



## Corporate Governance Statement

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The Directors of Inventis Limited are committed to achieving the highest standard of corporate governance. Except where specified in this statement, the recommendations set by the ASX Corporate Governance Council as outlined in *ASX Guidance Note 9A* have been followed.

### 1. Board and Management

#### 1.1. Role of the Board

The role of the Board is to provide strategic guidance for Inventis and effective oversight of its Management.

The Board meets regularly to discharge its duties. The matters reserved for the Board as stated in the Company's Board Charter are:

- Setting Inventis' vision and deciding upon its business strategies and objectives;
- Appointing the leadership to put the strategies into effect;
- Monitoring the operational and financial position and performance of Inventis;
- Identifying the principal risks faced by Inventis and ensuring that appropriate control and monitoring systems are in place to manage the impact of these risks;
- Ensuring that Inventis' financial and other reporting mechanisms result in adequate, accurate and timely information being provided to the Board;
- Ensuring that investors and the market are fully informed of all material developments, in a timely manner;
- Appointing, and where appropriate, removing the Chairman and the Managing Director, approving other key executive appointments and dismissals of those reporting to the Managing Director as well as planning for executive succession;
- Overseeing and evaluating the performance of the Chairman and the Managing Director and other senior executives in the context of Inventis' strategies and objectives;
- Approving budgets and business plans and monitoring the progress of major capital expenditures, capital management as well as acquisitions and divestures;
- Ensuring compliance with all relevant laws, government regulators and accounting standards; and
- Ensuring that the business of Inventis and its subsidiaries is conducted openly and ethically.



## 1.2. Board's Delegation of Authority

The Board has delegated the day to day functions of the business to be performed by the senior executives under the guidance of the General Manager.

The Board ensures that it receives monthly reports from each senior executive and updates from the General Manager with regard to the delegated authority, as and when requested by the Directors.

The Board meets 9 times in a year and reviews the performance of each of the senior executive by way of review of their respective reports for the month and face to face meeting.

## 1.3. Evaluation of performance of the Senior Executives

At the appointment stage, each senior executive is provided with their job description along with the principal statement and key performance indicators are set for measuring their performance in the probation period as well for the year ahead.

The Remuneration and Nomination Committee has set up the performance of the General Manager and the Chief Financial Officer according to the business plans, the achievement of the targets stated therein.

The respective General Manager and the Chief Financial Officer consult with the senior executives directly reporting to them and set the Key performance indicators (KPIs) for each of them.

## 1.4. Board and its performance

### (a) Composition of the Board and Board Processes

The Board is comprised of a Chairman and two non-executive directors.

Each director has the right to access all relevant company information and to the Company's executives and, subject to prior consultation with the Chairman and after obtaining the approvals of the fee payable for the advice, may seek independent professional advice from a suitably qualified adviser at the Company's expense. A copy of the advice received by the Director is made available to all other members of the Board.

At the time of appointment of a director or a senior executive, such director or senior executive discloses all interests to the Board. The Board puts in place a plan for management in case of any conflicts of interests. All the directors and senior executives are then required to inform any change in their interests at every Board Meeting. This process assists the Board to determine the independence of a director. The Company has put in place processes to ensure timely disclosure to the market of any changes in a director's interest.

As part of appointment process, all checks including but not limited to, credit check, reference check and criminal check are performed before an appointment is offered to a prospect as a director of the Company.



#### **(b) The Chairperson**

On 26 November 2008, the Board decided to change the structure of the Board to ensure the independence of the Board is maintained.

It was decided that for the time being the minimum number of directors comprise the Board.

With effect 1 February 2016, with the appointment of a General Manager, the role of the Chairman and the Senior Executive are two different persons. However, Tony Noun is not considered independent at this stage.

#### **(c) Company Secretary**

With effect 1 April 2015, the Company Secretary function became independent of the day to day functioning of the Company. The Company Secretary reports to the Board through the Chair and is responsible on all matters to do with proper functioning of the Board.

#### **(d) Election and Re-election of Directors at an Annual General Meeting:**

Currently, the restriction on the number of directors has been put on three. The three directors have high stakes as majority shareholders in the Company and are believed to be in a position to ensure success of the Company.

All directors retire by rotation. At present the Company being a small entity with limited resources, has no plans to nominate new director/s at its forthcoming Annual General Meeting. All information with regard to existing directors is disclosed in the Annual Report and the directors speak for themselves at the time of re-election as to why they should be re-elected and are available to answer the queries from the security holders.

### **1.5. Evaluation of the Performance of the Board**

The Board Evaluation is a continuous process and is carried out as part of Board meetings. The directors identify the areas which they need professional advice on and the Company Secretary ensures that appropriate professional advice is provided by engaging with such professionals as is required. The size of the Board being small and having a hands on approach, the evaluation of the performance of the Board is not done as a separate process.

In addition, as part of individual performance review, each director undergoes the process of performance evaluation as per the Company's policy. However, for the year ended 30 June 2016, this review has been deferred due to restructuring of the Company.

## **2. Audit and Risk Management Committee**

Since 26 November 2008, the Board has revoked the powers of its sub-committees and resolved that the Board as a whole will exercise the powers of Audit and Risk Management Committee. The current chair for the Committee is Anthony Mankarios who is a non-executive director and although is a majority shareholder is considered independent for this role.



The role of the Audit and Risk Management Committee is to provide advice and assistance to the Board to allow it to:

- Fulfil its audit, accounting and reporting obligations;
- Review the annual, half-year and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards (AASB's), and assessing whether the financial information is adequate for shareholder needs;
- Assess corporate risk assessment processes;
- Assess whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;
- Provide advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001;
- Assess the adequacy of the internal control framework and the Company's code of ethical standards;
- Organise, review and report on any special reviews or investigations deemed necessary by the Board;
- Assess potential fraud situations and ensure prompt and appropriate rectification of any deficiencies or breakdowns identified in systems;
- Monitor the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements;
- Address any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions; and
- Review the performance of the external auditors on an annual basis.

### **2.1. Oversight of the Risk Management System**

The Board oversees the establishment, implementation, and annual review of the Company's Risk Management System. Management has established and implemented a Risk Management System for assessing, monitoring, and managing operational, financial reporting, and compliance risks for the Group. The General Manager and the Chief Financial Officer have declared, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the Group, and material associates and joint ventures.



## 2.2. Risk Profile

The Audit and Risk Management Committee reports periodically on the status of risks through integrated risk management programmes aimed at ensuring risks are identified, assessed, and appropriately managed. Each business operational unit is responsible and accountable for implementing and managing the standards required by the programmes.

Major risks arise from such matters as actions by competitors, government policy changes, the impact of exchange rate movements on the price of raw materials and sales, difficulties in sourcing raw materials, environment, workplace health and safety, property, financial reporting, and the purchase, development and use of information systems.

The Audit and Risk Management Committee has direct access to any employee, the external auditors or any other independent experts and advisers as it considers appropriate in order to ensure that its responsibilities can be carried out effectively.

## 2.3. Risk Management, Compliance and Control

The Group strives to ensure that its products are of the highest standard. Towards this aim during the reporting period, the Group not only maintained their ISO 9001:2008 accreditation but also achieved ISO 14001:2004 for their Environmental Management System.

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

The Board's policy on internal control is comprehensive and comprises the Company's internal compliance and control systems, including:

- Operating unit controls - Operating units confirm compliance with financial controls and procedures including information systems controls detailed in procedures manuals;
- Functional speciality reporting - Key areas subject to regular reporting to the Board include Treasury Operations, Environmental, Legal and financial matters; and
- Investment appraisal - Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority, and due diligence requirements where businesses are being acquired or divested.

Comprehensive practices have been established to ensure:

- Capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- Financial exposures are controlled, including the use of derivatives. Further details of the Company's policies relating to interest rate management, forward exchange rate management and credit risk management are included in the financial statements;



- Workplace health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- Business transactions are properly authorised and executed, monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared regularly;
- Formal ethical standards appraisals are conducted for all employees to ensure that they are complying with the Company's Code of Ethics;
- A formal succession plan is also in place to ensure competent and knowledgeable employees fill senior positions when retirements or resignations occur;
- Financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- Environmental regulation compliance.

### 3. Remuneration and Nomination Committee

On 26 November 2008, the Board revoked the powers of its sub-committees and resolved that the Board as a whole will exercise the powers of Remuneration and Nomination Committee.

The Committee has three members, Peter Bobbin is the Chair of the Committee who is a non-executive director. All directors are majority shareholders.

The role of the Remuneration and Nominations Committee is to provide recommendations to the Board on matters including:

- Appropriate remuneration policies and monitoring their implementation with respect to executives, senior managers, non-executive Directors and other key employees;
- Incentive schemes designed to enhance corporate and individual performance;
- Retention strategies for executives and senior management;
- Composition of the Board and competencies of Board members;
- Appointment and evaluation of the executive Directors and senior executives;
- Succession planning for Board members and senior executives; and
- Processes for the evaluation of the performance of the Directors General Manager and Chief Financial Officer.

Currently, the selection process screening for appointment of new directors is done by a third party and the Committee based on the Report of the third party including its recommendation to the Board.

During the financial year ended 30 June 2016, the Committee met as part of the Board meeting.

The recommendations also include all checks like credit check, reference check and criminal check as part of the report to the Board.



### 3.1. Board's Skill Matrix

The three current directors have diversified interests and hence provide a holistic view by complementing each other's strengths.

Tony Noun has more than 27 years professional and commercial experience with a proven track record of success. Tony's commercial experience, from both an investor and manager perspective, enables him to bring extensive financial and corporate experience to lead the Board and Management of Inventis Limited.

Tony is also an active director for a number of national and international companies that cover a broad range of industries and professional disciplines including financial services, health care, hospitality and manufacturing as well as sales and marketing.

Peter has practised as a solicitor for more than 28 years, is a former accountant, former university lecturer and is a Notary Public. He practices primarily in taxation strategy planning and commercial law and was recognised as Tax Advisor of the Year, 2015 (SME) by the Taxation Institute of Australia.

Peter has been the managing principal of law firm Argyle Lawyers since 1995 and is a founding director of Future2 Foundation, a registered Australia-wide charity.

Anthony Mankarios is an experienced director and manager who has played a key role in Joyce's underlying business growth performances since 2010. He is also a non-executive director of KWB Group Pty Ltd, which is a fast growing kitchen connection and wallspan business; and Chairman of Man Investments and Consultants as well as being involved in a number of other private companies.

Anthony was the CEO of Oldfields Holdings Ltd, who led them on their path to growth success from 2003 (until 2010), that enabled them to become a market leader in both Aluminium scaffold and paint appliances. He also played a key role in the restructuring of this group and completed numerous finance and capital raising exercises.

His experience over the last 27 years spans a number of different sectors ranging from retail, wholesale and distribution, manufacturing as well as furniture retail / importing and Franchise businesses in Australia and in Asia.

In addition, the Company Secretary and the Chief Financial Officer add to the skills of the Board by their respective professional affiliations.

Any gaps which the Board or the directors identify are filled by engaging with the professionals from the field who advise the Board on the matters which the Board identifies need clarification or expert opinion.

### 3.2. Independence of Directors

All the three directors are majority shareholders of the Company. Although all the three directors have an interest, position, association or relationship with the Company due to being majority shareholders, the Board deems that this in



fact is not a hindrance to independence of the Directors but is a boon for the Company as the directors have incentive to ensure that the decisions are in the interests of the security holders at large. Both the non-executive directors are deemed to be independent except when they disclose their respective interests in a transaction.

Tony Noun being with the Company for more than 10 years in an executive capacity is not deemed to be an independent director.

### **3.3. Continuous Improvement and Professional Development**

As part of Standing Agenda of Board meetings, continuous education is considered at each meeting. Having regard to various professional bodies the directors belong to, there is a CPD education requirement for each of the professions and the directors discuss various matters in an informal setting during the meeting. If during these discussions, a matter is identified for needing more attention, the Company Secretary is instructed to provide relevant information at the next Board meeting for the Board to discuss.

### **3.4. Principles used to determine the Nature and Amount of Remuneration**

The remuneration policy of the Group has been designed to align director and executive objectives with shareholders and business objectives by providing a fixed remuneration component and in many cases offering incentives based on key performance areas affecting the Group's financial results.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives, and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

#### **(a) Executive Directors and Senior Executives**

The remuneration policy, setting terms and conditions for the Executive Directors and other senior executives, was developed by the Remuneration and Nominations Committee and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and performance incentives.

The Remuneration Committee reviews executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries. Executives are offered a competitive base salary that comprises the fixed component of remuneration and rewards. Reference to external remuneration reports provides analysis to ensure base salary is set to reflect the market for a comparable role.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise at its discretion in relation to approving incentives and bonuses and can recommend changes to the Committee's



recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

In some parts of the Group commissions are paid. The commission is based upon individual and team pre-determined targets set by the General Manager and are payable quarterly. Using a predetermined target ensures variable reward is only available when value has been created for Shareholders and when it is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for executives to out-perform.

**(a) Non - Executive Directors**

The Board policy is to remunerate Non-executive Directors at market rates for comparable companies for time, commitment, and responsibilities. Fees for Non-executive Directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group.

**(b) Retirement Allowances**

No retirement allowances exist for Directors. Some non-executive directors have opted for salary type package which means that they receive a superannuation guarantee contribution as required by the Federal Government, which is currently 9.5%, but do not receive any other retirement benefits. The salary package of such non-executive directors, is all inclusive package and no leave or other entitlements are available to them as they are treated as casual rather than permanent employees. Executives have a base salary and receive a superannuation guarantee contribution as required under legislation but do not receive any other retirement benefits. Some individuals have however chosen to sacrifice part of their salary to increase payments towards superannuation.

**(c) Appointment Letters and Induction Pack**

Each employee including directors, have a written agreement referred to as principal statement which along with employee handbook sets out the terms and condition of their respective appointment.

**4. Communication with shareholders**

**4.1. Timely and continuous disclosure**

**(a) Policies and processes in place with regard to continuous disclosure**

The Company has the following processes in place to ensure continuous disclosure in a timely manner:

- Director Disclosure Agreements - The Company has entered into Director Disclosure Agreements as per the Guidance Note 26 of ASX Listing Rules. Each Director understands that in case of change of any interest, he/she has to inform the Company within 3 business days of such change;



- Monthly Disclosure - At each monthly Board meeting, the Directors are individually asked of any change in their interests to ensure that if there has been a breach of not informing the Company in time of any change, it is rectified at this stage;
- Continuous Disclosure Checklist - There is a continuous disclosure checklist process implemented in the Quality System of the Company under the Corporate Governance Procedure. This checklist is comprehensive and enables the executives to check whether any event or happening of any event is to be disclosed to the market or not at any particular moment of time.
- Training - A new measure of provision of training has been introduced to ensure that all executives know their responsibilities with regard to confidentiality, timely disclosure, insider trading, trading policy and other relevant corporate governance matters.

#### **(b) Shareholder communication**

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases.

In summary, the Continuous Disclosure Policy operates as follows:

- The Chairman, the Chief Financial Officer and the Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX;
- All matters that are of a nature as to reasonably expect that they would affect the price of the Company's shares are advised to the ASX on the day they are discovered, and all senior executives must follow a 'Continuous Disclosure Discovery' process, which involves monitoring all areas of the Group's internal and external environment;
- The half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it. The full Annual Financial Report is available to all shareholders should they request it;
- Proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders;
- All announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- The full texts of notices of meetings and associated explanatory material are placed on the Company's website; and



- The external auditor attends the Annual General Meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

All of the above information, including that of the previous three years, is made available on the Company's website within one day of public release.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to the shareholders as separate resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, the Remuneration Report, and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

#### **(c) Investor Relations Program**

The Company is in the process of developing a comprehensive Investor Relations Program to ensure the investors have direct access to information relevant to their investing decisions. It is expected to be implemented by next financial year end.