

## Appendix 4G

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

Name of entity:

GWA Group Limited

ABN / ARBN:

15 055 964 380

Financial year ended:

30 June 2015

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

These pages of our annual report:

This URL on our website: <http://www.gwagroup.com.au/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 30 June 2015 and has been approved by the Board.

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

Date: 11 September 2015

Name of Director or Secretary authorising  
lodgement:



**Richard Thornton**  
Executive Director

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

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

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

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

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

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

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at this location: <a href="http://www.gwagroup.com.au/corporate-governance">http://www.gwagroup.com.au/corporate-governance</a>
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement
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; (b) disclose that policy or a summary of it; and (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 (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.	... the fact that we have a diversity policy that complies with paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of our diversity policy or a summary of it: <input checked="" type="checkbox"/> at this location: <a href="http://www.gwagroup.com.au/corporate-governance/policies">http://www.gwagroup.com.au/corporate-governance/policies</a> ... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and the information referred to in paragraphs (c)(1) or (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement
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 (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.gwagroup.com.au/corporate-governance/policies">http://www.gwagroup.com.au/corporate-governance/policies</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Director's Report (page 17 of 2015 Annual Report )</p> <p><a href="http://www.gwagroup.com.au/investor-relations/annual-reports">http://www.gwagroup.com.au/investor-relations/annual-reports</a></p> <p>[If the entity complies with paragraph (b):] <b>N/A</b></p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>
<p>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.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
<p>3.1 A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>... our code of conduct or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location</p> <p><a href="http://www.gwagroup.com.au/corporate-governance/policies">http://www.gwagroup.com.au/corporate-governance/policies</a></p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:  <a href="http://www.gwagroup.com.au/corporate-governance/policies">http://www.gwagroup.com.au/corporate-governance/policies</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:  Director Profiles (page 14 of 2015 Annual Report) and Directors' Report (page 17 of 2015 Annual Report)  <a href="http://www.gwagroup.com.au/investor-relations/annual-reports">http://www.gwagroup.com.au/investor-relations/annual-reports</a></p> <p>[If the entity complies with paragraph (b):] <b>N/A</b></p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
4.3	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:  <a href="http://www.gwagroup.com.au/corporate-governance/policies">http://www.gwagroup.com.au/corporate-governance/policies</a></p>
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>... information about us and our governance on our website:</p> <p><input checked="" type="checkbox"/> at this location:  <a href="http://www.gwagroup.com.au/corporate-governance">http://www.gwagroup.com.au/corporate-governance</a></p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>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.</p>	<p>... the fact that we follow this recommendation:  <input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):  <input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:  <input checked="" type="checkbox"/> at this location:  <a href="http://www.gwagroup.com.au/corporate-governance/policies">http://www.gwagroup.com.au/corporate-governance/policies</a></p> <p>... and the information referred to in paragraphs (4) and (5):  <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input checked="" type="checkbox"/> at this location:  Directors' Report (page 17 of 2015 Annual Report)  <a href="http://www.gwagroup.com.au/investor-relations/annual-reports">http://www.gwagroup.com.au/investor-relations/annual-reports</a></p> <p>[If the entity complies with paragraph (b):] <b>N/A</b></p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:  <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at [insert location]</p>
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:  <input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:  <input checked="" type="checkbox"/> in our Corporate Governance Statement</p>
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:  <input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>[If the entity complies with paragraph (b):] <b>N/A</b></p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:  <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b>  <input type="checkbox"/> at [insert location]</p>
<p>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.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:  <input checked="" type="checkbox"/> in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.gwagroup.com.au/corporate-governance/policies">http://www.gwagroup.com.au/corporate-governance/policies</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Directors' Report (page 17 of 2015 Annual Report)</p> <p><a href="http://www.gwagroup.com.au/investor-relations/annual-reports">http://www.gwagroup.com.au/investor-relations/annual-reports</a></p> <p>[If the entity complies with paragraph (b):] <b>N/A</b></p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Remuneration Report (page 18 of 2015 Annual Report)</p> <p><a href="http://www.gwagroup.com.au/investor-relations/annual-reports">http://www.gwagroup.com.au/investor-relations/annual-reports</a></p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> Share Trading Policy at this location:</p> <p><a href="http://www.gwagroup.com.au/corporate-governance/policies">http://www.gwagroup.com.au/corporate-governance/policies</a></p>



## **Corporate Governance Statement**

### **Introduction**

The Board of Directors is responsible for the corporate governance of GWA Group Limited (the Group) which is an essential part of the role of the Board. The Group's corporate governance practices have been in place since listing and are constantly reassessed in the light of experience, contemporary views and guidelines on corporate governance practices. The Board adopts practices it considers to be superior and which will lead to better outcomes for the Group's shareholders.

The Board supports the Corporate Governance Principles and Recommendations (the recommendations) of the ASX Corporate Governance Council. The Board confirms that the current corporate governance practices of the Group meet or exceed the recommendations. The Group's corporate governance disclosures have been prepared in accordance with the third edition of the recommendations of the ASX Corporate Governance Council which are effective for financial years commencing 1 July 2014. Additional disclosures have also been provided to enhance the transparency of the Group's corporate governance practices.

This statement was approved by the Board of GWA Group Limited and is current as at 30 June 2015. The statement is available on the Group's website at [www.gwagroup.com.au](http://www.gwagroup.com.au) under Corporate Governance.

### **Principle 1 – Lay solid foundations for management and oversight**

#### **Role of the Board and Management**

The Board is responsible for the long term growth and financial performance of the Group. The Board charts the strategic direction of the Group and monitors executive and senior management performance on behalf of shareholders. To achieve this, the Board is engaged in the following activities:

- Providing input and final approval of corporate strategies and performance objectives developed by senior management
- Approval and monitoring of financial and other reporting
- Monitoring of executive and senior management performance, including the implementation of corporate strategies, and ensuring appropriate resources are available
- Appointment and monitoring of the performance of the Managing Director
- Liaison with the Group's External Auditor through the Audit and Risk Committee
- Ensuring that the Group has appropriate systems of risk management and internal controls, reporting mechanisms and delegation authority limits in place
- Approval and monitoring the progress of major capital expenditure, capital management, acquisitions and divestments
- Any other matters required to be dealt with by the Board from time to time depending upon circumstances of the Group
- Other matters referred to in the Board and Board Committee charters

The Board operates under a charter that details the functions and responsibilities of the Board. The charter is reviewed annually to ensure it remains consistent with the Board's objectives and responsibilities. Refer to the Group's website at [www.gwagroup.com.au](http://www.gwagroup.com.au) for a copy of the charter.

Management is responsible for the implementation of corporate strategies and performance objectives and all aspects of the day to day running of the Group. Management are also responsible for ensuring the Group operates within the risk parameters set by the Board and for providing the Board with accurate and timely information to enable the Board to carry out its duties.

### **Delegations Policy**

The Board has approved a Delegations Policy which clearly outlines the authorities of the Board and those which have been delegated to senior executives covering all management activities. The policy ensures that the executives understand the authorities delegated by the Board and are accountable to the Board for its compliance. Annual reviews are conducted on the appropriateness of the delegated authorities and any material breaches are reported to the Board.

### **Background Checks**

Before the appointment of directors and senior executives the Group ensures that appropriate background checks are conducted as to the person's character, experience, education, criminal record and bankruptcy history. This is an important step in the recruitment process to ensure the appointment of suitable candidates to the director and senior executive roles.

All material information relevant to the election or re-election of directors is provided to shareholders in the director profiles which are included in the Explanatory Memorandum to the Notice of Annual General Meeting. The following information is provided to shareholders:

- Details of the qualifications, skills and experience of the director
- Details of any other directorships held by the director
- The term of office currently served by the director (if any)
- A statement if the Board considers the director independent
- A statement on whether the Board supports the election or re-election of the director
- Any other material information advised to shareholders that is relevant to the decision on whether to elect or re-elect the director

### **Letter of Appointment**

New directors of the Group are provided with a formal letter of appointment which outlines the key terms and conditions of their appointment. Similarly, senior executives including the Managing Director, Executive Director and Chief Financial Officer have formal job descriptions and letters of appointment describing their salary arrangements, rights and responsibilities and entitlements on termination.

A comprehensive induction program is available to directors and senior executives to ensure full understanding of the Group, its policies and procedures and the industry within which it operates.

### **Company Secretary**

The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board including all corporate governance matters. The Company Secretary is responsible for the completion and dispatch of the agenda and papers for each Board and Committee meeting. The Company Secretary prepares the draft minutes for each meeting, which are tabled at the next Board meeting for review and approval. The Company Secretary and the directors communicate regularly on all Group and governance matters.

## **Diversity in the Workforce**

The Group is committed to the promotion of diversity in the organisation through the implementation of targeted employment policies and initiatives to achieve a diverse workforce. The Board understands the significant benefits that can arise from increasing the pool of talent from which the Group can draw high quality employees and the different perspectives that can be brought to the organisation from a diverse workforce.

The Group strengthened its focus on diversity in 2012 with the Board's approval of a specific Diversity Policy which is available on the Group's website at [www.gwagroup.com.au](http://www.gwagroup.com.au). In accordance with the policy, the Board has established a number of measurable objectives to promote and encourage increased diversity and in particular, to improve the representation of females within the workforce. The measurable objectives are assessed annually and performance is reported in the Corporate Governance Statement in the Annual Report.

The measurable objectives are:

**1. Increase the percentage of females employed by GWA**

- Ensure the recruitment process and practices continue to comply with equal opportunity principles
- Provide recruitment training for managers ensuring a focus on equal opportunity and avoiding 'unconscious bias'
- Investigate the feasibility of implementing a graduate program with an emphasis on encouraging women into non-traditional roles

**2. Provide and promote flexible work practices to attract and retain female employees**

- Continue to promote awareness of current flexible work practices available in the Group to existing employees and potential candidates
- Investigate and implement any additional flexible work arrangements appropriate to the needs of employees with families

**3. Succession planning and high potential employee development**

- Ensure high potential female employees are identified as part of the Group's succession planning process and actively developed for career progression

During the year the Group continued to ensure its recruitment practices encouraged the promotion of equal opportunity and diversity. The GWA People and Culture team worked closely with the businesses, providing coaching and assistance for managers when they are recruiting, particularly for senior roles. Formal training for managers in best practice recruitment skills (including a focus on avoiding unconscious bias) will be part of a broader management development program currently under development.

In addition to the Group's 'Work Life Balance' policies introduced in 2011, a policy is being developed to support any employees who are experiencing family or domestic violence. The Group continues to have a number of employees moving to flexible working arrangements, particularly on return from parental leave. The Group regularly reviews its policies and practices to ensure they are offering the flexibility required to attract and retain female talent.

As outlined in the Group's 2015 Workplace Gender Equality Report, the overall workforce consists of 33% female and 67% male at 31 March 2015. This is an increase in the overall percentage of female employees from the prior year which includes an increase from 13% to 20% of females in management roles.

The following table is a summary of the Group's workplace profile at 31 March 2015:

<b>Title</b>	<b>% Female</b>	<b>% Male</b>
Board	0%	100%
Key Management Personnel	20%	80%
Other Executives/General Managers	33%	66%
Senior Managers	22%	77%
Other Managers	19%	81%
<b>Total - Management</b>	<b>20%</b>	<b>80%</b>
<b>Total - Non-Management</b>	<b>35%</b>	<b>65%</b>
<b>Overall Totals</b>	<b>33%</b>	<b>67%</b>

In May 2015, the Group lodged its 2015 Workplace Gender Equality Report with the Workplace Gender Equality Agency in accordance with the *Workplace Gender Equality Act 2012*. The Group notified its employees and employee organisations of the lodgement of the report and advised how it may be accessed. The Group also allowed employees and employee organisations to make comments on the report. The report is available on the Group's website at [www.gwagroup.com.au](http://www.gwagroup.com.au) under Gender Equality Reporting. The Group received notification during June 2015 that it is compliant with the *Workplace Gender Equality Act 2012*.

### **Performance Evaluation - Directors**

The Nomination Committee conducts an annual evaluation of the performance of the Board, the Board Committees and the individual Board members to determine whether they are functioning effectively by reference to current good practice. The performance evaluation is conducted by the Chairman of the Board through open discussions with the Board members and detailed questionnaires as required. Any issues or improvement opportunities identified from the performance evaluation are actioned.

During FY15 a performance evaluation of the Board was conducted by the Chairman in accordance with the evaluation process.

### **Performance Evaluation – Senior Executives**

Performance reviews of senior executives are conducted formally on a bi-annual basis. The performance review process is critical to the development of senior executives and enables performance issues to be addressed. The Group has identified core competencies for the key roles in the organisation and these are incorporated into individual job descriptions. During the performance review process, the performance of senior executives is assessed against the business objectives and core competencies.

Measurable personal financial and business improvement goals are established during the performance review process and the achievement of the personal goals is incorporated into the Group's Short Term Incentive Plan as outlined in the Remuneration Report.

During FY15 performance reviews of senior executives were conducted in accordance with the performance review process.

## **Principle 2 – Structure the Board to add value**

### **Board Meetings**

The Board meets at least 9 times each year for scheduled meetings and may, on other occasions, meet to deal with specific matters that require attention between scheduled meetings. Together with the Board Committees, the directors use the Board meetings to

challenge and fully understand the business and its operational issues. To assist with the Board's understanding of the business, the Board regularly conducts Board meetings at the various business locations followed by management presentations and site tours.

The Divisional Chief Executives and General Managers are required to regularly attend and present at the Board meetings on divisional and business unit operational issues and performance. An annual group strategy meeting is held as part of the budget approval process which enables the Board to review corporate strategies and performance with the executives. This ensures that the Board is effectively carrying out its duties of providing input and approving corporate strategies and performance objectives.

The Chief Financial Officer is required to attend Board meetings and present the finance department monthly report, and to answer questions from the directors on financial performance, accounting, risk management and treasury matters.

### **Composition of the Board**

The Board presently comprises 7 directors, 5 of whom, including the Chairman and Deputy Chairman, are non-executive directors and 2, the Managing Director and Executive Director, are executive directors.

The profiles of the directors are set out in the Annual Report. The profiles outline the skills, experience and expertise of each Board member, including the period of office held by each director.

The composition of the Board is determined by the Nomination Committee and, where appropriate, external advice is sought. The following principles and guidelines are adhered to:

- The Board should maintain a majority of non-executive directors
- The Board should consist of a majority of independent directors
- The Chairperson should be an independent director
- The role of Chairperson and Managing Director should not be exercised by the same individual
- Non-executive directors should not be involved in management of the day to day operations of the Group
- All Board members should be financially literate and have relevant experience in the industries in which the Group operates

### **Board Skills and Experience**

The business strategy of the Group has transitioned from that of an Australian manufacturer to that of an importer and distributor of branded building products. The current Board represents a diverse range of professional backgrounds and perspectives as outlined in the director profiles in the Annual Report. The possessed skills align with the current business strategy of the Group.

The Board's collective skills and experience include:

- importing and manufacturing
- marketing and branding
- retail experience
- corporate and financial management
- insurance and financial services
- CEO and general management experience
- engineering and supply chain
- legal and governance
- risk management

To the extent that any skills are not represented on the Board, they are augmented through management and external advisers.

### **Re-Election of Directors**

In accordance with the Group's constitution, at each Annual General Meeting, a number of directors will face re-election. One third of the Board (excluding the Managing Director and any director not specifically required to stand for re-election) must stand for re-election. In addition, no director (other than the Managing Director) may hold office for more than three years without standing for re-election and any director appointed by the Board since the last Annual General Meeting must stand for re-election at the next Annual General Meeting. All retiring directors are eligible for re-election.

### **Independence of Directors**

The Board considers that the non-executive directors must be independent from management and free of any business or other relationship that could interfere, or reasonably be perceived to interfere, with the exercise of their unfettered and independent judgement.

In considering the relationships which may affect independent status as outlined in the recommendations of the ASX Corporate Governance Council, it has been determined that the Group's non-executive directors are independent. Therefore, the Board comprises 5 independent directors and 2 non-independent directors (being the Managing Director and Executive Director) which meets the recommendation of the ASX Corporate Governance Council of having a majority of the Board comprising independent directors.

The following table outlines the Group's directors considered to be independent:

<b>Director</b>	<b>Role</b>	<b>Length of Service</b>	<b>Non-Executive</b>	<b>Independent</b>
D McDonough	Chairman	6 years	Yes	Yes
J Mulcahy	Deputy Chairman	5 years	Yes	Yes
P Crowley	Managing Director	12 years	No	No
B Bartlett	Non-Executive Director	8 years	Yes	Yes
R Anderson	Non-Executive Director	23 years	Yes	Yes
P Birtles	Non-Executive Director	5 years	Yes	Yes
R Thornton	Executive Director	6 years	No	No

The Board is responsible for ensuring that the action of individual directors in the Boardroom is that of independent persons. The Board distinguishes between the concept of independence and issues of conflict of interest or material personal interest which may arise from time to time – refer Conflicts of Interest below.

In recognising the importance of the independence of directors and the immediate disclosure of conflicts of interest, the Board has included both matters as permanent items on the agenda at Board meetings. Any independence or conflict of interest issues that arise must be disclosed to the Chairman prior to each Board meeting. The disclosure is recorded in the Register of Directors' Interests and in the Board minutes.

### **(i) Legal Services provided by Clayton Utz**

During FY15 Clayton Utz provided legal services to the Group amounting to \$1,924,342 (2014: \$712,246) as outlined in the key management personnel transactions in the Directors' Report. Clayton Utz are the Group's preferred legal adviser and the legal services were provided on

arm's length terms and covered specialty areas including corporate and commercial advice, capital management, divestments, competition, employment, environment and litigation.

Mr Darryl McDonough is Chairman and Non-Executive Director of GWA Group Limited and a partner of Clayton Utz. Mr McDonough is currently transitioning to full-time non-executive director roles having notified of his retirement as a partner of Clayton Utz in accordance with that firm's requirements. Mr McDonough has not been involved in providing any of the legal services to the Group, nor has he influenced the selection of legal adviser by the Group as that is a matter for management. The Group also uses other legal providers.

The Group has utilised Clayton Utz for legal services for many years prior to the appointment of Mr McDonough. Clayton Utz is one of Australia's leading legal firms and the Group has a high regard for the expertise of their partners and quality of the legal support provided. Over many years Clayton Utz has developed detailed knowledge and understanding of GWA's business operations and requirements which knowledge and understanding enhances the quality of legal support provided to the Group.

The quantum of legal fees paid to Clayton Utz in FY15 was primarily driven by the legal support for the major transactions being the business divestments of Dux, Bravis and Gliderol, the Wetherill Park property sale and capital management. Litigation services were also provided by Clayton Utz during FY15 in support of the Group's claims against Carrier; refer Contingencies note to the FY15 Financial Statements.

The Board is of the view that the provision of legal services by Clayton Utz has no impact on the independence of Mr McDonough who continues to be classified as an independent chairman and non-executive director.

#### **(ii) Length of Service – Mr Robert Anderson**

The Board is of the opinion that the length of service of Mr Anderson as Non-Executive Director has not compromised his ability to bring independent judgement to bear on issues before the Board and to act in the best interests of the Group and its shareholders. Mr Anderson is a highly experienced director and has a deep understanding of the Group and its businesses through his long association. The Group and its shareholders are well served by his appointment as a director.

#### **(iii) Board Succession Planning**

The Board has established succession plans for the retirement of individual Board members to ensure an appropriate balance of skills, experience and expertise on the Board. The Board views director renewal as an essential process to ensure optimal Board performance. The Board is also mindful of the need to increase diversity of the Board for future director appointments.

#### **Conflicts of Interest**

The directors are required to disclose to the Board any relationships from which a conflict of interest might arise. A director who has an actual or potential conflict of interest or a material personal interest in a matter is required to absent himself from any meeting of the Board or Board Committee, whenever the matter is considered. In addition, the director does not receive any Board papers or other documents in which there is a reference to the matter.

This process is applied to business and trading relationships, dealings with the directors, dealings with companies with common directors and dealings with any significant shareholders of the Group.

The materiality thresholds used for the determination of independence and issues of conflict of interest has been considered from the point of view of the Group and directors. For the Group, a relationship which accounts for 5% or more of its revenue is considered material. For a director, a relationship which accounts for 5% or more of the total income of a director is considered material. Directors' fees are not subject to this test.

### **Access to Independent Advice**

Directors and the Board Committees have the right in connection with their duties and responsibilities to seek independent advice at the Group's expense. Prior approval of the Chairman is required, but this will not be unreasonably withheld. Where appropriate, directors share such advice with the other directors.

### **Nomination Committee**

The Nomination Committee meets as required and on several occasions throughout the year. For membership and attendance details of the Nomination Committee, refer to the Directors' Report.

The composition of the Nomination Committee is based on the following principles:

- The Nomination Committee should consist of non-executive directors only
- The Nomination Committee should consist of a majority of independent directors
- The Chairperson of the Nomination Committee should be an independent director
- The Nomination Committee should consist of a minimum of three members
- The Chairperson should be the Chairperson of the Board or another non-executive director

The Nomination Committee operates under a charter that details the Committee's role and responsibilities, composition, structure and membership requirements. The charter is reviewed annually to ensure it remains consistent with the Board's objectives and responsibilities. Refer to the Group's website at [www.qwagroup.com.au](http://www.qwagroup.com.au) for a copy of the charter.

The main responsibilities of the Committee include:

- Assessment of the necessary and desirable competencies of Board members
- Review of the Board succession plans
- Evaluation of the performance and contributions of Board members
- Recommendations for the appointment and removal of directors
- Review of the remuneration framework for the non-executive directors
- Reporting to the Board on the Committee's role and responsibilities covering all the functions in its charter

In performing its responsibilities, the Nomination Committee receives appropriate advice from external consultants and other advisers as required.

The Company Secretary prepares the draft minutes for each Nomination Committee meeting, which are tabled at the next Nomination Committee meeting for review and approval. The draft minutes are also included in the Board papers of the next Board meeting following the Nomination Committee meeting.

## **Selection and Appointment of Directors**

The Nomination Committee is responsible for the selection and appointment of directors. In the circumstances where there is a need to appoint a director, whether due to the retirement of a director, growth of the Group, or changed circumstances of the Group, certain procedures will be followed including the following:

- Determination of the skills and experience appropriate for an appointee, having regard to the Group business strategy, the skills and experience of the existing directors and other likely changes to the Board
- Upon identifying a potential appointee, consider the competency and qualifications, independence, other directorships, time availability, and the effect that their appointment would have on the overall balance of the composition of the Board
- Consideration of the need for Board diversity and whether the potential appointee furthers the Board's objective of achieving a diverse workforce in accordance with its Diversity Policy
- The Board members consent to the proposed appointee

Details of the skills, experience and expertise of each director are outlined in the director profiles in the Annual Report.

## **Induction Program**

The Nomination Committee is responsible for ensuring that an effective induction program for new directors is in place and regularly reviewed to ensure its effectiveness. The Board has developed a comprehensive induction program for new directors to allow the new appointees to participate fully and actively in Board decision making. The Board views the induction program as critical in enabling the new directors to gain an understanding of the Group and the markets in which it operates. The Company Secretary assists with the induction program for directors to ensure the Group's corporate governance practices are understood. The Group also supports appropriate professional development opportunities for directors to enable them to enhance their skills and knowledge.

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

### **Code of Conduct**

The Group's objective is to conduct its business with the highest standards of personal and corporate integrity. To assist employees in achieving this objective, the Group has developed a comprehensive Code of Conduct which guides the behaviour of directors, officers and employees (including senior executives) and demonstrates the commitment of the Group to ethical practices. The Code of Conduct is incorporated as part of new employees' induction training and an acceptance form is signed by new employees acknowledging their understanding and on-going compliance with the Code of Conduct and the Group's policies and procedures.

The Code of Conduct states the values and policies of the Group and complements the Group's risk management and internal control practices. The Code of Conduct is reviewed annually and updated to ensure that it reflects current good practice and to promote the ethical behaviour of all employees. Refer to the Group's website at [www.gwagroup.com.au](http://www.gwagroup.com.au) for a copy of the Code of Conduct.

### **Share Trading Policy**

The Board has approved a Share Trading Policy which complies with the ASX Listing Rules. The policy limits the trading periods for directors and senior executives in the Group's

securities to 30 days after each yearly/half yearly results announcement and Annual General Meeting, and provided they are not in the possession of unpublished insider information.

Outside of these trading periods, the directors, senior executives and other 'potential insiders' are prohibited from trading in the Group's securities unless 'exceptional circumstances' exist and prior written approval has been obtained. 'Exceptional circumstances' mean severe financial hardship or other circumstances considered to be exceptional, including a court order or court enforceable undertaking in a bona fide family settlement or some other overriding legal or regulatory requirement to transfer the Group's securities.

The Share Trading Policy requires the directors to notify the Company Secretary within two business days after trading, to enable the Company Secretary to lodge the required disclosures with the Australian Securities Exchange. Refer to the Group's website at [www.gwagroup.com.au](http://www.gwagroup.com.au) for a copy of the Share Trading Policy.

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

### **Audit and Risk Committee**

The Audit and Risk Committee meets as required and at least four times throughout the year. For membership and attendance details of the Audit and Risk Committee, refer to the Directors' Report. The qualifications and experience of each member of the Audit and Risk Committee is outlined in the director profiles in the Annual Report.

The composition of the Audit and Risk Committee is based on the following principles:

- The Audit and Risk Committee should consist of non-executive directors only
- The Audit and Risk Committee should consist of a majority of independent directors
- The Chairperson of the Audit and Risk Committee should be an independent director and not Chairperson of the Board
- The Audit and Risk Committee should consist of at least three members
- The Audit and Risk Committee should include members who are financially literate with at least one member who has financial and accounting related expertise

The Audit and Risk Committee is governed by a charter which outlines the Committee's role and responsibilities, composition, structure and membership requirements. The charter is reviewed annually to ensure it remains consistent with the Board's objectives and responsibilities. Refer to the Group's website at [www.gwagroup.com.au](http://www.gwagroup.com.au) for a copy of the charter. A detailed Terms of Reference has been developed to ensure the Audit and Risk Committee meeting agenda is consistent with the Committee's role and responsibilities as outlined in the charter.

The External Auditor, Internal Auditor, Managing Director, Chief Financial Officer, Company Secretary, Group Risk Manager and other Group executives (as required) attend Audit and Risk Committee meetings, by invitation, to present the relevant statutory information, Financial Statements, reports, and to answer the questions of the members. At the Audit and Risk Committee meetings, the members will meet with the External Auditor without management present.

The main responsibilities of the Audit and Risk Committee include:

- Review of financial statements and external financial reporting
- Assess the management processes supporting external reporting
- Assess whether the external reporting is adequate to meet the information needs for shareholders
- Recommendations on the appointment and removal of the External Auditor

- Review and monitor the performance and independence of the external audit function
- Review of tax planning and tax compliance systems and processes
- Review and monitor risk management and internal compliance and control systems
- Assess the performance and objectivity of the internal audit function
- Reporting to the Board on the Committee's role and responsibilities covering all the functions in its charter

The Company Secretary prepares the draft minutes for each Audit and Risk Committee meeting, which is tabled at the next Audit and Risk Committee meeting for review and approval. The draft minutes are also included in the Board papers of the next Board meeting following the Audit and Risk Committee meeting.

### **Certification of Financial Reports**

The Managing Director and Chief Financial Officer state in writing to the Board at each reporting period that, in their opinion:

- The financial records of the Group have been properly maintained;
- The financial reports present a true and fair view of the Group's financial position and performance;
- The financial reports comply with Accounting Standards; and
- The opinion has been formed on the basis of a sound system of risk management and internal compliance and control which is operating effectively.

The statements from the Managing Director and Chief Financial Officer are based on a formal sign-off framework established throughout the Group and reviewed by the Audit and Risk Committee as part of the financial reporting process.

### **External Auditor Independence**

The Board recognises the importance of a truly independent external audit firm to ensure that the audit function delivers, for the benefit of the Board and all other stakeholders, an unbiased confirmation of both the Financial Statements and the state of affairs of the Group. Consistent with the Board's commitment to an independent audit firm, a policy has been approved by the Board on the role of the External Auditor, which is designed to ensure the independence of the external audit function.

The Audit and Risk Committee reviews the independence of the external audit function annually and makes a recommendation to the Board on continuing independence. As part of this review, the Audit and Risk Committee examines the non-audit roles performed by the External Auditor to satisfy itself that the auditor's independence is not compromised. Whilst the value of non-audit services could, in extreme cases, compromise audit independence, more important is to ensure that the External Auditor is not passing an audit opinion on the non-audit work of its own firm.

As a further measure to ensure the independence of the audit function, the Chairman of the Audit and Risk Committee must pre-approve all audit services provided by the External Auditor and non-audit services with a value of greater than \$5,000.

During the year, the Group's External Auditor, KPMG, provided an Auditor Independence Declaration to the Board (refer to the Directors' Report) that, to the best of their knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

In considering the KPMG independence declaration and the recommendation of the Audit and Risk Committee, the Board is satisfied with the continuing independence of the external audit function. For details of the non-audit roles performed by KPMG during the year, please refer to the Auditors' Remuneration note to the Financial Statements.

### **Selection and Appointment of External Auditor**

Following shareholder approval at the 2004 Annual General Meeting, KPMG were appointed External Auditor for the financial year commencing 1 July 2004 after a comprehensive tender process conducted by the Audit and Risk Committee. KPMG replaced Ernst & Young who had been the External Auditor since 1995.

### **Rotation of External Auditor**

KPMG has advised the Group that their policy of audit partner rotation requires a change in the lead engagement partner and review partner after a period of five years. An audit partner rotation plan has been reviewed and approved by the Audit and Risk Committee to ensure the transition process is managed effectively. In accordance with the plan, effective from 1 July 2015, Ms Julie Cleary of KPMG was appointed the Lead Engagement Partner following the rotation of Mr Greg Boydell.

### **AGM Attendance**

The External Auditor attends the Annual General Meeting and is available to answer questions from shareholders about the conduct of the external audit and the preparation and content of the Independent Auditor's Report. Shareholders attending the Annual General Meeting are made aware they can ask questions of the External Auditor concerning the conduct of the audit.

### **Principle 5 – Make timely and balanced disclosure**

The Group is committed to ensuring the timely disclosure of material price sensitive information through compliance with the continuous disclosure obligations in the ASX Listing Rules and the *Corporations Act 2001*. The Group includes continuous disclosure as a permanent item on the agenda for Board meetings. The Board has approved a Continuous Disclosure Policy to ensure the Group complies with the continuous disclosure requirements and to ensure accountability at the executive and senior management level for that compliance. Refer to the Group's website at [www.qwagroup.com.au](http://www.qwagroup.com.au) for a copy of the Continuous Disclosure Policy.

The Managing Director is the Group's Continuous Disclosure Compliance Officer and is responsible for ensuring compliance with the continuous disclosure requirements and overseeing and authorising disclosure of information to the ASX. All media releases which contain material price sensitive information must be approved by the Board prior to release to the ASX.

The Company Secretary coordinates the communications with the ASX including ensuring compliance with regulatory requirements and overseeing information released to the ASX, shareholders and other interested parties. Announcements made to the ASX are published on the Group's website immediately after release.

### **Principle 6 – Respect the rights of security holders**

The Group is committed to ensuring shareholders and the financial markets are provided with full, open and timely information about its activities. This is achieved by the following:

- Ensuring that shareholder communications (including the Annual Report and Notice of Annual General Meeting) satisfy relevant regulatory requirements and guidelines. The Group is committed to producing shareholder communications in plain English with full and open disclosure about the Group's policies and procedures, operations and performance.
- Ensuring that shareholders have the opportunity to receive external announcements by the Group through the corporate website at [www.qwagroup.com.au](http://www.qwagroup.com.au). All Group announcements and information released to the market (including half and full year results) are located on the website and may be accessed by shareholders. There is a Corporate Governance section on the website which outlines the Group's governance practices and policies and other information such as the Group's carbon emissions reporting, gender equality reporting and information on workplace health and safety performance.
- As a new initiative to assist with the provision of timely information to shareholders and other stakeholders about the financial performance of the Group, the half and full year results are now webcast via the Group's website at [www.qwagroup.com.au](http://www.qwagroup.com.au). Shareholders are also able to access historical webcasts on the Group's website.
- The Board is committed to the use of electronic communications with shareholders to reduce the environmental impact and costs. Shareholders can elect to receive Group communications electronically, although at present not all communications are made available electronically. Annual Reports are no longer printed and mailed to shareholders, unless specifically requested. Annual Reports are made available to shareholders on the Group's website at [www.qwagroup.com.au](http://www.qwagroup.com.au) in an accessible and user friendly format. Shareholders are mailed the Notice of Annual General Meeting and Proxy Form, which includes details on accessing the online Annual Report and instructions for casting proxy votes electronically.
- The Group encourages shareholders to attend and participate at the Annual General Meeting to canvass the relevant issues of interest with the Board. An opportunity is given at the Annual General Meeting for shareholders to ask questions on the Group's financial reports and the business operations and performance. If shareholders are unable to attend the Annual General Meeting personally, they are encouraged to participate through proxy voting. The Group has implemented online proxy voting to make it easier for shareholders to lodge their proxy votes if they are unable to attend the Annual General Meeting. The Group endeavours to set the timing and the location of the Annual General Meeting so that it is convenient for shareholders generally.
- The Group has developed an investor relations program to facilitate effective communications with investors. The Group actively engages with the financial media, broking analysts, institutional and private investors on the Group's operations, performance, governance and prospects, and to provide an opportunity for investors to express their views or concerns about the Group. At all times the Group ensures compliance with the continuous disclosure obligations in the ASX Listing Rules and the *Corporations Act 2001*.

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

The Board recognises that effective risk management processes help ensure the business is more likely to achieve its business objectives and that the Board meets its corporate governance responsibilities. In meeting its responsibilities, the Board has ensured that management has put in place comprehensive risk management policies and practices across the Group. The Board conducts annual reviews of the Group's risk management framework to ensure that it continues to be sound. During FY15, the Audit and Risk Committee conducted a

review of the Group's risk management framework to ensure it is working effectively and within the risk parameters set by the Board.

Such risk management processes include defining the risk oversight responsibilities of the Board and the responsibilities of management in ensuring risks are both identified and effectively managed. Whilst ultimate responsibility for risk oversight rests with the Board, the Audit and Risk Committee is the delegated mechanism for focusing the Group on risk oversight, risk management and internal controls. The Audit and Risk Committee reports to the Board on risk management and internal control matters in accordance with its main responsibilities as outlined in the Audit and Risk Committee Charter.

For further details of the Audit and Risk Committee composition and responsibilities, refer to the Audit and Risk Committee disclosures under Principle 4 - Safeguard integrity in corporate reporting.

The Audit and Risk Committee is supported in managing risk through the combined activities of:

- Executive Risk Committee (ERC) comprising the executive and senior management of the Group which has been established to identify business risks in the organisation and review status and risk mitigation activities. Formal enterprise risk profiles have been prepared for the businesses and these are reviewed half yearly by the ERC. The major business risks are reported to the Audit and Risk Committee at the May and November meetings together with risk mitigation activities. The ERC reports to the Audit and Risk Committee on its activities as outlined in the ERC charter;
- Enterprise risk profiles have been developed for the Group and its divisions which are regularly reviewed and updated as part of the strategic planning process together with mitigation actions. The identified risks are analysed based on their potential impact and likelihood of occurrence and mitigation responses are put in place to manage the risks. Updates to the enterprise risk profiles form part of the agenda for the quarterly business reviews and strategy planning sessions with the Managing Director and Chief Financial Officer. An enterprise risk update for the major risks is prepared for the Audit and Risk Committee at the May and November meetings.
- Finance Committee comprising the executive and senior management of the Group which has been established to review and monitor the financial risks in the organisation, oversee the execution of Group policies in relation to finance risk and measure the impact of both the underlying risk and the mitigation strategies employed. Financial risks include liquidity and funding, interest rate, foreign currency, credit and legal risks. The Finance Committee reports to the Audit and Risk Committee on its activities as outlined in the Finance Committee charter;
- Chief Financial Officer who has primary responsibility for designing, implementing and coordinating the overall Group risk management and internal control practices. The Chief Financial Officer attends the Audit and Risk Committee meetings to present the Chief Financial Officer's Report and prepares a monthly Commercial Risk Report for the Board. The Chief Financial Officer has the authority to report directly to the Board or Audit and Risk Committee on any matter;
- Group Risk Manager who has specific responsibilities in respect of operational risks including workplace health and safety, business continuity, environmental, sustainability and industrial relations risks. The Group Risk Manager prepares a monthly Group Risk Report for the Board and attends the May and November Audit and Risk Committee meetings to present the Operational Risk Report;

- Group Information Systems Manager who has specific responsibilities in respect of the Group's information technology (IT) security and risk environment. The Group Information Systems Manager attends the May and November Audit and Risk Committee meetings to present the IT Security, Risk and Governance Report;
- Company Secretary who is responsible for putting in place adequate insurances to cover the major group insurable risks including property and business interruption, product and public liability, product recall and directors and officers liability insurances. The Group's insurance brokers are AON Risk Services who assist with arranging the insurances and claims management. The insurance policies are placed with reputable insurers with appropriate coverage, limits and deductibles.
- Internal Audit function under the management of PWC. The Internal Audit activities are carried out by a combination of internal and appropriately qualified external resources from PWC based on an annual program of work approved by the Audit and Risk Committee. The internal audit function provides management and the Board with an independent, objective assurance and consulting activity in relation to the adequacy of the design, and effectiveness of the implementation of the Group's governance, risk management, internal control, key business processes and compliance systems. The Internal Audit function has independent access to the Audit and Risk Committee and is independent of the External Audit function; and
- External Audit activities undertaken by the External Auditor, KPMG, to review internal controls as part of the year end audit procedures. Internal control weaknesses are identified by the External Auditor and communicated to management to address through a formal reporting process. The actions taken by management are reviewed by the Chief Financial Officer and Group Financial Controller as part of the stewardship review process for the half and full year accounts.

The Group has implemented risk management software across the Group for the purpose of identifying and managing workplace health and safety, business continuity and environmental risks. The software is a critical tool for executives and senior management and has enhanced the identification, reporting and monitoring of actions in this important area in order to support management's objectives.

Risk management is embedded in the Group's policies and procedures which have enabled the Group to pro-actively identify and manage all types of risk within the organisation. The Board aims to continually evaluate and re-assess the risk management and internal control practices of the Group to ensure current good practice is maintained and to preserve and create value within the organisation.

### **Certification of Risk Management Controls**

In conjunction with the certification of financial reports, the Managing Director and Chief Financial Officer state in writing to the Board each reporting period that in their opinion:

- The statement is founded on a sound 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 system is operating efficiently and effectively in all material respects.

The statements from the Managing Director and Chief Financial Officer are based on a formal sign-off framework established throughout the Group and reviewed by the Audit and Risk Committee as part of the financial reporting process.

## **Environment and Social Sustainability Risks**

The Group does not have any material exposures to environmental and social sustainability risks.

The Board is committed to reducing energy, carbon emissions, water and waste across the Group's operations. The Group reports its carbon emissions annually under the Federal Government's National Greenhouse and Emissions Reporting Scheme and the reports can be accessed on the Group's website at [www.gwagroup.com.au](http://www.gwagroup.com.au) under Carbon Reporting. In recent years, the Group's carbon emissions have declined due to a combination of factors including site closures, business divestments and carbon reduction initiatives.

The Board is committed to continuous improvement in workplace health and safety performance through comprehensive safety systems and processes, communication with employees and increased diligence in identifying and removing safety risks. In FY15 the Group achieved its tenth consecutive year of improvement in the Total Injury Frequency Rate reflecting the ongoing commitment to creating an injury free work environment. For further information please refer to the Group's website at [www.gwagroup.com.au](http://www.gwagroup.com.au) under Health and Safety.

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

### **Remuneration Committee**

The Remuneration Committee meets as required and on several occasions throughout the year. For membership and attendance details of the Remuneration Committee, refer to the Directors' Report.

The composition of the Remuneration Committee is based on the following principles:

- The Remuneration Committee should consist of non-executive directors only
- The Remuneration Committee should consist of a majority of independent directors
- The Remuneration Committee should consist of a minimum of three members
- The Chairperson of the Remuneration Committee should be an independent director

The Remuneration Committee operates under a charter that details the Committee's role and responsibilities, composition, structure and membership requirements. The charter is reviewed annually to ensure it remains consistent with the Board's objectives and responsibilities. Refer to the Group's website at [www.gwagroup.com.au](http://www.gwagroup.com.au) for a copy of the charter.

The main responsibilities of the Committee include:

- Review of the Group's remuneration and incentive policies
- Review of executive and senior management remuneration packages
- Review of the Group's recruitment, retention and termination policies and procedures
- Review of the Group's superannuation arrangements
- Reporting to the Board on the Committee's role and responsibilities covering all the functions in its charter

In performing its responsibilities, the Remuneration Committee receives appropriate advice from independent external advisers. During the year, the Remuneration Committee engaged the services of Guerdon Associates to provide market benchmarking data to assist with the FY16 executive remuneration review.

The Company Secretary prepares the draft minutes for each Remuneration Committee meeting which are tabled at the next Remuneration Committee meeting for review and approval. The draft minutes are also included in the Board papers of the next Board meeting following the Remuneration Committee meeting.

### **Remuneration Policies**

The Board's objective in setting the Group's remuneration policies is to provide maximum stakeholder benefit from the retention of a high quality Board and executive team. This is achieved by remunerating directors and executives fairly and appropriately based on relevant market benchmarking data and the linking of executive remuneration to the Group's financial and operating performance in order to align with shareholder wealth creation.

The Nomination Committee is responsible for determining the remuneration for the non-executive directors, with the maximum aggregate amount approved by shareholders. The non-executive directors receive their remuneration by way of directors' fees only (including statutory superannuation) and are not able to participate in the executive incentive schemes. There are no director retirement benefits other than statutory superannuation.

The Remuneration Committee is responsible for reviewing and determining the remuneration and incentive arrangements for the executives. The Remuneration Committee obtains market benchmarking data from an independent external adviser to assist in determining market remuneration levels. The remuneration and incentive arrangements have been structured to ensure that performance is fairly rewarded and to attract, motivate and retain a high quality executive team.

The Group has an equity based remuneration scheme for senior executives which was approved by shareholders in 2008. For details of the scheme, refer to the Remuneration Report. In accordance with the rules of the scheme, participants must not enter into any transactions or arrangements (whether through the use of derivatives or otherwise) which reduces or limits the economic risk of participating in the scheme.

For details of the Group's remuneration policies and disclosures, refer to the Remuneration Report.