

## **CORPORATE GOVERNANCE STATEMENT**

Corporate governance includes the policies and practices by which InvestSMART Group Limited (**Company**) and its controlled entities (**Group Entities**) (collectively, **Group**) are effectively managed. Those policies and practices prescribe:

- our ethics;
- the accountability of the Board for financial performance and growth; and
- the management of the risks which are encountered in running a company reliant upon the performance of financial assets and investments.

In developing corporate governance policies and practices for the Group, the Company takes into account the Constitution of the Company (**Constitution**) and applicable legislation and standards, including:

- *Corporations Act 2001* (Cth) (**Corporations Act**);
- Australian Securities Exchange Listing Rules (**Listing Rules**);
- Corporate Governance Principles and Recommendations, 4th Edition published by the ASX Corporate Governance Council (**ASXCGC**); and
- legislation governing Australian Financial Services Licences and other licences held by members of the Group.

The information in this Statement is current as at 7 October 2021 and has been approved by the Board.

### **1. CODE OF CONDUCT**

The Company's Code of Conduct prescribes that Directors, senior executives and employees must act with the utmost integrity and objectivity, striving at all times to demonstrate that the Company is worthy of the trust and confidence placed in it to help members with their financial security. The Code of Conduct sets the standards of behaviour that are expected by the Company from its Directors, senior executives and employees to deliver the right outcomes for all stakeholders and underpins the Company's corporate culture of acting lawfully, ethically and responsibly.

The Code of Conduct lists the Company's values, being:

- Do what is right
- Achieve high standards
- Be accountable
- Strive to exceed members' expectations
- Respect each other.

The Code of Conduct can be downloaded from the Company's website at: [www.investsmart.com.au/shareholder-centre/governance](http://www.investsmart.com.au/shareholder-centre/governance).

While the Company does not have an anti-bribery and corruption policy, the principles of such a policy are contained with the Company's Code of Conduct and Conflicts of Interest Policy. Any material breaches of these policies are notified to the Board.

### **2. RESPONSIBILITIES AND FUNCTIONS OF THE BOARD AND MANAGEMENT**

The Board operates under a Board Charter which is reviewed annually to ensure it remains consistent with the Board's objectives, duties and responsibilities. Under that Charter, the role of the Board is to protect and enhance sustainable shareholder value through:

- ensuring the control and accountability framework in place requires all significant issues relating to the operation and performance of the Company and Group Entities to be brought to the attention of the Board;
- monitoring governance policies, practices and systems to ensure they are effective and appropriate;
- monitoring risk policies, practices and systems to ensure they are effective and appropriate; and
- where appropriate, constituting Board Committees to assist the Board in the fulfilment of its responsibilities.

The Board's responsibilities include:

- the consideration and approval of corporate strategy proposed by management and monitoring its implementation;
- overseeing and monitoring financial performance;
- approving financial and other reporting to shareholders, employees and other stakeholders of the Company;
- ensuring that the Company has appropriate human, financial and physical resources to execute Company strategies;
- reviewing Board and management succession planning;
- appointing, removing and monitoring the performance of the Managing Director and Key Management Personnel;
- appointing and removing the Company Secretary;
- considering and monitoring risks;
- reviewing the effectiveness of Company policies and procedures regarding risk management;
- reviewing the effectiveness of the Company's internal control and accounting systems;
- ensuring appropriate corporate governance structures are in place including standards of ethical behaviour and a culture of corporate and social responsibility;
- overseeing the Company's continuous disclosure obligations;
- reporting to shareholders and other stakeholders; and
- capital management.

The Board Charter was reviewed in October 2021. It can be downloaded from the Company's website at [www.investsmart.com.au/shareholder-centre/governance](http://www.investsmart.com.au/shareholder-centre/governance).

To assist the Board to carry out its responsibilities and functions, certain powers have been delegated to management, including the authority to undertake transactions and incur expenditure on behalf of the Group, up to specified thresholds.

Processes have been established to ensure that management provides relevant information to the Board to enable the Board to make informed decisions and effectively discharge its duties. The Board may also request additional information where necessary and may seek independent advice should it wish to do so.

### **3. BOARD STRUCTURE**

The Constitution provides for a minimum of three Directors and a maximum of twelve Directors.

The Company undertakes appropriate checks before appointing a person as a Director or putting forward a person as a candidate for election as a Director. All material information in the possession of the Company, which is relevant to whether or not a person should be elected or re-elected a Director, is provided to shareholders prior to an election taking place.

At the date of this Statement, the Board comprises an independent Chairman, two independent non-executive Directors and the Managing Director. Although Mr Paul Clitheroe has received performance-based remuneration as a participant under the Company's Employee and Directors Share Plan approved by shareholders at the Company's 2020 Annual General Meeting, the Board has determined that such participation is not material and will not interfere with Mr Clitheroe's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole.

The Directors' Report included in the 2021 Annual Report provides the details of the Directors in office during the year ended 30 June 2021, together with their experience, expertise and qualifications and the number of Board meetings each attended during the year.

As at the date of this Statement, the Directors are:

Independent Chairman:	Mr Paul Clitheroe AM
Managing Director:	Mr Ron Hodge
Lead Independent Non-Executive Director:	Mr Michael Shepherd AO
Independent Non-Executive Director:	Ms Effie Zahos

Consistent with the ASXCGC Corporate Governance Principles and Recommendations, a majority of the Board is independent. The Board believes that at this time in the development of the Company the current allocation of responsibilities among the Directors is most practical and effective for the Company and in the best interests of shareholders.

The Board annually assesses the mix of skills, knowledge and experience which best suit the business conducted by the Company. The Board considers that the current Directors have an appropriate mix of skills for the Company, including core skills in financial services, governance, marketing, digital distribution and product development.

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

#### **4. TERMS OF APPOINTMENT OF DIRECTORS**

The Company issues letters of appointment to Directors, which include:

- term of appointment;
- expectations regarding the Director's involvement and time commitment envisaged;
- powers and duties of Directors;
- circumstances in which the office of director will become vacant;
- remuneration and expenses;
- requirements regarding interests (including the disclosure of interests in securities) and independence;
- compliance with Company policies, including the Board Charter, Code of Conduct and Securities Trading Policy;
- induction and training;
- access to independent advice;
- indemnification and insurance; and
- confidentiality and the right of access to Company information.

Directors appointed by the Board to fill a casual vacancy or as an addition to existing Directors (other than a Managing Director) are appointed only to the conclusion of the general meeting following their appointment and must stand for election at that general meeting. Otherwise, Directors (other than any Managing Director) retire at the later of the third anniversary of their appointment or the conclusion of the third Annual General Meeting after their appointment and are available for re-election. Details of Directors, their experience, expertise and qualifications are set out in the Directors' Report included in the 2021 Annual Report.

The appointment and removal of any Managing Director is a matter for the Board as a whole.

#### **5. DIRECTORS' INTERESTS AND INDEPENDENCE**

The Board has in place processes to ensure that conflicts of interest are managed appropriately throughout the Group.

Directors are required to immediately notify the Company of interests or changes to interests as they arise. The Company Secretary maintains a register of Directors' interests. That register is updated as interests or changes in interests are notified and it is reviewed at the commencement of each regular Board meeting.

The Board assesses the independence of Directors and makes a determination in respect of each Director taking into account:

- specific disclosures made by the Director; and
- the factors relevant to assessing the independence of a directors set out in the ASX Corporate Governance Principles and Recommendations published by the ASXCGC.

#### **6. COMMITTEES OF THE BOARD**

Under the Constitution the Directors may delegate any of their powers to a committee or committees. Any committees established by the Board:

- are entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise;

- are entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they might require; and
- operate in accordance with a charter or terms of reference established by the Board.

## **6.1 AUDIT, RISK AND COMPLIANCE COMMITTEE**

The Charter of the Audit, Risk and Compliance Committee can be downloaded from the Company's website at: [www.investsmart.com.au/shareholder-centre/governance](http://www.investsmart.com.au/shareholder-centre/governance).

This Committee assists the Board to fulfil its corporate governance and oversight responsibilities in relation to:

1. Audit – the Committee reviews the integrity of the Group's financial reporting and oversees the independence of the external auditor;
2. Compliance – the Committee reviews the integrity of the Group's compliance framework;
3. Risk – the Committee assists the Board in fulfilling its risk management responsibilities as defined by applicable law and regulations, the Constitution and other applicable standards.

The Committee consists of not less than two members appointed by the Board. Where possible, a majority of members will be independent non-executive Directors. The Board appoints the Chairman of the Committee, who must be an independent non-executive Director. Preferably, the Chairman of the Board is not also the Chairman of the Committee.

In determining membership of the Committee, the Board seeks to identify and appoint:

- members who can all read and understand financial statements and are otherwise financially literate;
- at least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters; and
- at least one member who has an understanding of the financial services industry.

The current Chairman of the Committee is Mr Michael Shepherd AO and the second Committee member is Mr Paul Clitheroe AM. The Board considers that a two-member Committee is appropriate given the size and complexity of the business. The current Committee members are not executives.

Details of the relevant qualifications and experience of the members of the Committee and number of meetings of the Committee held during the year ended 30 June 2021 are set out in the Directors' Report included in the 2021 Annual Report.

## **6.2 NOMINATION AND REMUNERATION COMMITTEE**

The Charter of the Nomination and Remuneration Committee can be downloaded from the Company's website at: [www.investsmart.com.au/shareholder-centre/governance](http://www.investsmart.com.au/shareholder-centre/governance).

The Committee:

1. reviews and makes recommendations to the Board in relation to nomination matters;
2. develops and recommends to the Board strategies on gender diversity for the Board, committees of the Board and all other levels of the Company and Group Entities;
3. reviews and makes recommendations to the Board in relation to remuneration matters;
4. reviews and brings to the attention of the Board matters relating to:
  - remuneration structure including long term incentive arrangements and participation;
  - senior executive and key staff succession plans;
  - recruitment, retention and termination strategies;
  - the Remuneration Report of the Company; and
  - other matters identified from time to time by the Board.

The Committee consists of not less than two members appointed by the Board. Where possible, a majority of members will be independent non-executive Directors. The Board appoints the Chairman of the Committee. Preferably, the Chairman of the Board is not also the Chairman of the Committee.

The current Chairman of the Committee is Mr Michael Shepherd AO and the second Committee member is Mr Paul Clitheroe AM. The Board considers that a two-member Committee is appropriate given the size and complexity of the business. The current Committee members are not executives.

Details of the number of meetings of the Committee held during the year ended 30 June 2021 are set out in the Directors' Report included in the 2021 Annual Report.

Details about the Company's remuneration policies and practices are set out in the 2021 Remuneration Report included in the 2021 Annual Report. The 2021 Remuneration Report distinguishes the structure of Directors' remuneration from that of senior executives.

The Company has equity-based remuneration schemes. Hedging of unvested shares is prohibited under the Securities Trading and Prevention of Insider Trading Policy.

### **6.3 INVESTMENT COMMITTEE**

The Company has established an Investment Committee to review and, if thought fit, approve investment portfolios for use in the suite of investment products offered by Group Entities. The Committee is also responsible for the ongoing monitoring and review of investment portfolios.

Members of the Committee are drawn from the Board, management and external advisers based on their relevant skills and experience. The current members are Mr Paul Clitheroe (Chairman of the Committee), Mr Alastair Davidson (Head of Funds), Mr Ron Hodge (Managing Director), Mr Alan Kohler (Editor-in-Chief) and Ms Effie Zahos (Non-Executive Director).

## **7. SECURITIES TRADING AND PREVENTION OF INSIDER TRADING POLICY AND STAFF TRADING AND INVESTMENT POLICY**

The Company has adopted a policy regarding trading in its securities and the prevention of insider trading which applies to all Directors, employees and contractors and their associates. This policy can be downloaded from the Company's website at: [www.investsmart.com.au/shareholder-centre/governance](http://www.investsmart.com.au/shareholder-centre/governance).

Those covered by the policy must not trade, arrange for someone else to trade, or communicate information to someone they know, or ought reasonably to know, may use the information to trade (or procure another person to trade) Company securities when they are in possession of price sensitive information relating to the Group which is not generally available to the market.

Directors and employees are generally only permitted to trade in Company securities in defined open periods and then, only if they are not in possession of price sensitive information relating to the Group which is not generally available to the market and if they have prior written approval to trade.

The Company has also adopted a separate policy dealing with staff trading and investment. That policy deals with the management of actual and perceived conflicts of interest arising where in the ordinary course of business Group Entities promote, analyse or report on securities.

## **8. CONTINUOUS DISCLOSURE**

The Board is very conscious of its continuous disclosure obligations and has adopted a Continuous Disclosure Policy. A copy of this policy can be downloaded from the Company's website at: [www.investsmart.com.au/shareholder-centre/governance](http://www.investsmart.com.au/shareholder-centre/governance).

All Directors and the Company Secretary are responsible for ensuring adherence to the Continuous Disclosure Policy. The Chairman or the Managing Director deal with media contact and any external communications.

The Board is responsible for reviewing and verifying the integrity of periodic corporate reports that are released by the Company to the market that are not audited or reviewed by an external auditor.

## **9. INDEPENDENT PROFESSIONAL ADVICE**

Directors may obtain independent professional advice at the Company's expense on matters arising in the course of their Board and Committee duties, after obtaining the Chairman's approval (or in the case of the Chairman, with the prior approval of the Chairman of the Audit, Risk and Compliance Committee). The Board requires that all Directors be provided with a copy of such advice and be notified if the Chairman's approval is withheld.

## **10. PERFORMANCE ASSESSMENT**

The performance assessment of individual Directors, Committees and the Board is included in the Board Charter. The process is aimed at ensuring individual Directors, Committees and the Board as a whole work efficiently and effectively. As part of that process:

- the Board as a whole discusses and analyses its own performance during the year including suggestions for change or improvement;
- the Chairman meets with each non-executive Director separately to discuss individual performance, including development areas;
- a nominated Director leads the review of the Chairman.

Due to the size of the Board, a formal performance evaluation of Directors was not undertaken in the reporting period.

Each senior executive in the Group is engaged under a written contract which includes:

- the term of appointment;
- a description the position and associated duties and responsibilities;
- reporting;
- remuneration, including superannuation;
- the requirement to comply with corporate policies, including Delegations of Authority, Securities Trading and Prevention of Insider Trading Policy, Staff Trading and Investment Policy, Continuous Disclosure Policy, Continuing Professional Development Policy, Human Resources Policies and Procedures and Risk Management and Compliance Policies; and
- circumstances of termination and entitlements on termination.

Those contracts also set out the manner in which the performance of the respective senior executive is evaluated. Performance evaluation of senior executives was undertaken in the reporting period.

## **11. DIVERSITY**

In April 2016 the Company established a Diversity Policy, which is regularly reviewed and updated as necessary. It can be downloaded from the Company's website at: [www.investsmart.com.au/shareholder-centre/governance](http://www.investsmart.com.au/shareholder-centre/governance).

The Board has not set measurable objectives for achieving diversity, however the Company has policies and procedures in place that are targeted at building and fostering a diverse and inclusive workplace. The Board believes these policies and procedures best suit the Company given its size and stage of development. The Company employs less than 100 staff and is not a "relevant employer" under the *Workplace Gender Equality Act 2012* (Cth).

The Company currently has one female Board member and no females within the Key Management Personnel identified in the 2021 Annual Report. As at 30 September 2021, 29% of the employees in the Group are women and 33% of the Company's management team is comprised of women. The Company will seek to maintain or increase this level of women employees in the future and to continue to reflect gender diversity within its staff, the Board and Key Management Personnel.

## **12. DIRECTORS' INDUCTION AND CONTINUING EDUCATION**

The Company does not have a formal program for periodically reviewing whether there is a need for Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively. The Board does not believe such a program should be implemented given the size and stage of development of the Company.

However, all Directors receive an induction after joining the Board and have access to continuing education to update and enhance their skills and knowledge to enable them to continue to carry out their duties.

## **13. MANAGEMENT OF RISK AND INTERNAL CONTROL FRAMEWORK**

The Board is the ultimate sponsor of risk oversight within the Group but does so in a manner which reflects the transparent nature of the Group's systems. The Company pays significant attention to risk as a consequence of its activities, which involve dealing in financial assets.

The Audit, Risk and Compliance Committee fulfils an essential role in the management of risk and the establishment, review and monitoring of internal controls. In addition, through the reporting of the Managing Director, the Board also monitors various measurements of absolute and relative risk. Reviews of the Company's risk management framework were undertaken throughout the reporting period.

Due to the relatively small size of the Group and the limited nature of its business operations, the Company does not have an Internal Audit function. This matter is reviewed periodically by the Audit Risk and Compliance Committee and that Committee makes relevant recommendations to the Board to improve the effectiveness of the Company's risk management and internal control processes.

The Company has access to a series of internal and external controls through the Managing Director, which govern the Company's material business risks. These controls include, but are not restricted to:

- external providers of accounting and related services to the Company and Group Entities; and
- regular reporting by the Managing Director to the Board.

The Company's exposure to economic, environmental and social sustainability risks and management of those risks is disclosed in the 2021 Annual Report – Directors' Report and the Environmental, Social and

Governance Policy (refer Company's website at: [www.investsmart.com.au/shareholder-centre/governance](http://www.investsmart.com.au/shareholder-centre/governance)).

The Board received a statement in writing from the Managing Director and the Chief Finance Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and the system is operating effectively in all material respects in relating to financial reporting risks.

#### **14. ENGAGING SHAREHOLDERS**

The Board is committed to ensuring that the shareholders are at all times provided with information sufficient to allow effective monitoring of the Company's performance, including:

- the Annual Report which is distributed to shareholders (at their election);
- the Half Yearly Report;
- periodic reports and special reports when matters of material interest arise;
- the Annual General Meeting and other meetings called to obtain shareholder approval of any action as required; and
- continuous and periodic disclosure.

The Chairman and the Managing Director are primarily responsible for promoting effective communication with shareholders and encouraging their participation at general meetings. The Board reviews the activities aimed at achieving these outcomes. The Company Secretary and the share registry are also available to assist shareholders. Shareholders have the option to receive communications from, and send communications to, the Company and the share registry electronically.

Current and archived announcements by the Company are available on the Company's website at: [www.investsmart.com.au/shareholder-centre/announcements](http://www.investsmart.com.au/shareholder-centre/announcements) and at: [www.asx.com.au](http://www.asx.com.au).

The Company provides a review of operations and financial performance in the 2021 Annual Report, which includes the Company's financial report. Results announcements to the Australian Securities Exchange, Business Updates (lodged quarterly in the ordinary course of business) and the full text of the Chairman's address at the Company's Annual General Meeting are lodged with Australian Securities Exchange and available at on the Company's website at: [www.investsmart.com.au/shareholder-centre/announcements](http://www.investsmart.com.au/shareholder-centre/announcements) and at: [www.asx.com.au](http://www.asx.com.au).

The External Auditor attends the Annual General Meeting of the Company and is available to answer questions from shareholders relevant to the audit of the Company.