

# FACILITATE DIGITAL HOLDINGS LTD

## Corporate Governance Statement

The Company's practices are largely consistent with those of the ASX Corporate Governance Council Guidelines. Where the Company did not have certain policies or committees recommended by the guidelines in place for the entire reporting period, we have identified when such policies or committees were introduced, or the reason why those policies or committees were not implemented.

### **1. Board of Directors**

#### **1.1 Role of the Board**

The Board's role is to govern the Company rather than to manage it. In governing the Company, the directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operation of the Company.

To assist the Board in carrying out its functions, it has developed a Code of Conduct to guide the directors, the Chief Executive Officer and other key executives in the performance of their roles.

#### **1.2 Composition of the Board**

The Board has been formed so that it has an effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the directors, their qualifications and experience are stated in the Directors' Report section of the annual report. Director appointments are based on the specific governance skills required by the Company and on the independence of their decision-making and judgement.

The executive directors are Ian. Lowe who is the Chief Executive Officer (CEO) and Ben. Dixon who is the Chief Operating Officer.

The Company recognises the importance of non executive directors and the external perspective and advice that non executive directors can offer. Messrs Simson, Sweeney and Geoff Dixon are non-executive directors. Mr Simson is the Chairman, and meets the Company's criteria for independence and therefore satisfies the ASX Council's recommendation that the role of Chairman be exercised by an independent director.

Charles Sweeney and Geoff Dixon both also have a relevant interest in a substantial number of shares (either directly or indirectly) of the Company and as such do not meet the Company's criteria for independence. However, their experience and knowledge of the Company make their contributions to the Board such that it is

appropriate for them to remain on the Board. All directors are required to bring an independent judgement to bear in decision-making regardless of whether they satisfy the Company's definition of independence.

An independent director is a non executive director, and:

1. is not a substantial shareholder (holding at least 5% of the Company's issued shares) or an officer of the Company, or otherwise associated directly with, a substantial shareholder of the Company;
2. has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold any such employment;
3. has not within the last three years been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the service provided;
4. is not a material supplier or customer of the Company or another Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
5. has no material contractual relationship with the Company or other Group member other than as a director of the Company;
6. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
7. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Jim Story has been the Company Secretary since 2008.

### **1.3 Responsibilities of the Board**

In general, the Board is responsible for and has the authority to determine all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the strategy of the Company.

Without limiting this general role, the principal functions and responsibilities of the Board include the following:

1. Leadership of the Group: overseeing the Company and establishing codes that reflect the values of the Company to guide the conduct of the Board, management and employees.
2. Strategy Formulation: working with senior management to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operations of the Company.
3. Overseeing Planning Activities: overseeing the development of the Company's strategic plans, as well as the annual and long-term budgets.
4. Shareholder Liaison: ensuring effective communications with shareholders through the communications policy and promoting participation at general meetings of the Company.
5. Monitoring, Compliance and Risk Management: overseeing the Company's

risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.

6. Company Finances: approving expenses in excess of those approved in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting.
7. Human Resources: appointing and where appropriate, removing the CEO as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
8. Ensuring the Health, Safety and Well-being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
9. Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the "Board Charter", which is available on the Company's website under "Investor Relations" and then "Governance".

## **1.4 Board Policies**

### **1.4.1 Conflicts of Interest**

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, according to the Corporations Act 2001, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

### **1.4.2 Commitments**

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a director of the Company.

### **1.4.3 Confidentiality**

Directors and key executives of the Company must keep confidential, information received in the course of the exercise of their duties and must not disclose non-public information except where disclosure is authorised or legally mandated.

### **1.4.4 Continuous Disclosure**

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon confirmation of receipt from the ASX, the Company posts all information disclosed in accordance with this policy on the Company's website.

#### **1.4.5 Education and Induction**

New directors will undergo an induction process in which they are given a full briefing on the Company and may include meetings with key executives, visits to offices, an induction package and presentations.

Information conveyed to new directors will include:

- details of the roles and responsibilities of a director with an outline of the qualities required to be a successful director;
- formal policies on director appointment as well as conduct and contribution expectations;
- details of all relevant legal requirements;
- a copy of the Code of Conduct and the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget; and
- a copy of the Constitution of the Company.

All directors are encouraged to undergo ongoing professional development to achieve continuing improvement in Board performance.

#### **1.4.6 Independent Professional Advice**

The Board collectively and each director has the right to seek independent professional advice at the Company's expense to assist them in carrying out their responsibilities. The Chairman is to be advised prior to the expense being incurred.

#### **1.4.7 Related Party Transactions**

Related Party Transactions include any financial transaction between a director and the Company and will be reported at each Board meeting. Unless there is an exemption under the Corporations Act 2001 from the requirement to obtain shareholder approval for the Related Party Transaction, the Board cannot approve the

transaction.

#### **1.4.8 Shareholder Communication**

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

1. communicating effectively with shareholders through releases to the market via ASX, the Company's website, information sent to shareholders and at general meetings of the Company;
2. giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
3. making it easy for shareholders to participate in general meetings of the Company; and
4. requesting the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Full details of the "Shareholder Communication Policy" are available on the Company's website under "Investor Relations" and then "Governance".

The Company also has a facility on its website for persons to make enquiries of the Company.

#### **1.4.9 Trading in Company Shares**

The Company seeks to comply with all legislative requirements relating to the sale and purchase of its securities by its directors and employees, through the Company's "Share Trading Policy", which is available on the Company's website under "Investor Relations" and then "Governance".

The purpose of this policy is to assist directors and employees to avoid conduct which could be construed as insider trading. The policy provides guidance as to when trading in the Company's securities is prohibited.

##### **Dealing through Third Parties**

The prohibition extends to dealings by the directors and employees through nominees, agents or other associates, such as superannuation funds, family members, family trusts and family companies.

##### **Facilitate Digital Employee Share Option Plan (ESOP)**

The prohibition does not apply to applications for options resulting from the operation of the Facilitate Digital Employee Share Option Plan (the Plan). The prohibition could apply to the exercise of options issued under the Plan if the employee was in possession of price sensitive information at that time.

The prohibition does apply to the disposal of shares acquired under the Plan.

##### **Share Trading Guidelines**

Directors and employees of the Facilitate Group must not buy or sell securities in the Company when they are in possession of price sensitive information which is not generally available to the market.

The following rules have been established to assist directors, senior managers and employees in fulfilling their obligations:

- a) Directors, senior managers and employees must not engage in short term trading i.e. the buying and selling of the same parcel of shares (or part thereof) within a twelve month period.
- b) There is an absolute prohibition on any trading of shares in the period from the close of books until the date of announcement of the full year and half year results respectively, and in the two week period prior to the Annual General Meeting.
- c) Directors, senior managers and employees may trade in the Company's shares in the period commencing one day after the announcement of the full year results, half year results and the Annual General Meeting, provided always that the director, senior manager or employee is not in possession of price sensitive information at the time of trading.

### Approval to Trade in Securities

Prior to a director buying, selling or exercising options over the Company's securities the director must advise the Chairman of their intentions and not proceed until approval in writing to the transaction has been granted by the Chairman.

Prior to an employee buying, selling or exercising options over the Company's securities, the employee must advise the Chairman or the Company Secretary of their intentions and not proceed until approval in writing to the transaction has been granted by the Chairman or the Company Secretary.

### ASX Notification

ASX Listing Rule 3.19B obliges directors to notify the Company after any dealing in the Company's securities (either personally or through a third party) which results in a change in the relevant interests of the director. The Company in turn must notify the ASX within 5 business days of any change in the relevant interest of the director.

#### 1.4.10 Performance Review/Evaluation

Each year the Board will conduct an evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company and to ensure that an appropriate mix of skills is available to the Company at Board level. The process for this evaluation has been by discussion among the directors.

#### 1.4.11 Attestations by CEO and CFO

The CEO and the Chief Financial Officer (CFO) give the attestations recommended by the ASX Council as to the Company's financial condition prior to the Board signing the Annual Report. The CEO and the CFO will also be required to state in writing to the Board that the attestation in relation to the financial statements is founded on a sound system of risk management and that this system is operating efficiently and effectively in all material aspects.

## 2. Board Committees

## **2.1 Audit & Risk Committee**

The Audit & Risk Committee was formed by a resolution of the Board. The “Audit & Risk Committee Charter” is available on the Company’s website under “Investor Relations” and then “Governance”.

### **2.1.1 Role**

The Audit & Risk Committee is responsible for reviewing the integrity of the Company’s financial reporting and overseeing the independence of the external auditors.

### **2.1.2 Composition**

Members are appointed by the Board from amongst the non- executive directors. The members of the Audit & Risk Committee are as follows:

- Mr. Sweeney (Committee Chairman)
- Mr. Simson
- Mr. Geoff Dixon

### **2.1.3 Responsibilities**

The Audit & Risk Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements before submission to the Board and recommends their approval.

The Audit & Risk Committee also recommends to the Board the appointment of the external auditor and, each year, reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal. The external auditor must be independent of the Company and have arrangements in place for rotation of the audit partner on a regular basis. The Board considers that Ernst & Young meets these criteria.

The Audit & Risk Committee is also responsible for establishing policies on risk oversight and management.

## **2.2 Remuneration Committee**

The Remuneration Committee was formed by a resolution of the Board. The “Remuneration Committee Charter” is available on the Company’s website under “Investor Relations” and then “Governance”.

### **2.2.1 Role**

The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

### **2.2.2 Composition**

Mr. Geoff Dixon, Mr. Simson and Mr. Sweeney are the members of the Remuneration Committee.

Mr. Simson is the Chairman of the Remuneration Committee, and an independent director.

### 2.2.3 Responsibilities

The responsibilities of the Remuneration Committee include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and making recommendations to the Board on any proposed changes and undertaking an annual review of the CEO's performance, including, setting with the CEO goals for the coming year and reviewing progress in achieving those goals.

### 2.2.4 Remuneration Policy

#### 2.2.4.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders. The remuneration of senior executives may comprise the following:

- a fixed salary that is determined from a review of the markets and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in an equity based scheme with thresholds approved by the directors; and
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration, the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

#### 2.2.4.2 Non-Executive Director Remuneration Policy

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive directors. Non-executive directors are entitled to statutory superannuation.

### 2.3 Nomination Committee

The Company does not have a Nomination Committee as the Board considers that the full Board is currently a more efficient mechanism for focusing the Company on specific issues.

#### 2.3.1 Criteria for Selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one director with experience in the digital marketing industry. In addition, directors should have the relevant blend of personal experience in:

- accounting and financial management;
- legal skills; and
- CEO-level business experience.

### **3. Company Code of Conduct**

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as a whole. The “Company Code of Conduct” was adopted by resolution of the Board and is available on the Company’s website under “Investor Relations” and then “Governance”.

This Code includes the following:

#### **Responsibilities to Shareholders and the Financial Community Generally**

The Company has processes in place designed to ensure the truthful and factual presentation of the Company’s financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

#### **Responsibilities to Clients, Customers and Consumers**

Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company’s clients, customers and consumers. The Company for its part is committed to providing clients, customers and consumers with fair value.

#### **Employment Practices**

The Company endeavours to provide a safe workplace in which there are equal opportunities for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

#### **Obligations Relative to Fair Trading and Dealing**

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company’s customers, suppliers, competitors and other employees and encourages its employees to strive to do the same.

#### **Responsibilities to the Community**

As part of the community, the Company:

- is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs; and
- encourages all employees to engage in activities beneficial to their local community.

#### **Responsibility to the Individual**

The Company is committed to keeping private information from employees confidential and protected from uses other than those for which it was provided.

#### Conflicts of Interest

Employees and directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

#### How the Company Complies with Legislation Affecting its Operations

The Company strives to comply with all legislation affecting its operations. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

#### How the Company Monitors and Ensures Compliance with its Code

The Board, management and all employees of the Company are committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.

### **4. Risk management**

Risk management is considered a key governance and management process. The primary objectives of the risk management system at the Company are to ensure:

- all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the Company appropriately balance the risk and reward trade off;
- regulatory compliance and integrity in reporting are achieved; and
- senior management, the Board and investors understand the risk profile of the Company. In line with these objectives the risk management policy covers:
  - operations risk;
  - financial reporting; and
  - compliance

Management reviews all major strategies and purchases for their impact on the risk facing the Company and makes appropriate recommendations to the Board. The Company also undertakes an annual review of operations to update its risk profile. This normally occurs in conjunction with the strategic planning process.

The Board receives an annual report on those areas of risk identified by management. In addition, as specified by Recommendation 7.2 of the ASX Guidelines, the CEO and CFO provide a written assurance that the risk management system is effective, efficient and accurately reflected in the Company's financial statements.

The Board has identified a range of specific risks that have the potential to have an adverse impact on its business and these are the areas covered by regular reporting to the Board.

- Operational Risk

- Insurance – Litigation – Business continuity – Disaster recovery
- Financial Risk
  - Treasury and finance – Foreign exchange risk – Interest rate risk – Credit risk – Liquidity risk
- Compliance Risk
  - Regulatory compliance.

### Hedging Policy

No Company employee is permitted to enter into transactions with securities (or any derivative thereof) which limit the economic risk of any unvested entitlements awarded under any Company equity-based remuneration scheme currently in operation or which will be offered by the Company in the future.

### **5. Diversity Policy**

The Board has adopted a policy on diversity which addresses the requirements in Recommendation 3 of the ASX Guidelines. The policy is available on the Company's website under "Investor Relations" and then "Governance".