

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Velpic Limited

ABN / ARBN:

65 149 197 651

Financial year ended:

30 June 2017

Our corporate governance statement² for the above period above can be found following this appendix

The Corporate Governance Statement is accurate and up to date as at 31 August 2017 and has been approved by the board.

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

Date:

31 August 2017

Name of Director or Secretary authorising
lodgement:



Ms Catherine Anderson

Company Secretary

¹ 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.

² "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.

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 ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ³
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
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 OR <input type="checkbox"/> at [insert location] ... 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 type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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 OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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 OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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 OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

³ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ³
1.5	<p>A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at https://www.velpic.com/investor/investor-information.html#corporate-governance</p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ³	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>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 OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> https://www.velpic.com/investor/investor-information.html#corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (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 checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>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 OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ³
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (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 (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
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 OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at https://www.velpic.com/investor/investor-information.html#corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (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 OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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 OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so 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 ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ³
4.3	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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at https://www.velpic.com/investor/investor-information.html#corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so 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 ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ³	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>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):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at https://www.velpic.com/investor/investor-information.html#corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so 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 ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ³
7.3	<p>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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so 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 ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ³	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>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 OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at https://www.velpic.com/investor/investor-information.html#corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (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 OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>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 OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ³
8.3	<p>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 OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

VELPIC LIMITED
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

The Board of Directors of Velpic Limited are responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Velpic Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Velpic Limited's key governance principles and practices.

COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the ASX Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

Principle	Recommendations	Comply (Yes/No)	Commentary
<p>1. Lay solid foundations for management oversight:</p> <p>Roles and responsibilities for board and management and how their performance is monitored and evaluated.</p>	<p>1.1: Listed Entity should disclose: (a) respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management</p>	<p>YES</p>	<p>Please refer to Velpic Limited's Board Charter.</p> <p>The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.</p> <p>The Board is responsible for:</p> <ul style="list-style-type: none"> • appointment of the Chairperson, Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination; • assessing the performance of the Chief Executive Officer and other senior executives; • driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance; • reviewing and ratifying systems of risk management, accounting and internal compliance and control, codes of conduct and legal compliance; • approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures; • approving and monitoring the business plan, budget and the adequacy and integrity of financial and other reporting; • approving the annual and half yearly accounts and any other significant announcements; • approving significant changes to the organisational structure; • approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules); • ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making; • recommending to shareholders the appointment and/or removal of the external auditor;

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			<ul style="list-style-type: none"> • meeting with the external auditor, at their request, without management being present; • determining the size and composition of the board; • reporting to shareholders, stakeholders and the investment community on the performance of the company; and • approving the entity's remuneration framework. <p>Due to the size and scope of Velpic responsibility for the day-to-day management of the Company's business activities is handled by the Directors.</p>
	<p>1.2: Listed Entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director: and</p> <p>(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</p>	YES	<p>As part of each AGM Notice of Meeting, the following information is included for all directors up for re-election:</p> <ul style="list-style-type: none"> - Biographical details, - Other material directorships, - If 1st election: <ul style="list-style-type: none"> ▪ Material adverse info, ▪ Interest/position/association that may influence or impact independent judgement, ▪ If board considers them independent. - If re-election: <ul style="list-style-type: none"> ▪ Term of office currently served, ▪ If board considers them independent.
	<p>1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	<p>There are Letters of appointment for each of the directors on Velpic's Board.</p>
	<p>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.</p>	YES	<p>The Company Secretary of Velpic Limited is Catherine Anderson. Some of her responsibilities include:</p> <ul style="list-style-type: none"> - The Company Secretary is accountable directly to the Board. - The Company Secretary will advise the Board and its committees on governance matters. - When requested by the Board, the Company Secretary will facilitate the flow of information of the Board, between the Board and its Committee and between senior executives and non-executive Directors. - The Company Secretary is to facilitate the induction of new Directors. - The Company Secretary is to facilitate the implementation of Board policies and procedures. - The Company Secretary coordinates, organise and attend Board and Shareholder meetings and ensure that correct procedures are followed and accurately captured in minutes. - Each Director is able to communicate directly with the Company Secretary and vice versa. - The Company Secretary maintain corporate governance and compliance systems to ensure adherence to the Company's Constitution, the ASX Listing Rules and applicable other laws.

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			<ul style="list-style-type: none"> - All Directors have access to the advice and services provided by the Company Secretary. - The Board has the responsibility for the appointment and removal of the Company Secretary.
	<p>1.5: Listed Entity should:</p> <p>(a) Have a diversity Policy which includes requirements for Board/Committee to see measurable objectives for achieving gender diversity and assess them and achieving them annually</p> <p>(b) disclose that policy</p> <p>(c) disclose at end of reporting period how objectives are being achieved via:</p> <p>(i) respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how senior exec is defined); or</p> <p>(ii) if entity is a “relevant employer” under the Workplace Gender Equality Act, the entities most recent “Gender Equality Indicators” as defined in the Act.</p>	NO	<p>The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company’s success is the result of the quality and skills of our people. As such, the Board has adopted a Workplace Diversity Policy which can be found on the Velpic website. The Policy is to recruit and manage on the basis of qualification for the position and performance, regards of gender, age, nationality, race, religious beliefs, cultural background, sexuality, marital status or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.</p> <p>The Board reviews the Workplace Diversity Policy and the composition of the personnel for Velpic annually.</p> <p>At the date of this report the Board has one female director (Ms Leanne Graham was appointed on 22 October 2016) and 60% of the senior executives are female. There are 18 females in the workforce of Velpic Limited.</p>
	<p>1.6: A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</p>	YES	<p>A copy of the Board Performance Evaluation Process can be found in the Corporate Governance section of the Company’s website. The performance of the Board is reviewed regularly by the Chairperson. The Chairperson conducts performance evaluations which involve an assessment of each Board member’s performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors are assessed is aligned with the financial and non-financial objectives of Velpic Limited.</p>

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	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		<p>Primarily, the review will be carried out through consultation by the Chairperson and with individual Directors. Directors whose performance is consistently unsatisfactory may be asked to retire.</p> <p>During June 2017, over a series of informal discussions, the Chairperson reviewed each director. All directors' performances met performance criteria.</p>
	<p>1.7: A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>The performance of senior executives are reviewed regularly by the Chairperson. The Chairperson conducts performance evaluations which involve an assessment of each senior executive's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which executives are assessed is aligned with the financial and non-financial objectives of Velpic Limited. Primarily, the review will be carried out through consultation by the Chairperson and with individual executives. Executives whose performance is consistently unsatisfactory may be asked to resign.</p> <p>During June 2017, over a series of informal discussions, the Chairperson reviewed each senior executive. All senior executive's performances met performance criteria.</p>
<p>2. Structure the Board to add value:</p> <p>A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</p>	<p>2.1 The board of a listed entity should:</p> <p>(a) Have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by a independent director; and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(iv) as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members at those meetings; or</p>	YES	<p>Velpic Limited has a remuneration and nomination committee. The committee consists of Mr Harry Karelis (as Chairperson), Mr Daniel Rohr and Ms Leanne Graham. Mr Karelis, Mr Rohr and Ms Graham are non-executive independent Directors. The remuneration and nomination committee's charter can be found on the Company's website in the Corporate Governance section. At the date of this report the Committee has not yet held a meeting.</p> <p>Nominations of new Directors or executives are considered by the Nomination Committee. If any vacancies arise on the Board or at executive level, the Nomination Committee is involved in the search and recruitment of a replacement. The Board has taken a view that the Nomination Committee will hold special meetings or sessions as required. The full Board also assesses its balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the Company's website.</p>

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	(b) If it does not have a nomination committee disclose that fact and the processes it employs to address board succession issue 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.																																				
	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.	YES	<p>The Company identifies the following as the main areas of skills required by the Board to successfully service the Company. The Directors have been measured to these areas in the skills matrix:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; width: 20%;">Number of Directors that meet the skill</th> </tr> </thead> <tbody> <tr> <td>Executive and Non-Executive experience</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Industry experience and knowledge</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Leadership</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Corporate governance and Risk Management</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Strategic thinking</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Desired behavioural competencies</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Geographic experience</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Capital Markets experience</td> <td style="text-align: right;">4</td> </tr> <tr> <td colspan="2"> Subject matter expertise</td> </tr> <tr> <td>- accounting</td> <td style="text-align: right;">1</td> </tr> <tr> <td>- capital management</td> <td style="text-align: right;">4</td> </tr> <tr> <td>- corporate financing</td> <td style="text-align: right;">4</td> </tr> <tr> <td>- industry taxation</td> <td style="text-align: right;">0</td> </tr> <tr> <td>- risk management</td> <td style="text-align: right;">4</td> </tr> <tr> <td>- legal</td> <td style="text-align: right;">0</td> </tr> <tr> <td>- IT expertise</td> <td style="text-align: right;">1</td> </tr> </tbody> </table>		Number of Directors that meet the skill	Executive and Non-Executive experience	4	Industry experience and knowledge	4	Leadership	4	Corporate governance and Risk Management	4	Strategic thinking	4	Desired behavioural competencies	4	Geographic experience	4	Capital Markets experience	4	 Subject matter expertise		- accounting	1	- capital management	4	- corporate financing	4	- industry taxation	0	- risk management	4	- legal	0	- IT expertise	1
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			<p>As can be seen the main areas identified are well represented by the Directors. With regards to Industry taxation and legal expertise there is a known skills shortage however these skills have been successfully outsourced to experienced consultants in the market, to the point where the Board is comfortable they are being met. The Company Secretary is a qualified legal practitioner admitted in Victoria and Western Australia. The Board review the skills matrix annually.</p>								
	<p>2.3: A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors (b) if a director has an interest, position, association or relationship as described in Box 2.3 (Factors relevant to assessing independence) but the board is of the opinion that it doesn't compromise the independence of the director, nature of the interest, position, association or relationship and an explanation as to why the board is of that opinion; and (c) the length of service of each director.</p>	<p>YES</p>	<p>The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.</p> <p>Directors of Velpic Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.</p> <p>In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:</p> <ul style="list-style-type: none"> • is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company; • is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board; • has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided; • is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or • has a material contractual relationship with the Company or another Company member other than as a Director. <p>The Board of Velpic consists of:</p> <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: left;">Term in Office</th> </tr> </thead> <tbody> <tr> <td>Russell Francis</td> <td>Since 22 October 2015</td> </tr> <tr> <td>Leanne Graham</td> <td>Since 22 October 2015</td> </tr> <tr> <td>Harry Karelis</td> <td>Since 17 October 2014</td> </tr> </tbody> </table>	Name	Term in Office	Russell Francis	Since 22 October 2015	Leanne Graham	Since 22 October 2015	Harry Karelis	Since 17 October 2014
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			<p>Daniel Rohr Since 1 March 2016</p> <p>The Board of Velpic consider Harry Karelis, Leanne Graham and Daniel Rohr as independent directors. Leanne also acts as the Chairperson for Velpic Limited.</p>
	2.4: A majority of the Board of a listed entity should be independent directors.	YES	The Board is currently comprised of one executive director and three non-executive Directors, all three of which are independent.
	2.5: The Chair of a 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.	YES	In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairperson Leanne Graham is an independent, non-executive director.
	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.	YES	<p>The Company has an in-formalised program for the induction of new Directors. This induction covers all aspects of the Company's operations including the provision of information and meetings with relevant senior executives so as to ensure that new Directors are able to fulfil their responsibilities and contribute to Board discussions.</p> <p>Existing Directors are encouraged to participate in appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as a Director. The Chairperson of the Board of Velpic assess individual Board members skills during the performance review of each director. Any training or skill gaps identified are tabled to the Board to consider options to fill gaps identified.</p>
<p>3. Act Ethically and Responsibly:</p> <p>A listed entity should act ethically and responsibly.</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 of conduct or a summary of it.</p>	YES	<p>A Copy of the Code of Conduct can be found in the Corporate Governance section of the Company's website.</p> <p>The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.</p> <p>All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.</p> <p>All Directors, officers and employees are expected to:</p>

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			<ul style="list-style-type: none"> a. comply with the law; b. act in the best interests of the Company; c. be responsible and accountable for their actions; and d. observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.
<p>4. Safeguard Integrity in corporate reporting:</p> <p>A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.</p>	<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board; <p>And disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee (iv) the relevant qualifications and experience of the member of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs</p>	YES	<p>Velpic Limited established an Audit and Risk Committee. The committee consists of Mr Daniel Rohr (as Chairperson), Ms Leanne Graham and Mr Harry Karelis. Ms Graham, Mr Rohr and Mr Karelis are independent Directors. The audit and risk committee charter can be found on the Company’s website in the Corporate Governance section. At the date of this report the Committee has not yet held a meeting, although it has subsequent to the end of the 2017 financial year. Before the Committee was established the Company did not comply with ASX Recommendation 4.1(a). The reason for this was that Velpic’s Board was not of a relevant size to consider formation of a separate audit and risk committee.</p> <p>The Audit and Risk Committee is responsible for reviewing the integrity of the Company’s financial reporting and overseeing the independence of the external auditors. The Audit and Risk Committee sets aside time to deal with issues and responsibilities to ensure the integrity of the financial statements of the Company and the independence of the auditor.</p> <p>The Audit and Risk Committee reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Audit and Risk Committee also reviews annually the appointment of the external auditor, their independence and their fees.</p> <p>The Audit Committee is also responsible for establishing policies on risk oversight and management.</p> <p><i>External Auditors</i></p> <p>The Company’s policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is BDO’s policy to rotate engagement partners on listed companies at least every five years.</p> <p>An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.</p>

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	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>There is no indemnity provided by the Company to the auditor in respect of any potential liability to third parties.</p> <p>The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.</p> <p>Non-audit services provided by the auditors during the year are detailed in the financial statements.</p>
	4.2: 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.	YES	<p>The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:</p> <ul style="list-style-type: none"> (a) The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards; (b) The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and <p>The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.</p> <p>As a matter of process the Velpic Board receive this certification from the CEO and CFO, or those within the entity that perform the duties of the CEO and CFO, outlining compliance with Principle 4.2 before the finalisation of any financial statements.</p>
	4.3: 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	YES	The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.
5. Make Timely and Balanced Disclosure:	5.1 A listed entity should: (a) have a written policy for complying with its continuous	YES	<p>A copy of the "Disclosure Policy" can be found in the Corporate Governance section of the Company's website.</p> <p>The Company believes that all shareholders should have equal and timely access to material information about</p>

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<p>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</p>	<p>disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it</p>		<p>the Company including its financial situation, performance, ownership and governance. The Company's "Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:</p> <ul style="list-style-type: none"> • be factual and subject to internal vetting and authorisation before issue; • be made in a timely manner; • not omit material information; • be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions; • be in compliance with ASX Listing Rules continuous disclosure requirements; and • be placed on the Company's website promptly following release. <p>Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairperson or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.</p> <p>The Company's "Disclosure Policy" described above reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.</p> <p>The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.</p>
<p>6. Respect the Rights of Security Holders:</p> <p>A listed entity should respect the rights of its security holders by providing them with appropriate information</p>	<p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>YES</p>	<p>Velpic has a comprehensive website found at www.velpic.com, where there are links to directors and their details, constitution, charters, CG policies. Also included are links to all financial reports, announcements, notice of meeting's, research reports and presentations and any external media commentary made on the Company.</p> <p>Details on operations is also included.</p>

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and facilities to allow them to exercise those rights effectively.			
	6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	<p>The Company has established a Shareholder Communications policy which underpins the investor relations program. A copy of this policy can be found on the Company's website.</p> <p>The Board's policy is to seek to inform shareholders of all major developments affecting the Company by allowing investors and other financial market participants to gain a greater understanding of the entity's business, governance, financial performance and prospects.</p> <p>The Company has contracted an Investor Relations firm who regularly reports to the Board.</p>
	6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	The Company has policies and procedures that enable shareholders to receive the reports and participate in shareholder meetings by attendance or by written communication. The Board seeks to notify all shareholders so they can be fully informed for voting at the Annual General Meeting or any General Meetings that arise. Shareholders who have made an election receive a copy of the Company's Annual Report by mail; otherwise, the Annual Report is available on the Company's website.
	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.	YES	The Company has the capability to communicate with shareholders electronically through its website, email communications and via the share registry. Electronic contact details are provided on the Company's website.
<p>7. Recognise and Manage Risk:</p> <p>A listed entity should establish a sound risk management framework and periodically review the</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>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p>	YES	<p>Velpic Limited established an Audit and Risk Committee. The committee consists of Mr Daniel Rohr (as Chairperson), Ms Leanne Graham and Mr Harry Karelis. Ms Graham, Mr Rohr and Mr Karelis are independent Directors. At the date of this report the Committee has not yet held a meeting although has met subsequent to the end of the 2017 financial year. Before the Committee was established the Company did not comply with ASX Recommendation 4.1(a). The reason for this was that Velpic's Board was not of a relevant size to consider formation of a separate audit and risk committee.</p> <p>The role and responsibilities of the Audit and Risk Committee are summarised below.</p>

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<p>effectiveness of that framework.</p>	<p>(iii) the charter of the committee; (iv) the members of the committee; and (v) 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 (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>Details of the relevant qualifications and experience of the members of the Board and the number of times the Board met are detailed within the Annual Report. The Audit and Risk Committee is accountable for the implementation of the risk management process and is ultimately responsible for the management of risks in the business.</p> <p>The Board has adopted a formal Risk Management Policy and associated procedures so as to formalise the process of managing material business risks of the Company. A copy of the Policy is available on the Company's website.</p>
	<p>7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>YES</p>	<p>The Risk Management Policy requires Management to design and implement risk management processes and systems to identify and manage the Company's material business risks and report to the Board on whether those risks are being managed effectively.</p> <p>The Board is regularly briefed and involved in discussions in relation to many of the material business risks facing the Company.</p> <p>The risk management framework is reviewed at least annually by the Board and has been reviewed in June 2017 for the year ended 30 June 2017.</p> <p>The Chief Executive Officer and the Chief Financial Officer, or equivalent, are required to make a declaration in accordance with section 295A of the Corporations Act that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards, and to provide assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects.</p>
	<p>7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or</p>	<p>YES</p>	<p>The Company does not have a formal internal audit function. The Board monitors the need for an internal audit function having regard to the size, geographic location and complexity of the Company's operations.</p>

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	(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.		The Company's Management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement these systems are developed. The Board also considers external reviews of specific areas and monitors the implementation of system improvements.
	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.	YES	<p>The Board identifies and manages the following as material economic, environmental and social sustainability risks:</p> <p>Listed entities have economic risks with regard to the capital markets, and this impacts that Company's ability to raise funds for project development and working capital requirements. The Company constantly monitors its cash reserves and the state of the capital markets.</p> <p>Velpic operates in a comparable manner to other IT companies listed on the ASX. Velpic has not formally identified any social sustainability risks at this stage.</p>
<p>8. Remunerate Fairly and Responsibly:</p> <p>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.</p>	<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the 	YES	<p>Velpic Limited has a remuneration and nomination committee. The committee consists of Mr Harry Karelis (as Chairperson), Mr Daniel Rohr and Ms Leanne Graham. Mr Karelis, Mr Rohr and Ms Graham are non-executive independent Directors. The remuneration and nomination committee's charter can be found on the Company's website in the Corporate Governance section. At the date of this report the Committee has not yet held a meeting.</p> <p>The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.</p> <p>The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the CEO or executive directors, reviewing and making recommendations on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the CEO's performance.</p> <p>The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the Consolidated entity. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company.</p>

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	<p>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>The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.</p> <p>The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.</p> <p>In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.</p> <p>In determining remuneration, the Board has taken a view that the full Board will hold special meetings or sessions as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.</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>YES</p>	<p>A copy of the Remuneration Policy can be found in the Corporate Governance section of the Company's website.</p> <p>The Company has structured the remuneration of its senior executives, where applicable, such that it comprises a fixed salary, statutory superannuation and participation in the Company's Employee Incentive Option Plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.</p> <p>Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The Company does not adhere to Guidelines for non-executive director remuneration 'Non-executive directors should not receive options with performance hurdles'. The Company has previously granted options to non-executive directors and, potentially, will do so in the future. The Board is of the view that options (for both executive and non-executive directors) are a non-cash cost effective benefit for small companies such as Velpic Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholder, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.</p> <p>The Remuneration Report contained in the Annual Report outlines the Director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and the</p>

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			<p>Corporations Regulations. It also provides the remuneration disclosure required by AASB 124 Related Party Disclosures.</p> <p>There are no schemes for retirement benefits, other than superannuation, for Non-Executive Directors, where applicable.</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>YES</p>	<p>The Company has an Employee Incentive Option Plan, which has been approved by Shareholders, a copy of which is located on the Corporate Governance homepage on the website.</p> <p>The Board has a Securities Trading Policy that all participants in an equity based remuneration scheme are not allowed to use derivatives which hedges against the equity position provided via the equity based remuneration scheme. A copy of the Security Trading Policy can be found on the Corporate Governance home page on the Company's website.</p>