

19<sup>th</sup> October 2012

The Manager Companies  
Attn: Ms Charlotte Hope  
Australian Stock Exchange  
20 Bridge Street  
Sydney NSW 2000

Dear Ms Hope,

**Diversity**

We refer to your letter dated 16<sup>th</sup> October 2012 referring to the Company's Corporate Governance practices and in particular its diversity policy.

Somnomed employs approximately 150 people across 22 countries, speaking over 8 languages, 47% of whom are female.

Somnomed embraces diversity. Diversity at SomnoMed recognises and values the diverse blend of skills, experiences and perspectives from individuals, irrespective of culture, gender or age. Somnomed does not consider diversity just in a metric capacity and hence measurable objectives may be subjective depending upon the specific circumstance.

SomnoMed's commitment to creating a flexible working environment and to putting people with the appropriate skills in the correct jobs has resulted in a richly diverse workplace. For example, women comprise 33% of Board positions and 25% of senior management roles.

We reply as to as to whether the Company has followed the diversity recommendations of the ASX Corporate Governance Council as follows:-

**Recommendation 3.1** The Company has adopted a policy, which is published on the Company's website.

**Recommendation 3.2** The Company has adopted a policy, which is published on the Company's website.

**Recommendation 3.3** Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them. As outlined above, Somnomed does not consider measurable objectives solely on an objective basis. This information was not disclosed by the Company in the 2012 Annual Report but is to be disclosed in future annual reports, where measurable objectives are applicable. For additional information refer above.

**Recommendation 3.4** This information is to be disclosed in future annual reports. For additional information refer above.

**Recommendation 3.5** Refer above.

Yours sincerely,



T A Flitcroft  
Company Secretary



ASX Compliance Pty Limited  
ABN 26 087 780 489  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Telephone 61 2 9227 0214  
Facsimile 61 2 9241 7620  
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16 October 2012

Terence Flitcroft  
Company Secretary  
SomnoMed Limited  
Level 3  
20 Clarke St  
Crows Nest NSW 2065

By Email:

Dear Terence,

### **SomnoMed Limited (the “Company”)**

We refer to the Company's annual report for the year ended 30 June 2012 (“Annual Report”) released to the market on 28 September 2012 and in particular to the Company's disclosures about its corporate governance practices and in particular its diversity policy.

Listing rule 4.10.3 requires that an entity include in its annual report:

*“A statement disclosing 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 all of the recommendations the entity must identify those recommendations that have not been followed and give reasons for not following them. If a recommendation had been followed for only part of the period, the entity must state the period during which it had been followed.”*

Principle 3 of the 2010 amendments to the 2<sup>nd</sup> edition of the ASX Corporate Governance Principles and Recommendations states that Companies should actively promote ethical and responsible decision-making and that:

*“Companies should publish their policy concerning diversity, or a summary of that policy, and disclose annually their measurable objectives for achieving gender diversity, their progress toward achieving those objectives and the proportion of women in the whole organisation, in senior management postings and on the board.”*

More specifically the following recommendations set out in more detail the requirements:-

#### Recommendation 3.2

*“Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.”*

#### Recommendation 3.3



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*"Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them."*

#### Recommendation 3.4

*"Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board."*

#### Recommendation 3.5

*"Companies should provide the information indicated in the Guide to reporting on Principle 3."*

The Listed Entities Updates dated 1 October 2010, 7 February, 5 July and 14 August 2012, reminded listed entities of their obligation to report under the 2010 amendments to the 2<sup>nd</sup> edition of the ASX Corporate Governance Principles and Recommendations as set out above in their annual report for their first financial year commencing on or after 1 January 2011.

ASX Listings (ASXL) has reviewed the diversity policy disclosures in the annual reports of all entities. Upon our review of the Company's Annual Report, ASXL could not identify a statement in the annual report confirming whether the Company had followed or not followed the diversity recommendations of the Council.

ASXL attaches particular importance to encouraging a consistently high standard of listed entities' disclosures about the Council's corporate governance recommendations.

**In light of the Company's non-disclosure in respect of the diversity recommendations in its Annual Report, ASXL requires that the Company make additional disclosure to the market in compliance with listing rule 4.10.3 about the extent to which the Company has followed or not followed each of the diversity recommendations of the Council.**

The additional disclosure should be sent to me by e-mail at [charlotte.hope@asx.com.au](mailto:charlotte.hope@asx.com.au) or by facsimile on facsimile number (02) 9241 7620. It should not be sent to ASX Market Announcements. This is requested as soon as possible and, in any event, not later than 9.30am A.E.S.T. on Monday, 22 October 2012.

Under listing rule 18.7A, a copy of this letter and the additional disclosure will be released to the market, so your response should be presented in a suitable form.

Should the Company fail to do so, ASXL may consider suspending the Company's securities from quotation until the Company releases to the market a diversity policy that discloses the required information.



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If you have any queries about this letter, or about the Council's recommendations and the Company's reporting obligations in relation to those recommendations, please contact me immediately.

Yours sincerely,

*{Sent electronically without signature}*

Charlotte Hope  
**Senior Adviser, Listings (Sydney)**