

# SOCIAL TRADERS LTD

## A.B.N. 42 132 665 804

### CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Social Traders is committed to good governance. Directors acknowledge they have a duty to stakeholders to establish and maintain a framework which will achieve a high standard of governance appropriate to the Company's size and complexity.

The Company is not obliged to comply with ASX Corporate Governance Principles; however the Board of Directors has resolved to adopt the ASX Corporate Governance Principles and Recommendations where appropriate.

In March 2013, the Company registered with the Australian Charities and Not-for-profits Commission (ACNC). The Board has reviewed the ACNC's five governance standards, which took effect from 1 July 2013. The Board considers that the Company meets these standards under its corporate governance policies.

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For the year ended 30 June 2016 the Company adopted the following policies to align with Principles 1 – 8 of the ASX Corporate Governance Principles and Recommendations 2014 (3rd Edition).

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

The Board has a primary responsibility to establish an overarching vision and strategic direction for the Company. The Board also has a responsibility to allow management to carry out its responsibilities within broadly defined parameters without day to day intervention of the Board.

#### **Company Policy**

The Board will ensure that the majority of its time and effort is dedicated to setting the strategic direction of the Company. Where necessary, Board committees will be formed to assist in the conduct of the more detailed aspects of Board functions.

The Board will also ensure the Company's strategic direction is clearly documented as a set of objectives which are communicated to relevant stakeholders.

The Board acknowledges that it has a responsibility to create a business operating environment where management has the delegated authority to develop operating plans & procedures designed to achieve the Company's objectives.

The Managing Director is required to prepare an annual project plan and financial budget, to be approved by the Board, which are aimed at achieving the Company's objectives.

The Managing Director also has the responsibility to see that operating procedures and an organisational structure are in place, which is capable of implementing the annual project plan and financial budget at an operational level.

Standing Board committees in place are:

Human Resources & Nominations – Chair: Helen Fenney

Audit, Risk & Governance - Chair: Peter Bramwell

Business Development and Marketing - Chair: Patricia Edwards

The Board requires management & committees to report in a manner which is adequate to:

- i. monitor the conduct of the Company and Management against the annual project plan and financial budget, and;
- ii. facilitate corrective action on a timely basis where this is deemed necessary.

Board effectiveness is assessed periodically. Corrective action is taken where considered appropriate to rectify any perceived shortcomings.

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

The Board will be constituted in a way that adds value and is relevant to setting and achieving the Company's objectives.

### **Company Policy**

The Board will consist of individuals who have skills and experience that are relevant to assisting the Company in setting its strategic direction and achieving its objectives. The Board has identified a set of skills which it considers are appropriate for the Board of Directors of the Company.

The independence of the Directors is monitored by the Audit, Risk & Governance Committee throughout the year.

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## **Principle 3: Promote ethical and responsible decision making**

The Board will establish a code of ethical conduct in all areas of responsibility and authority.

### **Company Policy**

Board members and Company employees shall:

- a. act honestly and in good faith at all times
  - b. be impartial and treat people fairly
  - c. act in the best interests of the Company
  - d. declare all interests, real and perceived, pecuniary and non-pecuniary, that could result in a conflict between personal and organisational priorities
  - e. be diligent, attend meetings and devote sufficient time to preparation for meetings to allow for full and appropriate participation in decision making
  - f. be diligent in decision making
  - g. avoid conduct un-becoming
  - h. maintain confidentiality
  - i. not make improper use of information obtained in the course of their duties
  - j. abide by decisions
  - k. recognise and act in accordance with the fiduciary nature of their duties
  - l. not harass anyone or discriminate on the grounds of sex, sexual preference, age, marital status, pregnancy, the state of being a parent, childless or de facto spouse, race, colour, lawful religious or political belief or activity, and impairment.
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#### **Principle 4: Safeguard integrity in financial reporting**

The Board will ensure policies, procedures and safeguards are in place which ensure the integrity of the preparation, review and reporting of financial results.

##### **Company Policy**

The Company employs external accountants as required to assist in the preparation and review of key financial reports, including an annual report and annual financial statements. The Board's Audit, Risk & Governance Committee meets as required to review financial performance and prepare reports for the Board.

The Board's Audit, Risk & Governance Committee is responsible for the review of the Company's annual financial statements. The Company has appointed auditors who are responsible for an annual audit of the Company's accounts.

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

The Company will disclose relevant information to statutory authorities and funding partners on a timely basis.

##### **Company Policy**

A reporting framework is in place and it is the responsibility of the Managing Director to ensure that the relevant announcements and Company reports are made within the required timeframes.

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#### **Principle 6: Respect the rights of stakeholders**

Stakeholders have the right to be informed about the Company's activities in a timely and transparent manner.

##### **Company Policy**

As well as providing corporate and financial information to statutory authorities, the Company ensures it consults and communicates regularly with its broad range of stakeholders. Information dissemination takes place through a variety of channels.

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

Risks that may impact negatively on the Company are identified and appropriate risk mitigation procedures are put in place.

##### **Company Policy**

The Board's Audit, Risk & Governance Committee is responsible for the identification of risks which may have a significant negative impact on the Company. This Committee also has the responsibility to recommend the adoption of appropriate risk mitigation procedures to the Board. The Company's risk management program is reviewed each year. The Company undertakes regular internal audits as part of its internal control processes.

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**Principle 8: Remunerate fairly and responsibly**

That Company staff are remunerated fairly and responsibly.

**Company Policy**

The Company has established an Employee Policies and Procedures manual which provides information for employees about working at the Company, OH&S policy, Employee Code of Conduct and performance review and professional development. These policies and procedures are reviewed periodically by the Board's Human Resources & Nominations Committee which advises on any adaptations and/or recommendations for the Board's determination.

The Board's Human Resources & Nominations Committee is responsible for the assessment of performance and review of the remuneration of the Company's Managing Director and provides its recommendations to the Board for determination.

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**Review of Governance**

Corporate Governance policies and procedures are reviewed periodically by the Audit, Risk & Governance Committee.