

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Slater and Gordon Limited

ABN/ARBN

ABN 93 097 297 400

Financial year ended

30 June 2016

Our corporate governance statement² for the above period above can be found at:³

☐ these pages of our annual report: _____

☒ this URL on our website: www.slatergordon.com.au/firm/governance

The Corporate Governance Statement is accurate and up to date as at 30 June 2016 and has been approved by the Board.

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

Date here: 29 September 2016

Sign here: _____
Company Secretary

Print name: Bryce Houghton

¹ 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.

² "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.

³ 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.

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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
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.	<p>... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p> <p>... 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 checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <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.	<p>... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location: Section 8 of the Corporate Governance Statement. and, All material relevant to a decision on whether or not to elect or re-elect a director is found in Slater and Gordon's 2016 AGM Notice of Meeting.</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <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.	<p>... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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 checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Section 21 of the Corporate Governance Statement. The diversity policy is located at https://www.slatergordon.com.au/firm/governance</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>https://www.slatergordon.com.au/firm/governance</p> <p>... 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 checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (c)(1):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>...and the information referred to in paragraphs (c)(2):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>https://www.slatergordon.com.au/firm/diversity-and-inclusiveness</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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 <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></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 <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE		
<p>2.1 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 checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Section 2 of the Corporate Governance Statement.</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>https://www.slatergordon.com.au/firm/governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>2.1(a)(4): Section 7 of the Corporate Governance Statement</p> <p>2.1(a)(5): 'Director's Report' section of the Slater and Gordon 2016 Annual Report.</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 OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.2	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>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Section 2 of the Corporate Governance Statement.</p> <p>_____</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Section 3 of the Corporate Governance Statement.</p> <p>_____</p> <p>... where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Section 3 of the Corporate Governance Statement.</p> <p>_____</p> <p>... the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Section 4 of the Corporate Governance Statement.</p> <p>_____</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Section 3 of the Corporate Governance Statement.</p> <p>_____</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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 <u>OR</u> <input type="checkbox"/> at this location: Section 5 of the Corporate Governance Statement. _____	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 <u>OR</u> <input type="checkbox"/> at this location: Section 22 of the Corporate Governance Statement. _____	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<u>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</u>			
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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at this location: https://www.slatergordon.com.au/firm/governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<u>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</u>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: Section 7 of the Corporate Governance Statement. _____ ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at this location: https://www.slatergordon.com.au/firm/governance ... and the information referred to in paragraphs (4) and	<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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<p>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>(5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>4.1(a)(4): Section 7 of the Corporate Governance Statement</p> <p>4.1(a)(5): 'Director's Report' section of the Slater and Gordon 2016 Annual Report.</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 OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></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 OR</p> <p><input type="checkbox"/> at this location:</p> <p>Section 17 of the Corporate Governance Statement.</p> <p>_____</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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Section 17 of the Corporate Governance Statement.</p> <p>_____</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable</p>
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
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> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>https://www.slatergordon.com.au/firm/governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
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> <p><input checked="" type="checkbox"/> at this location:</p> <p>https://www.slatergordon.com.au/firm/governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
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> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Section 19 of the Corporate Governance Statement.</p> <p>_____</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
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> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Section 19 of the Corporate Governance Statement.</p> <p>_____</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><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</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>Section 19 of the Corporate Governance Statement.</p> <hr/>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
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; <u>OR</u></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 <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>Section 7 of the Corporate Governance Statement.</p> <hr/> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>https://www.slatergordon.com.au/firm/governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>7..1(a)(4): Section 7 in the Corporate Governance Statement</p> <p>7.1(a)(5): 'Director's Report' section of the Slater and Gordon 2016 Annual Report.</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 <u>OR</u></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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		<input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	
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 we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>Section 17 of the Corporate Governance Statement.</p> <hr/>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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; <u>OR</u></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):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>Section 16 of the Corporate Governance Statement.</p> <hr/> <p>[If the entity complies with paragraph (b):]</p> <p>... 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 <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <hr/> <p><i>Insert location here</i></p>	<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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
7.4	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>... 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 <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>‘Director’s Report’ section of the Slater and Gordon 2016 Annual Report.</p> <hr/>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
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; <u>OR</u></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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>Section 7 of the Corporate Governance Statement.</p> <hr/> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>https://www.slatergordon.com.au/firm/governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>8.1(a)(4): Section 7 in the Corporate Governance Statement</p> <p>8.1(a)(5): ‘Director’s Report’ section of the Slater and Gordon 2016 Annual Report.</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</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		<p>executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	
8.2	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>... 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 type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at this location: Section 10 in the Corporate Governance Statement, and, 'Remuneration Report' section of the Slater and Gordon 2016 Annual Report.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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 type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at this location: https://media.slatergordon.com.au/share-trading-policy-2016.pdf</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES (NOT APPLICABLE TO SLATER & GORDON LIMITED)			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors of Slater Gordon Limited (“the Company” or “Slater and Gordon” or “Group”) recognises that a genuine commitment to sound principles of corporate governance is fundamental to the sustainability of the Company and its performance.

This statement sets out key features of the Slater and Gordon corporate governance regime for the financial year ending on 30 June 2016 (“Reporting Period”). The Company has adopted the third edition of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (“CGPR”). The Company considers that its corporate governance systems were consistent with the CGPR throughout the Reporting Period, which is reflected in this statement.

Further details on the Company’s corporate governance charters and policies are available at <http://www.slatergordon.com.au/firm/governance>. These documents are periodically reviewed and enhanced to take account of changes in the law, governance practices and operations of Slater and Gordon.

This statement addresses the Company’s policies regarding the following matters:

1. Board Responsibility
2. Board Composition
3. Director Independence
4. Board Tenure
5. Chair of the Board
6. Role of the Company Secretary
7. Board Committees
8. Appointment, Removal and Rotation of Directors
9. Review of Board, Board Committees and Individual Directors’ Performance
10. Review of Performance and Remuneration for Key Management Personnel
11. Succession Planning
12. Matters Reserved to the Board and Matters Delegated to Management
13. Independent Advice
14. Conflicts of Interest
15. External Auditor
16. Internal Audit
17. Risk Management
18. Share Trading Policy
19. Continuous Disclosure, Market Communications and Investor Relations
20. Ethical Standards and Decision Making
21. Diversity and Inclusion
22. Board Education and Continuing Professional Development

1. BOARD RESPONSIBILITY

The Board has the following responsibilities:

- Reviewing and approving the strategy for the Company and the allocation of appropriate resources to achieve strategic objectives and management's implementation of that strategy;
- Selection, monitoring and evaluation of the Group Managing Director (GMD) and overseeing and monitoring the performance and appointment of other senior management and officers;
- Monitoring the implementation of appropriate management systems by the legal practitioner Directors;
- Selecting future Directors and assessing the Board and individual Director performance;
- Monitoring Slater and Gordon financial and business performance and financial reporting, including assessment of financial capital and human resources the Company has in place to meet its objectives;
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions;
- Overseeing risk management policies, practice and performance;
- Implementing a high level policy framework and ratifying specific policies within that framework;
- Overseeing compliance and governance policies and practices and ensuring the Slater and Gordon Group's business is conducted legally, ethically and responsibly; and
- Ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs

The responsibilities of the Board are set out in further detail in the Board Charter.

2. BOARD COMPOSITION

The Company's Constitution specifies a minimum of three Directors and must include at least one legal practitioner Director.

The Board will comprise a majority of independent Non-Executive Directors that bring an "independent" view to the Board's deliberations; the Chairman of the Board will be an independent Non-Executive Director.

As at 30 June 2016, the Board consists of seven Directors: five independent Non-Executive Directors and two Executive Directors who are also legal practitioners. The Board has an independent Chair and a majority of independent Directors.

Currently the Board consists of five Directors: four independent Non-Executive Directors and one Executive Director who is also a legal practitioner. The Board continues to have an independent Chair and a majority of independent Directors.

The Board, together with the Nomination Committee, using a skills matrix to review the desirable mix, skills and experience of Board members, determines the size and composition of the Board, subject to the terms of the Company's constitution, and whether:

- the composition and mix of those skills remain appropriate having regard to the Company's strategy; and
- the Directors have the necessary skill, experience and commitment to adequately discharge their responsibilities.

The Board has adopted a skills matrix to assist with determining the required mix of skills and experience, identifying any gaps in the collective skills of the Board and to inform Director professional development, recruitment and succession planning. The Nomination Committee reviews the Board composition and succession planning annually against the skills matrix, and otherwise as Board vacancies arise.

Recruitment and succession planning is targeted to achieve a balance of the required skills and experience on the Board and to recruit Directors from diverse backgrounds.

All Directors at 30 June 2016 served as Directors for the entire Reporting Period.

Board members are drawn from Executive and Non-Executive roles in a range of industries, including government, health, industrial relations, financial services, legal, retail, education, mergers and

acquisitions, advertising, property, media and telecommunications. Directors are also selected to achieve a balance of collective complementary skill-sets based on the core competencies identified in the skills matrix, which is presented below.

BOARD SKILLS MATRIX
Governance Skills
Board experience – listed companies
Board experience – non-listed (outside Group)
Executive experience reporting to Boards
Business / Industry Skills
Business management experience
Business management qualification
Strategy, Business analysis and turnaround
M&A experience
M&A due diligence
Professional Services sector experience
Legal qualifications
Finance experience – Executive
Supervision of financial performance – Board
Finance qualification
Risk management/Internal audit experience
Capital markets experience
Other professional services business experience
Professional marketing experience
Overseas experience
Information technology experience
Online / digital experience
People management strategy experience
Project management/change management

A profile of each of the Directors and a table reporting Directors' attendance at Board meetings is provided in the Directors' Report.

The Board has adopted a target that 50% of the Non-Executive Directors are women. As at 30 June 2016 28.5% of Directors and 40% of Non-Executive Directors are women.

The Board's policy and process in relation to Board composition and diversity are set out in more detail in the Board Charter.

3. DIRECTOR INDEPENDENCE

Directors are considered to be independent if they are not a member of management and are free from any business or other relationship that could materially interfere with, or reasonably be seen to materially interfere with, the independent exercise of their judgment. The Board will regularly assess the independence of any Director by considering these matters.

The Board considers the independence of relationships on a case by case basis and any payment to a Director or corporate entity associated with a Director for services outside their engagement as a Director or key management personnel requires approval by the Audit, Compliance and Risk Management Committee.

The Board assess the interests of Directors at each Board meeting. Directors are required to disclose the full extent and nature of their interests as well as any potential or actual conflicts of interest as and when they change and to comply with the constraints on their participation and voting in relation to

matters in which they may have an interest in accordance with the Corporations Act and the Board Charter.

Directors are considered independent if they are not members of management (i.e. they are a Non-Executive Director) and they:

1. are not employed, or been previously employed in an Executive capacity by the Company or another Group member, and there has been a period of at least 3 years between ceasing such employment and serving on the Board;
2. have not within the last 3 years been a partner, Director or senior employee of a provider of material professional services to the Company or another Group member;
3. have not within the last 3 years been in a material business relationship (e.g. as a supplier or customer) with the Company or other Group member or an officer of or otherwise associated directly or indirectly with someone with such a relationship;
4. are not a substantial shareholder of the Company, or officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
5. have no material contractual relationship with the Company or another Group member, other than as a Director of the Company;
6. do not have close family ties with any person who falls within any of the categories described above;
7. have not been a Director of the entity for such a period that his or her independence may have been compromised; and
8. are free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

It is the Board's view that during the Reporting Period the following Non-Executive Directors are independent: Ian Court, Erica Lane, John Skippen, Rhonda O'Donnell and James Millar; and hence the Board consists of a majority of independent Directors. Rhonda O'Donnell was engaged as a Strategy Consultant to DB Results until November 2015. DB Results has been engaged by the Company to review IT infrastructure and facilitate change management, however, the Board is satisfied that Rhonda had no material interest in DB Results or the Company's engagement of DB Results which could compromise her independence during her tenure with DB Results.

Subsequent to 30 June 2016, Ian Court and Erica Lane resigned as Non-Executive Directors and Tom Brown was appointed as a Non-Executive Director and Chair of the Remuneration Committee. The Board continues to consist of a majority of independent Directors.

The Board has also adopted a number of additional measures to ensure that independent judgment is achieved and maintained in its decision-making processes, including:

- the Chair is an independent Director;
- the Chair of each Board Committee is an independent Director;
- the Audit, Compliance and Risk Management Committee, Nomination Committee and Remuneration Committee are composed of independent Directors only;
- Directors are entitled to seek independent professional advice at the Company's expense with prior notification to the Chair; and
- Directors having a conflict of interest must absent themselves from discussion on a matter unless the Board or Committee they are a member of decides otherwise.

The policies and procedures relating to Board independence are set out in the Board Charter.

4. BOARD TENURE

As at 30 June 2016, Directors have served the following terms on the Board of Slater and Gordon:

Director	Independent	Date of Appointment	Term
Andrew Grech	No	June 2001	15 years
Ken Fowlie	No	July 2003	13 years
Ian Court	Yes	March 2007	9 years
Erica Lane	Yes	December 2008	7 years
John Skippen	Yes	May 2010	6 years
Rhonda O'Donnell	Yes	March 2013	3 years
James Millar	Yes	December 2015	1 year

At the time of issuing the Corporate Governance Statement, and following changes to the Board of Directors announced in August 2016, the Board of Directors is as follows:

Mr John Skippen, independent Non-Executive Director; Board Chairman; Nomination Committee Chairman; member of Audit, Compliance & Risk Management Committee; member of Remuneration Committee;

Mr James Millar, independent Non-Executive Director, Audit, Compliance & Risk Management Committee Chairman; member of Nomination Committee;

Ms Rhonda O'Donnell, independent Non-Executive Director; member of Audit, Compliance & Risk Management Committee; member of Nomination Committee; member of Remuneration Committee;

Mr Tom Brown, independent Non-Executive Director, Remuneration Committee Chairman;

Mr Andrew Grech, Group Managing Director.

5. CHAIR OF THE BOARD

Mr John Skippen is the Chair and is an independent Director. The Chair is selected by the Board from the Non-Executive Directors.

6. ROLE OF THE COMPANY SECRETARY

The Company Secretary is accountable to the Chair for the effective functioning of the Board and to the Board and the Board Committees.

7. BOARD COMMITTEES

During the Reporting Period, the Board were supported by three standing Committees in matters which required more intensive review. In July 2015, the Board established a separate Nomination Committee and Remuneration Committee, with each Committee comprised of a majority of independent, Non-Executive Directors and chaired by an independent, Non-Executive Director. A fourth sub-Committee of the Board, the Special Board Committee, was established in February 2016.

Each standing Committee has a written Charter, approved by the Board, defining its duties, reporting procedures and authority. Committees report back to the Board at each Board meeting. Copies of the Committee Charters are available at <http://www.slatergordon.com.au/firm/governance>.

(i) Nomination Committee

The Nomination Committee comprised of three independent Non-Executive Directors: John Skippen (Chair), Rhonda O'Donnell and James Millar.

In line with the Committee's duties and responsibilities, during the Reporting Period the Nomination Committee reviewed and made recommendations to the Board in relation to the following functions for the Group:

- Board and Committee composition, including the target mix of skills and experience and Board diversity objectives;
- The appointment of new Board members and Board succession planning;
- Induction for new Directors and continuing education/training for all Directors;
- Performance evaluation for Non-Executive Directors and the Board as a whole;
- Reviewing the ongoing independence of Non-Executive Directors.

A profile of the members of the Nomination Committee and a table reporting attendance at Committee meetings is provided in the Directors' Report.

(ii) Remuneration Committee

The Remuneration Committee comprised of three independent Non-Executive Directors: Erica Lane (Chair), Ian Court and Rhonda O'Donnell. John Skippen was a member for one Committee meeting held during the Reporting Period.

On 30 August 2016, Ian Court and Erica Lane resigned as members of the Remuneration Committee; Tom Brown was appointed as Chair of the Remuneration Committee and John Skippen was appointed a member of the Remuneration Committee. The Remuneration Committee currently consists of three independent Non-Executive Directors.

In line with the Committee's duties and responsibilities, during the Reporting Period the Remuneration Committee reviewed and made recommendations to the Board in relation to the following remuneration functions for the Group:

- Director and senior Executive remuneration;
- Diversity policy settings and monitoring performance against diversity targets;
- Performance review and remuneration policies and procedures;
- Performance reviews of the senior Executives;
- Senior Executives succession planning, recruitment, development, retention and remuneration policies; and
- Superannuation arrangements, equity incentive schemes and other forms of employee incentives.

Executive and Non-Executive Directors and other members of the Slater and Gordon Group management team and external advisers in both Australia and the United Kingdom may be invited to Committee meetings at the discretion of the Committee. No Executive is involved in decisions on their own remuneration. A profile of the members of the Remuneration Committee and a table reporting attendance at Committee meetings is provided in the Directors' Report.

(iii) Audit, Compliance and Risk Management Committee

During the Reporting Period and until 1 December 2015 the Audit, Compliance and Risk Management Committee comprised of four independent, Non-Executive Directors: Ian Court (Chair), Erica Lane, John Skippen and Rhonda O'Donnell. Following the appointment of James Millar as an independent Non-Executive Director, James was appointed to chair the Audit, Compliance and Risk Management Committee and for the remainder of the Reporting Period the Committee comprised of five independent, Non-Executive Directors.

On 30 August 2016, Ian Court and Erica Lane resigned as members of the Committee. The Audit, Compliance and Risk Management Committee currently consists of three independent Non-Executive Directors.

The Audit, Compliance and Risk Management Committee assists the Board in overseeing the integrity of the Company's corporate and regulatory financial reporting, risk management framework and internal controls.

In line with the Committee's duties and responsibilities, during the Reporting Period the Audit, Compliance and Risk Management Committee reviewed and made recommendations to the Board in relation to the following functions:

- Legal compliance;
- Related party transactions;
- Implementation of legal practice management systems;
- Financial and corporate reporting;
- Internal control structure and internal audit;
- External audit and independence of the external auditor
- Review of and providers for non-audit services;
- Trust account audit;
- Financial and Operational Risk management; and
- Treasury management.

In discharging its role, the Audit, Compliance and Risk Management Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

The Executive Directors, Group Chief Financial Officer and Company Secretary and external Auditor routinely attend the Audit, Compliance and Risk Management Committee. A profile of the members of the Audit, Compliance and Risk Management Committee, setting out their qualification and experience, and a table reporting attendance at Committee meetings is provided in the Directors' Report.

(iv) Special Board Committee

The Special Board Committee is comprised of two independent Non-Executive Directors, being John Skippen (Board Chair) and James Millar (ACRM Chair), and two Executives, being Andrew Grech (GMD) and Ken Fowlie (CEO - UK), and four senior executive key management personnel of Slater and Gordon Limited.

In discharging its role, under 'Terms of Reference' approved by the Board, the Special Board Committee is empowered to:

- Oversee relationships with and reporting to the banking lending syndicate within the timeframes and covenants set by the lending syndicate.
- Oversee and manage execution of the UK Performance Improvement Program (UK-PIP) against targets.

A profile of the Non-Executive and Executive Directors of the Special Board Committee and a table reporting attendance at Committee meetings is provided in the Directors' Report.

8. APPOINTMENT, REMOVAL AND ROTATION OF DIRECTORS

The Company's policy is that one third of the Board, excluding the Group Managing Director, must retire from office and stand for re-election at each Annual General Meeting. Further, the Company's Constitution specifies that each Director, excluding the Group Managing Director, must stand for re-election at least once every three years. Directors may be appointed by the Board during the year. Directors appointed by the Board during any year are required to submit themselves for re-election at the next Annual General Meeting.

The Company undertakes appropriate checks, including checks as to the person's character, experience, education, criminal record and bankruptcy history, before a person is appointed to the Board or put forward to Shareholders as a candidate for election. Shareholders are provided with all material information in the Company's possession which is relevant to the decision on whether to elect or re-elect a Director in the Notice of Meeting for the AGM at which a Director is put forward for election or re-election.

The Company provides formal letters to new Directors and senior Executives setting out the terms of their appointment.

Further information regarding the processes and policies for the removal, appointment and re-appointment of Directors are set out in the Board Charter.

9. REVIEW OF BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTORS' PERFORMANCE

The Company encourages excellence from all employees and the Directors recognise that the performance of all people, including its Directors, is enhanced by a structured performance review process.

The Board reviews the performance of the Board and the Board Committees every 12 months. The objective of the evaluation is to contribute to the ongoing development of the Board, the Committees, individual Directors and the overall corporate governance framework.

Performance evaluation of the Board is conducted using a combination of internally and externally facilitated reviews to meet the Company's commitment to high standards of corporate governance. An internal review of the Board, its Committees and individual Directors, plus two senior Executives of the Company, took place following the Reporting Period in accordance with the process set out above for the purpose of enhancing Board effectiveness and organisational performance.

10. REVIEW OF PERFORMANCE AND REMUNERATION FOR KEY MANAGEMENT PERSONNEL

Key management personnel participate in the annual performance review process which applies to all Slater and Gordon employees. This process involves the establishment of annual performance targets and review of achievement of prior year targets. The process also involves assessment of remuneration. The Nomination and Remuneration Committee reviews the performance evaluation process and remuneration of the key management personnel of the Group and reports to the Board.

The performance of the Group Managing Director is reviewed annually by the Board. The Group Managing Director is assessed on achievement of the Group strategic plan applicable to the year in review. The remuneration of the Group Managing Director is reviewed annually and is tied to the Company achieving its stated financial goals and other goals.

During the Reporting Period, an annual performance review of key management personnel and the Group Managing Director was conducted in accordance with the performance review process described above.

Executive remuneration is made up of a balance between fixed and performance based pay. The Board applies the following principles in reviewing key management personnel remuneration:

- Fixed remuneration is based on what is considered by the Board to be reasonable and fair compensation taking into account the core performance requirements of the role and business and market conditions.
- Performance based remuneration is linked to clear performance targets that are a balance of individual and company performance targets linked to achievement of the strategic plan.
- Equity based remuneration under the Equity Incentive Plan approved by shareholders. Performance rights offered to key management personnel in FY15 were dependent on performance against FY15 performance targets based on the Company achieving its stated financial goals. These Performance Rights were cancelled as a result of the Company's performance in FY16.
- Directors and employees are not generally permitted to enter into hedging arrangements in relation to equity granted under equity incentive schemes. The Board does retain discretion to allow this to occur in limited circumstances to protect the financial position of an employee who has a full recourse loan owing to the company for the issue price of shares under the Employee Ownership Plan. These loans are all due and payable by 2018.
- Executives are not provided with any contractual termination payments other than reasonable notice periods for termination, recognising seniority and length of tenure.

Non-Executive Director Remuneration is based on fixed Director fees and superannuation contributions. Non-Executive Directors are paid additional fees for chairing Committees and for any membership of a second Committee. Non-Executive Directors do not receive equity based remuneration, nor any other performance based remuneration or retirement benefits other than superannuation. The maximum annual aggregate fees payable to Directors is \$950,000 as approved by shareholders at the Annual General Meeting held in November 2015.

Further details about the policies and procedures for the remuneration of Directors and other key management personnel are set out in the Remuneration Report and the Board Charter.

11. SUCCESSION PLANNING

The Board plans succession of Non-Executive and Executive Directors, the Group Managing Director and other key management personnel in conjunction with the Nomination Committee. Succession planning for key management personnel was reviewed during the Reporting Period.

12. MATTERS RESERVED TO THE BOARD AND MATTERS DELEGATED TO MANAGEMENT

Ultimate responsibility for the management and control of the Company is vested in the Directors, who may then delegate their powers to management.

Broadly, the Board reserves to itself the following decisions:

- appointment, performance management, remuneration and succession planning of Group Managing Director and other key management personnel;
- appointment and remuneration of Non-Executive Directors and Board composition and Board succession planning;
- approval of strategy and budget for the Group;
- approval of material capital expenditure and acquisitions;

- approval of the publication of reports and statements to shareholders;
- issuing securities; and
- approval of corporate policies, management systems and material settings within policy frameworks.

The Legal Practitioner Directors retain responsibility under the Australian legal professional regulatory framework and UK Solicitors Regulatory Authority (SRA) for maintaining appropriate management systems for a legal practice.

Beyond the matters identified above, the Board delegates to the Group Managing Director all authority to achieve the corporate objectives as set out in the Strategic Plan. The Group Managing Director then delegates the achievement of specific corporate objectives and strategies to members of the senior Executive management team. In exercising this delegated authority, the Group Managing Director and other senior Executives are bound, like all employees of the Company, by the Code of Conduct which demands professionalism and integrity in conduct and decision-making. The functions and authority delegated by the Board to the Group Managing Director are set out in the Board Charter.

13. INDEPENDENT ADVICE

Directors have the right to seek independent professional advice in connection with their duties and responsibilities, at the Company's expense. Directors also have access to any employees, Company advisers, records and information they may require to carry out their duties.

14. CONFLICTS OF INTEREST

Directors, key management personnel and senior Executives are required to disclose to the Board any matters in which they may have a personal interest or a potential conflict of interest with the Company.

All Directors have entered into written undertakings to supply the Company with all information necessary for the Company to disclose details of Directors' interests in the Company's securities in accordance with the Listing Rules of the ASX. Directors are required to review their interests at each Board meeting.

Further details about the policies and procedures attached to conflicts of interest are set out in the Board Charter.

15. EXTERNAL AUDITOR

The Company's Auditor is appointed by the Board, based upon a recommendation from the Audit, Compliance and Risk Management Committee. This Committee monitors and reviews the activities of the Company's Auditor, including scope and quality of the audit and independence. The Company's Auditor, Ernst & Young ("EY") has committed to assist the Audit, Compliance and Risk Management Committee to review the quality of its work and its independence. To this end:

- EY provides a half-yearly declaration of independence for review by the Audit, Compliance and Risk Management Committee.
- The EY independence letter outlines the services to be performed. This enables the Audit, Compliance and Risk Management Committee to provide written approval for any non-audit services to the Board with a view that independence is maintained
- The Audit, Compliance and Risk Management Committee regularly reports to the Board on these matters.

In accordance with the Corporations Act the audit signing partner will rotate after no more than five years.

The external Auditor attends and is available at the Annual General Meeting to answer questions, that are relevant to the conduct of the audit and preparation of the Audit Report, and which are received in writing by the Company five days prior to the AGM.

On 8th December 2016, EY was appointed the Company's external Auditor following the Company receiving regulatory consent to the resignation of Pitcher Partners.

16. INTERNAL AUDIT

The Internal Audit function is independent of management and is overseen by the Audit, Risk and Compliance Committee. It provides assurance that the Group's financial and operational risks are being managed appropriately and that its internal control framework is operating effectively.

The function plays a major role in monitoring the internal governance of the Company.

The annual Audit Plan, which is approved by the Audit, Compliance and Risk Management Committee, is based on a risk methodology process which assists in determining business risks and establishing audit frequencies. Business concerns which have been reported by Group Internal Audit are monitored regularly by management until corrective measures have been implemented.

17. MANAGEMENT OF MATERIAL BUSINESS RISKS

The Company has an established process for the identification and management of material business risks. The Board requires management to design and implement risk management and internal control systems to identify, assess and manage the Group's material business risks and report to it on whether those risks are being managed effectively.

The Group has a Risk Management Policy available at <http://www.slatergordon.com.au/firm/governance>.

The Company's risk management approach is based on the International Standard ISO 31000:2009 Risk management – Principles and Guidelines. This approach adopts best practice in risk management insofar as it relates to the Company's requirements.

The Board and management ensure that a sound and effective system of internal controls and risk management, to safeguard Shareholders' investments and the Company's assets, is maintained at all times.

A Group Risk Report is prepared and analysed by both management and the Board twice a year. The Board received reports from management on the effectiveness of the Group's management of material business risks during the Reporting Period.

The Company has processes to systematically identify, assess and report on both financial and non-financial material business risks. The Company's senior Executive and management personnel conduct a six-monthly review of the effectiveness of the Company's risk mitigation and internal controls systems. The review covers all material controls, including financial statement preparation and reporting, operational assurance, ethics and legal and compliance controls and risk management.

By the processes outlined above, the Board satisfies itself that management has developed and implemented a sound system of risk management and internal control and that that risk the management framework continues to be sound.

In relation to the Financial Statements for the financial year ended 30 June 2016, the Board received an assurance declaration from the Group Managing Director and the Group Chief Financial Officer that, in their opinion, the financial records of the Company have been properly maintained, 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 Company, and that the opinion was formed on the basis of a sound system of risk management and internal control which is operating effectively.

18. SHARE TRADING POLICY

In addition to restrictions prescribed in the Corporations Act, the Company has a Share Trading Policy which:

- prohibits Directors from trading at any time in the Company's securities without first notifying the Chair and Company Secretary; and
- prohibits Directors and other designated persons within the Group from trading in the Company's securities within closed and prohibited periods and only permits trading within the following windows:
 - Within the period commencing 24 hours after the Company has released its half year and full year financial results through to one month after the release of those financial results.
 - Within the period commencing 24 hours after the Company holds its Annual General Meeting through to one month after the Company's Annual General Meeting.

Directors and employees are not generally permitted to enter into hedging arrangements in relation to equity granted under equity incentive schemes. The Board does retain discretion to allow this to occur in limited circumstances to protect the financial position of an employee who has a full recourse loan owing to the company for the issue price of shares under the Employee Ownership Plan. These loans are all due and payable by 2018.

The Share Trading Policy is available at <http://www.slatergordon.com.au/firm/governance>.

19. CONTINUOUS DISCLOSURE, MARKET COMMUNICATIONS AND INVESTOR RELATIONS

The Company has established a written policy designed to ensure compliance with the ASX Listing Rule disclosure requirements and to ensure accountability at a senior Executive level for that compliance.

The Company is committed to providing effective communication to its shareholders. The Company publishes presentations by the Group Managing Director to institutional investors and market analysts through the ASX Announcements Platform and on the Company website, contemporaneously with the scheduled presentation. These presentations to institutional investors and market analysts are routinely held immediately after the release of the Company's half and full year financial results and at various other opportunities throughout the year.

The Company's Disclosure and Market Communications Policy is available at <http://www.slatergordon.com.au/firm/governance>.

In addition to attending the Annual General Meeting, shareholders may send enquiries to investor.relations@slatergordon.com.au which will be dealt with in accordance with the Company's Disclosure and Market Communications Policy. Shareholders can also receive communications from the Company electronically.

The Company permits shareholders to vote online (and by other methods) prior to an Annual General Meeting if they are unable to attend, to facilitate and encourage shareholder participation at meetings. The Company gives shareholders the opportunity to receive communications from and send communications to the share registry electronically. Shareholders can contact the share registry online at www.investorcentre.com/contact.

20. ETHICAL STANDARDS AND DECISION MAKING

All Directors, senior Executives and employees are bound by the Company's Code of Conduct, which is available at <http://www.slatergordon.com.au/firm/governance>. This sets out the standards of ethical behaviour required. The Code of Conduct also contains the Company's Whistle-blower Policy which actively encourages employees to bring ethical or moral concerns to the attention of designated persons if that person suspects or becomes aware of unethical, improper or unlawful conduct, or health and safety concerns.

The Company also has policies covering equal employment opportunity, discrimination, harassment, confidentiality, privacy and employee health and safety.

21. DIVERSITY AND INCLUSION

The Company adopted the Diversity Policy which includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually the objectives and the Company's progress in achieving those objectives.

The Board has adopted the following measurable objectives for achieving gender diversity and reports against these targets for FY16 as follows:

Category	FY16 Target	Performance 30 June 2016
% women Non-Executive Directors	50%	40%
% women Group Executive (including Executive Directors)	50%	44%
% women on Australian Executive	50%	65%
% of women on UK Executive	50%	40%
% women employees	Nil target set	73.5%

Further details of diversity objectives and initiatives are set out in the Diversity Policy available at <http://www.slatergordon.com.au/firm/governance>.

22. BOARD EDUCATION AND CONTINUING PROFESSIONAL DEVELOPMENT

The Board is committed to ensuring new Directors are adequately educated on the Company's operations. New Directors are provided with an induction program and briefing pack upon commencement which provides a comprehensive introduction to the Group's business, industry, regulatory context and governance structures.