

XPLORE WEALTH LIMITED ACN 128 316 441 (the Company)

CORPORATE GOVERNANCE STATEMENT

The responses to the recommendations below have been prepared with respect to the period 1 July 2019 until 30 June 2020 (**Relevant Period**).

This Corporate Governance Statement is current as at 24 August 2020 and has been approved by the board of the Company (**Board**).

This Corporate Governance Statement has been prepared on the basis of the recommendations in the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Corporate Governance Council recommendation		Response to recommendation
1.	Lay solid foundation 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.	These matters are disclosed in the Board Charter in the Corporate Governance section of the Company's website.
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.	a) During the Relevant Period Julie Berry was appointed as a director of the Company by the Board. The Company conducted the following checks in relation to the new appointment: (i) AFS Authorised Representative, bankruptcy, business interests, credit default and anti-money laundering checks; (ii) National criminal history check; (iii) employment/experience internet searches; and (iv) ASIC banned and disqualified persons' register and APRA disqualifications register. b) Don Sharp and Alex Hutchison were each re-elected as a director of the Company at the 2019 annual general meeting. Security holders were provided with all material information on each re-election decision in the Explanatory Statement attached to the Notice of Meeting.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company (or one of its subsidiaries) has a written agreement with each senior executive and director setting out the terms of their appointment.
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 Company Secretary reports directly to the Board through the Chairman on all matters to do with the proper functioning of the Board and is accessible to all directors.

Corporate Governance Council recommendation		Response to recommendation
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>This recommendation has not been complied with by the Company for the Relevant Period. The Company does not have a diversity policy which includes requirements for measurable objectives for achieving gender diversity and an annual assessment of the objectives and progress towards them. During the Relevant Period, given the size of the Company and its stage of development, the Board did not believe it was appropriate to have a diversity policy which includes these requirements.</p> <p>The Company recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. The Company assesses each individual's credentials on their merit, with objectivity and without bias so that the Company may attract, appoint and retain the best people to work within the group.</p> <p>As at 30 June 2020, the respective proportions of men and women in the Company and its subsidiaries were:</p> <ul style="list-style-type: none"> • Board – 4 Director positions with 3 male and 1 female – 2 Company Secretaries with 1 male and 1 female • Senior Executives (those with line responsibilities and employees reporting to them) – 7 positions with 4 male and 3 female • Across the organisation – positions 82 with 47 male and 35 female
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 Company has a Board Performance Evaluation Policy in the Corporate Governance section of its website. This policy discloses the Company's process for periodically evaluating the performance of the board, its committees and individual directors.</p> <p>An evaluation was undertaken during the Relevant Period in accordance with the process set out in the policy.</p>

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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 Company signs all employees to its Human Resources Policy Handbook which outlines the Company's performance evaluation approach.</p> <p>The Company operates a performance evaluation program for all employees to ensure that the goals of the Company, teams and individual employees are taken into account, worked towards and achieved. Performance evaluation is implemented formally through a top-down annual process of reviewing progress and setting objectives. Feedback is provided to each employee. Performance is aligned to the annual budget and business plan adopted by the board of the Company. Ongoing informal feedback is provided to each employee by their team leader or manager. Key Performance Indicators are set for senior executives that are aligned to the Company's annual business plan and performance is measured with regards to achievement of these indicators.</p> <p>A performance review of the senior executives was not undertaken in relation to the Relevant Period during the Relevant Period. Such a performance review was undertaken in accordance with the process identified above in June/July 2020.</p>
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>The Company has complied with recommendation 2.1 during the Relevant Period.</p> <p>The committee is currently comprised of Alex Hutchison (Chair), Stephen Reed and Julie Berry, who are non-executive and independent directors. Prior to his resignation on 9 December 2019, Peter Brook (independent director) was a member and chair of this committee.</p> <p>The remuneration and nomination committee has a charter disclosed on the Company's website under "Remuneration and Nomination Committee Charter" in the Corporate Governance section.</p> <p>The remuneration and nomination committee had five meetings during the Relevant Period. Stephen Reed attended all of these meetings, Peter Brook attended three of these meetings, Alex Hutchison attended four of these meetings and Julie Berry attended two of these meetings.</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>The Company has completed a Board Skills Matrix which sets out the mix of skills and diversity that the Board currently has, a summary of which is attached to this statement.</p>

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2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>As currently comprised, the Board has three non-executive independent directors (Alexander Hutchison, Stephen Reed and Julie Berry). The fourth board member is Don Sharp who has recently been an executive director and is a substantial shareholder of the Company and accordingly is not considered an independent director.</p> <p>Peter Brook was a director of the Company during part of the Relevant Period and was considered an independent director by the Board.</p> <p>Don Sharp was appointed as a director of the Company on 11 June 2013, Stephen Reed on 23 November 2017, Alexander Hutchison on 27 June 2019 and Julie Berry on 9 December 2019.</p>
2.4	A majority of the board of a listed entity should be independent directors.	The Company has complied with this recommendation during the Relevant Period (see recommendation 2.3 response above).
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 Company has complied with this recommendation during the Relevant Period.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>The Company's program for inducting new directors includes tours of the business and access to senior executives and other directors to help facilitate a thorough understanding of the business. Upon appointment, new directors are given access to detailed information about the Company including its corporate governance policies and past minutes of meetings. New directors are provided with briefings on corporate strategy and current issues affecting the Company and the industry in which it operates.</p> <p>The Company is committed to ensuring its directors are adequately skilled and informed in order to perform their duties effectively. Through the annual board performance review process, opportunities for the development of directors' skills and knowledge are identified for the year ahead.</p>
3.	Act ethically and responsibly	
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>The Company has a Code of Conduct in the Corporate Governance section of its website. The Code applies to all directors, employees, contractors and officers of the Company.</p> <p>The Company also has a Whistleblower Policy and Anti-Bribery and Corruption Policy in the Corporate Governance section of its website.</p>
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>(i) has at least three members, all of whom are non-executive</p>	<p>The Company has not fully complied with this recommendation during the Relevant Period but does comply with the recommendation as at the date of this Statement.</p> <p>The Board has an audit committee (being a sub-committee of the audit, risk and compliance</p>

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	<p>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, 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>committee). The committee is currently comprised of Julie Berry (Chair), Alex Hutchison, Don Sharp and Stephen Reed. It currently has four members and a majority of members who are independent. Don Sharp is on the audit committee due to his accounting expertise even though he was an executive director during part of the Relevant Period. The committee is currently chaired by an independent director who is not the chair of the Board.</p> <p>Prior to his resignation on 15 November 2019, Peter Brook was the chair and a member of the committee. He was a non-executive and independent director but was also the chair of the Board. The relevant qualifications and experience of the committee members are disclosed under Board of Directors in the Corporate Governance section on the Company's website.</p> <p>The audit, risk and compliance committee has a charter disclosed on the Company's website under "Audit, Risk and Compliance Committee Charter" in the Corporate Governance section.</p> <p>The audit committee met six times during the Relevant Period. Stephen Reed and Don Sharp attended all of these meetings, Alex Hutchison attended five of these meetings, Peter Brook attended four of these meetings and Julie Berry attended two of these meetings.</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 Company has complied with this recommendation during the Relevant Period.</p>
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>The Company complied with this recommendation for the 2019 annual general meeting. The Company's auditor attended the annual general meeting and was available to answer questions relevant to the audit.</p>
5.	Make timely and balanced disclosure	
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company has a Continuous Disclosure Policy in the Corporate Governance section of the Company's website.</p>

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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.	The Company provides information about itself and its governance to investors via its website at www.xplorewealth.com.au . Governance information is set out in the Corporate Governance section of the Company's website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company is a relatively small listed company and its investor relations program involves actively engaging with security holders at the annual general meeting, meeting with them upon request (if appropriate) and responding to any enquiries they may make from time to time. A teleconference call was held by the Company during the Relevant Period to present the FY20 Half Year Results.
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.	<p>The Company's meetings are intended to give shareholders an opportunity to consider and vote on the resolutions before the meeting and ask questions of the Board, management and auditor (if relevant) generally on the items of business before the meeting, the management of the Company or the conduct of the audit and the auditor's report (for an annual general meeting).</p> <p>The Company's policies to facilitate and encourage participation at meetings include to provide a reasonable opportunity for shareholders, as a whole at the meeting, to ask questions of the Board, answer shareholders' questions honestly and fairly and inform shareholders as to the proxy position with respect to the resolutions to be considered by the meeting and the manner in which the chairman of the meeting intends to vote available proxies.</p> <p>In order to facilitate and promote voting by shareholders at the Company's general meetings held during the Relevant Period, the Company used an online proxy voting system.</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company gives security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.
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> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (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>The Company has not fully complied with this recommendation during the Relevant Period.</p> <p>The Board has a risk committee (being a sub-committee of the audit, risk and compliance committee). The committee is currently comprised of Don Sharp (Chair), Alex Hutchison and Julie Berry.</p> <p>It currently has three members, with two being independent directors. The committee is chaired by Don Sharp who is not considered an independent director given he has recently been an executive and is a substantial shareholder of the Company.</p> <p>Prior to his resignation on 9 December 2019, Peter Brook (independent director) was a member of this committee.</p> <p>The audit, risk and compliance committee has a charter disclosed on the Company's website under "Audit, Risk and Compliance Committee Charter" in the Corporate Governance section. The Company also has a "Risk Management Policy" disclosed on its website in the Corporate Governance section.</p> <p>The risk committee met six times during the Relevant Period. Alex Hutchison and Don Sharp attended</p>

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	(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.	all of these meetings, Peter Brook attended four of these meetings and Julie Berry attended two of these meetings.
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.	The Board and/or risk committee reviews the Company's risk management framework at least annually to satisfy itself that it continues to be sound. Each of the risk committee and the Board performed a review of the Company's risk management framework during the Relevant Period to satisfy itself that the framework continues to be sound and appropriate to the operating and regulatory needs across the group. An executive risk management committee is conducted generally monthly and provides minutes and information from those meetings to the risk committee of the Board.
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 (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 does not have an internal audit function other than for its Registered Superannuation Entity, due to the relatively small size of the Company. The Company has established a robust set of documented policies for evaluating and improving the effectiveness of its risk management, operational and internal control processes, including the processes set out in its "Risk Management Policy". A GS007 Management Report is refined on an annual basis and used by the external auditors to assess compliance with documented controls including those relating to any ASIC Class Order requirements. As stated above, an executive risk management committee meets monthly and reports its findings to the risk committee of the Board.

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7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>The Board recognises that the Company has material exposure to economic risks which could substantively impact the Company's ability to create or preserve value for security holders over the short, medium or long term as the Company primarily operates in the financial services industry. It therefore has systems in place to identify, assess, monitor and manage these risks to the Company (See sections 7.1 to 7.3 above).</p> <p>It is not considered that the Company has material exposure to environmental and social sustainability risks. However, the Company is committed to managing its long term environmental and social sustainability in the areas of:</p> <p>Environment</p> <ul style="list-style-type: none"> • Efficiency (waste, recycling, water, energy); <p>Social</p> <ul style="list-style-type: none"> • Workplace Health and Safety; • Human capital management; • Conduct; • Stakeholder management.
8.	Remunerate fairly and responsibly	
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (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>(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</p>	<p>The Company has fully complied with recommendation 8.1 during the Relevant Period.</p> <p>The Board has a remuneration and nomination committee. The committee is currently comprised of Alex Hutchison (Chair), Stephen Reed and Julie Berry, who are non-executive and independent directors. Prior to his resignation on 9 December 2019, Peter Brook (independent director) was a member and chair of this committee.</p> <p>The remuneration and nomination committee has a charter disclosed on the Company's website under "Remuneration and Nomination Committee Charter" in the Corporate Governance section.</p> <p>The remuneration and nomination committee had five meetings during the Relevant Period. Stephen Reed attended all of these meetings, Peter Brook attended three of these meetings, Alex Hutchison attended four of these meetings and Julie Berry attended two of these meetings.</p>

Corporate Governance Council recommendation		Response to recommendation
	excessive.	
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.	The Company has separately disclosed its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives in its annual report for the financial year 1 July 2019 to 30 June 2020.
8.3	A listed entity which has an equity-based remuneration scheme should: (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 (b) disclose that policy or a summary of it.	The Company's policy on hedging or transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities by participants in an equity-based remuneration plan is set out in the Company's "Security Trading Policy" which is disclosed on the Company's website in the Corporate Governance section.
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	Not applicable
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	Not applicable

XPLORE WEALTH LIMITED (ASX:XPL) BOARD SKILLS MATRIX

XPL Board Average

Professional Director Skills		<i>Ratings - High = 3, Med = 2, Low = 1, NA = 0</i>
Risk & Compliance	Identify key risks to the organisation related to each key area of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements.	2.75
Financial & Audit	Experience in accounting and finance to analyze statements, assess financial viability, contribute to financial planning, oversee budgets, oversee funding arrangements.	3
Strategy	Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business objectives.	3
Policy Development	Ability to identify key issues for the organisation and develop appropriate policy parameters within which the organisation should operate.	3
Technology	Knowledge of IT Governance including privacy, data management and security.	2.25
Executive Management	Experience in evaluating performance of senior management, and oversee strategic human capital planning. Experience in industrial relations and organisational change management programmes.	2.75
Industry Specific Skills		
Laws and Regulations	Keep abreast of changes in laws and regulations and be able to analyse the impact on the organisations products, customers and employees. In particular with reference to Managed Discretionary Account legislation and Class Order reviews and FoFA.	2.5
Competitors	Knowledge of organisational competitor's products, structures and differentiating features in order to assess threats and opportunities which may arise.	3
Fraud and Trading Losses	Understand securities trading and settlement processes to ensure correct policies and procedures are implemented in the organisation to minimise the risk of fraud and make good claims.	2.75
Interpersonal Skills		
Leadership	Make decisions and take necessary actions in the best interest of the organisation, and represent the organisation favorably. Analyse issues and contribute at board level to solutions.	2.75
Ethics and Integrity	Understand role as director and continue to self educate on legal responsibility, ability to maintain board confidentiality, declare any conflicts.	3
Contribution	Ability to constructively contribute to board discussions and communicate effectively with management and other directors.	2.75
Negotiation	Possess excellent negotiation skills, with the ability to drive stakeholder support for board decisions.	2.75
Crisis Management	Ability to constructively manage crises, provide leadership around solutions and contribute to communications strategy with stakeholders.	3
Diversity & Other Aspects to Assess		
Gender Diversity	Equal gender representation should be a priority as diversity leads to better board outcomes.	2.3
Age Diversity	Age diversity should be considered to bring different perspectives to board discussions.	2.67
Previous Board Experience	The board's directors should have extensive director experience and have completed formal training in governance and risk.	3