

# HUB24 LIMITED

## FY19 - CORPORATE GOVERNANCE STATEMENT

As required by the ASX Listing Rules, the Corporate Governance Statement discloses the extent to which HUB24 Limited ("HUB24") has followed the ASX Corporate Governance Principles and Recommendations by reference to the third edition of the ASX Corporate Governance Principles and Recommendations and to the Corporations Act 2001 (Cth). Except where otherwise explained, HUB24 followed the ASX Principles and Recommendations during the period.

The Corporate Governance Statement should be read in conjunction with other material on our website (<https://www.hub24.com.au>), including the 2019 Annual Report and ASX releases.

This Statement is current as at 26 August 2019 and has been approved by the HUB24 Board.

## Corporate Governance Approach

### Laying Solid Foundations for Management Oversight

#### The Role of the Board

The Board seeks to identify the expectations of Shareholders, as well as other regulatory expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and overseeing arrangements to adequately manage those risks.

#### Nomination and Appointment of Directors

To ensure that the Board is 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 the operation and administration of the consolidated entity 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 their responsibilities and has in place procedures to assess the performance of the Managing Director and the Executive Management Team.

#### The Role of Committees

Whilst at all times the Board retains full responsibility for guiding and monitoring the consolidated entity, 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.

At the date of this statement, the Board has two Committees which are the:

- Audit, Risk and Compliance Committee, chaired by Paul Rogan, an independent Director; and
- Remuneration and Nominations Committee, chaired by Anthony McDonald, an Independent Director.

Each Committee has adopted a formal, Board-approved Charter that details its role, authority, responsibilities, membership and operations. The Committee Charters are reviewed annually and are available on our website at: <https://www.hub24.com.au/shareholder-centre/>

Each Committee regularly reports to the Board on matters relevant to the Committee's role and responsibilities and the minutes of each Committee meeting are made available to each Director unless that Director is otherwise precluded due to a potential conflict. Special Board Committees are formed as required to give guidance and provide oversight concerning specific matters to the Board.

#### Diversity

Due to the size of the Company and still being in the early stage of development, the Board of HUB24 has not formally adopted a policy for workforce diversity but is currently in the process of doing so. As such, the Company does not follow the ASX Corporate Governance Principles and Recommendations.

Despite this, the Board is conscious of building a diverse and inclusive workforce and is committed to diversity and inclusion across the wide range of workforce demographics, with the intention to apply a lens to diversity that includes, but also extends beyond, gender. The Board has recently begun a process to appoint a further Non-Executive Director to enhance the Board's existing skill set and in doing so expect to appoint HUB24's first female Director.

## **Performance**

The performance of the Board and key Executives is reviewed regularly against both measurable and qualitative indicators. The Board will conduct self-performance evaluations that involve an assessment of the Board's performance against specific and measurable performance criteria.

The performance criteria against which Directors and Executives are assessed are aligned with the financial and non-financial objectives of the Company.

A review of the performance of the Board and its committees was undertaken for the financial year ended 30 June 2019. The Board has considered the outcomes of the review and where appropriate will undertake measures to improve the performance of Directors and the Board as a whole.

The members of the Executive team have defined objectives which are agreed at the commencement of each financial year. Their performance against these objectives is assessed annually, in addition to regular feedback during the performance period. An assessment of their performance is undertaken by the Remuneration & Nomination Committee and the Board. This assessment was undertaken for the year in accordance with this process and the outcomes are highlighted in the Remuneration Report for FY19.

## **Structuring the Board to Add Value**

### **Director Independence**

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report are included in the Directors' Report. Directors of the Company 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 judgement.

The following Directors of HUB24 are considered to be independent:

#### **Bruce Higgins**

Non-Executive Director and Chair of the Board  
Member of the Audit, Risk & Compliance Committee and member of the Remuneration & Nomination Committee (appointed 19 October 2012)

#### **Anthony McDonald**

Non-executive Director and Chair of The Remuneration & Nomination Committee  
(Appointed 1 September 2015)

#### **Paul Rogan**

Non-Executive Director and Chair of the Audit, Risk & Compliance Committee  
(appointed as a Non-Executive Director on 20 December 2017)  
(appointed as Chair of the Audit, Risk & Compliance Committee on 1 March 2018)

The following Directors are not considered to be independent:

#### **Andrew Alcock**

Managing Director  
(appointed 29th August 2014)

#### **Ian Litster**

Non-Executive Director  
Member of the Audit, Risk & Compliance Committee and member of the Remuneration & Nomination Committee  
(Appointed 26 September 2012)

Ian Litster is not considered to be independent because he is a Substantial Shareholder of the Company.

The HUB24 Board has five Directors, three of whom are independent. As a consequence, HUB24 follows the ASX Corporate Governance Principles and Recommendations which recommend that a majority of the Board be independent.

The Company Secretaries are accountable to the Board through the Chairman on all matters regarding the proper functioning of the Board. This includes assisting the Board and its Committees with meetings and Directors' duties, advising the Board on corporate governance matters, and acting as the interface between the Board and senior Executives.

There are procedures in place, agreed by the Board, to enable Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

### Director Skills and Experience

Our objective is to have an appropriate mix of expertise and experience on our Board and its Committees so that the Board can effectively discharge its corporate governance and oversight responsibilities. This mix is described in the Board skills matrix below.

<p><b>Expertise</b></p> <ul style="list-style-type: none"> <li>• Financial Knowledge and Experience</li> <li>• Legal, Governance and Compliance</li> <li>• Strategy</li> <li>• Commercial Acumen</li> <li>• Risk Management</li> <li>• Remuneration and Nominations</li> <li>• Executive Leadership</li> <li>• Entrepreneurship</li> </ul>	<p><b>Experience</b></p> <ul style="list-style-type: none"> <li>• Wealth Management</li> <li>• Financial Services</li> <li>• Information Technology</li> <li>• Capital Markets</li> <li>• Mergers and Acquisitions</li> </ul>
	<p><b>Geographic</b></p> <ul style="list-style-type: none"> <li>• Australia</li> <li>• New Zealand</li> <li>• Asia</li> <li>• Europe</li> <li>• USA</li> </ul>

### Induction and Training

Before the Board appoints a new Director or puts forward a candidate for election, the Remuneration and Nominations Committee will ensure that appropriate background checks are undertaken. HUB24 provides Shareholders with all material information in its possession that is relevant to the decision on whether or not to elect or re-elect a Director through a number of channels, including via the Notice of Meeting and other information contained in the Annual Report.

Upon appointment, each Director (and senior Executive) receives a letter of appointment which sets out the formal terms of their appointment, along with a deed of access and indemnity.

HUB24 has a program for inducting new Directors and provides appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Further information regarding our Directors, including their experience and qualifications, is set out in the Directors' Report section in our 2019 Annual Report.

Details of the number of Board and Committee meetings held during the 2019 Financial Year and attendance by Directors are set out in the Directors' Report in our 2019 Annual Report.

## Act Ethically and Responsibly

### Code of Conduct

The Code of Conduct applies to all Directors, senior Executives and employees, and promotes an organisational culture that enables our employees to respond appropriately in a variety of situations and to be accountable for their decisions. The Code of Conduct is available on our website at: <https://www.hub24.com.au/shareholder-centre/>

## Safeguarding Integrity in Corporate Reporting

### Managing Director and CFO Certification

In accordance with section 295A of the Corporations Act 2001, the Managing Director and Chief Financial Officer, as defined under sections 295A(4) and 295A(6) have provided a written statement to the Board that:

- Their view provided on the Company's Financial Report is founded on a sound system of risk management
- The internal compliance and control practices implement the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

### External Auditor

Our External Auditor, Deloitte Touche Tohmatsu (Deloitte), was appointed following our 2015 AGM. Deloitte is invited to all Audit, Risk & Compliance Committee meetings and all Audit, Risk & Compliance Committee papers are made available to Deloitte. Deloitte representatives are also available to all Audit, Risk & Compliance Committee members.

Deloitte attends our AGM and a representative is available to answer questions from Shareholders relevant to the audit at, or ahead of, the AGM. Deloitte's independence declaration is contained in our 2019 Annual Report.

## Making Timely and Balanced Disclosure

We are committed to providing information to Shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules.

In order to comply with these obligations, the Board has adopted a Market Disclosure Policy which is available on our website at: <https://www.hub24.com.au/shareholder-centre/>

The Policy includes a vetting and authorisation process so that all disclosures are factual, do not omit material matters, and are expressed in a clear and objective manner. The Policy also outlines how the Company identifies and distributes information to shareholders and the market generally.

## Respecting the Rights of Shareholders

HUB24 endeavours to communicate with Shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its Shareholder communications, HUB24 aims to provide information that will allow existing Shareholders, potential Shareholders and financial analysts to make informed decisions about the Group's intrinsic value and meet its obligations under the ASX's continuous disclosure regime.

HUB24 has an investor relations program which includes:

- Issuing regular written Shareholder communications such as quarterly updates and an Annual Report which address the Company's strategy and performance;
- Investor presentations issued at least twice per year;
- Sending and receiving Shareholder communications electronically from our share registry;
- Maintaining the Board and governance section on the HUB24 website including posting all announcements after they have been disclosed to the market;
- Engaging in a program of scheduled interactions with institutional investors and sell-side and buy-side analysts;
- Engaging in stakeholder management with shareholder representative groups such as proxy advisers;
- Promoting two-way interaction with Shareholders, by supporting Shareholder participation in the AGM including encouraging Shareholders to send their questions to the Company prior to the AGM and responding to their questions and feedback; and

- Ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

Our Group Policy for Shareholder communications is available on our website at:

<https://www.hub24.com.au/shareholder-centre/>

## Recognising and Managing Risk

### Risk Management

At HUB24, the responsibility for overseeing risk is encompassed in the Charter of the Audit, Risk & Compliance Committee.

The purpose of HUB24's risk management framework is to:

- Affirm the Company's commitment to the management of risk;
- Integrate risk management practices across the Company;
- Foster a culture where staff assume responsibility for managing risk; and
- Define the approach to risk management against regulatory and industry standards, and how these apply to the Company.

The Company has adopted a methodology consistent with Risk Management Standard ISO 31000:2009 for identifying, assessing and managing risks. This standard is now considered to be the acceptable standard for all Australian Financial Service licence holders. This methodology provides a structure for:

- Communicating, mitigating and escalating major risk issues; and
- Incorporating risk management principles and objectives into strategic, operational and resource planning activities.

Under its Charter, the Audit, Risk & Compliance Committee is required to review the Group Risk Framework at least annually to seek assurance it is both sound and effective. Management undertook a comprehensive review of the risk management framework during FY19 and confirmed that it is operating effectively. As part of a continued program of work which began 18 months ago, HUB24 will seek to further enhance its risk management framework during FY20 and beyond.

HUB24 does not have material exposure to economic, environmental and social sustainability risks. HUB24's revenue is, however, sensitive to movements in equity markets given a significant proportion of client funds are held in either direct or managed assets with equity market exposure.

### Internal Audit

The Company did not have an independent internal audit function during FY19. The General Counsel, Chief Financial Officer and Head of Risk are responsible for improving the effectiveness of the Company's risk management and internal control processes which is monitored by the Audit, Risk & Compliance Committee which in turn reports to the Board.

As a consequence of the risk management framework review during FY19, HUB24 expects to appoint an independent internal audit function during the FY20 financial year.

## Remunerating Fairly and Responsibly

Information regarding HUB24's remuneration framework for its Directors and senior Executives is set out in the Remuneration Report in our 2019 Annual Report. The Remuneration Report includes a summary of our policies and practices for the deferral of performance-based remuneration for senior Executives.

Senior Executives are precluded from entering into transactions to limit their economic risk from investing in Company shares, options, or rights, where those entitlements are unvested.