

Reverse Corp Limited (The Company) is committed to good corporate governance and to putting in place arrangements that it believes are in the best interests of the Group, its shareholders and other stakeholders.

This Corporate Governance Statement reports the position of the Company as at 30 June 2017 and has been reviewed during the financial year against the Corporate Governance Principles and Recommendations (3rd Edition) published by the ASX Corporate Governance Council (the Principles and Recommendations). The Corporate Governance Statement was approved by the Board on 7 September 2018.

The Company has uploaded its corporate governance statement and associated policies on its website at www.reversecorp.com.au/policies/corporate-governance. The policies mentioned in this Corporate Governance Statement and that are available on the website are noted below with an asterisk (*).

After careful consideration, the Board has determined that in some circumstances comprehensive adoption of the Principles and Recommendations may not be in the best interests of the Company and its shareholders. A principal reason is due to the relatively small size of the management team and its Board (less than 10 people), their close knowledge and input into various aspects of the business, and the costs and benefits of fully implementing some of the Principles and Recommendations. A description of the group's main corporate governance practices and any departures are set out below.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Board Roles and Responsibilities

The Reverse Corp Board Charter* sets out the functions and responsibilities of the Board. These functions and responsibilities include but are not limited to:

- (a) Charting the direction of the Company including its strategic direction;
- (b) Identifying risk and reviewing risk management processes;
- (c) Approving and monitoring reporting;
- (d) Ratifying the appointment and removal of senior executives;
- (e) Ensuring ethical behaviour;
- (f) Approving the performance management criteria for senior management;
- (g) Evaluating compliance with corporate governance standards;
- (h) Approving the annual report and disclosure requirements;
- (i) Establishing various sub committees; and
- (j) Considering and determining directors' independence and the Board's independence as a whole.

1.2 Matters Reserved for the Board

The following matters are expressly reserved for the Board and not delegated to management:

- (a) Approval of all budgets;
- (b) Approval of all debt facilities, leases or guarantees above agreed dollar values;
- (c) Executive team appointments including the CEO, CFO and CTO;
- (d) Appointment or removal of auditors;
- (e) Issue of prospectuses or information memorandums and capital raising;
- (f) Any notices to shareholders;
- (g) Final approval of interim and Annual Report and accounts;
- (h) Payment of dividends;
- (i) Any actual or proposed acquisition or divestment activity by the Company; and
- (j) Entering any financial commitments that exceed an agreed dollar value.

1.3 Management Roles and Responsibilities

Senior executives are responsible for the day to day operation and management of the group as well as strategic forward planning in consultation with the Board.

1.4 Election and Re-election of Directors

Before appointing a new director or putting forward a new director to shareholders as a candidate the Company will undertake a number of checks to ensure suitability. These checks may include:

- (a) A person's character;
- (b) Experience;
- (c) Education;
- (d) Criminal history; and
- (e) Bankruptcy history.

The following information is provided to shareholders that is deemed relevant to a decision on whether or not to elect or re-elect a director in the Notice of Meeting for any shareholder meeting includes:

- (a) Biographical details including qualifications and skills;
- (b) Details of any other directorships held;
- (c) Any materially adverse findings from background checks;
- (d) Details of any interest, position or association that might influence in a material respect, their capacity to make an independent judgement on issues before the Board or to act in the interests of the Company and its shareholders;
- (e) Information on the independence of the director using Corporate Governance Principles;
- (f) If to be re-elected the current term of office; and
- (g) A statement from the Board as to whether it supports the election or re-election of the director.

1.5 Director and Senior Management Agreements

All current directors and senior executives have written agreements which outline their remuneration and roles. The remuneration of directors and senior executives is included in Remuneration Report which forms part of the Directors' Report section of the Annual Report.

1.6 Company Secretary

The Company Secretary is fully accountable to the Board on all matters to do with the proper functioning of the Board, under the direction of the Chairman.

1.7 Diversity Policy

Due to the specialised nature of the industry in which the business operates, coupled with the fact that the Company only requires a limited number of employees in highly specialised employment roles, the Company has not adopted a Diversity Policy. However, the Board and senior executives are committed to ensuring that the Company's culture promotes and embraces diversity and that the organisations long standing commitment to being an equal opportunity employer is continued.

As part of this commitment the Company has had an Equal Opportunity Policy since inception which ensures that the recruitment, employee advancement and workplace environment within the Company are compliant with all equal opportunity requirements. The recruitment and employee advancement processes for the Board, senior executives and all employees are designed to ensure the appointment and promotion of well qualified candidates from a diverse pool.

Due to the limited number of employees and senior executives employed by the Company and the centralised decision-making nature of the organisation, the Company does not have measurable objectives for achieving gender diversity. Both the Board and senior executives are aware of the diversity of the organisation.

The Company uses full time equivalents to report upon the proportions of women employees, and their positions within the organisation however for disclosing diversity of the Board the Company uses a head count approach.

Diversity is reported by the categories Board, senior executives, managers and all other employees. A complete Company category is also reported.

Category	Head Count	Full time Equivalents (FTE's)	Male %	Female %
Board	3	N/A	100%	0%
Senior Executives	2	2.00	100%	0%
Managers	4	4.00	50%	50%
Other Employees	14	6.17	26%	74%
Total Organisation				
Male	10	5.62	54%	47%
Female	13	6.55		

1.8 Board Performance Review

The Board undertook self-assessment in accordance with the Board Charter during the financial year. The Chairman undertook to conduct one-on-ones personal performance discussions with each of the individual directors. In addition, pursuant to the terms of the Board Charter, the Board conducted an annual review of itself during the financial year.

The Board was provided with all Company information it needed in order to effectively discharge its responsibilities and were entitled to, and did, request additional information when considered necessary.

Further information is disclosed in the Remuneration Report which forms part of the Directors' Report section of the Annual Report.

1.9 Senior Executive Performance

The Board is responsible for all aspects of remuneration and nomination, including the review of senior executive and Board members at least annually.

All senior executives were reviewed during the financial year in accordance with the general process of review. The annual Remuneration Report which forms part of the Directors' Report of the Annual Report discloses the process for evaluating the performance of senior executives.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

2.1 Nomination Committee

The Company does not comply with Recommendation 2.1. Due to the small size of the Company's Board and business, the full Board takes on the roles associated with a nomination committee. The Board as part of its annual evaluation process reviews the skills, knowledge and expertise requirements of the Company and assess these against the current Board composition.

2.2 Board Skill Matrix

The Company's Board has reviewed its Board skills matrix which it believes provides the best mix of skills and diversity for the Company and comprised the following as at the date of this report.

Skill & Expertise	P Ritchie	G Hillberg	R Bell
Finance & Accounting	Y	Y	
Mergers & Acquisitions	Y	Y	Y
Capital Markets	Y		Y
Compliance	Y	Y	Y
Telecommunications	Y	Y	Y
Legal			Y
Online Retail	Y	Y	
Executive Leadership	Y	Y	Y
Public Board Experience	Y	Y	Y
Strategy	Y	Y	Y

2.3 Director Composition and Independence

The Board comprises 3 non-executive directors.

The Board has reviewed the status of each director during the financial year to assess their independence. The Corporate Governance Council define independence as being 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.

The Board makes an assessment of the independence of each director upon their appointment and annually thereafter. Directors have an obligation to disclose on an ongoing basis to the Board if there are any changes to their relevant personal interests and potential conflicts of interest. Upon any such disclosure, a director's independence is reassessed.

In accordance with the definition of independence above, the following directors are considered to be independent:

- (a) Mr Peter Ritchie (Chairman)

The other directors are regarded as non-independent given their previous employment history and/or substantial shareholding in the Company. Mr Richard Bell is the founder and former Chief Executive (and holds 21.9% shareholding in the Company) and Mr Gary Hillberg is a former executive director. The profiles of each director are set out in the Directors' Report of the Annual Report. The Board considers the current composition of the Board serves the best interest of shareholders and that the benefit of securing two further independent directors (for the purposes of Recommendation 2.4) is likely to be of limited additional value and not warranted by the associated costs.

The role of Chairman is held by a non-executive independent director while the role of the CEO is held by an executive and non-Board member.

2.4 Induction and Continued Professional Development of Board Members

The Company has an induction program for all new directors which is reviewed annually by the Board.

The Company does not have a formal program for continued professional development opportunities for the directors but there is an expectation that all directors will maintain and update their skills and knowledge as necessary to perform their role as directors. Should any director need additional development, as identified by the Board, the Company through the Chairman will ensure that the applicable director receives the necessary support to ensure that the skills and knowledge shortfalls are addressed.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY**3.1 Code of Conduct**

The Company does not currently have a document entitled “code of conduct” but the Company believes that the spirit of such a document is encapsulated in various aspects of the Company’s Personnel Manual and its policies, including its Whistleblower Policy*. Adherence to these documents is a condition of employment. Together these documents provide a guide for all staff, including Board and senior executives, in relation to the way in which the Company business will be conducted and the standards of behaviour applicable to all staff when representing the Company and dealing with each other.

In addition, the centralised management structure and overlap of former management personnel on the Board provides significant guidance as well as checks and balances to the decision making process.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING**4.1 Audit Committee**

The Company does not comply with Recommendation 4.1. Due to the small size of the Company’s Board and business, the full Board takes on the roles associated with an audit committee. The main responsibilities of the audit and risk committee which have been taken on by the Board are to:

- (a) Ensure the integrity of the financial reporting for the Group and disclosure of all relevant matters to the external auditor and the Board;
- (b) Appoint, remuneration and performance of the external auditor and the integrity of the external audit process;
- (c) Identification and management of business risks and review at least bi-annually the risk report from the Chief Risk Management Officer; and
- (d) Ensure that internal control systems are adequate, including adherence to ASX Corporate Governance Principle 7.

The Board to fulfil its responsibilities:

- (a) Receives regular reports from management and the external auditors;
- (b) Meets with the external auditors at least twice a year, or more frequently if necessary;
- (c) Review the processes the Chief Executive Officer and Chief Financial Officer or their equivalent have in place to support their certifications to the Board;
- (d) Reviews any significant disagreements between the external auditors and management, irrespective of whether they have been resolved; and
- (e) Provides the external auditors with a clear line of direct communication at all times.

4.2 Financial Reporting

In accordance with section 295A of the Corporations Act 2001, the Chief Executive Officer and the Chief Financial Officer have provided the Board with a written statement that:

- (a) The financial records of the Company have been maintained in accordance with section 286 of the Corporations Act 2001, comply with applicable accounting standards, give a true and fair view and any other regulations for the purpose of the financial statements are satisfied; and
- (b) The integrity of the financial statements is founded on a system of risk management and internal controls which implements the policies adopted by the Board and that the internal control systems is operating effectively in all material respects to manage the Company's material business risks.

4.3 External Auditor

The external auditors attend the annual general meeting and are available to answer any shareholder questions about the conduct and preparation of the Audit Report.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous Disclosure

The Company has a Continuous Disclosure Policy* which incorporates the disclosure requirements under the ASX Listing rules and the Corporations Act 2001. The policy is published on the Company's website and is also part of the Company's Personnel Manual.

The policy outlines certain types of information which would normally require disclosure, the procedures to be followed in different circumstances such as:

- (a) Responding to analysts' reports;
- (b) Trading halts;
- (c) How announcements should be made;
- (d) Briefings conducted; and
- (e) Specific roles within the Company that are authorised to make disclosures.

In addition to the Policy, the subject of continuous disclosure is discussed at each Board meeting to determine whether or not any issues have come to light that require disclosure.

Based upon information provided to the Company Secretary by directors, officers and employees, the Company Secretary is responsible for determining which information is to be disclosed and for the over-all administration of this Policy.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1 Shareholder communication

The Company has a Shareholder Communication Policy* which is available on its website. The policy acts in conjunction with the Company's Continuous Disclosure Policy* and Securities Trading Policy* and details how the Company interacts with its shareholders.

The Board has determined that the Company website will be the primary source of information for shareholders. The Company website will disclose the following:

- (a) Details of the Company including contact details;
- (b) All formal Company policies;
- (c) All ASX market announcements;
- (d) Current Corporate Governance Statement; and
- (e) The full text of Notice of Meetings and any explanatory material.

All shareholders are provided with a notice of the annual general meeting in accordance with the applicable laws.

The Board as a part of the Notice of Meeting of the annual general meeting provides all shareholders with the Shareholder Communications Form* to enable their details to be updated including the option to receive communication electronically. This form is also available from the Company website at www.reversecorp.com.au/policies/corporate-governance.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Company does not comply with Recommendation 7.1. Due to the small size of the Company's Board and business, the full Board takes on the roles associated with a risk committee.

7.1 Approach to Risk Management

The Board is committed to the establishment and maintenance of adequate risk management systems which are reviewed bi-annually.

7.2 Risk Management Process

The Board seeks to ensure compliance with legal and regulatory requirements and oversees the risk management system. The operational risks are managed at the senior management level and escalated to the Board where the issue is novel, recurring or may impose a material burden on the Company or its stakeholders. The small size of the Company means that communication and decision making is centralised ensuring early identification of risks by senior management and allowing senior management to respond to each risk as is appropriate.

The Company implemented a Risk Management Policy* in 2013 and this policy was reviewed during the financial year.

The Company does not have any material exposure to environmental or social sustainability risks.

The Company provides additional information and insights into other business risks in the Directors' Report of the Annual Report under the section titled Likely Developments, Prospects and Business Strategies.

7.3 Internal Audit

The Company does not have an internal audit function however there are effective risk management controls in place by senior management which include segregation of duties and delegated levels of authority for all staff as well a formal Risk Management Policy*.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

The Company does not comply with Recommendation 8.1. Due to the small size of the Company's Board and business, the full Board takes on the roles associated with a remuneration committee.

8.1 Remuneration Policy

The Company has designed the remuneration policy to align senior executives' objectives with shareholder and business objectives by providing fixed and variable cash and non-cash incentives (including equity based remuneration). The Company has a Securities Trading Policy* outlining how the Board and senior management are to manage any equity positions in the Company including hedging.

The Company's remuneration policy is outlined in the Remuneration Report section of the Directors' Report of the Annual Report. The Remuneration Report also highlights:

- (a) The details and total remuneration of the Board and senior executives;
- (b) Amounts and details of any bonuses paid; and
- (c) Details of any share based payments for senior executives.