

# Asset Resolution Limited

## Corporate Governance Statement



Asset Resolution Limited and its subsidiary undertakings (“Company”, “ARL”) and the Board of Directors are responsible the Corporate Governance of the Company and is committed to achieving the highest standard of Corporate Governance, business integrity and professionalism with due regard to the interests of all stakeholders. The Board guides and monitors the business and affairs of the Company on behalf of the security holders by whom they are elected and to whom they are accountable. The Company is listed on the NSX.

The Board has used its best endeavours to follow the Principles and Recommendations set out by the Australian Securities Exchange’s (“ASX”) Corporate Governance Council.

The ASX Corporate Governance Council released revised Corporate Governance Principles and Best Practice Recommendations 3<sup>rd</sup> Edition on 27 March 2014 to take effect for the first full financial year commencing on or after 1 July 2014. Companies are encouraged to adopt the revised Principles and Recommendations earlier if they wish. The Company have adopted the revised Principles and Recommendations and accordingly this Statement complies with the 3<sup>rd</sup> edition Principles and Recommendations except where otherwise noted.

Asset Resolution Limited’s corporate governance practices were in place from 1 November 2015, except where noted; having considered the Company’s size and nature it is considered that it complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council’s Principles and Recommendation unless otherwise stated in the Statement. This statement was adopted by the Board on 18 May 2016, reviewed on 4 September 2018.

The Corporate Governance Statement and all corporate governance documents noted in this Statement are available on the Company’s website [www.arlimited.com.au](http://www.arlimited.com.au)

This Statement summarises the Company’s primary corporate governance practices and its compliance with the ASX Corporate Governance Council’s Principles and Recommendation as appropriate.

### Summary of Compliance

3 <sup>rd</sup> Edition Recommendations	Comply	Reference
1.1 Role of board and management	Yes	1.1
1.2 (a) Background checks on directors and (b) information to be given for election of directors	Yes	1.2
1.3 Written contracts of appointment	Yes	1.3
1.4 Company secretary	Yes	1.4
1.5 Diversity	Yes	1.5
1.6 Board reviews	Yes	1.6
1.7 Management reviews	Yes	1.7
2.1 Nomination committee	No	2.1
2.2 Board skills matrix	Yes	2.2
2.3 Disclose independence and length of service of directors	Yes	2.3
2.4 Majority of directors independent (since 30 June 2017)	Yes	2.4
2.5 Chair independent and not CEO (since February 2017)	Yes	2.5

# Asset Resolution Limited

## Corporate Governance Statement



3rd Edition Recommendations	Comply	Reference
2.6 Induction and professional development	Yes	2.6
3.1 Code of conduct	Yes	3.1
4.1 Audit and risk committee	Yes	4.1
4.2 Chair and CFO certification of financial statements	Yes	4.2
4.3 External auditor available at AGM	Yes	4.3
5.1 Continuous Disclosure Policy	Yes	5.1
6.1 Information on website	Yes	6.1
6.2 Investor relations program	Yes	6.2
6.3 Facilitate participation at meetings of security holders	Yes	6.3
6.4 Facilitate electronic communications	Yes	6.4
7.1 Risk committee	No	7.1
7.2 Annual risk review	Yes	7.2
7.3 Internal audit	No	7.3
7.4 Sustainability risks	Yes	7.4
8.1 Remuneration committee	No	7.1
8.2 Disclosure of executive and non-executive director remuneration policy	Yes	8.2
8.3 Policy on hedging equity incentive schemes	Yes	8.3

## Corporate Governance Statement

### ASX CORPORATE GOVERNANCE PRINCIPLES

The following is a summary of the 8 Corporate Governance Principles, including comments where applicable on the Recommendations, and extracts from the policies adopted by the Company which demonstrate how compliance has been achieved.

#### PRINCIPLE 1: Lay solid foundations for management and oversight

##### 1.1 CHARTER FOR THE BOARD OF DIRECTORS

An important and basic corporate governance policy is the Charter for the Board of Directors, which is regularly reviewed. The Charter is a composite document which deals with all of the ASX principles of good corporate governance and is available on the Company's website.

The Charter, as supported by the Directors' Code of Conduct detailed at Principle 3, sets out the following requirements:

- ) The role of the Board;
- ) The responsibilities of the Board
- ) The Board structure;
- ) The skills required on the Board; and
- ) The Directors' general roles.

The Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals and responsibilities for management and monitoring the achievement of these goals.

The goals of the corporate governance processes are to:

- (i) maintain and increase Shareholder value;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (iii) ensure compliance with the Company's legal and regulatory objectives.

The Board seeks to identify the expectations of the security holders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board. To assist in the execution of its responsibilities, the Board has established an Audit and Risk Committee. Since 1 November 2015, the Company have three committee members, all are non-executive directors and one, is an independent directors.

The responsibility for the operation and administration of the Company is delegated, by the Board, to the Managing Director ("MD") (where appointed) and executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the MD and the executive management team, which will be undertaken annually.

Whilst there is ongoing interaction between the Board and Management, the Board functions independently of management to establish the policy framework of the Company from which management works to perform the daily functions of the business

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risk identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

##### The Board's roles and responsibilities

The primary responsibilities of the Board include:

## Corporate Governance Statement

### PRINCIPLE 1: Lay solid foundations for management and oversight (continued)

- J Board approval of a strategic objectives designed to meet stakeholders' needs and manage business risk;
- J Ongoing development of the strategic objectives and approving initiatives and strategies designed to ensure the continued growth and success of the entity
- J Working with management to develop strategic and business plans to achieve those strategic objectives; and
- J Implementation of budgets by management and monitoring progress against budget – via the establishment and reporting of both financial and non-financial key performance indicators.
- J Appointing the Chair of the Board
- J Appointing the and reviewing the performance, remuneration of, and succession plans of the Executive/Managing Director
- J Setting the criteria for Board membership, continuity and reviewing the composition of the Board;
- J Conducting an annual review of the Board Charter.
- J Establishing the long term goals of the Company, and working with management to develop strategic and business plans to achieve those goals;
- J Monitoring implementation of the Company's strategic and business plans and its financial performance;
- J Appointing, and reviewing the performance, remuneration of, the senior management team, ensuring a clear relationship between performance and remuneration;
- J Approving major corporate initiatives;
- J Enhancing and protecting the reputation of the organisation;
- J Approval of the annual and interim financial reports;
- J Approving operational budget, including major capital expenditure, acquisitions and divestitures;
- J Monitoring the progress of capital management, acquisitions and divestitures;
- J Ensuring that any significant business risks that arise are identified, assessed, appropriately managed and monitored;
- J Overseeing the Company's relationship and communications with security holders;
- J Establishing and monitoring the Company's capital management strategy, including any dividend payments;
- J Overseeing the integrity of the Company's accounting and corporate reporting systems, including appointing or removing the Company's external auditor; and
- J Approving and monitoring the effectiveness of the Company's system of corporate governance.
- J Assessing the Company's funding requirements; and
- J Monitoring borrowings from financial institutions.

At all times the Board retains full responsibility for guiding and monitoring the Company. Due to the size of the Board and Company, apart from an Audit and Risk committee, there are no other separate committees of the Board, the Board maintaining full responsibility on matters of finance and treasury with assistance from the CFO.

#### Board Meetings

The Board holds 10 to 12 formal meetings a year. Additional meetings are held as required. A meeting is held each year to review and approve the strategy and financial plan for the next financial year. The Board also meets with Executive Management to consider matters of strategic importance to the Company.

#### Senior Management Team's Responsibilities

Due to the Company's size and nature there is currently no Executive Director. The Board will annual review the need for an Executive Director. The Chief Financial Officer "CFO" ("senior management team") are responsible for running the affairs of the Company under delegated authority from the Board and for implementing the policies and strategy set by the Board. In carrying out their responsibilities the senior management team must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operational results. Clear lines of communication between the Chair and the senior management team are established and both consults with the Chair, in the first place, on matters which are sensitive, extraordinary or of a strategic nature.

## Corporate Governance Statement

### PRINCIPLE 1: Lay solid foundations for management and oversight (continued)

The role of the senior management team is to implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. The senior management team is responsible for the implementation of the Company's strategic and business plans, they are not involved in the setting of the Company's strategic and business plans. The Audit and Risk Committee have delegated certain financial risk management duties to Graham Holdaway. The Board were of the opinion that these duties did not affect Mr Holdaway's non-executive status as a director of the Company.

#### Independent professional advice

In fulfilling their duties, the Directors may obtain independent professional advice at the Company's expense.

### 1.2 APPOINTMENT OF DIRECTORS

The full Board is responsible for establishing criteria for Board membership, reviewing Board membership and identifying and nominating directors. Board membership is reviewed annually to ensure the Board has an appropriate mix of qualifications, skills and experience. External advisors may be used to assist in this process.

The Company has written agreement with directors. The terms and conditions of appointment and retirement of non-executive directors are set out in a letter of appointment that includes the recommendation outlined in Principle 1. The Company has also developed an informal induction program suitable for new directors and senior management.

### 1.3 WRITTEN AGREEMENTS WITH DIRECTORS AND SENIOR EXECUTIVES

The Company introduced a written agreement in April 2016.

There has been an agreement with the CFO and Company Secretary since her appointment on 1 October 2015.

### 1.4 COMPANY SECRETARY

The Company Secretary is accountable to the Board for facilitating the Company's corporate governance processes and the proper functioning of the Board. Each Director is entitled to access to advice and services of the Company Secretary.

In accordance with the Constitution the appointment or removal of the Company Secretary is a matter for the Board as a whole. Details of the Company Secretary's experience and qualifications are set out in Annual Report.

### 1.5 DIVERSITY POLICY

The Board has always been aware of the advantages that may flow from diversity in respect to gender, age, ethnicity and cultural background and has taken those factors into account when considering new appointments at all levels within the Company.

At present there is an aggregate of 5 (prior year: 5) staff including directors, employee and contactors (full and part time); these include 3 (prior year 2) females including the 1 Non-Executive Director and the Company Secretary and 1 (prior year 1) employee is of differing ethnic or cultural background, and nil are mature age.

The Diversity Policy adopted by the Board is as follows:

#### 1. General Purposes and Principles

- (a) The Company respects and values the competitive advantage of "Diversity", and the benefits of its integration throughout the Company, in order to enrich the Company's perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Company's objectives ('Principle').

## Corporate Governance Statement

### PRINCIPLE 1: Lay solid foundations for management and oversight (continued)

- (b) This Principle will manifest itself in the following areas:
- (i) strategic and operational:
    - (A) being attuned to diverse strategies to deliver the Company's objectives;
    - (B) being attuned to diverse corporate, business and market opportunities; and
    - (C) being attuned to diverse tactics and means to achieve those strategies in (A) and to take advantage of those opportunities in (B).
  - (ii) management:
    - (A) adding to, nurturing and developing the collective relevant skills, and diverse experience and attributes of personnel within the Company;
    - (B) ensuring the Company's culture and management systems are aligned with and promote the attainment of the Principle, including having regard for domestic responsibilities.

Note: in the context of this paragraph 1(b)(ii) "Diversity" constitutes people at relevant levels within the Company (including board, senior executive, management and otherwise) with a diverse blend of skills, experiences, perspectives, styles and attributes gained from life's journey, including on account of their culture, gender, age or otherwise.

- (c) The Company will develop strategies, initiatives and programs to promote the Principle, Including the achievement of gender diversity with respect to the matters referred to in paragraph 1(b)(ii).
- (d) In particular, the Company will set measurable objectives, and targets or key performance indicators (KPIs), for the strategies, initiatives and programs to achieve gender diversity with respect to the matters referred to in paragraph 1(b)(ii).
- (e) The Company will implement the strategies, initiatives, programs and measurable objectives referred to in (c) and (d).
- (f) Management will monitor, review and report to the Board (including via the Remuneration Committee if established) on the achievement of gender diversity with respect to the matters referred to in paragraph 1(b)(ii), and the Company's progress under this policy.

### 2. Responsibility for the Policy

- (a) Although the Board retains ultimate accountability for this Policy, the Board has delegated responsibility for Policy implementation to the Executive Director or in the absence of an Executive Director, the Company Secretary.
- (b) In turn the Executive Director has delegated to the Company Secretary responsibility for administration of this Policy, including its reporting to the Board, or its relevant sub-committee, as appropriate.

### 3. Measurable Objectives, targets and Key Performance Indicators (KPIs) - Gender Diversity

With respect to gender diversity, management will:

- (a) develop, for approval by the Board or its relevant sub-committee, as appropriate:
  - (i) measurable objectives concerning the strategies, initiatives and programs referred to in paragraph 1(c);
  - (ii) targets or KPIs to verify progress towards attainment of those measurable objectives.
- (b) measure performance against those targets and KPIs;
- (c) report from time to time on the progress of the matters referred to in (a) and (b).

## Corporate Governance Statement

### PRINCIPLE 1: Lay solid foundations for management and oversight (continued)

#### 4. Compliance Requirements

- (a) The Company will meet its obligations with respect to the issue of "Diversity", as may be required under the ASX Corporate Governance Principles and Recommendations (2nd Edition) ("ASX Principles") and other regulatory requirements (if any) including by:
  - (i) establishing this Policy as a compliant policy under ASX Guideline 3.2(a) by:
    - (A) establishing measurable objectives for achieving gender diversity;
    - (B) the Board assessing annually the measurable objectives for achieving gender diversity and the progress in achieving them.
  - (ii) disclosing this policy or a summary of it under ASX Guideline 3.2 (b)
  - (iii) in its annual report, and in the terms of ASX Guideline 2.4, disclosing the processes the Board adopts and the criteria the Board takes into consideration in its selection of prospective new Board members;
  - (iv) in its annual report, and in the terms of ASX Principles 3.3 and 3.4, disclosing:
    - (A) the measurable objectives for achieving gender diversity set by the Board in the terms of this Policy;
    - (B) the progress from time to time towards achieving them;
    - (C) the proportions in the Company (relative to their male counterparts) of:
      - female employees;
      - females in senior executive positions;
      - females on the Board
  - (v) incorporating in the corporate governance statement details as to the mix of skills and diversity that the Board is looking to achieve in membership of the Board, in the terms of ASX Guideline 2.6.
- (b) The Company Secretary will assume line responsibility to ensure the Company meets its compliance and reporting obligations referred to in (a), including by collecting and collating all relevant data and ensuring that management processes and systems are adequate and effective for such reporting obligations to be met.

#### 5. Communication

The Company commits to the communication of this policy within the Company, to its security holders and the market, including via its website:

- (i) by way of transparency and accountability; and
- (ii) to better promote the prospects of attainment of the Principle.

#### 6. Accountability

- (a) Reporting and accountability in the terms of this Policy will be a periodic item on the Board agenda.
- (b) At least annually the Board reviews on progress towards attainment of the Principle with respect to the matters referred to in paragraph 1(b)(ii), and otherwise to facilitate the Board in meeting its Compliance requirements under paragraph 4.

#### 7. Addenda to this Policy

The following shall constitute addenda to this Policy as if set out in this Policy:

- (a) approved strategies, initiatives and programs and measurable objectives, targets and KPIs referred to in paragraph 1(c); and
- (b) approved measurable objectives, targets and KPIs referred to in paragraph 1(d); as may apply from time to time.

## Corporate Governance Statement

### PRINCIPLE 1: Lay solid foundations for management and oversight (continued)

#### 8. Overriding Caveat

Nothing in this policy shall be taken, interpreted or construed so as to endorse:

- (a) the principle criteria for selection and promotion of people to work within the Company, other than their overall relative prospect of adding value to the Company and enhancing the probability of achievement of the Company's objectives;
- (b) any discriminatory behaviour by or within the Company contrary to the law, or any applicable codes of conduct or behaviour for the Company or its personnel;
- (c) any existing person within the Company in any way feeling threatened or prejudiced by this policy in their career development or otherwise, merely because of their Diversity attributes at any time may be more, rather than less, common than others.

#### Diversity Strategy

The Diversity Strategy lists the strategies, initiatives and programs, measurable objectives, targets and KPIs adopted by the Board. Most of the strategies, initiatives and programs have already been achieved or put in place, and the necessary amendments have been made to the Charter for the Board of Directors and to the Terms of Reference for the Remuneration Committee (if formed, otherwise by the Board Charter). The amended documents may be viewed on the Company's web site.

The Strategy includes initiatives and programs designed to foster Diversity at Board level, at executive and management level and generally, commensurate with the nature and size of the Company. Progress with achievement of the Diversity Strategy will be reviewed by the Remuneration Committee (if formed, otherwise by the Board) on an annual basis and the result reported to the Board. Progress will also be reported each year in the Directors' Report section of the Annual Report.

#### 1.6 PERFORMANCE OF BOARD

The performance of the Company's Board has been assessed this year in accordance with the process adopted by the Board. As a result of the Board size director performance reviews are in the form of informal annual self-review and discussion with the other directors

Further information on performance evaluation and remuneration is set out in the Remuneration Report contained within the Annual Report.

#### 1.7 PERFORMANCE OF KEY EXECUTIVES

The performance of the Company's senior executives is assessed annually in accordance with the process adopted by the Board.

Further information on performance evaluation and remuneration is set out in the Remuneration Report contained within future Annual Reports.

## Corporate Governance Statement

### PRINCIPLE 2: Structure the Board to add value

#### 2.1 NOMINATION AND REMUNERATION COMMITTEE

In view of the size of the Company, the directors have considered that establishing a nomination and remuneration committee would contribute little to its effective management and accordingly all directors participate in decisions regarding the nomination and election of new Board members.

#### 2.2 BOARDS' SKILL MATRIX

The below skills and diversity attributes have been identified as the optimum skills and diversity attributes the Company seeks to achieve across its Board membership. The Board currently possesses an effective blend of these skills and diversity attributes. However, the Board is conscious that recently announced developments will require some dimensions to be supplemented in the near future, particularly having regard to the Company's involvement with specific investments, projects and potential partnering with joint ventures. The Board reviews the skill mix annual or as required if circumstances change.

##### General

- > Other Board experience
- > Management expertise

##### Governance

- > Understanding of legal, ethical and fiduciary duties
- > Governance committee experience
- > Risk management

##### Behavioural

- > Investments
- > Communication
- > Analytical
- > Strategic Technical
- > Financial qualifications
- > Legal
- > Government
- > Local knowledge and networks

##### Diversity

- > Female
- > Male
- > Non-Caucasian ethnicity
- > Language other than English

During the year ended 30 June 2018 the Company reviewed its Board membership and as a result appointed a new director with different skills and experience. Further details regarding the skills and experience of each Director are included website [www.arlimited.com.au](http://www.arlimited.com.au) and in future Directors' Report within the Annual Report.

## Corporate Governance Statement

### PRINCIPLE 2: Structure the Board to add value (continued)

#### 2.3 DIRECTORS INDEPENDENCE AND LENGTH OF SERVICE

The names and details of the Company's directors in office are as follows:

Director	Position	Appointed	Last elected or re-elected at AGM <sup>(2)</sup>	Resigned
Giles Craig <sup>(1)</sup>	Independent Non-Executive Chair	11 September 2015	11 September 2016	-
Sarina Roppolo <sup>(1)</sup>	Independent Non-Executive	28 February 2018	-	-
Graham Holdaway <sup>(1)</sup>	Independent Non-Executive	1 April 2017	18 October 2017	-
Former Directors				
John Sergeant <sup>(1)</sup>	Independent Non-Executive	11 September 2015	18 October 2017	28 February 2018
Frederick Woollard	Non-Executive	11 September 2015	11 September 2015	30 June 2017
David Beddall <sup>(2)</sup>	Non-Executive Director	8 August 2012	8 August 2012	11 September 2015
Lindsay Johnston <sup>(2)</sup>	Non-Executive Director	8 August 2012	8 August 2012	11 September 2015
Anthony Pope <sup>(2)</sup>	Non-Executive Director	18 October 2012	18 October 2012	11 September 2015
Wayne Jenvey <sup>(2)</sup>	Non-Executive Director	8 August 2012	8 August 2012	11 September 2015

<sup>(1)</sup> To stand for election at 2017 AGM.

<sup>(2)</sup> No re-election was required under original constitution.

The Board comprises three independent non-executive directors: Giles Craig, Sarina Rappolo and Graham Holdaway and one non-executive director,

The Company's website (and future Annual Reports) sets out the details of their experience and qualifications in the Directors' Report. Giles Craig is deemed independent until February 2017 when his interest in the Company reduced significantly and his interest was below best practice recommendation, refer to 2.4 for further details,

#### 2.4 MAJORITY OF DIRECTORS INDEPENDENT

Best practice recommends that the majority of the non-executive board members, and in particular, should be independent. The board comprises of 100% independent non-executive directors. The Board believes that the current board membership is effective in the current strategic development stage of the Company. The board membership is reviewed annually and a further independent non-executive director could be recruited once the Company's investment portfolio grows, in order to expand the board's experience and qualifications as the Company transitions into the next development stage.

Directors are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement; and are not a substantial shareholder of 5% or more in the Company.

## Corporate Governance Statement

### PRINCIPLE 2: Structure the Board to add value (continued)

#### 2.5 CHAIR IS INDEPENDENT

Best practice recommends that the Chair of the Board is independent and not be the same person as the Managing Director. Mr Craig is now independent as a result of a buy-back of his related party shareholding in Hamilton Securities Limited in February 2017. The board membership is reviewed annually and a further independent non-executive chair could be recruited once the company grows or the board feel circumstances have changed and an independent chair is required. Since 30 June 2017, the board comprises of 100% independent directors and there is currently no Managing Director role.

#### 2.6 INDUCTION AND PROFESSIONAL DEVELOPMENT

The Company has also developed an informal induction program suitable for new directors and senior management. The Company encourages all directors to attend Australian Institute of Directors' courses at the Company's expense.

### PRINCIPLE 3: Act ethically and responsibly

#### Ethical standards

The Board acknowledges the importance of ethical behaviour from the Company's directors, management and employees. The Board's policy is for the directors, management and employees to conduct themselves with the highest ethical standards and the best practices of corporate governance.

#### 3.1 CODE OF CONDUCT

In November 2015, Board adopted a revised Director's Code of Conduct. This code provides more guidance on the standards of ethical behaviours required of directors. The code is available on the Company's website.

Asset Resolution Limited aims to deliver superior long-term total shareholder return, taking proper account of employees, customers and others with whom we do business as well as the communities and environments in which Asset Resolution Limited operates. In striving to achieve these aims, we should not compromise our ethics or principles. Asset Resolution Limited places great importance on honesty, integrity, quality and trust.

This Code of Conduct sets ethical standards for the Non-Executive Directors of Asset Resolution Limited. Asset Resolution Limited has a Code of Conduct (made up of company policies and procedures) which further support these standards. Non-Executive Directors will pursue the highest standards of ethical conduct in carrying out their duties and responsibilities.

A Code of Conduct sets standard to ensure directors:

- ) act in Company's best interest and value Company's reputation;
- ) act with honesty and integrity;
- ) treat others with respect and value differences;
- ) respect and maintain privacy and confidentiality;
- ) identify conflicts of interest and manage them responsibly; and
- ) do not make or review improper payments, benefits or gains.

## Corporate Governance Statement

### PRINCIPLE 3: Act ethically and responsibly (continued)

#### Trading Policy

The long-term holding of the Company's securities by designated persons is encouraged. However, under the Company's Securities Trading Policy, a designated person must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

Also, they must not give such information to any other person who is likely to:

- )] use this information to trade in the Company's securities; and/or
- )] pass this information on to another person who may use this information to trade in the Company's securities.

Before commencing to trade in the Company's securities:

- )] A director must first obtain the written approval of the Chairman; and
- )] An executive must first obtain the written approval of the Company Secretary.

In the instance that the Chairman wishes to trade in the Company's securities, he/she must obtain the written approval of all other members of the board.

#### Closed Period

Designated persons are prohibited from trading in the Company's securities during the following periods:

- )] From 1 July to one day after the release of the Company's final results;
- )] From 1 January to one day after the release of the Company's half-year results; and
- )] Any other periods as may be determined by the Board and communicated to designated persons.

#### Exemptions

Only in exceptional circumstances will approval for the disposal of the Company's securities during this closed period be forthcoming. Examples of such circumstances are:

- )] Where severe financial difficulty or hardship can be demonstrated.
- )] By Order of a Court of Australia.

At no time will approval for the purchase of the Company's securities be granted to designated employees during the closed period.

#### Notification of Dealings by Directors

As required by the NSX Listing Rules, the Company is required to report any transaction conducted by Directors in the securities of the Company to the NSX within 5 business days after the date of the transaction.

Directors are required to report these transactions to the Company Secretary the day following the transaction so the appropriate disclosure can be made and to ensure the Company's compliance with the NSX listing rules.

## Corporate Governance Statement

### PRINCIPLE 4: Safeguard integrity in corporate reporting

#### 4.1 AUDIT AND RISK COMMITTEE

The Board has established an Audit and Risk committee on 11 September 2015, which comprises all three non-executive directors and operates under a charter approved by the Board. Therefore, ultimately it is the Board's responsibility to ensure that an effective internal control framework exists within the entity and for establishing and maintaining this framework of internal control and ethical standards of the Company. Best practice recommend that the committee comprise of three non-executive members, majority being independent and that the chair is independent, the committee have met the best practice requirement due Giles Craig becoming independent as no longer being a substantial shareholder from February 2017 and the appointment one new members in June 2017 that is independent and both bring new skills including financial and auditing skills to the Board and the Committee.

From time to time the Company's senior management team and the Company's auditors, may be invited to attend meetings of the committee.

The number of meetings held during the year as the committee: 2 (2016: 3). The members of the committee were as follows:

##### Members:

Graham Holdaway  
Independent Chair  
Appointed as a director on 30 June 2017 and as chair on 28 February 2018

Giles Craig  
Non-Executive Director (Independent since February 2017)  
Appointed 11 September 2015

Sarino Roppolo  
Appointed 28 February 2018

The responsibilities of the Audit and Risk Committee are contained within its charter and include:

- )] Assessment and monitoring of internal control adequacy.
- )] Monitoring the activities and effectiveness of the internal audit function.
- )] Overseeing and monitoring integrity of financial reporting.
- )] Review draft annual and interim financial statements with management and external auditors and make recommendations to the full board.
- )] Review and monitor the Company's compliance with laws and NSX Listing Rules.
- )] Review performance against the Company's Code of Conduct.
- )] Report regularly to the Board on its activities and findings.
- )] Other responsibilities as required by the Board or considered appropriate.

#### 4.2 MD AND CFO CERTIFICATION

##### Financial Reports

The CFO ensures that the Company's financial reports are prepared in accordance with relevant accounting standards and that monthly financial reports are distributed to the Board. The annual and interim financial reports, and any other financial reports for release to the market, are presented for review by the Audit and Risk Committee prior to their adoption by the Board.

All annual and interim financial reports presented to the Board have both been reviewed by the CFO who confirm in writing to the Board that the relevant report represents a true and fair view of the Company's financial position in all material respects and is in order for adoption by the Board.

## Corporate Governance Statement

### PRINCIPLE 4: Safeguard integrity in corporate reporting (continued)

The Chairman in the absence of a Managing Director and Chief Financial Officer have provided a written statement under Section 295A of the Corporations Act to the Board that:

- ) Their view provided on the Company's financial report is founded on a system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- ) The Company's risk management and internal compliance and control system is operating effectively in all material respects

These reports are sign and provided at both the interim and annual reporting periods.

#### 4.3 EXTERNAL AUDITOR AT THE AGM

The Company's external audit function is performed by Grant Thornton Audit Pty Ltd. Representatives of Grant Thornton Audit Pty Ltd will attend the AGM and be available to answer security holders questions regarding the audit.

### PRINCIPLE 5: Make timely and balanced disclosure

#### 5.1 CONTINUOUS DISCLOSURE POLICY

Asset Resolution Limited is a Public company, and as such is a disclosing entity under the Corporation Act 2001. Under the Corporation Act 2001 and NSX Listing Rules the Board has a number of disclosure obligations. The Board adopted a new Continuous Disclosure Policy in November 2015 to ensure that all disclosure obligations are met, in particular the NSX Listing Rule requirements.

Asset Resolution Limited is committed to ensuring that our security holders and the market are provided with full and timely information about us.

This Policy provides a framework of principles which empower our people to make decisions on behalf of Asset Resolution Limited. The Continuous Disclosure Policy is available on the Company website.

#### Policy Objectives

1. To establish a vetting and authorisation process designed to ensure that Company announcements:
  - ) are made in a timely manner;
  - ) are factual;
  - ) do not omit material information; and
  - ) are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
2. To establish a process to promote understanding of compliance within the Company.
3. To safeguard the confidentiality of corporate information to avoid premature disclosure.

In respect to Periodic Disclosure, the Listing Rules and guidelines require that the Board will ensure that the Security Holders and the market are periodically provided with all information necessary to assess the performance of the Company and the Directors. Information to allow investors to monitor the performance of the Company is communicated by means of:

- ) the Annual Report which is available for distribution to all Security holders;
- ) the Interim Report which is available for distribution to all Security holders;
- ) periodic reports and special reports when matters of material interest arise; the Annual General Meeting and other meetings called to obtain approval of any Board action as required; and
- ) The Company's website.

## Corporate Governance Statement

### PRINCIPLE 6: Respect the rights of security holders

#### 6.1 INFORMATION ON WEBSITE

The Company's website contain information of the Company's:

- ) operations and history;
- ) Corporate Governance matters including the details of Board Members and Key Executives; Corporate Governance Statement; all corporate governance documents noted in this Statement; Annual and Interim Reports; NSX releases; and notices of meetings.

The information is available on the Company's website [www.arlimited.com.au](http://www.arlimited.com.au)

#### 6.2 SECURITY HOLDER COMMUNICATION POLICY

This Policy aims to ensure that effective communication between Asset Resolution Limited (the "Company") and its security holders is maintained, and ready, equal and timely access to clear and balanced information about the Company (including its financial performance, strategic plans, material developments, governance and risk profile) is available to the security holders to enable them to exercise their rights in an informed manner.

The board of directors of the Company (the "Board") is responsible for maintaining an on-going dialogue with, and promoting effective and timely dissemination of information, to the security holders and the investing public. This Policy will be regularly reviewed to ensure its effectiveness

#### 6.3 FACILITATE PARTICIPATION IN GENERAL MEETINGS

The Company holds its AGM each year. Security holders are encouraged to participate in general meetings. Security holders who are unable to attend a General Meeting in person are encouraged to vote on the proposed motions by appointing a proxy.

#### 6.4 FACILITATE ELECTRONIC COMMUNICATIONS

The Company provides its investors the option to receive communications from and send communications to, the Company and the share registry electronically. The Company's size means that the Company's share register provider, Computershare provides electronic communications to security holder however the Company itself does not provide any on-line portals to security holders.

## Corporate Governance Statement

### PRINCIPLE 7: Recognise and manage risk

#### 7.1 RISK COMMITTEE

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Audit and Risk Committee (refer to 4.1 above for further details including membership and meetings) to oversee the process for identifying and managing material risks. The Company's process of risk management and internal compliance and control includes:

- ) Establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- ) Continuously identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- ) Formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls;
- ) Monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and control, including an annual assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practices are in place that are directed towards achieving the following objectives:

- ) Effectiveness and efficiency in the use of the Company's resources;
- ) Compliance with applicable laws and regulations;
- ) Preparation of reliable published financial information.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of risk management.

#### 7.2 ANNUAL RISK REVIEW

The Audit and Risk Committee complete an annual review of the risk management practices and the risk register. The last annual review occurred in August 2018.

#### 7.3 INTERNAL AUDIT

Best practice recommend that the Company establish an internal audit function. The Company is not of a size to warrant an internal audit function. The CFO was previously an auditor. The Chair has reviewed internal controls and is satisfied that an internal audit function is not yet required; this will be reviewed when the Company circumstances change.

#### 7.4 SUSTAINABILITY RISKS

The Company identifies and managed material exposure to economic, environmental and social sustainability risks as part of its risk management practices. All material risk are recorded in a risk register. The Company does not publish a sustainability report.

## Corporate Governance Statement

### PRINCIPLE 8: Remunerate fairly and responsibly

#### 8.1 REMUNERATION COMMITTEE

In view of the size of the Company, the directors have considered that establishing a nomination and remuneration committee would contribute little to its effective management and accordingly all directors participate in decisions regarding the nomination and election of new Board members.

#### 8.2 DISCLOSURE OF REMUNERATION POLICIES AND PRACTICES

##### Remuneration philosophy and structure

The Company has structured remuneration packages for its executives and directors in order to attract and retain people with the necessary qualifications, skills and experience to assist the Company in achieving its desired results.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive Team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration structure are:

- ) Retention and motivation of key executives;
- ) Attraction of high quality management to the Company; and
- ) Performance incentives that allow executives to share in the success of Asset Resolution Limited.

For a full discussion of the Company's remuneration philosophy and framework, details of the remuneration received by directors and executives in the future periods please refer to the Remuneration Report, which is contained within the Directors' Report of future annual reports. The current Board and Executive Team's remuneration is included in Remuneration Report the Annual Report. The total maximum remuneration of non-executive Directors as set out in the Constitution is \$360,000.

There is no scheme to provide retirement benefits to non-executive directors.

#### 8.3 POLICY OF EQUITY BASED REMUNERATION SCHEMES

The Shareholders approved that the Board be paid in shares from 1 December to 30 November each year. The directors will be paid \$50,000 each.

There is currently no other equity based remuneration schemes.

The directors' fee and payment manner will be reviewed when circumstances change, any changes required will require security holder approval. See the Remuneration Report in ARL's Annual Reports for details of remuneration policies.

The overall objective is to ensure maximum shareholder benefit from the retention of a quality Board and Senior Management Team.

There are no other equity incentive schemes.