

**IMF**  
BENTHAM  
INTERNATIONAL LITIGATION FUNDING

# Corporate Governance Statement 2018



# Corporate Governance Statement

The Board of Directors (“**Board**”) of IMF Bentham Limited (ABN 45 067 298 088) (“**IMF**” or “**Company**”) is responsible for the corporate governance of IMF and its related bodies corporate (“the **Group**”). The Board guides and monitors the business and affairs of IMF on behalf of the shareholders by whom they are elected and to whom they are accountable. The following table is a summary of the ASX Corporate Governance Principles and Recommendations (“**ASX CG Guidance**”) and the Group’s compliance with these guidelines and should be read in conjunction with the further details and rationale of the Company’s corporate governance practices in this report.

Recommendation	Comply Yes/No
1.1 A listed entity should disclose:	
(a) the respective roles and responsibilities of its board and management; and	Yes
(b) those matters expressly reserved to the board and those delegated to management.	Yes
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	Yes
(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.	Yes
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
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.	Yes
1.5 A listed entity should:	
(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;	Yes
(b) disclose that policy or a summary of it; and	Yes
(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:	
(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	Yes
(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.	N/A
1.6 A listed entity should:	
(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	Yes
(a) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes
1.7 A listed entity should:	
(a) have and disclose a process for periodically evaluating the performance of its senior executives; and	Yes
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes

# Corporate Governance Statement

continued

Recommendation	Comply Yes/No
2.1 The board of a listed entity should:	
(a) have a nomination committee which:	
(1) has at least three members, a majority of whom are independent directors; and	Yes
(2) is chaired by an independent director, and disclose:	Yes
(3) the charter of the committee;	Yes
(4) the members of the committee; and	Yes
(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	Yes
(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.	N/A
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.	Yes
2.3 A listed entity should disclose:	
(a) the names of the directors considered by the board to be independent directors;	Yes
(b) if a director has an interest, position, association or relationship of the type described 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	Yes
(c) the length of service of each director.	Yes
2.4 A majority of the board of a listed entity should be independent directors.	Yes
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.	Yes
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.	Yes
3.1 A listed entity should:	
(a) have a code of conduct for its directors, senior executives and employees; and	Yes
(a) disclose that code or a summary of it.	Yes
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	Yes
(2) is chaired by an independent director, who is not the chair of the board, and disclose:	Yes
(3) the charter of the committee;	Yes
(4) the relevant qualifications and experience of the members of the committee; and	Yes
(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	Yes
(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.	N/A

# Corporate Governance Statement

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Recommendation	Comply Yes/No
4.2 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.	Yes
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.	Yes
5.1 A listed entity should:	
(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	Yes
(b) disclose that policy or a summary of it.	Yes
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes
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.	Yes
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.	Yes
7.1 The board of a listed entity should:	
(a) have a committee or committees to oversee risk, each of which:	
(1) has at least three members, a majority of whom are independent directors; and	Yes
(2) is chaired by an independent director, and disclose:	Yes
(3) the charter of the committee;	Yes
(4) the members of the committee; and	Yes
(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	Yes
(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.	N/A
7.2 The board or a committee of the board should:	
(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and	Yes
(b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes
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	N/A
(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.	Yes
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.	Yes

# Corporate Governance Statement

continued

Recommendation	Comply Yes/No
8.1 The board of a listed entity should:	
(a) have a remuneration committee which:	
(1) has at least three members, a majority of whom are independent directors; and	Yes
(2) is chaired by an independent director, and disclose:	Yes
(3) the charter of the committee;	Yes
(4) the members of the committee; and	Yes
(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	Yes
(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.	N/A
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.	Yes
8.3 A listed entity which has an equity-based remuneration scheme should:	
(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	Yes
(b) disclose that policy or a summary of it.	Yes

# Corporate Governance Statement

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The Board and management of the Company understand and recognise the importance of achieving good corporate governance across the Group. Throughout the year ended 30 June 2018, the Company adopted and carried out its corporate governance practices in compliance with each of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

This statement discusses various aspects of the corporate governance policies and practices adopted by the Company. For further information on corporate governance policies and procedures adopted by the Company please refer to our website <http://www.imf.com.au/shareholders/corporate-governance>.

## Board Functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The responsibility for operations and administration of the Company is delegated, by the Board, to the Managing Director and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge its responsibilities.

Whilst the Board at all times retains full responsibility for guiding and monitoring the Group, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established the following committees:

- Audit and Risk;
- Remuneration;
- Nomination; and
- Corporate Governance.

The roles and responsibilities of these committees are discussed in this Corporate Governance Statement.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the Group; and
- implementation of budgets by management and monitoring progress against budget – via the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the Board include:

- approval of the annual and half-yearly financial reports;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored; and
- appointing and monitoring the performance of Key Management Personnel.

## Structure of the Board

The skills, experience and expertise relevant to the position of director of each director in office at the date of the annual report is included in the Directors' Report contained in the Company's 2018 Annual Report located on the Company's website (**Directors' Report**). Directors of IMF are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

The composition of the Board consists of two executive directors and four independent non-executive directors. The Board believes that the majority of the individuals on the Board can, and do, make independent judgments in the best interests of the Group on all relevant issues.

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

- the Chairman is an independent director and has a casting vote at Board meetings where the votes of the directors are tied;
- the directors are able to obtain independent professional advice at the expense of the Group;
- Directors who have a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic; and
- at least half of the Board consists of independent directors.

# Corporate Governance Statement

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In the context of director independence, 'materiality' is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of IMF are considered to be independent:

<b>Name</b>	<b>Position</b>
Michael Kay	Non-Executive Chairman
Michael Bowen	Non-Executive Director
Wendy McCarthy	Non-Executive Director
Karen Phin	Non-Executive Director

In accordance with ASX CG Guidance, the Board has considered the independence of Michael Bowen who has been a director of the Company for more than 10 years and is a partner of DLA Piper who act as solicitors to IMF. The Board has determined that these factors do not impact on his independence because in the exercise of his duties, Mr Bowen demonstrates independent judgment and objective assessment of matters before the Board.

The position held by each director in office at the date of this report is as follows:

<b>Name</b>	<b>Position</b>
Michael Kay	Non-Executive Chairman
Andrew Saker	Managing Director and Chief Executive Officer
Hugh McLernon	Executive Director
Michael Bowen	Non-Executive Director
Wendy McCarthy	Non-Executive Director
Karen Phin	Non-Executive Director

For additional details regarding Board appointments, please refer to the Directors' Report and the Company's website.

## Audit and Risk Committee

The Board has an Audit and Risk Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Group. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Audit and Risk Committee supports the Board in establishing and maintaining a framework of internal control and ethical standards.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit and Risk Committee are independent non-executive directors and the Chair of the Committee is not the Chair of the Board.

The Company's process of risk management and internal compliance and control includes:

- establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- continuously identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an annual assessment of the effectiveness of risk management and internal compliance and controls.

To this end, comprehensive practices are in place that are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Company's resources;
- compliance with applicable laws and regulations; and
- preparation of reliable published financial information.

# Corporate Governance Statement

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The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of the Group's risk management.

During the 2017 financial year, following the further geographic expansion of the Group's activities, under the direction of the Board and with input from an external consultant, management undertook a review of risk management and reporting procedures and has initiated various updates to its monitoring and reporting on risk.

The members of the Audit and Risk Committee during the year were: Michael Bowen (Interim Chair), Wendy McCarthy, Michael Kay and Karen Phin.

For details on the number of meetings of the Audit and Risk Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

## Managing Director and Chief Financial Officer Certification

The Managing Director and the Chief Financial Officer have provided a written statement to the Board that:

- their view provided on the Group's financial report is founded on a sound system of risk management and internal compliance and controls which implements the financial policies adopted by the Board; and
- the Group's risk management and internal compliance and control system is operating effectively in all material respects.

## Performance

The performance of the Board and senior executives is reviewed regularly against both measurable and qualitative indicators. The performance criteria against which directors are assessed are aligned with the financial and non-financial objectives of the Group, as summarised in the diagram below.



Board Skills Matrix

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of directors is reviewed annually by the chairperson. During the 2018 financial year, the chairperson undertook a performance evaluation of each director.

For details on director attendance at Board and Board committee meetings during the year ended 30 June 2018, refer to the Directors' Report.

An annual performance review of senior executives (and all staff) is undertaken. Key performance indicators are agreed for the coming period and are reflected in the personal performance targets component of the short term incentivisation plan.



# Corporate Governance Statement

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## Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality executive directors and key management personnel by remunerating such individuals fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Group; and
- performance incentives that allow executives to share in the success of the Group.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the Managing Director and executive team. The Board has established a Remuneration Committee comprising non-executive directors. Members of the Remuneration Committee throughout the year were: Michael Bowen (Chairman), Wendy McCarthy, Michael Kay and Karen Phin. All four members are independent non-executive directors.

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

## Nomination

The Company understands that the appointment and reappointment of directors to the Board is critical to the performance of the Company. In recognition of this, the Board has established the Nomination Committee to provide transparency, focus and independent judgment to decisions regarding the composition of the Board.

Four out of the five members of the Nomination Committee are independent directors including the Chair.

When considering the appointment of a new director, the Committee will identify suitable candidates for consideration which includes the carrying out of appropriate background checks before the Board makes an offer to a preferred candidate.

Newly appointed directors must stand for election at the next subsequent annual general meeting. The notice of annual general meeting provides shareholders with material information about each director standing for election.

New directors and senior executives enter into a formal written letter of appointment which sets out the duties, responsibilities, remuneration and other entitlements.

The Board regularly reviews whether the directors have the skills, knowledge and familiarity with the Company required to fulfil their role on the Board and on the Board committees effectively and where gaps are identified, take appropriate measures to address training or development to develop skills and knowledge.

## Diversity

It is the Company's objective to support female representation at senior leadership and Board levels. Although the Company advocates greater transparency and measurability of progress, it does not endorse female participation quotas.

The Company has implemented policies and practices that promote the following:

- equal opportunities;
- attraction and retention of a diverse range of people;
- awareness of the differing needs of a diverse range of employees;
- provision of flexible work arrangements; and
- promotion of a culture that is free from discrimination, harassment and bullying.

In order to monitor the Company's gender diversity, the Board receives a report on an annual basis that provides the female representation at all levels within the Group. The 2018 report provides the following information:

- total female directors on the Board: 2 (2017: 1); total male directors on the Board: 4 (2017: 5); total directors on the Board: 6 (2017: 6);
- total female senior executives 5 (2017: 5); total male senior executives 6 (2017: 6); total senior executives 11 (2017: 11) – senior executives includes executive directors, regional chief executive/investment officers, Chief Financial officer, General Counsel and Chief Marketing officers;
- total female investment managers: 12 (2017: 10); total male investment managers: 18 (2017: 16); total investment managers: 30 (2017: 26);
- total female Key Management Personnel: Nil (2017: Nil); total male Key Management Personnel: 4 (2017: 4); total Key Management Personnel: 4 (2017: 4); and
- total female employees: 37 (2017: 34); total male employees: 36 (2017: 29); total employees: 73 (2017: 63).

# Corporate Governance Statement

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The Gender Equality Remuneration Review undertaken in 2016 by the Remuneration Committee demonstrated that IMF's remuneration was gender neutral and meritocratic. It is proposed to undertake further periodic reviews.

The Board considers that progress is being made towards achieving the Company's objective to support female representation at senior leadership and Board levels, including by the welcoming of 11 new female employees to the Company during the 2018 financial year and the promotion of one to the role of Marketing Adviser – Australia and Asia.

The Nomination Committee will endeavour to improve the gender diversity at Board level at any time nominations are required to fill a Board position. In the 2017 financial year, the Corporate Governance Committee undertook a review of IMF's diversity policy as part of its regular periodic review of IMF's corporate governance policies and procedures.

## Trading Policy

Under the Company's Securities Trading Policy, an executive or director must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

In addition, the policy prohibits, subject to certain exceptions, dealing in the Company's securities during defined closed periods, being:

- the four weeks prior to and the 24 hours after the release of the Company's half-yearly results;
- the four weeks prior to and the 24 hours after the release of the Company's preliminary final results;
- the four weeks prior to and the 24 hours after the release of the Company's final results; and
- the two weeks prior to and 24 hours after the holding of the Annual General Meeting.

Following the annual review of the Securities Trading Policy, in 2017 the closed periods were extended in respect of a specified group of persons, including directors, the Company Secretary, General Counsel and the Chief Financial Officer to include:

- 12.01am AEST on 1 July of each year until 10.00am AEST on the ASX trading day after the day on which the Company's full-year results are released; and
- 12.01am AEDT on 1 January of each year until 10.00am AEDT on the ASX trading day after the day on which the Company's half-year result are released.

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company. A copy of the Company's Securities Trading Policy is available on its website.

## Continuous Disclosure

The Company's Continuous Disclosure Policy includes controls to ensure that the Company at all times complies with the requirements of ASX and the Corporations Act 2001 in relation to its continuous disclosure obligations.

The Continuous Disclosure Policy forms part of the Company's Corporate Governance Manual and is available on the Company's website.

## Shareholder Communication

The Board of Directors aims to ensure that shareholders are informed of all information necessary to assess the performance of the Company and its directors. Information is communicated to shareholders through:

- the annual report which is distributed to all shareholders;
- the half-yearly report circulated to the Australian Securities Exchange and the Australian Securities & Investments Commission; and
- the Annual General Meeting and other shareholder meetings so called.

Shareholders may elect to receive all Shareholder communications by email and may also communicate with the Company and the Share Registry electronically.

Shareholders are encouraged to ask questions of their directors at the Annual General Meeting and other shareholder meetings called by the Company or to contact the Company Secretary to discuss matters pertaining to corporate governance or any other matter relating to the Company, at their convenience.

The Company's auditor will attend the Annual General Meeting and will be available to answer questions from shareholders relevant to the audit.

This Corporate Governance Statement is provided as at the date of the Directors' Report and has been approved for issue by the Board.

As permitted by ASX Listing Rule 4.10.3, the 2018 annual report contains the URL for the webpage on the IMF website where the Corporate Governance Statement is located.