

2018 CORPORATE GOVERNANCE STATEMENT – Compliance with ASX Principles

| Corporate Governance Recommendation | | Is the Recommendation followed |
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| Principle 1 <i>Lay solid foundations for management and oversight</i> | | |
| 1.1 | Disclose roles and responsibilities of board and management | Yes |
| 1.2 | Undertake appropriate checks before appointing or electing a person as director | Yes |
| 1.3 | Written agreement with each director and senior executive | Yes |
| 1.4 | Company Secretary accountable directly to Board | Yes |
| 1.5 | Diversity Policy disclosures reported | No |
| 1.6 | Board performance evaluation undertaken | Partly |
| 1.7 | Senior executive performance evaluation undertaken | Yes |
| Principle 2 <i>Structure the Board to add value</i> | | |
| 2.1 | Nomination committee requirements met | Partly |
| 2.2 | Board skills matrix disclosed | Yes |
| 2.3 | Director Independence and tenure disclosed | Yes |
| 2.4 | Majority of the board are independent directors | Yes |
| 2.5 | Chair of the board is an independent director and not the same person as the MD | Yes |
| 2.6 | Director induction and ongoing training program | Yes |
| Principle 3 <i>Act ethically and responsibly</i> | | |
| 3.1 | Code of conduct available on website | Yes |
| Principle 4 <i>Safeguard integrity in corporate reporting</i> | | |
| 4.1 | Audit committee requirements met | Yes |
| 4.2 | MD and CFO financial statement declarations received | Yes |
| 4.3 | External auditors attend AGM and available to answer questions from securityholders | Yes |
| Principle 5 <i>Make timely and balanced disclosure</i> | | |
| 5.1 | Continuous Disclosure Policy available on website | Yes |
| Principle 6 <i>Respect the rights of securityholders</i> | | |
| 6.1 | Corporate and governance information available on website | Yes |
| 6.2 | Investor relations program | Partly |
| 6.3 | Processes to facilitate and encourage participation at securityholder meetings | Yes |
| 6.4 | Electronic securityholder communications functionality | Yes |
| Principle 7 <i>Recognise and manage risk</i> | | |
| 7.1 | Risk committee requirements met | Yes |
| 7.2 | Annual review of risk management framework | Partly |
| 7.3 | No internal audit function but internal control processes in place | Yes |
| 7.4 | Disclosure of material exposure to and management of economic, environmental and social sustainability risk | Yes |
| Principle 8 <i>Remunerate fairly and responsibly</i> | | |
| 8.1 | Remuneration committee requirements | Yes |
| 8.2 | Remuneration practices disclosed | Yes |
| 8.3 | Remuneration Policy disclosures regarding equity based remuneration | Yes |

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| | <p>Principle 1: Lay solid foundations for management and oversight</p> | |
| | <p>Establish and disclose the respective roles and responsibilities of the board and management and how their performance is monitored and evaluated</p> | |
| <p>Role of board and management</p> | <p>1.1 The Company should disclose</p> <ul style="list-style-type: none"> (a) the respective roles and responsibilities of the board and management; and (b) those matters expressly reserved to the board and those delegated to management <p>The Board of FE Investments Group Limited (FEI) monitors progress and performance on behalf of its shareholders, by whom it is elected and to whom it is accountable.</p> <p>The Board has adopted a Board Charter which outlines the specific responsibilities of the board and those delegated to management. This allocation of responsibilities ensures that the Board discharges tier duties in an effective and capable manner having regard to principles of good corporate governance and applicable laws.</p> <p>The principal responsibility set by the FEI Board is to be a custodian for and of the interests of its shareholders in addition to identifying areas of risk and opportunity, and responding appropriately.</p> | <input checked="" type="checkbox"/> |
| <p>Appointment of new directors</p> | <p>1.2 The Company should</p> <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director; and (b) provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director <p>The Board, oversees the appointment, selection and induction process for directors. When a vacancy exists or there is need for particular skills, the Board determines the selection criteria based on the skills deemed necessary.</p> <p>The Board identifies potential candidates and considers character, education, experience, skillset, associations and availability to commit to the Board's activities. The Board then appoints the most suitable candidate.</p> <p>Newly appointed directors must stand for election at the next general meeting of shareholders.</p> <p>FEI has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a director, is disclosed in the notice of meeting provided to shareholders. During the period, FEI appointed Messrs Shim, Stewart, Green and Cook Huang onto the Board to fulfil various director roles.</p> | <input checked="" type="checkbox"/> |
| <p>Written agreements of appointment</p> | <p>1.3 The Company should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> <p>New directors, appointed to the Board, will be provided with a letter of appointment including their remuneration details, time commitment envisaged, reporting lines, disclosure obligations in relation to personal interests, insurance and indemnity entitlements in addition to an overview of the duties that are expected to be fulfilled.</p> <p>Each senior executive has entered into a service contract which sets out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements.</p> <p>Copies of the Company and Board policies, the Constitution and access to prior Board minutes and papers are also available.</p> <p>New directors will also be advised of their confidentiality and disclosure obligations, share trading policy guidelines, indemnity and insurance arrangements.</p> <p>Details of senior executives which are Key Management Personnel are summarized in the Remuneration Report of the Company's 2018 Annual Report.</p> | <input checked="" type="checkbox"/> |

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| <p>Company Secretary</p> | <p>1.4 The Company Secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p> <p>The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, managing the flow of information between the Board, its committees and senior executives.</p> <p>Further details on the role of the Company Secretary are set out in the Company's Board Charter. In brief, the FEI Company Secretary is responsible for:</p> <ul style="list-style-type: none"> • Advising on corporate governance matters; • Advising on ASX matters; • Managing the company secretary function; • Communicating with the ASX and ASIC <p>Each Director of the Company is able to communicate directly with the Company Secretary and vice versa.</p> <p>The qualifications and experience of the Company Secretary is set out in the Directors' Report of the Company's 2018 Annual Report.</p> | <p><input checked="" type="checkbox"/></p> |
| <p>Diversity</p> | <p>1.5 The Company 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 Company'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 Company's diversity policy and its progress towards achieving them, and either</p> <ul style="list-style-type: none"> • The respective proportions of men and women on the board, in senior executive positions and across the whole organization; or • The most recent "Gender Equity Indicators" as defined in the Workplace Gender Equality Act <p>The Company has established a policy on diversity in the boardroom and for senior management which provides a framework for new and existing diversity related initiatives and polices to be implemented and maintained. The Policy is available on the Company's webpage.</p> <p>FEI is committed to creating a diverse working environment and promoting a culture which embraces diversity.</p> <p>The Board is responsible for developing, where possible, measurable objectives and strategies to support the framework and objectives of the Diversity Policy.</p> <p>Given the stage of development of the business within Australia, the Board has not determined measurable objectives on gender diversity across the workplace and at the Board level.</p> <p>At all times the Board continues to oversee the development of new programs to achieve a broader pool of skilled and experienced senior management and Board candidates, and if deemed appropriate, identify future and targeted measurable objectives and strategies on gender diversity.</p> <p>Pursuant to Recommendation 1.5 of the Recommendations, the Company discloses the following information as at the date of this report:</p> <ul style="list-style-type: none"> • Percentage of women and men employed within the Group – women: 78%; men: 22%; • Percentage of senior executive women and men employed – women: Nil%; men: 100%; • Percentage of women and men employed at the Board level – women: Nil%; men: 100% <p>The Company has defined an employee who is a senior executive as a person who is a "senior manager" as defined in Section 9 (Definitions) of the Corporations Act 2001, namely a person who</p> | <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input type="checkbox"/></p> |

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| | <p>is at the highest management level of the Company who “makes, or participates in making decisions that affect the whole, or a substantial part, of the business of the corporation; or has the capacity to affect significantly the corporation’s financial standing”. The performance appraisal of a senior executive is performed by the Managing Director and the Remuneration Committee.</p> <p>There have been no changes to the personnel holding director positions – all six (6) board positions are male.</p> | |
| Board Reviews | <p>1.6 The Company 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’s Corporate Governance Policies include a Performance Evaluation Process Policy which discloses the annual process for evaluating performance.</p> <p>A performance appraisal system of Board and individual Director performance has been put into place during the 2017-2018 financial year and will be conducted annually.</p> <p>At the heart of the performance appraisal system is internal reviews which are facilitated by the Chairman, in time these will be completed in consultation with the Nomination Committee.</p> <p>Performance reviews for the 2017/2018 year was conducted on an informal basis. Whilst</p> <p>Membership of the Board and Committees by non-executive directors is for a three (3) year period, with an annual renewal review thereafter with performance being one criteria in order to retain office.</p> | ? |
| Management reviews | <p>1.7 The Company 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 on accordance with that process</p> <p>The Chairman of FEI reviewed the performance of and recommended appropriate remuneration for Executive Directors ad senior management.</p> <p>Performance evaluations of the staff members is undertaken by the Managing Director on an annual basis.</p> <p>The key management and administrative roles are fulfilled by qualified professional consultants and therefore assessment of their performance is conducted without a formal evaluation process. Whilst this is at variance with ASX Recommendation 1.7, the directors consider that at the date of this report an appropriate and adequate process for the evaluation of the consultants is in place. A more structured process of assessment will be considered in the future as the Company develops.</p> | <input checked="" type="checkbox"/> |
| | <p>Principle 2: Structure the board to add value</p> | |
| | <p>The board should be of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</p> | |
| Nominations committee | <p>2.1 The Company should</p> <p>(a) Have a nomination committee</p> <ul style="list-style-type: none"> • With a least three (3) members, a majority of who are independent directors; • Chaired by an independent director <p>And discloses:</p> <ul style="list-style-type: none"> • The charter of the committee; • The members of the committee; and | ? |

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| | <ul style="list-style-type: none"> The number of times the committee met throughout the period and the individual attendance of the members at those meetings <p>(b) If the Company has no nomination committee, there must be disclosure of 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 independent and diversity to enable it to discharge its duties and responsibilities effectively.</p> <p>A nomination committee has been established.</p> <p>The committee operates under a specific charter approved by the Board. The remuneration committee will conduct its own internal review of performance, structure, objectives and purpose from time to time.</p> <p>The nomination committee has access to internal and external resources, including access to advice from independent external consultants or specialists.</p> <p>During the financial year, the nomination committee consisted of three (3) independent non-executive directors, Messrs McDonald, Seton and Maxwell and is chaired by Mr Maxwell.</p> <p>Details of the number of times the nomination committee met during the year, including the membership of the Director and their attendance at committee meetings, appear in the Directors' Report of the 2018 Annual Report</p> <p>In terms of the role of the nomination committee for the Company – the committee is responsible for devising the criteria for and reviewing membership of the Board – including the re-election of incumbent Directors and nominations for new appointments – to maintain an appropriate balance of skills, experience, diversity and expertise on the Board.</p> <p>When a Board vacancy exists or where it is considered that the Board would benefit from the services of a new Director with particular skills, experience or background, the nomination committee has responsibility for proposing candidates for consideration by the Board.</p> | | | | | |
| Board Skills Matrix | <p>2.2 The Company should have and disclose a board skills matrix of skills and diversity that the board currently has or is looking to achieve in its membership.</p> <p>During the 2017-2018 financial year, the Board comprised six (6) directors, including four (4) non-executive directors, there was no female representation on the Board during the financial year. Details of the directors, including their qualifications and date of appointment are set out in the Board Charter. Detailed biographies are set out in the Directors' Report of the Company's 2018 Annual Report.</p> <p>The Board considers that collectively the directors have the skills, knowledge and experience necessary and desirable to direct the Company. The non-executive directors contribute operational experience, an understanding of the industry in which FEI operates, knowledge of financial markets and an understanding of the matters that are important to the Company. The Managing and Executive Directors brings an additional perspective to the Board through a thorough understanding of FEI's business.</p> <p>The current directors are from diverse backgrounds possessing an appropriate mix of skills, experience and expertise to enable the Board to discharge its responsibilities and deliver the company's strategic priorities.</p> <p>The Board recognises that opportunities exist to consider diversity upon future retirements of non-executive directors.</p> <p>The Board skills matrix sets out below the combined skills, experience and expertise presently represented on the Board.</p> <p>Skills, experience and expertise</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">- Public Company experience</td> <td style="width: 50%;">– Capital markets</td> </tr> <tr> <td style="border-top: 1px solid black;">- E-commerce and digital</td> <td style="border-top: 1px solid black;">– Accounting and audit</td> </tr> </table> | - Public Company experience | – Capital markets | - E-commerce and digital | – Accounting and audit | <input checked="" type="checkbox"/> |
| - Public Company experience | – Capital markets | | | | | |
| - E-commerce and digital | – Accounting and audit | | | | | |

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| | <ul style="list-style-type: none"> - Strategy and risk management – Governance <hr/> - Human resources and remuneration – Financial acumen <hr/> - Marketing/Customers/Retail – Regulatory and government <hr/> - Human resource and remuneration – Leadership and Strategy <hr/> - Sustainability – Commercial - Capital raising – Compliance <hr/> - Industry experience – Other Board experience <hr/> <p>As a team, the Board brings together economics, law, commerce and business qualifications and experience but to the extent that any skills are not directly represented on the Board, they are augmented through external advisors.</p> | |
| <p>Independence and Length of service</p> | <p>2.3 The Company should disclose:</p> <p>(a) The names of the directors considered by the board to be independent;</p> <p>(b) If a director has an interest, position, association or relationship that might cause doubts about the independence of a director 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 explanation of why the board is of that opinion; and</p> <p>(c) The length of service of each director</p> <p>The Board gives formal recognition to a detailed definition of independence.</p> <p>As at the date of this Statement, the Company has four (4) non-executive directors (Messrs Seton, McDonald, Maxwell and Huang), who are considered independent of management, individually hold less than 5% of the issued ordinary shares of the Company and individually do not hold a position, association or relationship that would compromise their independence directly or indirectly.</p> <p>The Company has no relationships with any of the independent directors which FEI believes would compromise the independence of these directors.</p> <p>A review of the independence criteria detailed in Recommendation 2.3 of the Recommendations in relation to each non-executive director is made on a regular basis.</p> <p>The length of service of each director are set out in the Directors' Report section of the 2018 Annual Report.</p> | <input checked="" type="checkbox"/> |
| <p>Independent directors</p> | <p>2.4 A majority of the board should be independent directors</p> <p>The independent and objective judgment of FEI's directors is of paramount importance to the effective operation of the Board and accordingly, the majority of the Board of FEI are independent non-executive directors.</p> <p>The Board is comprised of four (4) non-executive directors, one (1) Managing Director and one (1) Executive Director. Each of the 4 non-executive directors are deemed independent in terms defined by the Company.</p> <p>The Managing and Executive Directors are deemed not to be independent within the strict meaning as they are both employed in an executive capacity and are substantial shareholders.</p> | <input checked="" type="checkbox"/> |

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| | <p>The Board considers there is sufficient intellectual input which enables the non-executive directors to effectively discharge their obligations and responsibilities and there is an appropriate diversity of membership to avoid entrenching unconscious bias.</p> <p>A determination with respect to independence is made by the Board on an annual basis. In addition, the directors are required on an ongoing basis to disclose relevant personal interests and conflicts of interest which may in turn trigger a review of a director's independent status.</p> | |
| Independent chairperson | <p>2.5 The chair of the board should be an independent director and, in particular should not be the same person as the CEO.</p> <p>The current Chairman (Mr James Maxwell) was elected because he an independent non-executive director and has the skill sets to effectively lead Meetings, facilitate the effective contribution of all directors and promote respectful relations between the board and management.</p> <p>To accord with good corporate governance practices, in step with our objective of diversification of Board representatives and effective segregation of duties, the roles of Chairman and Managing Director have been segregated.</p> | <input checked="" type="checkbox"/> |
| Induction and professional development | <p>2.6 The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p> <p>An induction process including written appointment letters, access to key documents and the Company Secretary exists to promote early, active and relevant involvement of new directors.</p> <p>All Company directors are encouraged to further their knowledge through ongoing professional development.</p> | <input checked="" type="checkbox"/> |
| | <p>Principle 3: <i>Act ethically and responsibly</i></p> | |
| | <p>The Company should act ethically an responsibly</p> | |
| Code of Conduct | <p>3.1 The Company should: Have a code of conduct for its directors , senior executives and employees; and That disclose that code or a summary of it.</p> <p>A Directors and Executive Officers' Code of Conduct Policy, is in place and provides a framework for decisions and actions in relation to ethical conduct in employment.</p> <p>FEI requires all its directors and employees to abide by the standards of behavior and business ethics in accordance with the law.</p> | <input checked="" type="checkbox"/> |
| | <p>Principle 4: <i>Safeguard integrity in corporate reporting</i></p> | |
| | <p>The Company should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting</p> | |
| Audit Committee | <p>4.1 The Company should: Have an audit committee With a least three (3) members, all of whom are non-executive directors and the majority of who are independent directors; Chaired by an independent director who is not the chair of the board</p> <p>And discloses: The charter of the committee; The relevant qualifications and experience of the members of the committee; and The number of times the committee met throughout the period and the individual attendance of the members at those meetings</p> <p>If the Company has no audit committee, there must be disclosure of that fact and the processes it employs to 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> | <input checked="" type="checkbox"/> |

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| | <p>The Board has established an audit committee.</p> <p>The committee operates under a specific charter approved by the Board. The audit and risk management committee will conduct its own internal review of performance, structure, objectives and purpose from time to time.</p> <p>The audit and risk management committee has access to internal and external resources, including access to advice from independent external consultants or specialists.</p> <p>During the financial year the audit and risk management committee consisted of two three (3) independent director, Messrs McDonald, Seton and Maxwell and is chaired by Mr McDonald.</p> <p>Mr McDonald, chair of the audit and risk management committee is an independent non-executive director and is a qualified Certified Practising Accountant.</p> <p>Details of the number of times the audit committee met during the year, including the membership of the Director and their attendance at committee meetings, appear in the Directors' Report of the 2018 Annual Report</p> <p>In terms of the role that the audit and risk management committee fulfils for the Company it assists the Board to meet its oversight responsibilities by reviewing, reporting and making recommendations in relation to financial reporting, enterprise risk management, internal control systems, the internal and external audit functions, insurance and reserves and resources reporting.</p> | |
| Certification of Financial Statements | <p>4.2 Before the board approves the financial statements for a financial period, it should receive from its Managing Director and CFO a declaration that, in their opinion the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and gives a true and fair view of the financial position and performance of the Company which has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> <p>A signed declaration from the Managing Director and Chief Financial Officer covering the matters set out in section 295A of the Corporations Act 2001 is distributed to the Audit Committee in relation to both the Annual and Interim Financial Reports.</p> <p>The Board are provided with the assurance that the signed declaration is founded on a sound framework of risk management and internal control and that the framework is operating effectively in all material respects in relation financial reporting risks.</p> | <input checked="" type="checkbox"/> |
| External auditor at AGM | <p>4.3 The external auditors are to attend the Company's AGM and are available to answer questions from shareholders relevant to the audit.</p> <p>The Company's Annual General Meeting is conducted in accordance with the Corporations Act and the Constitution of the Company.</p> <p>The Company ensures that a representative from the external auditor firm attends the Annual General Meeting to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.</p> <p>Pursuant to section 249K of the Corporations Act 2001, the external auditor is provided with a copy of the notice meeting and relevant communications forwarded to the shareholders.</p> | <input checked="" type="checkbox"/> |
| | <p>Principle 5: <i>Make timely and balanced disclosure</i></p> | |
| | <p>The Company 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> | |
| Continuous disclosure obligations | <p>5.1 The Company 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> | <input checked="" type="checkbox"/> |

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| | <p>Compliance procedures, to ensure timely and balanced disclosure of information in line with the Recommendations, have been noted and adopted by the Company.</p> <p>The Policy is available on the Company's website.</p> <p>The Company Secretary is charged with ensuring that any disclosure steps which need to be taken by the Company are brought before the Board for discussion and, subject to amendment, approval. The Company Secretary is responsible for standard form disclosures to the market and is also responsible for communicating with the ASX.</p> | |
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| | <p>Principle 6: Respect the rights of shareholders</p> | |
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| | <p>The Company should respect the rights of its shareholders by providing them with appropriate information and facilities to allow them to exercise those rights effectively</p> | |
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| <p>Information on website</p> | <p>6.1 The Company should provide information about itself and its governance to investors via its website.</p> <p>The Company maintains a website and shareholders can find all recent information on the Company under various headings on the Company's website, including latest ASX releases, details of its projects and its Corporate Profile.</p> <p>Shareholders may also request a copy of the Company's ASX recent releases.</p> | <input checked="" type="checkbox"/> |
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| <p>Investor relations programs</p> | <p>6.2 The Company should design and implement an investor relations program to facilitate effective two-way communication with investors.</p> <p>The Board does not believe a documented or formal investor relations program is required but the Company has established a Shareholder Communications Policy which aims to actively engage with shareholders by keeping them fully informed by communicating through</p> <ul style="list-style-type: none"> • Continuous disclosure reporting to the ASX; • Quarterly, half yearly and annual reports; and • Media releases, copies of which are lodged with the ASX and place on the Company's website | <input type="checkbox"/> |
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| <p>Facilitate participation meetings at of shareholders</p> | <p>6.3 The Company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders.</p> <p>The Shareholder Communications Policy aims to ensure shareholder participation at all Annual and General Meetings which ensures a high level of accountability and identification with the Company's strategy and goals.</p> <p>Important issues are presented to the shareholders as single resolutions.</p> | <input checked="" type="checkbox"/> |
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| <p>Electronic communications</p> | <p>6.4 The Company should give shareholders the option to receive communications from and send communications to the Company and its share registry electronically.</p> <p>Shareholders are given the option to receive information such as the Annual Report and Notice of Meeting in print or electronic form.</p> | <input checked="" type="checkbox"/> |
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| | <p>Principle 7: Recognise and manage risk</p> | |
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| | <p>The Company should establish a sound risk management framework and periodically review the effectiveness of that framework</p> | |
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| <p>Risk committee</p> | <p>7.1 The Company should:</p> <p>(a) Have a committee or committees to oversee risk, each of which</p> <ul style="list-style-type: none"> • Has at least three (3) members, a majority of who are independent directors; and • Chaired by an independent director <p>And discloses:</p> <ul style="list-style-type: none"> • The charter of the committee; • The members of the committee; and | <input checked="" type="checkbox"/> |
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| | <ul style="list-style-type: none"> • The number of times the committee met throughout the period and the individual attendance of the members at those meetings <p>(b) If the Company has no risk committee or committees, that satisfy (a) above, disclose that fact and the processes it employs to oversee the Company's risk management framework.</p> <p>The Board with the assistance of the Audit and Risk Management Committee acts, effectively, as a committee to oversee risk and there is no need to further subdivide it. The Audit and Risk Management Committee comprises three (3) members, who are all independent and is chaired by an independent director.</p> <p>The main areas of business risk to the Company arise from</p> <ul style="list-style-type: none"> • Rental book growth; • Cashflow management; • Assessing the adequacy of the Company's insurance program; and • Review the Company's internal controls in relation to financial risk <p>The Board has approved and adopted a Risk Management Policy which provides guidance and direction on the management of risk which is likely to impact the Company's main business enterprise.</p> <p>Areas of risk are highlighted in the Business Plan presented to the Board by the Managing Director on a regular basis together with monthly reporting by the Managing Director to the Board in respect of operations and the financial position of the Company and ensuring all legal, reporting and compliance matters and obligations are met.</p> <p>The Company believes that all employees have a role in managing risk and in particular, they are encouraged to identify, report and assess operating risks in the business. The Risk Management Policy and Framework are accessible to all staff on the Group's webpage.</p> | |
| Annual risk review | <p>7.2 The Board or a Committee of the Board should:</p> <p>Review the Company's risk management framework at least annually to satisfy itself that, it continues to be sound; and</p> <p>Discloses, in relation to each reporting period, whether such a review has been taken.</p> <p>The Company recognises that the standard process for risk management, includes:</p> <p>Risk identification; Risk rating; Risk controls; Risk monitoring and reporting</p> <p>Building and developing a risk management framework to encapsulate the above processes is organic and ongoing.</p> <p>The Board meets on a monthly basis whereby the strategic, financial, business, compliance legal and operational risks including ability to raise capital to fund business acquisitions should the opportunity present, share price and currency fluctuations, adequate levels of insurance, contract documentation, compliance with financial reporting and statutory obligations, retention of key executives and staff and increasing costs of operations are reviewed and discussed by the Board.</p> <p>The Board recognises that there are inherent risks associated with the Company's operations and the Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed.</p> <p>The Board is ably assisted by the Audit and Risk Management Committee regarding profiling the Company's risk matters and both monitors risk informally throughout the year.</p> | 2 |

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| Internal audit | <p>7.3 The Company should disclose:</p> <p>If it has an internal audit function, how the function is structured and what role it performs; or</p> <p>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>The Company's affairs are not of a size and complexity as to warrant the establishment of an internal audit function.</p> <p>An internal audit function may be established after the setup of the Audit Committee and in consultation with the external auditors as to when the Company is at the stage where such a function is warranted.</p> | X |
| Sustainability risks | <p>7.4 The Company 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>The Company recognises that it has exposure to economic risks. The Company manages its economic and social sustainability risks by maintaining good relationships with its suppliers, agency networks and investors.</p> <p>The Company also has a code of business conduct and ethics for its directors, officers, employees, consultants, contractors and associates. The code of business conduct addresses, among other things, dealing with public officials, equal opportunity and community relations.</p> <p>The financial risks to which the Company is exposed to and the Company's approach to managing them are identified in the Going Concern Note of the Notes to the Financial Statements contained in the Company's 2016 Annual Report.</p> <p>Before approving the Company's financial statements for the financial period, the Board receives and considers the declaration from the Managing Director and the Consultant Accountant in accordance with ASX Principles.</p> <p>Areas of risk are highlighted in the monthly Managing Director Report and Business Plan presented to the Board by the Managing Director on a regular basis in respect of operations and the financial position of the Company and ensuring all legal, reporting and compliance matters and obligations are met.</p> <p>To the extent possible in a Company with a very small staff, internal controls are in place to mitigate against any material administrative risks.</p> <p>Considerable importance is placed on maintaining a strong control environment. There is an organisational structure with clear lines of accountability and delegation of authority.</p> <p>Adherence to the Director and Employee Codes of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.</p> | ☑ |
| | <p>Principle 8 <i>Remunerate fairly and responsibly</i></p> | |
| | <p>The Company 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 Shareholders.</p> | |
| Remuneration committee | <p>8.1 The Board should</p> <p>(a) Have a remuneration committee which</p> <ul style="list-style-type: none"> • Has at least three (3) members, a majority of who are independent directors; • Chaired by an independent director <p>And discloses:</p> <ul style="list-style-type: none"> • The charter of the committee; • The members of the committee; and • The number of times the committee met throughout the period and the individual attendance of the members at those meetings | X |

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| | <p>(b) If the Company has no 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 does not have a separate remuneration committee; the full Board carries out the functions of a remuneration committee presently.</p> <p>Remuneration matters for the Company predominantly relate to the remuneration paid to the Managing and Executive Directors, which are addressed by a set formula in their Agreements.</p> <p>FEI's Constitution stipulates that the aggregate remuneration available for division amongst the non-executive directors is determined by the shareholders in general meeting. The amount approved or some part of it, is divided among the non-executive directors as determined by the Board.</p> <p>The Company maintains a Directors and Officers Policy. An indemnity agreement has been entered into between the Company and each of the directors of the Company and with the Managing Director. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by law.</p> <p>There is a \$5 million monetary limit to the extent of this indemnity</p> <p>A performance evaluation process of the Board is in place.</p> | |
| <p>Disclosure of remuneration policy</p> | <p>8.2 The Company 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>The Board distinguishes the remuneration of non-executive directors from that of executive directors and senior executives.</p> <p>The Company's Constitution provides that the remuneration of non-executive directors is fixed and they do not participate in any incentive plans. And do not receive any retirement benefits. For information about non-executive director remuneration practice, reference can be made to the audited remuneration report set out in the Directors' Report.</p> <p>The Board is responsible for determining the remuneration of any director or senior executive without the participation of the concerned director or executive</p> <p>Furthermore, the information provided in the Remuneration Report is audited as required by Section 308(3C) of the Corporations Act 2001.</p> | <p><input checked="" type="checkbox"/></p> |
| <p>Policy on hedging equity incentive schemes</p> | <p>8.3 The Company if it has an equity based remuneration scheme should</p> <ul style="list-style-type: none"> - 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 - Disclose that policy or a summary of it <p>The Company does not have an equity based remuneration scheme.</p> <p>The Company's policy on Dealing in Securities prohibits participants from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p> <p>A copy of the Dealing Policy is on the Company's webpage.</p> | <p><input checked="" type="checkbox"/></p> |

This Corporate Governance Statement is current as at 1st May 2018 and has been approved by the Board of FE Investments Group Limited