

## Appendix 4G

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

Name of entity:

Kina Securities Ltd

ABN / ARBN:

606 168 594

Financial year ended:

31 December 2015

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://investors.kina.com.pg/investors/?page=corporate-governance>

The Corporate Governance Statement is accurate and up to date as at *[insert effective date of statement]* and has been approved by the board.

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

Date: 25 February 2016

Name of Director or Secretary authorising  
lodgement: Kong Wong

<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 ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... 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): <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at <i>[insert location]</i></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><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 information referred to in paragraphs (c)(1) or (2):</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><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>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><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://investors.kina.com.pg/investors/?page=corporate-governance">http://investors.kina.com.pg/investors/?page=corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</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>[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><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (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 (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<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><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://investors.kina.com.pg/investors/?page=corporate-governance">http://investors.kina.com.pg/investors/?page=corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://investors.kina.com.pg/investors/?page=board-management">http://investors.kina.com.pg/investors/?page=board-management</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>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	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>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<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.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at <a href="http://www.kina.com.pg">www.kina.com.pg</a> and <a href="http://investors.kina.com.pg/investors/?page=corporate-governance">http://investors.kina.com.pg/investors/?page=corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of 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 risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://investors.kina.com.pg/investors/?page=corporate-governance">http://investors.kina.com.pg/investors/?page=corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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:</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><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</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><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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):] ... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... 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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>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><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://investors.kina.com.pg/investors/?page=corporate-governance">http://investors.kina.com.pg/investors/?page=corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></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><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	<p>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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

# Corporate governance statement

## Introduction

Kina listed on the ASX and POMSoX on 29 July 2015 following the successful completion of its initial public offering. Since Kina's initial corporate governance statement was released on 29 July 2015, Kina has undergone a further review of its corporate governance structure and is implementing certain changes to its corporate governance structure. These changes are described in this statement.

This Statement outlines Corporate Governance framework and practices adopted by the Board of Kina and in place for the financial year ended 31 December 2015, by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (**Recommendations**). The Statement was approved by the Board on 25 February 2016.

The Board considers and applies the Recommendations taking into account the circumstances of Kina. Where Kina's practices depart from a Recommendation, this Statement identifies the area of divergence and reasons for it, or any alternative practices adopted by Kina.

## Governance framework

The Board has established a number of corporate governance documents consistent with the Recommendations, which in addition to Kina's Constitution, form the basis of Kina's corporate governance framework – these documents are referenced in this Statement where relevant, and are as follows:

1. Kina Securities Ltd Constitution (2015)
2. Board Charter (adopted 27 October 2015);
3. Audit and Risk Committee Charter (adopted 27 October 2015);
4. Remuneration and Nominations Committee Charter (adopted 27 October 2015);
5. Securities Trading Policy (adopted 27 October 2015);
6. Shareholder Communications Policy (adopted 30 July 2015);
7. Continuous Disclosure Policy (adopted 27 October 2015);
8. Diversity Policy (adopted 27 October 2015);
9. Directors Code of Conduct (adopted 30 July 2015);
10. Code of Corporate Conduct (adopted 30 July 2015); and
11. Conflict of Interest Policy (adopted 30 July 2015).

Copies of the corporate governance documents are available on Kina's website ([www.kina.com.pg](http://www.kina.com.pg)) at: <http://investors.kina.com.pg/investors/?page=corporate-governance>.

## Board of Directors

### The Role of the Board

The Board is responsible for the overall corporate governance of Kina. The Board monitors the operational and financial position and performance of Kina, and oversees its business strategy, including approving strategic goals. The Board is committed to maximising performance, generating shareholder value and financial returns, and sustaining the growth and success of Kina. In conducting Kina's business in accordance with these objectives, the Board seeks to ensure that Kina is properly managed to protect and enhance shareholder interests, and that Kina, its directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Kina, including adopting relevant internal controls, risk management processes and corporate governance policies and

practices that it believes are appropriate for Kina's business and that are designed to promote responsible management and conduct of Kina.

The Board has adopted a board charter (**Board Charter**). The Board Charter sets out, amongst other things, the:

- roles and responsibilities of the Board, including those matters specifically reserved to the Board;
- role and responsibility of the CEO, which is primarily the day to day management of Kina;
- procedure for management of potential and actual conflicts of interest; and
- guidance on board performance evaluation, ethical standards and taking independent professional advice.

## Director Appointment

As is required by the Bank of Papua New Guinea's Prudential Standards (BPNG Prudential Standards) Kina undertakes a Fit and Proper testing for candidates for Board positions and Executive Management positions which includes thorough background checks. When Directors are proposed for election, or re-election at general meetings the notice of meeting provides material and relevant information to enable shareholders to make an informed decision as to whether or not to elect or re-elect the candidate.

Kina has entered into a written agreement with each director and senior management team member that sets out, amongst other items, the terms of their appointment and their roles and responsibilities.

## Board Composition

The Board seeks to ensure that it has the appropriate mix of skills, knowledge and experience to guide Kina and assist management to achieve the strategic objectives set by the Board. To assist in identifying areas of focus and maintaining an appropriate mix of skills and experience, the Board uses a skills matrix. The matrix, depicted below, sets out the skills, experience and expertise represented on the Board and assists the Remuneration and Nomination Committee in identifying actual or potential gaps. The Board reviews the matrix in light of Company strategy and uses it as one aspect of the criteria applying to Board appointments.



## Independence

The Board considers an independent director to be a non-executive director who is not a member of Kina's management and who is free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board reviews the independence of each Director in light of interests disclosed to the Board regularly (and at least annually) and having regard to the relationships listed in Box 2.3 of the Recommendations.

The Board does not consider Syd Yates to be independent as he is the CEO of Kina. Having regard to the Recommendations, Peter Ng and Jim Yap are not considered independent due to their association with a substantial shareholder of Kina; and Wayne Golding, Don Manoa and Hilary Wong are not considered independent due to the length of time over which they have held directorships within the Group.

The Board considers that each of the directors brings objective and independent judgement to Board deliberations and makes a valuable contribution to Kina through the skills they bring to the Board and their understanding of Kina's business.

The Board does not currently have a majority of independent directors. However, Kina's Board of Directors has been structured to ensure it has a high level of public market and PNG experience, coupled with financial and corporate governance capabilities. The Board has assessed that this is appropriate for the current stage of development and size of the business and the current Board members have the appropriate skills, knowledge and experience required to effectively oversee Kina's business.

Directors' details				
Name	Appointment date	Current length of service	Non-executive?	Independent?
Sir Rabbie Namaliu	2009	7 years	Yes	Yes
Syd Yates, OBE	1997	19 years	No	N/A
Peter Ng Choong Joo	2012	4 years	Yes	No
Don Manoa	2003	12 years	Yes	No
Hilary Wong, OBE	2001	15 years	Yes	No
Wayne Golding, OBE	1996	19 years	Yes	No
Jim Yap	2012	4 years	Yes	No
David Foster	2015	8 months	Yes	Yes

## Director induction and education

Kina delivers an induction program to assist and introduce all new directors to the business. As part of the induction, new directors are given a detailed overview on Kina's operations, copies of governance and internal policies and procedures and instruction on the roles and responsibilities of the Board, its committees and management. After their initial induction, directors are expected to keep themselves updated on changes and trends at Kina, in the financial sector, market environment and any changes and trends in the economic, political, social, global, environmental and legal climate generally.

All directors are required to devote a minimum of 20 hours per year to their ongoing professional development. Directors are encouraged to attend recognised courses, seminars and conferences and internal education sessions are scheduled at Board meetings throughout the year.

## Performance Evaluation

In accordance with the Board Charter, the performance of the Board, its members and its committees will be assessed each year. The Board has undertaken a performance evaluation and skills analysis during the year.

As a result the Board has established a succession and renewal plan focussed on the next two years. The plan will manage the retirement and re-election of directors giving consideration to the length of time served on the Board and ensuring appropriate levels of Company experience and corporate knowledge are maintained as well as ensuring new appointments are made with a view to Company strategy over the medium to long term. The Board will continue to review individual, Committee and whole of Board performance and ensure that Board composition and the skills and experience of the Directors is appropriate.

Performance evaluations, overseen by the Chairman, in the case of the CEO, and the Remuneration and Nomination Committee in the case of senior management are carried out on an annual basis and were completed prior to listing in the year under review.

## Chairman

In accordance with the Board Charter, the chairman of the Board is an independent director, Sir Rabbie Namaliu. The roles and responsibilities of the chairman are contained within the Board Charter.

## Company Secretary

Mr Kong Wong was appointed company secretary on 22 June 2015. Prior to his appointment, Syd Yates acted as company secretary. The company secretary is directly accountable to the Board through the chairman of the Board. The company secretary's responsibilities are set out in the Board Charter.

## Board Committees

The Board has the power to establish and delegate powers to committees that are formed to facilitate effective decision making. The Board, however, accepts full accountability for matters delegated by it to those committees. The Board has established an Audit and Risk Committee and Remuneration and Nominations Committee. Each Committee has a separate charter which sets out, in detail, the guidance on the membership and powers of the Committee, and its roles and responsibilities. The charters are reviewed at least annually.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of Kina, relevant legislative and other requirements and the skills and experience of individual directors.

The Remuneration and Nomination Committee is comprised of two independent directors (David Foster and Sir Rabbie Namaliu, the Chairman) and two directors that are not independent (Wayne Golding and Jim Yap). As such, the remuneration and nomination committee does not contain a majority of independent directors as recommended by Recommendation 2.1. The Board has assessed that this is appropriate for the current stage of development and size of the business and the current Committee members have the appropriate skills, knowledge and experience required to perform their duties as a Committee.

The Audit and Risk Committee is comprised of two independent directors (Don Manoa and David Foster, the Chairman) and two directors that are not independent (Wayne Golding and Jim Yap). As such, the audit and risk committee does not contain a majority of independent directors as recommended by Recommendation 4.1. The Board has assessed that this is appropriate for the current stage of development and size of the business and the current Committee members have the appropriate skills, knowledge and experience required to perform their duties as a Committee.

## Remuneration and Nomination Committee

## Audit and Risk Committee

### Roles & Responsibilities

- recommend and review remuneration policy across group
- review and consider composition of Board
- make recommendations to Board in regard to succession planning for CEO and direct reports and appointments of directors
- administering aspects of Fit and Proper requirements of BPNG Prudential Standards
- review structure and level of director fees
- review remuneration framework (incl STIs, LTIs and non-cash elements) of CEO, senior management and Responsible Persons
- review terms and conditions of employment agreements
- review terms of superannuation and pension scheme arrangements
- assist in annual performance review of CEO
- oversee annual performance review of senior management
- review effectiveness of Diversity Policy and its objectives and strategies
- reviewing effectiveness of reporting of financial information, audit systems and controls
- reviewing and recommending to the Board half-year and annual financial statements and reports
- audit planning
- reviewing the provision of non-audit services by the external auditor
- reviewing internal and external audit reports and where weaknesses in controls or procedures have been identified and monitoring remedial action taken by management to ascertain whether it has been adequate and appropriate
- establishing and maintaining a risk management framework and through this, working with the Group Chief Risk Officer and management to identify, manage and monitor potential and actual issues, concerns and risks
- monitoring the risk profile of Kina against the agreed risk appetite and risk management framework
- annual review of the effectiveness of the risk management framework in supporting business performance/ strategy

### Membership

David Foster  
Wayne Golding  
Jim Yap

Wayne Golding  
Don Manoa  
Jim Yap

### Chair

Sir Rabbie Namaliu

Mr David Foster





Membership of the Committees during the reporting period, the number of Committee meetings and the attendance at those meetings are set out below:

Director	Board meetings		Audit and Risk Committee <sup>1</sup>		Remuneration and Nomination <sup>2</sup>		Disclosure Committee <sup>3</sup>	
	A	B	A	B	A	B	A	B
Sir Rabbie Namaliu	9	9	-	-			2	2
Sydney Yates	9	9	-	-	-	-	2	2
David Foster <sup>4</sup>	8	8	3	3	3	3	2	2
Wayne Golding	9	9	3	3	3	3	-	-
Donald Manoa	9	9	3	3	-	-	-	-
Peter Ng	9	8	-	-	-	-	-	-
Hilary Wong	9	6	-	-	-	-	-	-
Jim Yap	9	9	3	3	3	3	-	-

## Remuneration

Kina is committed to fair and responsible remuneration throughout the Group. Senior Management are remunerated in a way that aims to attract and retain an appropriate level of talent and reflects their performance in relation to the delivery of corporate strategy and operational performance. Remuneration for non-executive directors is set using advice from independent consultants and takes into account the level of fees paid to non-executive directors of similar corporations and the responsibilities and work requirements of the non-executive directors.

The Remuneration Report and further details about the remuneration policy of Kina are set out in the Directors' Report.

## Acting ethically and responsibly

The Board is committed to ensuring that Kina maintains the highest standards of integrity, honesty and fairness in its dealings with all stakeholders, and that Kina complies with all legal and other obligations.

Kina has adopted a Code of Corporate Conduct that applies to all employees of Kina and its subsidiaries (including subcontractors and consultants) and a separate Code of Conduct for Directors (**Codes of Conduct**). The Codes of Conduct set out certain minimum standards of conduct that Kina expects of its employees and directors including integrity, diligence, impartiality, equality and fairness. The Codes of Conduct set out how employees and directors are to conduct themselves in order to meet these minimum standards.

## Diversity

The Board has adopted a Diversity Policy that emphasises Kina's commitment to the maintenance and promotion of workplace diversity and inclusiveness, and recognises people as the Company's most important asset. Diversity is a key driver in Kina's ability to attract, retain and develop the best talent, create an engaged workforce, deliver the highest quality services to its customers and continue to grow Kina's business. The Company's vision for diversity incorporates a number of different factors, including but not limited to gender,

<sup>1</sup> Prior to 19 June Audit and Risk Committee responsibilities were carried out by the Board

<sup>2</sup> Prior to 19 June Remuneration and Nomination Committee responsibilities were carried out by the Board

<sup>3</sup> The Disclosure Committee was established on 27 October 2015

<sup>4</sup> Mr Foster was appointed to the Board 1 May 2015. Mr Foster was appointed Chair of the Audit and Risk Committee and a Member of the Remuneration and Nomination Committee 19 June 2015

ethnicity and cultural background, disability, age and educational experience. The Diversity Policy provides a framework to help Kina achieve its diversity goals, while creating a commitment to a diverse work environment where staff are treated fairly and with respect, and have equal access to workplace opportunities.

The Remuneration and Nominations Committee reviews and oversees the implementation of the Diversity Policy.

The recent acquisition of Maybank resulted in the Company taking on approximately 50 additional employees. As a result the Board determined that it would be inappropriate to set diversity objectives whilst staffing was in such a state of flux. The Remuneration and Nominations Committee will look to set measurable objectives in the early part of 2016. Kina's performance against these objectives will be reviewed annually by the Remuneration and Nominations Committee.

The gender composition of Kina's workforce, including the Board and senior management team is set out below:

	Proportion of women and men employed by Kina as at 31 December 2015				
	Total	Women		Men	
<b>Board</b>	8	0	0%	8	100%
<b>Senior Management</b>	7	1	14%	6	86%
<b>Team Leader</b>	34	18	52	16	48
<b>Other employees</b>	247	130	52%	117	48%

## Written declarations

When the Board considers the statutory half-year and annual financial statements, the Board obtains a declaration equivalent to section 295A of the Corporations Act, from the CEO and CFO in regard to the integrity of the financial statements and assurance as to the effective operation of the risk management and internal compliance and control systems.

## External Auditor

Kina's external auditor is PricewaterhouseCoopers (PwC). The Audit and Risk Committee is responsible for recommending the appointment or removal of the auditor as well as annually reviewing their effectiveness, performance and independence.

The external auditor is required to attend the Company's annual general meeting and is available to address questions relevant to the conduct of the audit and the preparation and content of the auditor's report.

## Timely and balanced disclosure

Kina is committed to observing its disclosure obligations under the ASX Listing Rules, the Corporations Act, the POMSx Listing Rules and the PNG Securities Act. The Board has adopted a shareholder communication policy (**Shareholders Communications Policy**) and a continuous disclosure policy (**Continuous Disclosure Policy**) that implements Kina's commitment to providing timely, complete and accurate disclosure of information.

The Shareholder Communications Policy promotes effective communication with shareholders and seeks to ensure that shareholders have equal and timely access to material information concerning Kina. The Policy implements an investor relations program, a key tenet of which is to encourage effective shareholder participation. Shareholders are encouraged to attend general meetings and shareholder information sessions and to submit written questions prior to those meetings.



The Continuous Disclosure Policy sets out the roles and responsibilities of officers and employees in complying with Kina's continuous disclosure obligations and nominates those individuals who are responsible for determining whether or not information is required to be disclosed.

## Shareholder Communications

Kina's website contains information regarding the Company, the Board and management team, corporate governance, media coverage, ASX announcements, investor presentations and reports.

Kina's investor relations program includes a number of scheduled and ad hoc interactions with institutional investors, private investors, sell-side and buy-side analysts and the financial media. At a minimum, so as to ensure that shareholders and other stakeholders have a full understanding of Kina's performance and strategies, Kina will convene analyst briefings twice a year on Kina's financial performance and objectives.

In accordance with the Shareholder Communications Policy, shareholders are encouraged to attend general meetings, or, if they are unable to attend, vote by proxy or other means included in the notice of general meeting. Shareholders may receive and send information electronically to and from both Kina and Kina's share registry. Other methods of communication are also available to shareholders and other stakeholders, including telephone, mail and facsimile. Kina may consider the use of other reliable technologies as they become widely available.

## Risk Management and internal controls

Throughout the year Kina has invested significant time and effort in the design of a comprehensive risk management framework that extends to each area of the business. The risk division drives and influences the development of a strong and robust risk culture across the whole group. Under supervision of the Board, management is responsible for the design, identification, assessment and management of risk frameworks and related policies, and for adherence to these. A three lines of defence model has been implemented across the organisation. The Group's risk management activities comply with all relevant regulation including that of the Bank of Papua New Guinea (Prudential Standards), Legislation and the Investment Promotion Authority (IPA).

As part of the review and revision of Kina's risk management framework and internal control functions, an internal audit function which will report directly to the Audit and Risk Committee, is being expanded. At present the internal audit function has been co-sourced with external providers for planning and review purposes, which is acceptable under the BPNG Prudential Standards, but not a position Kina will continue in the long term. The internal audit function provides independent and objective assurance to the Board, via the Audit and Risk Committee. The internal audit plan is formulated using a risk based approach and activity and outcomes are reported to the Committee on a quarterly basis.

Kina does not have any material exposure to economic, environmental and social sustainability risks.

## Dealings in Company securities

The Board has adopted a Securities Trading Policy that applies to the Kina's equity-based remuneration scheme and explains the conduct that is prohibited under the PNG Securities Act and the Corporations Act.

The Securities Trading Policy:

- prohibits any Relevant Person from entering into a hedge transaction involving unvested equity held pursuant to an employee, executive or director equity plan operated by Kina;
- sets out the prohibitions against insider trading and prescribes certain requirements for dealing in Kina securities;
- prohibits Relevant Persons from trading in Kina securities while in possession of material non-public information, which is information a reasonable person would expect to have a material effect on the price or value of Kina securities; and
- provides for certain black-out periods when no trading may occur.