounting standards and the



Corporations Act; and

- that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## 5. GUD Governance policies

### 5.1 Integrity, ethical standards and compliance

The Company is committed to practising high standards of business conduct and corporate governance. The Board considers that the Company's reputation for honesty, integrity, excellence and fairness is one of the Company's most important assets.

The Board believes it is important to provide a clear set of values that emphasise a culture of strong corporate governance, solid business practices and good ethical conduct. To this end, the Company has a general Company Code of Conduct, which applies to all employees, including policies and standards on issues of business ethics and integrity, and reporting and investigating unethical practices.

The Board has also adopted a number of other policies, including a general policy on corporate governance, a code of conduct specifically for Directors in relation to Directors' duties and conflicts of interest, and a share dealing policy, which together include procedures for dealing in Company shares, conflicts of interest, obtaining independent professional advice at the Company's expense, and full and timely access to such information necessary for Directors to discharge their responsibilities. These policies and codes may be found in the corporate governance section of the Company's website at [www.gud.com.au](http://www.gud.com.au).

### 5.2 Diversity

GUD is committed to being an inclusive workplace that values and promotes diversity. Diversity encompasses gender, race, ethnicity and cultural background, age, physical abilities and religious beliefs.

Encouraging and fostering diversity enables GUD to attract people with the best skills and attributes, and to develop a workforce that is best placed to deliver value to our shareholders, customers and the communities we serve. We see additional benefits from diversity being a broader pool of high-quality candidates and employees, and improved employee retention.

GUD's diversity policy outlines GUD's commitment to improving diversity in the workplace and supplements our employment policies and standards, including as set out in the GUD Code of Conduct. A copy of the diversity policy is available in the Corporate Governance section of the Company's website at [www.gud.com.au](http://www.gud.com.au).

GUD's approach to improving diversity within the Company will assist achieving the following objectives:

1. a diverse and skilled workforce, leading to improved in-service delivery and achievement of corporate goals;
2. a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
3. improved employment and career development practices and opportunities for all staff;
4. a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives;
5. rewarding and remunerating fairly; and
6. awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all.

In accordance with the ASX Corporate Governance Principles and Recommendations, the Board through its Nominations Committee has established measurable objectives for achieving diversity that are in line with GUD's circumstances and the industries in which it participates. These measurable objectives, and progress in achieving them, will be set, and performance against them, reviewed by the Board annually.

Details of measurable objectives that were set for the 2016 financial year, and the Company's progress in achieving them, are set out below.

Objective	Initiatives to achieve the objective	Status of the objective
<p>1. As a general principle, the recruitment/selection process for Board candidates will:</p> <p>a. have as a primary focus getting the right person for the job;</p> <p>b. ensure that the candidate pool has no undue restrictions for representation; and</p> <p>c. ensure that, at both the initial candidate selection and the interview phase, a diverse pool of candidates is presented.</p> <p>The measurable objective in this process will be for the recruitment consultant/executive search firm engaged on a Board candidate search to provide the Chairman of the Nominations Committee:</p> <p>i. a confidential listing of all candidates available for possible consideration applying the Board-mandated skills/experience criteria for the particular Board position to be filled – together with a statement of percentage female representation in the listing; and</p> <p>ii. a confidential listing of all candidates recommended by the search firm for consideration by the Board for personal interview – together with a statement of percentage female representation. This listing is available to be shared with Board members.</p>	Objectives incorporated into recruitment/selection processes	Ongoing consideration of skills matrix to identify needs; Anne Templeman-Jones appointed director 1 August 2015
<p>2. To facilitate this process, the Board will maintain a skills matrix and profile of existing Board members in order to guide the development of the skills/experience criteria for any Board position to be filled.</p>	Board skills matrix maintained	Ongoing, now In its third iteration
<p>3. The Board will, having regard to the profile and timing of the appointment and retirement of Directors, endeavour to have a number of female members on the Board that is in proportion to the female members represented in the workforce of GUD Holdings Limited, but in any event not less than one female member.</p>	Objectives incorporated into recruitment/selection processes	Anne Templeman-Jones appointed director 1 August 2015

The following table shows the representation of men and women at various levels within the GUD workforce as at 30 April 2016:

Level	Proportion of men %	Proportion of women %
Non-Executive Directors	80	20
Senior Management	90	10
Other levels	69	31
Total	70	30

The Company defines 'Senior Management' to mean direct reports to the Managing Director.

### 5.3 Continuous disclosure, investor relations and communication with shareholders

The Company endeavours to ensure that shareholders are regularly and fully informed of all major developments affecting the Company. To facilitate effective two-way communication with shareholders and investors, the Company has an investor relations program, led by the Managing Director. This program disseminates information efficiently (including through ASX announcements, webcasting results presentations and its website), solicits a greater understanding of the concerns and queries of the Company's shareholders and investors and encourages participation at shareholder meetings.

To achieve this, the Company has implemented the following procedures:

- The Directors' Report is made available to all shareholders by mail or by download.
- Information relating to the Company, including the Directors' Report, the Corporate Governance Statement, half-year announcement to the ASX and other major ASX announcements, is publicly available on the Company's website at [www.gud.com.au](http://www.gud.com.au), under Investor Relations.
- Individual shareholders are given an opportunity and encouraged to raise questions at the Annual General Meeting and the Company encourages full participation of shareholders to ensure a high level of accountability and discussion of the Company's strategy and performance.

- The Company also invites the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit, and the preparation and content of the auditor's report.
- There is regular dialogue with institutional investors and any presentation material is contemporaneously made available to all shareholders by announcement to the ASX.
- The Company and each of its businesses have websites – see details and links at **www.gud.com.au**.

Documents that are released publicly, including policies and Charters described in this statement, are made available on the Company's website at **www.gud.com.au**. The Company is committed to providing relevant and timely information to its shareholders and to the broader market, in accordance with its obligations under the ASX continuous disclosure regime. The Board has a Continuous Disclosure Program, details of which are accessible in the Corporate Governance section on the Company's website at **www.gud.com.au**, which establishes procedures to ensure that Directors and Management are aware of, and fulfil, their obligations in relation to the timely disclosure of price-sensitive information.

Shareholders who wish to receive and send communications from and to the Company and its share registry electronically can do so by contacting the share registry, Computershare at [www.investorcentre.com](http://www.investorcentre.com).

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

**Name of entity**

G.U.D. Holdings Limited

**ABN / ARBN**

99 004 400 891

**Financial year ended:**

30 June 2016

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

These pages of our annual report:

This URL on our website: <http://www.gud.com.au/assets/governance>

The Corporate Governance Statement is accurate and up to date as at **30 June 2016** and has been approved by the Board of G.U.D. Holdings Limited.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: **28 July 2016**

Name of Director or Secretary authorising lodgement:

**Malcolm G Tyler, Company Secretary**



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<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
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 fact that we follow this recommendation: <b>X</b> in our Corporate Governance Statement, para.1.1 ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <b>X</b> at <a href="http://www.gud.com.au/assets/governance/Corporate-Governance-General-Policy.pdf">http://www.gud.com.au/assets/governance/Corporate-Governance-General-Policy.pdf</a>
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.	... the fact that we follow this recommendation: <b>X</b> in our Corporate Governance Statement, para. 1.2
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <b>X</b> in our Corporate Governance Statement, para. 1.6
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.	... the fact that we follow this recommendation: <b>X</b> in our Corporate Governance Statement, para. 1.7

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
1.5	<p>A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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 diversity policy and its 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>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><b>X</b> in our Corporate Governance Statement, para. 5.2</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><b>X</b> at <a href="http://www.gud.com.au/assets/governance/Diversity-Policy.pdf">http://www.gud.com.au/assets/governance/Diversity-Policy.pdf</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><b>X</b> in our Corporate Governance Statement, para. 5.2</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><b>X</b> in our Corporate Governance Statement, para. 5.2</p>
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>	<p>... the evaluation process referred to in paragraph (a):</p> <p><b>X</b> in our Corporate Governance Statement, para. 3.1</p> <p>... and the information referred to in paragraph (b):</p> <p><b>X</b> in our Corporate Governance Statement, para. 3.1</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>... the evaluation process referred to in paragraph (a):</p> <p><b>X</b> in our Corporate Governance Statement, para. 3.1</p> <p>... and the information referred to in paragraph (b):</p> <p><b>X</b> in our Corporate Governance Statement, para. 3.1</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>	
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination 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, 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 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 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>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><b>X</b> in our Corporate Governance Statement, para. 2.3</p> <p>... and a copy of the charter of the committee:</p> <p><b>X</b> at <a href="http://www.gud.com.au/assets/governance/Nominations-Committee-Charter.pdf">http://www.gud.com.au/assets/governance/Nominations-Committee-Charter.pdf</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><b>X</b> in our Corporate Governance Statement, para. 2.3, and in the 2016 Directors' Report (within the 2016 Annual Report)</p> <p><a href="http://www.gud.com.au/annual-reports-reviews">http://www.gud.com.au/annual-reports-reviews</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ 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> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
<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.</p>	<p>... our board skills matrix:</p> <p><b>X</b> in our Corporate Governance Statement, para. 1.6</p>
<p>2.3 A listed entity should disclose:</p> <p>(a) the names 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 interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><b>X</b> in our Corporate Governance Statement, para. 1.3</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the length of service of each director:</p> <p><b>X</b> in the 2016 Directors' Report (within the 2016 Annual Report)</p> <p><a href="http://www.gud.com.au/annual-reports-reviews">http://www.gud.com.au/annual-reports-reviews</a></p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>... the fact that we follow this recommendation:</p> <p><b>X</b> in our Corporate Governance Statement, para. 1.3</p>



## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
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 fact that we follow this recommendation: <b>X</b> in our Corporate Governance Statement, para. 1.3
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.	... the fact that we follow this recommendation: <b>X</b> in our Corporate Governance Statement, para.1.6
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>		
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.	... our code of conduct or a summary of it:  <b>X</b> the Company Code of Conduct is disclosed at <a href="http://www.gud.com.au/assets/governance/Company-Code-of-Conduct.pdf">http://www.gud.com.au/assets/governance/Company-Code-of-Conduct.pdf</a> The Code of Conduct specifically applicable for Directors is disclosed at <a href="http://www.gud.com.au/assets/governance/Code-of-Conduct-Duties--Conflict-of-Interest.pdf">http://www.gud.com.au/assets/governance/Code-of-Conduct-Duties--Conflict-of-Interest.pdf</a>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>		
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><b>X</b> in our Corporate Governance Statement, para. 2.1</p> <p>... and a copy of the charter of the committee:</p> <p><b>X</b> at <a href="http://www.gud.com.au/assets/governance/Audit-Risk-and-Compliance-Committee-Charter.pdf">http://www.gud.com.au/assets/governance/Audit-Risk-and-Compliance-Committee-Charter.pdf</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><b>X</b> in our Corporate Governance Statement, para. 2.1 and in the 2016 Directors' Report (within the 2016 Annual Report)</p> <p><a href="http://www.gud.com.au/annual-reports-reviews">http://www.gud.com.au/annual-reports-reviews</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
4.2	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><b>X</b> in our Corporate Governance Statement, para. 4.5</p>
4.3	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><b>X</b> in our Corporate Governance Statement, para. 2.1</p>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED 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>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <p><b>X</b> at <a href="http://www.gud.com.au/assets/governance/Continuous-Disclosure-Programme.pdf">http://www.gud.com.au/assets/governance/Continuous-Disclosure-Programme.pdf</a></p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <b>X</b> at <a href="http://www.gud.com.au/corporate-governance">http://www.gud.com.au/corporate-governance</a>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <b>X</b> in our Corporate Governance Statement, para.5.3
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.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <b>X</b> in our Corporate Governance Statement
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 fact that we follow this recommendation: <b>X</b> in the 2016 Annual Report, page entitled "Shareholder Services and Information" <a href="http://www.gud.com.au/annual-reports-reviews">http://www.gud.com.au/annual-reports-reviews</a>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>		
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; 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 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.	[If the entity complies with paragraph (a):] ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): <b>X</b> in our Corporate Governance Statement, para. 2.1 ... and a copy of the charter of the committee: <b>X</b> at <a href="http://www.gud.com.au/assets/governance/Audit-Risk-and-Compliance-Committee-Charter.pdf">http://www.gud.com.au/assets/governance/Audit-Risk-and-Compliance-Committee-Charter.pdf</a> ... and the information referred to in paragraphs (4) and (5): <b>X</b> in our Corporate Governance Statement, para. 2.1 and in the 2016 Directors' Report (within the 2016 Annual Report) <a href="http://www.gud.com.au/annual-reports-reviews">http://www.gud.com.au/annual-reports-reviews</a> [If the entity complies with paragraph (b):] ... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>
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 fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: <b>X</b> in our Corporate Governance Statement, para.4.1 ... and that such a review has taken place in the reporting period covered by this Appendix 4G: <b>X</b> in our Corporate Governance Statement, para. 4.1

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
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>	<p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement, para. 4.3</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></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>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement, para. 4.4</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>RINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>	
<p>8.1 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, 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 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>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><b>X</b> in our Corporate Governance Statement, para. 2.2</p> <p>... and a copy of the charter of the committee:</p> <p><b>X</b> at <a href="http://www.gud.com.au/assets/governance/Remuneration-Committee-Charter.pdf">http://www.gud.com.au/assets/governance/Remuneration-Committee-Charter.pdf</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><b>X</b> in our Corporate Governance Statement, para. 2.2 and in the 2016 Directors' Report (within the 2016 Annual Report) <a href="http://www.gud.com.au/annual-reports-reviews">http://www.gud.com.au/annual-reports-reviews</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [<i>insert location</i>]</p>
<p>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.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><b>X</b> in the 2016 Directors' Report (within the 2016 Annual Report) <a href="http://www.gud.com.au/annual-reports-reviews">http://www.gud.com.au/annual-reports-reviews</a></p> <p>specifically in the Remuneration Report</p>
<p>8.3 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>	<p>... our policy on this issue or a summary of it:</p> <p><b>X</b> in our Corporate Governance Statement, para. 3.2 and in the 2016 Directors' Report (within the 2016 Annual Report) <a href="http://www.gud.com.au/annual-reports-reviews">http://www.gud.com.au/annual-reports-reviews</a></p>