

## DATETIX GROUP LTD (ASX-DTX)

### Corporate governance statement (30 June 2015)

#### Introduction

Datetix and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of Shareholders. Datetix and its controlled entities together are referred to as the Group in this statement.

The Directors monitor the business affairs of Datetix on behalf of Shareholders and have adopted this Corporate Governance Statement to encourage Directors to focus their attention on accountability, risk management and ethical conduct. A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place from the date of admission to the ASX on 28 November 2014 and were current as at 30 June 2015.

#### Responsibility

The Board is responsible for the corporate governance of Datetix. The Board develops strategies for the Group, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance process are to:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Group's conduct and activities; and
- ensure compliance with the Group's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- developing initiatives for profit and asset growth;
- reviewing the corporate, commercial and financial performance of the Group on a regular basis;
- acting on behalf of, and being accountable to, the Shareholders; and
- identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

Datetix is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

References to principles in this statement are to those contained in the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition).

#### Principle 1: Lay solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Group's long-term success. The directors are responsible to the Shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of Shareholders and other key stakeholders and to ensure the Group is properly managed.

The responsibilities of the Board include:

- providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring:

organisational performance and the achievement of the Group's strategic goals and objectives;

compliance with Datetix's Corporate Code of Conduct; and

progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;

monitoring financial performance including approval of the annual and half year financial reports and liaison with the Group's auditors;

appointment, performance assessment and, if necessary, removal of key executives;

ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the CFO and the Company Secretary;

ensuring there are effective management processes in place and approving major corporate initiatives;

enhancing and protecting the reputation of the organisation;

overseeing the operation of the Group's system for compliance and risk management reporting to Shareholders; and

ensuring appropriate resources are available to senior management.

The terms and conditions of the appointment and retirement of directors are set out in a letter of appointment.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director/CEO and senior executives. These delegations are reviewed on an annual basis.

#### **Appointment of Directors**

The Board is committed to undertaking appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director and to providing shareholders with all material information in its possession relevant to a decision on whether to elect or re-elect a director.

#### **Written agreements with directors and executives**

Each director and senior executive is provided with a written agreement setting out the terms of their appointment.

#### **Company Secretary**

The Company Secretary is directly accountable to the Chair on all matters to do with the proper function of the Board.

#### **Diversity policy**

Datetix values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly the Company has developed a Diversity Policy. This policy outlines diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the board to assess annually both the objectives, and Datetix's progress in achieving them. The Board has not yet set measurable objectives for achieving diversity but expects to do so in the coming year.

The respective proportion of men and women across the organisation at 30 June 2015 was as follows:

	Number of women	% of women	Number of men	% of men
On the board	nil	n/a	3	100
Senior executives	nil	n/a	3	100
Whole organisation	4	33	8	67

## **Board Performance Assessment**

The Board has developed an annual self-assessment process for its collective performance, the performance of the Chair and its committees. A questionnaire is completed by each director, evaluating his or her individual performance, that of other Board members and of the Board as a whole. The results and any action plans are documented together with specific performance goals which are to be agreed for the coming year. The assessment was undertaken in June 2015

## **Principle 2: Structure the board to add value**

The Board operates in accordance with the broad principles set out below:

### **Nominations and Board composition**

Due to the small size of the Board, being three members, nomination and remuneration matters are addressed by the Board. A set of guidelines has been established in this regard. The composition of the Board is reviewed in conjunction with the Board assessment process. The Board has not yet established a formal skills matrix, however, the Board will abide by the following principles:

- the Board is to be comprised of both executive and non-executive directors. Non-executive directors bring perspective to the Board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management;
- in recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chair must be an independent non-executive director, and all directors are required to bring independent judgement to bear in their Board decision making;
- the Chair is elected by the full Board and is required to meet regularly with key executives;
- the Board is to establish measurable Board gender diversity objectives and assess annually the objectives and progress in achieving them;
- the Group is to maintain a mix of directors on the Board from different backgrounds with complementary skills and experience; and
- the Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.
- The Board seeks to ensure that:
- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the group and directors with an external or fresh perspective; and
- the size of the Board is conducive to effective discussion and efficient decision-making.

### **Board members**

Details of the members of the Board, their experience, expertise, qualifications, term of office and independent status are set out in the directors' report under the heading "Information on directors".

### **Directors' Independence**

The Board currently consists of two executive and one non-executive independent director who is the Chairman.

The Board has adopted specific principles in relation to directors' independence. These state that to be independent, a director must be a non-executive and:

- not be a substantial Shareholder of the Group or an officer of, or otherwise associated directly with, a substantial Shareholder of the Group;
- within the last three years, not have been employed in an executive capacity by Datetix or any other Group member, or been a director after ceasing to hold any such employment;

within the last three years not have been a principal of a material professional adviser or a material consultant to Datetix or any other Group member, or an employee materially associated with the service provided;

not be a material supplier or customer of Datetix or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

must have no material contractual relationship with Datetix or a controlled entity other than as a director of the Group; and

be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the directors' ability to act in the best interests of Datetix.

Materiality for these purposes is determined on both a quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or Group or 5% of the individual directors' net worth is considered material for these purposes.

In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the Shareholders' understanding of the directors performance.

Recent thinking on corporate governance has introduced the view that a directors' independence may be perceived to be impacted by lengthy service on the Board. To avoid any potential concerns, the Board has determined that a director will not be deemed independent if he or she has served on the Board for more than ten years.

### **Chairman**

The Chairman is an independent director and is not the CEO.

### **Commitment**

The number of meetings of the Board of directors and of each Board committee held each year, and the number of meetings attended by each director is disclosed in the Annual Report.

It is the Group's practice to allow executive directors to accept appointments outside the Group with approval of the Board. The commitments of non-executive directors are considered by the Board prior to the directors' appointment to the Board and are to be reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities.

### **Conflict of interests**

Directors are required to avoid conflicts of interest and immediately inform the Board should a conflict of interest arise. Directors are also required to advise of any relevant interest that may result in a conflict. The Board has adopted use of formal standing notices in which directors disclose any material personal interests and the relationship of these interests to the affairs of the Group. A director is required to notify the Board of any material personal interest or if there is any change in the nature or extent of a previously disclosed interest.

### **Independent professional advice**

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chair is required, but this will not be unreasonably withheld.

### **Induction and professional development for Directors**

The Company has an informal process for induction of new directors and will provides opportunities for directors to develop and maintain skills and knowledge needed to perform their roles.

### **Principle 3: Act ethically and responsibly**

#### **Code of Conduct**

The Company has developed a Code of Conduct (the **Code**) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as

necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

### **Trading in Company Securities**

The purchase and sale of Datetix securities by directors and employees is only permitted during the four week period following the annual general meeting, release of the half yearly and annual financial results to the market, except with written authority in accordance with the Securities Trading Policy. Any transactions undertaken must be notified to the Chair in advance.

The directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

### **Principle 4: Safeguard integrity in corporate reporting**

#### **Audit Committee**

Due to the small size of the Board, being only three directors, the audit committee consists of the whole Board. The committee is chaired by the independent Chairman of the Board.

Details of the Board's qualifications and attendance at audit committee meetings are also set out in the directors' report in the Annual Report.

All members of the audit committee are financially literate and have an appropriate understanding of the industries in which the group operates.

The audit committee operates in accordance with a charter. The main responsibilities of the committee are to:

- review, assess and approve the annual full and concise reports, the half year financial report and all other financial information published by Datetix or released to the market;

- assist the board in reviewing the effectiveness of the organisation's internal control environment covering:

  - effectiveness and efficiency of operations;

  - reliability of financial reporting;

  - compliance with applicable laws and regulations;

- oversee the effective operation of the risk management framework;

- recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance;

- consider the independence and competence of the external auditor on an ongoing basis;

- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;

- review and monitor related party transactions and assess their propriety; and

- report to the board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the audit committee:

- receive regular reports from management and the external auditors;

- meet with external auditors at least twice a year, or more frequently if necessary;

- review the processes the Managing Director/CEO and CFO have in place to support their certifications to the board; and

- review any significant disagreements between the auditors and management, irrespective of whether they have been resolved.

The audit committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

### **CEO and CFO declarations**

Before approving the financial statements for a financial period the Managing Director/CEO and CFO are required to make the following certifications to the Board:

Datetix's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of Datetix and Group and are in accordance with relevant accounting standards;

the above statement is founded on a system of risk management and internal compliance and control which implements the policies adopted by the Board; and

the Group's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects in relation to financial reporting risks.

### **External Auditors**

Datetix policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Datetix's external auditor is disclosed in Datetix's Annual Report.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in the notes to the financial statements contained in Datetix's Annual Report. The external auditors provide an annual declaration of their independence to the audit committee in accordance with the requirements of the Corporations Act.

The external auditor attends the annual general meeting to be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### **Principles 5 and 6: Make timely and balanced disclosure and respect the rights of Shareholders**

#### **Continuous disclosure and Shareholder communication**

Datetix has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of Datetix's securities. These policies and procedures also include the arrangements Datetix has in place to promote communication with Shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for communications with the ASX. The role includes responsibility for ensuring compliance with the continuous disclosure requirements in the Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, Shareholders, the media and the public.

All information disclosed to the ASX is posted on Datetix's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on Datetix's web site. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

The Company encourages shareholders to attend shareholder meetings by providing adequate notice, a suitable location. In future further facilities for participation will be considered as the number of holders increases and facilities become more readily available. Datetix seeks to provide opportunities for Shareholders to participate through electronic means via Datetix's website and gives shareholders the option to communicate with its share registry electronically.

### **Principle 7: Recognise and manage risk**

#### **Risk assessment and management**

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the audit committee which consists of the full Board.

The Board's collective experience will enable accurate identification of the principal risks that may affect the Group's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

The Company does not have an internal audit function. The audit committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They monitor Datetix's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the committee:

- reviews the framework and methodology for risk identification, the degree of risk Datetix is willing to accept, the management of risk and the processes for auditing and evaluation Datetix's risk management system;
- reviews group wide objectives in the context of the abovementioned categories of corporate risk;
- reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of Datetix's exposure to risk;
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis, and
- reviews compliance with agreed policies.

The committee recommends any actions it deems appropriate.

Responsibility for risk management and internal control is delegated to the appropriate level of management within the Group, with the Managing Director/CEO and CFO having ultimate responsibility to the Board for the risk management and internal control framework.

The Group has a Risk Management Policy to formally document the policies and procedures already in place to manage risk. The Board have reviewed the risk management framework during the reporting period.

The Company has exposure to economic risks as a result of dependence on its primary market sector participants to undertake relevant projects and adopt its workforce mobilisation product. This risk has been mitigated by reducing product development and marketing costs for the product pending further adoption. The Company has no material exposure to environmental and social sustainability risks.

### **Principle 8: Remunerate fairly and responsibly**

#### **Remuneration**

Due to the small size of the Board, being three directors, nomination and remuneration matters are addressed by the Board. A set of guidelines has been established in this regard. The Board relies on comparisions to similar organisations to ensure that remuneration levels are appropriate.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the Board on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the directors' report under the heading "Remuneration Report" in Datetix's Annual Report.

Non-executive directors do not receive options or bonus payments and are not provided with retirement benefits other than superannuation.

The Board also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.auditor

#### **Equity based remuneration scheme**

The Group operates an Employee Incentive Plan and has a policy that participants are not permitted to enter into transactions which limit (whether though the use of derivatives or otherwise) the economic risk of participating in the plan.

#### **Report on adoption of ASX Corporate Governance Recommendations**

The Group has adopted the ASX Corporate Governance Recommendations (Third Edition), as outlined in the Corporate Governance Statement, with the following exceptions:

***Council Recommendation 1.5: Listed companies should have a diversity policy and disclose the policy or a summary of that policy. The policy should include requirements for the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and progress in achieving them. At the end of each reporting period the company should disclose the measurable objectives set by the board and its progress toward achieving them and the respective proportions of men and women on the board, in senior executive positions and across the whole organisation.***

The Board has established a policy concerning diversity. The board did not set measurable objectives for achieving gender diversity but expects to set these during the ensuing year. The proportion of men and women across the organisation is disclosed within the Corporate Governance Statement.

#### ***Council Recommendation 1.7***

***A listed entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose whether the performance review was undertaken during the reporting period***

The Company has not developed a formal process for the review of senior executives and no formal review was conducted during the year as most were appointed during the year and it will be undertaken during the coming year.

***Council Recommendation 2.2: The Board should have and disclose a skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.***

Due to the size of the Company and its Board as well as its short history as a listed entity, a formal board skills matrix has not yet been developed.

#### ***Council Recommendation 2.4: The majority of the Board should be independent directors.***

The Board consists of only three directors and, due to its small size, does not have a majority of independent directors.

***Council Recommendation 4.1: The Board should have an Audit Committee which has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors and is chaired by an independent director who is not the Chair of the Board.***

The whole Board, due to its size, constitutes the role audit committee and consequently does not have a majority of independent directors and is not chaired by an independent director who is not the Chair of the Board.