

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

This statement reflects MaxiTRANS Industries Limited's ('MaxiTRANS' or 'the Company') corporate governance policies and practices as at 30 June 2016 and which, unless otherwise stated, were in place throughout the year. The essential corporate governance principles incorporating the best practice recommendations of the ASX Corporate Governance Council ('Council'), together with MaxiTRANS' policies and procedures and the Company's compliance with the Council recommendations, are as follows:

1. PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1:

Formalise and disclose the roles and responsibilities of the Board and management and disclose the functions reserved to the Board and those delegated to management

The Board acts on behalf of shareholders and is accountable to shareholders for the overall direction, management and corporate governance of the Company. The MaxiTRANS Board Charter formally defines the role and responsibilities of the Board.

The Board is responsible for:

- overseeing the Company, including its control and accountability systems;
- appointing and removing the Managing Director;
- monitoring the performance of the Managing Director;
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and Company Secretary;
- ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices;
- approving succession plans for the management team;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- providing strategic advice to management;
- reporting to shareholders and ensuring that all regulatory requirements are met;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- monitoring compliance with regulatory requirements and the Company's own ethical standards and policies;
- determining dividend payment and financing of dividend payment;

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- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting; and
- monitoring and ensuring compliance with best practice corporate governance requirements.

Role and responsibility of senior management

Responsibility for the day to day management and administration of MaxiTRANS is delegated by the Board to the Managing Director and the executive management team. The management team manages MaxiTRANS in accordance with the strategy, plans and policies approved by the Board. The Board has in place procedures to assess the performance of the management team.

MaxiTRANS has a Managing Director and a Chief Financial Officer (CFO).

- The Managing Director plans and directs all aspects of MaxiTRANS' policies, objectives and initiatives, and is responsible for the short and long term profitability and growth of MaxiTRANS.
- The Managing Director demonstrates expertise in a variety of concepts, practices, and procedures and relies on extensive experience and judgement to plan and accomplish goals.
- The Managing Director has an excellent understanding of MaxiTRANS, its products and the market in which it operates.
- The Managing Director leads and directs the work of others employed by MaxiTRANS. A wide degree of creativity and latitude is expected of the Managing Director to ensure the continued success of MaxiTRANS.
- The CFO is responsible for directing MaxiTRANS' overall financial policies and reports to the Managing Director.
- The CFO oversees all financial functions including accounting, budgeting, credit, insurance, tax, and treasury. In this role, the CFO designs and coordinates a wide variety of accounting and statistical data and reports.
- A wide degree of creativity and latitude is expected, and the CFO is expected to have considerable experience to be able to contribute to the ongoing success of MaxiTRANS.
- The Managing Director and CFO are appointed under formal letters of appointment that describe their duties, rights and responsibilities and entitlements on termination.

Recommendation 1.2:

Process for undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director and 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 Nomination Committee Charter requires the Committee to undertake appropriate checks before appointing a person or putting forward a person for nomination as a director.

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Recommendation 1.3:

Each Director and senior executive should have a written agreement setting out the terms of their appointment

Each Director and senior executive is appointed under a written agreement setting out the terms of their appointment.

Recommendation 1.4:

The Company Secretary should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board

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

Recommendation 1.5:

- **Establish and disclose a policy concerning diversity;**
- **Disclose the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them; and**
- **Disclose the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.**

MaxiTRANS has in place a workplace diversity policy which confirms its commitment to, amongst other things, diversity in age, gender, ethnicity and cultural background.

MaxiTRANS believes that the furtherance of diversity in the workplace provides benefits to the business.

MaxiTRANS wishes to benefit from the best available talent in the market place and is committed to promoting an environment which is conducive to the appointment of suitably experienced and/or well qualified employees, senior management and Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals.

MaxiTRANS implements and maintains adherence to its commitment to diversity by:

- Ensuring that diversity is considered when determining the composition of employees, senior management and the Board including the recruitment of employees from a diverse pool of qualified candidates;
- Ensuring that internal recruitment processes and professional intermediaries are aware of the factors that should be taken into account in the identification, evaluation and selection process;
- Identifying programs that assist in the development of a broader pool of skilled and experienced candidates including initiatives focused on skills development and career progression;
- Recognising the importance of balancing workplace and domestic responsibilities and priorities; and
- Maintaining transparency in the recruitment and selection process.

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The Board will continue to consider and evaluate the implementation and setting of measurable objectives for achieving gender diversity, including at Board and senior management level, which are linked to MaxiTRANS' circumstances and industry. The objectives shall not be managed toward any targets that would exclude or prevent the employment or tenure of any appropriately experienced, qualified or suitable person for any reason.

As at 30 June 2016 women employees represented approximately 9% (9% in 2015) of the total workforce. There are currently no women in senior executive positions, however there is one female non-executive Director on the Board. A copy of the company's 2016 Workplace Gender Equality Report is accessible under the Corporate Governance section of the MaxiTRANS website, www.maxitrans.com.

Recommendation 1.6:

The Board should establish and disclose the process for evaluating the performance of the Board, its committees and individual directors

The Board reviews the performance of key executives against measurable and qualitative indicators to ensure that the full potential of MaxiTRANS is being met.

For the purposes of evaluating its own performance and assisting the Board in its responsibilities in relation to corporate governance, the Board has established a Corporate Governance Committee.

At the date of this report the members of the MaxiTRANS Corporate Governance Committee are Messrs. Robert Wylie (Chairman), James Curtis, Geoff Lord, Joseph Rizzo and Ms Samantha Hogg. Refer to the Report of the Directors for details of attendance by directors at Corporate Governance Committee meetings.

The committee's responsibilities are to review and make recommendations to the Board regarding:

- The review of MaxiTRANS' corporate governance policies and procedures; and
- Review and assessment of appropriate performance benchmarks for the Board and management.

Recommendation 1.7:

Disclose the process for evaluating the performance of senior executives. Report on whether a performance evaluation for senior executives has taken place

Refer to the Remuneration Report in the Report of the Directors.

An evaluation of the performance of senior executives was undertaken during the year in accordance with the process determined by the Board.

2. PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1:

The Board should establish a nomination committee which:

- **Has at least three members, the majority of which are non-executive directors; and**
- **Is chaired by an independent director.**

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The MaxiTRANS Nomination Committee was formally constituted on 27 June 2003. At the date of this report the members of the MaxiTRANS Nomination Committee are Messrs. Robert Wylie (Chairman), James Curtis, Geoff Lord, Joseph Rizzo and Ms Samantha Hogg. The Chairman, Mr Robert Wylie, is considered to be an independent director.

The duties and responsibilities of the Board in its role as Nomination Committee are as follows:

- To assess and develop the necessary and desirable competencies of Board members;
- To develop and review Board succession plans;
- To evaluate the performance of the Board;
- To ensure the appropriate mix of skills and the diversity of the Board members is considered when assessing the composition of the Board; and
- To recommend to the Board, the appointment and removal of directors.

Refer to the Report of the Directors for the meetings held during the period.

Recommendation 2.2:

Disclose the mix of skills and diversity that the Board currently has or is looking to achieve in its membership

The MaxiTRANS Board is well balanced, comprising directors who are proficient in all of MaxiTRANS' business portfolios with an appropriate range of skills, experience and expertise to complement the MaxiTRANS business, who have a proper understanding of and are competent to deal with current and emerging issues relevant to the transport industry and who can effectively review and challenge the performance of management and exercise independent judgement.

Refer to the Report of the Directors for details of directors' skills, experience and expertise.

Recommendations 2.3 & 2.4:

A majority of the Board should be independent directors

Disclose the names of the directors considered to be independent directors and their length of service

MaxiTRANS presently has five non-executive directors, four of whom are considered by the Board to be independent, and one executive director.

Non-Executive Directors

Mr. Robert Wylie (Chairman) – Independent

Mr. James Curtis (Deputy Chairman) – Not independent

Mr. Geoff Lord – Independent

Mr. Joseph Rizzo – Independent

Ms. Samantha Hogg – Independent

Executive Director

Mr. Michael Brockhoff (Managing Director) – Not Independent

The MaxiTRANS Board Charter defines independence in accordance with the principles set out in the Council's best practice recommendations. The Board has established a 5% threshold for material dealings or association with MaxiTRANS.

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At the date of this report, a majority of the MaxiTRANS Board is independent. The Board has formalised a number of measures to ensure that all directors exercise independent judgement in decision making:

- Directors are expected to cast their vote on any resolution in accordance with their own judgement.
- Directors are expected to comply with their legal, statutory and equitable duties when discharging their responsibilities as directors. Broadly, these are duties to:
 - (i) Act in good faith and in the best interests of MaxiTRANS as a whole;
 - (ii) Act with care and diligence;
 - (iii) Act for proper purposes;
 - (iv) Avoid a conflict of interest or duty; and
 - (v) Refrain from making improper use of information gained through the position of director and taking improper advantage of the position of director.
- Directors may access information and seek independent advice that they consider necessary to fulfil their responsibilities and to exercise independent judgement in decision making.
- Directors are expected to be sensitive to conflicts of interest that may arise and be mindful of their fiduciary obligations to MaxiTRANS and:
 - (i) Disclose to the Board any actual or potential conflicts of interest which may exist or might reasonably be thought to exist as soon as the situation arises;
 - (ii) Take steps as are necessary and reasonable to resolve any conflict of interest;
 - (iii) Comply with the Corporations Act 2001 provisions on disclosing interests and restrictions on voting; and
 - (iv) If a conflict situation exists, it is expected that where a matter is being discussed by the Board to which the conflict relates, the director will be absent from the room.

The Board acknowledges that all Directors, whether independent or not, should bring independent judgement to bear on all Board decisions. To facilitate this, each Director has access in appropriate circumstances to independent professional advice at the expense of the Company.

Refer to the Report of Directors for information in relation to Director's length of service.

Recommendation 2.5:

The chair of the Board should be an independent director and the roles of chairperson and chief executive officer should not be exercised by the same individual

MaxiTRANS' Chairman, Mr. Robert Wylie, is considered by the Board to be an independent director.

The roles of chairperson and managing director are exercised by Mr. Robert Wylie and Mr. Michael Brockhoff respectively.

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Recommendation 2.6:

The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors

New Board members are offered induction programs to allow them to fully and actively participate in decision making at the earliest opportunity. The induction programs are designed to ensure that any new director has a comprehensive knowledge of MaxiTRANS, the industry and the market in which it operates.

Directors and key executives are encouraged to continually update and enhance their skills and knowledge. Directors and key executives are encouraged to become members of relevant industry groups and professional organisations and to update and enhance their skills and knowledge through appropriate education and training courses.

3. PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Recommendation 3.1:

Establish and disclose a code of conduct as to:

- **The practices necessary to maintain confidence in the Company's integrity;**
- **The practices necessary to take into account the Company's legal obligations and reasonable expectations of its stakeholders; and**
- **The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

MaxiTRANS recognises the need for directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

MaxiTRANS intends to maintain a reputation for integrity. The Board has adopted a Code of Conduct which sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions in respect of responsibilities to shareholders, customers, clients, consumers and the community. The Code also sets guidelines in respect of employment practices, fair trading and dealing as well as conflicts of interest.

A key element of that Code is the requirement that officers and employees act in accordance with the law and with the highest standards of propriety. The Code and its implementation are reviewed each year.

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4. PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1:

The Board should establish an audit committee.

Structure the audit and risk management committee so that it consists of:

- Only non-executive directors;
- A majority of independent directors;
- An independent chairperson, who is not chairperson of the Board; and
- At least three members.

The Audit and Risk Management Committee should have a formal charter

The MaxiTRANS Audit and Risk Management Committee was established in 1994.

At the date of this report the members of the MaxiTRANS Audit and Risk Management Committee are Ms. Samantha Hogg, (Chairperson), independent non-executive director, Mr. James Curtis, non-executive director, Mr Robert Wylie, independent non-executive director, Mr. Geoff Lord, independent non-executive director and Mr Joseph Rizzo, independent non-executive director. Details of attendances by directors are to be found in the Report of the Directors.

The members of the Committee are well qualified to perform their duties as set out in the Charter with strong financial, legal and industry expertise.

The external auditor met with the Audit and Risk Management Committee three times during the year without management being present. The charter of the MaxiTRANS Audit and Risk Management Committee clearly sets out the Committee's role and responsibilities, composition, structure and membership requirements. The Audit and Risk Management Committee has the right to access management and seek independent professional advice in accordance with the Board Charter.

The primary role of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities. In particular, the Committee will focus on:

- verifying and safeguarding the integrity of the Company's financial reporting;
- internal management processes and controls;
- the removal, selection and appointment of the external auditor and the rotation of the external audit engagement partner; and
- review of risk management and internal compliance and control systems.

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Recommendation 4.2:

The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) 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 that the system is operating efficiently in all material respects in relation to financial reporting risks

In accordance with the MaxiTRANS Audit and Risk Management Committee Charter and section 295 of the Act, the Managing Director and Chief Financial Officer of MaxiTRANS are required to declare in writing to the Board under section 295A(2) of the Act that, in their opinion, MaxiTRANS' financial records have been properly maintained in accordance with section 286 of the Act; MaxiTRANS' consolidated financial statements and associated notes required by the relevant accounting standards present a true and fair view of the Company's financial condition and operational results and comply with relevant accounting standards. The declaration is also underpinned by representations from executive management and relevant accounting officers.

The declaration by the Managing Director and Chief Financial Officer also confirms the existence of a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that MaxiTRANS' risk management and internal compliance and control system is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Recommendation 4.3:

Ensure the external auditor attends the Annual General Meeting and is available to answer questions from security holders

The external auditor attends the Annual General Meeting and is available to answer questions from security holders.

5. PRINCIPLE 5:

PROVIDE TIMELY AND BALANCED DISCLOSURE OF ALL MATERIAL MATTERS CONCERNING THE COMPANY

Recommendation 5.1:

Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance

MaxiTRANS has adopted a Continuous Disclosure Protocol. The Company Secretary has been appointed the Disclosure Officer and is required to collate and, subject to advising the Board, disclose share price sensitive information.

The Continuous Disclosure Protocol provides guidelines on:

- what must be disclosed;
- responsibilities of the Board in relation to disclosure matters;

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- responsibilities of the Disclosure Officer; and
- responsibilities of senior management in relation to disclosure matters.

The only persons authorised to communicate with news media, analysts, shareholders and the general public in relation to any matter which is subject to this policy on continuous disclosure are the Chairman, the Chief Executive Officer, the Chief Financial Officer and any other person authorised by the Chairman or Chief Executive Officer from time to time.

6. PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: Disclose information about the Company and its governance to shareholders via its website

The MaxiTRANS website provides to shareholders and other stakeholders the facility to read and download annual reports, ASX announcements and corporate governance policies and procedures.

Recommendation 6.2: Design and implement an investor relations program to facilitate effective two way communication with investors

The Company respects the rights of shareholders and seeks to facilitate the effective exercise of those rights. The Company does this by communicating effectively with shareholders, giving shareholders ready access to balanced and understandable information about the Company and corporate records and making it easy for shareholders to participate in general meetings.

Recommendation 6.3: Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders

Notices of meeting are drafted in plain English to be easy and clear to understand. They are honest, accurate and not misleading. Meetings are held during normal business hours and at a place convenient for the greatest possible number of shareholders to attend.

Recommendation 6.4: Provide shareholders with the option to receive communications from, and send communications to, the Company and its share registry electronically

The Company publishes all ASX announcements on the MaxiTRANS website, and also sends information to shareholders by mail or e-mail (where nominated). The MaxiTRANS website contains important information on the Company which is of use to shareholders in obtaining a greater understanding of the Company.

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7. PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1:

The Board or appropriate Board committee should establish policies on risk oversight and management of material business risks. Disclose the Committee Charter, the members of the Committee and the number of times during the period the Committee met

The Board is responsible for reviewing and ratifying systems of risk management and internal compliance and control. The Board has delegated to the Audit and Risk Management Committee the responsibility for establishment of policies on risk oversight and management. Specifically, the Audit and Risk Management Committee has responsibility to:

- Review management programs for monitoring and identifying significant areas of risk for the Company, (including sustainability risk);
- Review and assess management information systems and internal control systems;
- Review the insurance program for the MaxiTRANS Group; and
- Review occupational health and safety practices and compliance with legislation.

Further information is provided at Recommendation 4.1.

Recommendation 7.2:

The Board or Committee should review the risk management framework at least annually to satisfy itself that it continues to be sound and disclose whether such a review has taken place

Management has established and implemented the risk management system for assessing, monitoring and managing material business risks, including sustainability risk.

Management reports to the Audit and Risk Management Committee outlining the material business risks to the Company and reports on the status of the risks and effectiveness of controls through integrated risk management programs aimed at ensuring risks are identified, assessed and properly managed. Each business operational unit is responsible and accountable for implementing and managing the standards required by the program.

During the period, the Audit & Risk Management Committee commenced a review of the adequacy of the risk management framework and is to be completed in the following period.

Recommendation 7.3:

Disclose if the Company has an internal audit function, how it is structured and what role it performs

The Audit & Risk Management Committee has recognized the benefit of an internal audit function to assist in identifying risks and monitor the effectiveness of internal controls. It has engaged external providers to assist in developing an internal audit program based on risks identified from the risk management system and to conduct internal audit activities in conjunction with company personnel.

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Recommendation 7.4:

Disclose whether the Company has material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks

Refer to the Environmental Regulation statement in the Directors Report in relation to environmental sustainability risks.

The Company does not believe its business operations have a material exposure to social sustainability risks. The Company believes its diversified product range and operations do not result in a material economic risk to the Company.

8. PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1:

The Board should establish a remuneration committee which:

- **Consists of a majority of independent directors;**
- **Is chaired by an independent chair; and**
- **Has at least three members.**

The MaxiTRANS Remuneration Committee was established in 1994. It consists of a majority of independent directors, is chaired by an independent chairperson and has at least three members.

Refer to the Report of the Directors for the number of meetings held during the period and member attendances.

At the date of this report the members of the MaxiTRANS Remuneration Committee are Messrs. Robert Wylie (Chairman), James Curtis, Geoff Lord, Joseph Rizzo and Ms Samantha Hogg. Refer to the Report of the Directors for details of attendance by directors at Remuneration Committee meetings. The committee's responsibilities are to review and make recommendations to the Board regarding:

- The remuneration of the Managing Director, other senior executives and the non-executive directors;
- The remuneration policies and practices for the Company including participation in the incentive plan, share scheme and other benefits; and
- Superannuation arrangements.

Recommendation 8.2:

Disclose the policies regarding the remuneration of Directors and senior executives.

Clearly distinguish the structure of non-executive directors' remuneration from that of senior executives

Non-executive directors receive a fixed fee, no termination benefits, and no incentives. Fees paid to non-executive directors are benchmarked against similar sized companies operating in similar industries. Non executive directors are not entitled to participate in any executive option or executive share scheme.



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The aggregate amount of directors' fees payable to non-executive directors must not exceed the maximum amount permitted under the MaxiTRANS Constitution of \$600,000, as approved by shareholders at the Company's Annual General Meeting on 19 October 2012.

Executive directors have access to salary, termination benefits, superannuation benefits, a vehicle allowance, short term and long term incentives.

The letters of appointment for directors clearly set out all relevant entitlements as applicable to executive and non executive directors.

The level of remuneration paid to executive directors, non-executive directors and key management personnel is set out in the Remuneration Report.

Recommendation 8.3:

Disclose any policy regarding the ability of executives participating in equity-based remuneration to limit the economic risk of participating in the scheme

Refer to the Remuneration Report in the Report of the Directors in relation to the Performance Rights Scheme.