

## Appendix 4G

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

Name of entity:

**QANTUM INTELLECTUAL PROPERTY LIMITED**

ABN / ARBN:

**612 441 326**

Financial year ended:

**30 JUNE 2016**

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- ☐ These pages of our annual report:
- ☒ This URL on our website: <http://qantmip.com/>

The Corporate Governance Statement is accurate and up to date as at **6 December 2016** and has been approved by the board.

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

Date: **18 January 2017**

Name of Director or Secretary authorising  
lodgement: **Warren Howe**

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... 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 Board Charter at <a href="http://qantmip.com/company-policies/">http://qantmip.com/company-policies/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b> <input checked="" type="checkbox"/> detailed at 1.2(a) Corporate Governance Statement 1.2(b) All material information relevant to a decision on whether to elect or not elect or re-elect a director will be contained in the Company's 2017 AGM Notice of Meeting.	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b> <input checked="" type="checkbox"/> in our Board Charter at <a href="http://qantmip.com/company-policies/">http://qantmip.com/company-policies/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://qantmip.com/company-policies/">http://qantmip.com/company-policies/</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so for 1.5 (c) in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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 [insert location here]</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 [insert location here]</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 NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>... 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 checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location here] ... and, where applicable, the information referred to in paragraph (b): Not Applicable ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b> <input checked="" type="checkbox"/> at <a href="http://qantmip.com/company-policies/">http://qantmip.com/company-policies/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://qantmip.com/company-policies/">http://qantmip.com/company-policies/</a> <b>AND</b></p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input checked="" type="checkbox"/> 4.1(a)(4) Corporate Governance Statement <b>AND</b> <a href="http://qantmip.com/board-management/">http://qantmip.com/board-management/</a></p> <p><input checked="" type="checkbox"/> 4.1(a)(5) Corporate Governance Statement</p> <p>Note: The Committee is a combined Audit, Risk and Compliance Committee.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b> <input checked="" type="checkbox"/> at <a href="http://qantmip.com/company-policies/">http://qantmip.com/company-policies/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://qantmip.com/">http://qantmip.com/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://qantmip.com/company-policies/">http://qantmip.com/company-policies/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at</p> <p>7.1(a)(4) Corporate Governance Statement</p> <p>7.1(a)(5) Corporate Governance Statement</p> <p>Note: The Committee is a combined Audit, Risk and Compliance Committee.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://qantmip.com/company-policies/">http://qantmip.com/company-policies/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at</p> <p>8.1(a)(4) Corporate Governance Statement</p> <p>8.1(a)(5) Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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 checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## **QANTM INTELLECTUAL PROPERTY LIMITED**

### **CORPORATE GOVERNANCE STATEMENT**

---

The Board is responsible for the overall corporate governance of Qantm Intellectual Property Limited and its related entities (**QANTM or Company**) including adopting appropriate policies and procedures designed to ensure that the Company is properly managed to protect and enhance shareholder interests.

This Corporate Governance Statement (**Statement**):

- Reports against the 3rd edition of the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council (**ASX Recommendations**) and the practices detailed in this statement are current as at 6 December 2016; and
- Has been approved by the Board and is available on QANTM's website under About Us at [www.qantmp.com](http://www.qantmp.com) and is current as at 6 December 2016.

The Company listed on the ASX on 30 August 2016. The Board believes the Company does or will accord with the majority of the ASX Recommendations.

All references to the Company website in this Statement is [www.quantmip.com](http://www.quantmip.com).

### **PRINCIPLE 1 – THE BOARD LAYS SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

#### **Role and Responsibilities of the Board**

The Board is accountable to the Company's shareholders and has a professional responsibility to clients. It has overall responsibility for the performance of the Company, the execution of the Company's strategy, and the implementation of sound corporate governance policies and practices. The Company has adopted a Board Charter (which is available on the Company website) that formally sets out the functions and responsibilities of the Board. This enables the Board to perform its role more effectively and creates a system of checks and balances to provide a balance of authority.

#### *Day to day management*

The Chief Executive Officer/Managing Director (**CEO/MD**) oversees the day-to-day management of the business. The CEO/MD has been delegated the authority to manage the Group in accordance with the strategy, plans and policies approved by

the board. The delegations are reviewed by the Board from time to time.

Responsibilities specifically delegated to the CEO/MD are outlined in the Board Charter.

### **Information regarding appointment and re-election of directors**

The composition, structure and proceedings of the Board are primarily governed by the Constitution and the laws governing corporations in jurisdictions where QANTM operates. It is intended that the Board will comprise a majority of independent Non-Executive Directors. QANTM undertakes appropriate due diligence in respect of prospective candidates before appointing a person, or proposing to its shareholders a candidate, as a director.

During the IPO process consideration was given to the required combined skillset of the board and directors possessing those skills were appointed. These appointments were made after a formal process of identifying various candidates, interviews and back-ground checks that covered the person's character, experience, employment history, qualifications, criminal history, bankruptcy and disqualification status.

Prior to the Company's Annual General Meeting, shareholders will be provided with all material information to assist in making a decision to elect or re-elect a director. Directors are re-elected in accordance with the Constitution and the ASX Listing Rules.

### **Agreements with directors and senior managers**

QANTM has agreements with each director and senior manager, which outlines the terms of their appointment. Each of QANTM directors has signed a letter of appointment and each of QANTM senior managers is employed under employment agreements.

### **Accountability of the company secretary**

QANTM's company secretary has a direct reporting line to the Chairman and all directors have direct access to the company secretary, who is appointed by, and accountable to, the Board on all governance matters and the proper functioning of the board.

### **QANTM Diversity Policy**

The Company has established a Diversity and Inclusion Policy, a copy of which is

posted on its website. This policy:

- (a) supports QANTM's commitment to an inclusive workplace that embraces and values diversity;
- (b) provides a framework for new and existing diversity-related initiatives, objectives, strategies and programs within the business of the Group; and
- (c) supports the commitment of the Group to informing shareholders regarding its progress towards implementation and achievement of its diversity objectives.

Under the policy, the People, Remuneration and Culture Committee is charged with:

- Establishing measurable objectives for achieving diversity; and
- Annually reviewing and assessing both the measurable objectives for achieving diversity and the Group's progress in achieving them.

As at the date of this Statement, measurable objectives have not yet been established, as the Company only listed on 30 August 2016. It is the Board's intention to establish these in 2017

As at 30 June 2016, the Company had no employees so is unable to report the proportion of women and men across the levels of board, senior management and total employees. These statistics will be reported in the 2017 Corporate Governance Statement.

### **Evaluation of the performance of the Board, its Committees and individual Directors**

Under the Board Charter, the Board is responsible for establishing a process for evaluating and assessing its performance. As the Company only listed on 30 August 2016, this has not been undertaken for the year ended 30 June 2016.

The evaluation process will be undertaken during the 2017 year.

### **Evaluation of the performance of the CEO, Finance Director and executive Directors**

The People, Remuneration and Culture Committee is responsible for setting the performance criteria for executive Directors and senior executives, communicating those criteria to the executives and for assessing their performance against those criteria.

As there were no employees as at 30 June 2016, no performance evaluations were required. These will be undertaken for performance during the year ended 30 June

2017.

## PRINCIPLE 2 – THE BOARD IS STRUCTURED TO ADD VALUE

### Board Committees

The ultimate responsibility for the oversight of the operations of the Company rests with the Board. However, the Board may discharge any of its responsibilities through committees of the Board in accordance with the Constitution and the *Corporations Act 2001* (Cth) (**Corporations Act**).

The Board has established the following committees, which assist it with the execution of its responsibilities. The composition and effectiveness of the committees will be reviewed on an annual basis:

- Audit, Risk and Compliance Committee – to protect the integrity of financial statements review and monitor the Company’s risk management framework (further details of which are discussed below);
- People, Remuneration and Culture Committee – to ensure that the Company remunerates fairly and responsibly, and assist the Board in nomination matters (further details of which are discussed below); and
- Market Disclosure Committee – to assist in determining the Company’s disclosure obligations. The responsibilities of this committee are outlined in the Market Disclosure Protocol Policy.

Each of these committees operate in accordance with specific charters approved by the board which can be found on the Company’s website.

The applicable composition requirements and current membership of each of the board committees are set out below:

Board Committee	Composition Requirements	Membership
Audit, Risk and Compliance Committee	At least three members, all of whom are non-executive and independent. The chairman should be an independent non-executive director. All members should be financially literate and at least one member must have financial expertise	Abigail Cheadle (Chair); Cameron Judson; and Sonia Petering.

	and some members must have an understanding of the industry in which QANTM operates.	
People, Remuneration and Culture Committee	At least three members, the majority of whom are independent, non-executive directors. The chairman should be an independent – non-executive director.	Cameron Judson (Chair); Abigail Cheadle; and Sonia Petering.
Market Disclosure Committee	The Board, the CEO/MD, the CFO and the Disclosure Officer (Company Secretary). The quorum for a meeting of the committee is 3 members and must include the chair of the board or the CEO/MD.	All directors; Leon Allen; and Warren Howe.

The number of scheduled Board and Committee meetings held will be disclosed in the Statement released with the FY17 Annual Report.

### Nomination Committee

QANTM does not have a separate Nomination Committee, the board is charged with those responsibilities that a Nomination Committee would ordinarily deal with.

Under the Board Charter, the board has specific nomination responsibilities.

The Board Charter includes a responsibility for annually assessing the skills of the Board to ensure that it maintains a sufficient number of directors with an appropriate skills mix. Given the recent ASX listing, the establishment of a skills matrix has not yet been undertaken, but the board intends to compile this during FY17.

### Board skills matrix

The Board Charter includes a responsibility for annually assessing the skills of the Board to ensure that it maintains a sufficient number of directors with an appropriate skills mix. Given the recent ASX listing, the establishment of a skills matrix has not yet been undertaken, but the Board intends to compile this during FY17.



However, in compiling the newly formed Board, the required combined skills and experience were duly considered. As a result, the Board considers that its directors and senior management have the requisite collective experience skillset to discharge their respective responsibilities.

The current composition of the Board of directors brings relevant experience and skills covering domestic and international experience including strategic capabilities and commercial acumen, professional services, financial management, legal services and corporate governance and compliance in listed entities, experience in human resource management including workplace culture, management development and succession, health and safety, diversity and remuneration and experience on the boards of other listed entities.

### Director independence

At the date of this report, the Board comprises five directors as follows:

Director	Independent status	Appointment date
Richard England (Chairman)	Independent Non-Executive Director	17 May 2016
Leon Allen	Managing Director (not considered independent)	17 May 2016
Abigail Cheadle	Independent Non-Executive Director	9 June 2016
Cameron Judson	Independent Non-Executive Director	9 June 2016
Sonia Petering	Independent Non-Executive Director	9 June 2016

One of the Directors is a full-time executive of the Company, Mr Leon Allen. This Director is not considered independent by virtue of his position as an executive in the Company.

There are currently four Non-Executive Directors, Richard England, Abigail Cheadle, Cameron Judson and Sonia Petering, and the Board considers each of them to be independent.

The rationale for this determination is they are non-executives, not substantial shareholders, conduct themselves at arms length in their engagement with the Company and bring their considerable skillsets to bear on matters before the Board. The approach of these directors to matters of the Board is always independent in both appearance and in fact.

In addition, in order to facilitate independent judgement in decision-making, each Director has the right to seek independent professional advice at the Company's expense.

The Board regularly assesses whether or not each Non-Executive Director is independent. If a Director's independence status changes, this is disclosed to the market in a timely manner.

Directors are required to keep the Board advised of any interest that may be in conflict with those of the Company, and restrictions are applied to directors' rights to participate in discussion and to vote, as circumstances dictate when a conflict has been identified. In particular, where a potential conflict of interest may exist, directors concerned may be required to leave the Board meeting while the matter is considered in their absence.

The Company has also entered into a deed of disclosure with each Director, which is designed to facilitate the Company's compliance with its obligations under the ASX Listing Rules relating to disclosure of changes in directors' interests in QANTM securities. Directors and their nominated related party shareholdings, are also monitored to identify changes that may require urgent disclosure.

Standing items at each Board meeting include:

- Director's Shareholding Register; and
- Director's Standing Notice Register.

### Chairman

The Board Charter requires the Chairman of the Board to be appointed by the directors, must be an independent non-executive director and may not be the same person as the CEO/MD.

The Board considers that Richard England, the Company's Chairman, is an independent Director and there is a clear division of responsibility between the Chairman and the Managing Director.

### Induction of new directors

The following protocols are in place to ensure that the Board is able to perform appropriately and discharge its duties efficiently:

- New Directors are fully briefed on the business, its financial position, any material risks, the structure and functions of the Board and the structure of Management and are provided with a copy of the Company's Corporate Governance documentation. A director induction plan is in place to facilitate this.
- Directors are given direct access to Management and the Company Secretary. These individuals are to provide Directors with any and all information reasonably requested of them in a timely and comprehensive fashion;
- Directors are given the opportunity to seek reasonable independent, external advice at the Company's expense if circumstances warrant such advice; and
- The Company offers Directors an opportunity to undertake relevant external professional development programs.

### PRINCIPLE 3 – THE BOARD PROMOTES ETHICAL AND RESPONSIBLE DECISION MAKING.

#### QANTM Code of Conduct

The QANTM Code of Conduct (the **Code**) outlines the standards of conduct expected of the business and its people, taking into account the Company's legal and other obligations to its stakeholders. The Code applies to the directors of the Company, and all employees of the Company and its subsidiaries (**Senior Executives**).

As well as the legal and equitable duties owed by Senior Executives, the purpose of this Code is to:

- a. articulate the high standards of honesty, integrity, ethical and law-abiding behaviour expected of Senior Executives;
- b. encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including employees, customers, suppliers and creditors);

- c. guide Senior Executives as to the practices thought necessary to maintain confidence in the Group's integrity; and
- d. set out the responsibility and accountability of Senior Executives to report and investigate any reported violations of this code or unethical or unlawful behaviour.

A copy of the Code has been posted on the Company's website.

### Share trading

The Company has adopted a Share Trading Policy that is intended to explain the types of conduct in relation to dealing in securities that are prohibited under the *Corporations Act 2001* (Cth) and establish a best practice procedure for the buying and selling of securities that protects QANTM directors, officers, employees and management (Restricted Persons) against the misuse of unpublished information that could materially affect the value of securities. The policy also applies to the Principals.

The Share Trading Policy sets out restrictions that apply to dealing with securities and defines "trading windows" during which Restricted Persons, subject to the proper clearance requirements set out in the Policy may deal in QANTM securities in certain periods. The trading windows are currently defined as during the one month period beginning at the close of trading on the day after the dates on which the Company announces its half yearly and full year results to the ASX and when the Company holds its annual general meeting and any additional periods determined by the Board.

In all instances, buying or selling of shares is not permitted at any time by any person who possesses price – sensitive information. The Share Trading Policy is available on QANTM website at [www.qantmip.com](http://www.qantmip.com)

The Company's Share Trading Policy provides that its Directors, senior management, employees and people connected to employees must not enter into any transaction that operate to limit the economic risk associated with holding securities in the Company prior to the vesting of those securities.

## PRINCIPLE 4 – THE BOARD SAFEGUARDS INTEGRITY IN CORPORATE REPORTING

### Audit, Risk and Compliance Committee

An independent Audit, Risk and Compliance Committee has been established by the Board to protect the integrity of financial reports as well as to monitor and review

the effectiveness of the Company's structures in the areas of operational risk and legal and regulatory compliance.

#### Role and responsibilities

The Audit, Risk and Compliance Committee operates in accordance with a Charter adopted by the Board. The Charter sets out the roles and responsibilities as well as the structure and composition of the Audit, Risk and Compliance Committee. Pursuant to the Charter, which is available to view on the Company's website, the objectives of the Audit, Risk and Compliance Committee are to:

- Help the Board achieve its objective in relation to:
  - (i) integrity of financial reporting;
  - (ii) the application of accounting policies;
  - (iii) business policies and practices;
  - (iv) legal and regulatory compliance; and
  - (v) effectiveness of the Group's internal control and risk management systems.
- Maintain and improve the quality, credibility and objectivity of the financial process (including financial reporting on a consolidated basis);
- Promote a culture of compliance;
- Facilitate effective communication between the Board and the senior compliance manager;
- Facilitate effective internal and external audit functions and communication between the Board and the external and internal auditors; and
- Confirm that compliance strategies and compliance function are effective;

#### Membership

The Board appoints the members of the Committee.

The Audit, Risk and Compliance Committee's current membership and the independence of the members and details of Audit, Risk and Compliance Committee meetings are set out earlier in this Statement.

The qualifications and experience of the members of the Audit, Risk and Compliance Committee are outlined below:

**Abigail Cheadle (Chair of the Committee):** Abigail is a chartered accountant and executive director with over 20 years experience in Australia, Asia, Middle East and Europe. Abigail was formerly a certified fraud examiner and member of the Singapore Institute of Directors and the Australian Institute of Company Directors. Abigail was previously a partner and head of forensics Asia at KordaMentha, the lead director of forensics Singapore at Deloitte, and the Asia Pacific Forensic Accounting Surveillance Head for Ernst & Young.

**Cameron Judson:** Cameron is currently CEO of McGrath Limited. Previously Cameron was CEO and Managing Director of Chandler Macleod Group Limited from 2012 to July 2015. Cameron began working for Chandler Macleod in 2005, and held various operational and executive roles. Cameron holds a Bachelor of Arts from the University of NSW and a Masters of Business Administration (Executive) from the Australian Graduate School of Management.

**Sonia Petering:** Sonia is currently a director of Virtus Health Limited and TAL Dai-ichi Australia Pty Ltd. Sonia previously served on the boards of the Transport Accident Commission and Rural Finance Corporation of Victoria where she was chair of the board from 2009 to June 2016. Sonia has also chaired various board committees, including audit and risk and remuneration and capability committees. Sonia is an experienced corporate lawyer who commenced her own legal practice in 2001. Sonia holds a Bachelor of Laws and a Bachelor of Commerce from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors.

### **CEO/MD and Chief Financial Officer (CFO) assurance**

The Company has a requirement that the CEO/MD and CFO provide written assurance to the Board, prior to approval of the Company's financial statements for each financial period, that in their opinion, the Company's financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of QANTM's financial position and performance, and that this opinion has been formed on the basis of a sound system of risk management and internal control which operates effectively.

### **External auditor**

QANTM's external auditor will attend the Company's annual general meeting, the first of which will be in 2017, and will be available to answer questions from Shareholders on the conduct of the audit and the preparation and content of the external auditor's report; accounting policies adopted by QANTM in relation to the

preparation of the financial statements; and independence of the auditor in relation to the conduct of the audit.

## **PRINCIPLE 5 – THE BOARD MAKES TIMELY AND BALANCED DISCLOSURE**

### **QANTM Continuous Disclosure Policy**

The Company has established a Market Disclosure Protocol Policy, a copy of which is posted on its website.

The objective of this policy is to:

- (a) procure that the Company immediately discloses all price-sensitive information to ASX in accordance with the ASX Listing Rules and the *Corporations Act 2001* (Cth);
- (b) confirm officers and employees are aware of the Company's continuous disclosure obligations; and
- (c) establish procedures for:
  - (i) the collection of all potentially price-sensitive information;
  - (ii) assessing if information must be disclosed to ASX under the ASX Listing Rules or the *Corporations Act 2001* (Cth);
  - (iii) releasing to ASX information determined to be price-sensitive information and to require disclosure; and
  - (iv) responding to any queries from ASX (particularly queries under Listing Rule 3.1B).

The overarching principle of this policy is governed by Listing Rule 3.1, which requires the Company to immediately notify the ASX of any information that a reasonable person would expect to have a material effect on the price or value of QANTM's quoted securities, provided that the information does not fall within the exception to disclosure under the Listing Rules. The Policy provides for the exceptions to Listing Rule 3.1 as outlined in Listing Rule 3.1A.

The Board is responsible for ensuring that QANTM complies with its continuous disclosure obligations. To assist the Board in this obligation, it has established a Market Disclosure Committee, the membership of which is outlined earlier in this Statement. It is a standing agenda item at all Board meetings to consider any information that must be disclosed to the ASX in accordance with the continuous

disclosure obligations.

The Market Disclosure Committee is responsible for:

- (a) deciding if information should be disclosed to ASX subject to any decision of the Board;
- (b) procuring compliance with continuous disclosure obligations;
- (c) establishing a system to monitor compliance with continuous disclosure obligations and this protocol;
- (d) monitoring regulatory requirements so that this protocol continues to conform with those requirements;
- (e) monitoring movements in share price and share trading to identify circumstances where a false market may have emerged in Company Securities; and
- (f) making decisions about trading halts.

The Market Disclosure Policy also addresses media contact and comment, external communications including analyst briefings and responses to shareholder questions, and measures for responding to or avoiding the emergence of a false market in the Company's shares.

## **PRINCIPLE 6 – THE BOARD RESPECTS THE RIGHTS OF SHAREHOLDERS**

### **Information about QANTM**

QANTM provides information on its website about the Company and its Directors. Also disclosed is the corporate structure and copies of the key governance charters and policies referred to in this Corporate Governance Statement.

Under the Investor Tab, share price information and announcements made to the ASX are disclosed.

### **Shareholder Communication and Investor Relations**

The Company is committed to maintaining direct, open and timely communications with all shareholders. The Board's policy is that shareholders are informed of all material developments that impact on the Company.

Information is communicated to shareholders through:



- The publication of the annual and interim financial reports;
- Disclosures to the ASX;
- Notices and explanatory memoranda of general meetings;
- Updates and announcements to inform shareholders of key matters of interest issued on a needs basis;
- Presentations to analysts (which are made available to all shareholders via the website); and
- The Annual General Meeting.

### **Shareholder meetings**

QANTM's annual general meeting will be convened once a year, usually in October/November. In relation to its meetings of shareholders, an explanatory memorandum on the resolutions will be included with the notice of meeting and unless specifically stated in the notice of meeting, all shareholders will be eligible and are encouraged to vote on all resolutions. A copy of any investor presentation will be released to the ASX upon the commencement of the annual general meeting and the outcome of voting on resolutions at the meeting will be released to the market after the conclusion of the meeting. Both documents will also be posted on the Company website.

In the event that shareholders cannot attend formal meetings, they will be able to lodge a proxy in accordance with the Corporations Act by mail or online.

### **Electronic communication with shareholders**

QANTM's shareholders are able to receive communications from, and send electronic communications to QANTM and its security registry electronically.

The Company encourages stakeholders to make contact via the email address 'info@qant mip.com' as outlined under the 'Contact Us' tab on the Company's website. Further, the share registry's contact details are also outlined in this section of the website.

Shareholders are encouraged to elect to receive communications, including the Annual Report, Notice of Meetings and other Company information, electronically from the share registry. This election can be made through the share registry.

### **PRINCIPLE 7 – THE BOARD RECOGNISES AND MANAGES RISK**

### **Audit, Risk and Compliance Committee**

The Board is responsible for ensuring that sound risk management strategy and policies are in place. The Board has delegated to the Audit, Risk and Compliance Committee the responsibility for identifying and overseeing major risks and the establishment and implementation of the risk management system.

All material risks affecting the Company, including both financial and non-financial matters, are considered by the Audit, Risk and Compliance Committee. All Directors and senior management are encouraged to review the business for risk on an ongoing basis and to raise any risk issues of concern with members of the Audit, Risk and Compliance Committee. These protocols form the basis for the risk management system.

This committee will review and assess the Company's risk management framework annually and review the implementation, management and maintenance of appropriate enterprise-wide risk management systems, policies and procedures, reporting protocols and internal controls.

The Audit, Risk and Compliance Committee's current membership and the independence of the members are set out earlier in this Corporate Governance Statement.

### **Management of risk**

The Company has controls at the Company and operating group levels that are designed to safeguard the Company's interests and ensure the integrity of its reporting. These include accounting, financial reporting, tax risk management systems, safety, health and environment and other internal policies and procedures, which are directed at ensuring the Company fully complies with all regulatory requirements and community standards.

The Audit, Risk and Compliance Committee will review the effectiveness of the risk management system on an ongoing basis. The Audit, Risk and Compliance Committee is responsible for ensuring that the appropriate senior managers have established and implemented a risk management system throughout the organisation.

In addition to the above, the Company's external auditors provide the Audit, Risk and Compliance Committee with a report detailing any identified risk items at the completion of each half-year and full-year review. The Audit, Risk and Compliance Committee discuss the report together with the auditors and any material items are

referred to the Board.

As the Company listed on the ASX on 30 August 2016, a risk assessment has not been undertaken for the year ended 30 June 2016. The committee has engaged an external party to conduct an initial risk assessment of the business, which is expected to be completed in FY17. In addition, consideration is being given to an outsourced internal audit function to assist the committee in fulfilling its responsibilities under its charter.

### **Internal audit**

To date, an internal audit function has not been established. However, as noted above, the committee has engaged an external party to conduct an initial risk assessment of the business, which is expected to be completed in FY17, and, consideration is being given to an outsourced internal audit function to assist the committee in fulfilling its responsibilities under its charter.

Until an internal audit function is established, the committee will carry out this function.

### **Disclosure regarding material exposure to specific risks**

The Company is subject to risk factors that are both specific to its business activities and that are of a more general nature.

The Company does not currently have any material exposure to environmental or social sustainability risks. QANTM manages its risk exposure in accordance with its internal enterprise wide risk management framework.

## **PRINCIPLE 8 – THE BOARD REMUNERATES FAIRLY AND RESPONSIBLY**

### **People, Remuneration and Culture Committee**

The Company has established a People, Remuneration and Culture Committee, the objective of which is to assist the Board fulfill its statutory fiduciary and regulatory role and achieve its objectives that the Company:

- (a) has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- (c) observes those remuneration policies and practices; and

- (d) fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general external pay environment

The People, Remuneration and Culture Committee operates pursuant to a charter which can be found on the Company's website.

The Board appoints the members of the Committee. The People, Remuneration and Culture Committee's current membership and the independence of the member's are set out earlier in this Corporate Governance Statement.

### **Remuneration policies**

The Company's Remuneration Policy is designed to ensure that the level and composition of remuneration is both competitive and reasonable. Remuneration is intimately connected to performance and is intended to be appropriate for the results delivered. The Company's policies are designed to attract and maintain talented and motivated employees as well as raising the level of performance of the Company.

#### *Remuneration of Executive Directors*

QANTM's remuneration policy is designed to attract, motivate and retain employees, including senior management, and ensure that the interests of the employees are aligned with those of the shareholders. In discharging its duties, the Committee reviews and makes recommendations to the Board on the remuneration of the CEO, CFO, executive Directors and other senior managers, including:

- Short and long-term remuneration, including both fixed remuneration and performance-based remuneration;
- Any termination payments; and
- Appropriate grants of securities under the Employee Option Plan and Employee Share Scheme.

In making its recommendations the Committee ensures that:

- Remuneration is set with reference to prevailing market rates for similar positions, adjusted to account for experience, productivity and ability;
- Remuneration packages are designed to motivate senior management to pursue the long-term growth and success of the Company: and

- A clear relationship exists between performance and remuneration.

#### Remuneration of non-executive Directors

Non-executive Directors are remunerated by way of fees which are set with reference to the prevailing market rates. They do not participate in the schemes designed for the remuneration of executives, nor do they receive bonus payments or any retirement benefits other than statutory superannuation.