

# IVE GROUP LIMITED

ABN 62 606 252 644

# CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

## Corporate Governance Statement

For the year ended 30 June 2019

The Board is responsible for the overall corporate governance of IVE Group Limited (**IVE**, the **IVE Group**, or the **Company**), including adopting appropriate policies and procedures designed to ensure that IVE is properly managed to protect and enhance Shareholder interests.

The Board monitors the operational and financial position and performance of IVE and oversees its business strategy, including approving the strategic goals of IVE. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of IVE.

In conducting business with these objectives, the Board is committed to ensuring that IVE is properly managed to protect and enhance Shareholder interests, and that IVE, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing IVE, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for IVE's business and that are designed to promote the responsible management and conduct of IVE.

Details of IVE's key governance policies and the charters for the Board and each of its committees are available on IVE's website at <http://investors.ivegroup.com.au/home/>.

This Corporate Governance Statement reports against the 3rd edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**) and the practices detailed in this Corporate Governance Statement are current as at 19 August 2019. It has been approved by the Board and is available on the IVE website under 'Investors – Corporate Governance' at <http://investors.ivegroup.com.au/home/>.

### Principle 1: The Board lays solid foundations for management and oversight

#### Role and responsibilities of the Board and management

The Board is responsible for the overall direction of IVE with oversight and review of the management, administration and overall governance of IVE.

The Board Charter provides a framework for the effective operation of the Board. The Board Charter sets out (among other things) the:

- Board's composition and process;
- Board's role and responsibilities;
- relationship and interaction between the Board and management; and
- authority delegated by the Board to management and Board committees.

The Board's role is to, among other things:

- represent and serve the interests of Shareholders by overseeing and appraising IVE's strategies, policies and performance;
- protect and optimise IVE's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with IVE's values and governance framework (including establishing and observing high ethical standards); and
- ensure Shareholders are kept informed of IVE's performance and major developments affecting its state of affairs.

Matters that are specifically reserved for the Board or its committees include:

- appointment of the Chairman;
- appointment and removal of the Managing Director/Chief Executive Officer;
- appointment of Directors to fill a vacancy or as an additional Director;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling of meetings of Shareholders; and
- any other specific matters nominated by the Board from time to time.

## Corporate Governance Statement

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The management function is conducted by, or under the supervision of, the Executive Chairman and Managing Director/Chief Executive Officer as directed by the Board (and by other officers to whom the management function is properly delegated by either the Executive Chairman or Managing Director/Chief Executive Officer).

The Board has established the following committees to assist it in discharging its functions:

- Audit, Risk and Compliance Committee (**ARCC**); and
- Nomination and Remuneration Committee (**NRC**).

The Board's responsibilities are set out in the Board Charter, which is available on the IVE website under 'Investors – Corporate Governance': <http://investors.ivegroup.com.au/home/>.

### Access to information and independent professional advice

Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate.

The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chairman, or the Board as a whole.

### Board meetings

The Board holds regular meetings and meets as frequently as required.

For details of the current Directors, their qualifications, skills and experience, refer to 'Information on Directors' in the Directors' Report contained within the 2019 Annual Financial Report. For details of Directors' attendance at Board and committee Meetings for the year ended 30 June 2019, refer to 'Meetings of Directors in the Directors' Report contained within the 2019 Annual Financial Report.

### Appointment and re-election of Directors

The Board, together with the NRC, determines the size and composition of the Board, subject to the terms of the Constitution.

The Board comprises Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. When appointing new Directors, the Board, together with the NRC, will review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate for IVE's strategy, subject to limits imposed by the Company's Constitution and the terms served by existing Non-executive Directors.

At the commencement of the Director selection process, IVE undertakes appropriate checks on potential candidates to consider their suitability. During the period, Carole Campbell was appointed to the Board and background checks were undertaken prior to her appointment.

In addition, shareholders will be provided with details about each Director for election or re-election in the notice of meeting for the Annual General Meeting (**AGM**) to enable Shareholders to make a decision on election/re-election.

IVE enters into a written agreement with each Director and senior executive setting out the terms of the Director's or senior executive's appointment.

### Company Secretaries

All Directors have direct access to the Company Secretaries who are responsible to the Board on all matters relating to the conduct and functions of the Board and committees. The Company Secretaries' responsibilities are set out in the Board Charter, which is available on the IVE website under 'Investors – Corporate Governance': <http://investors.ivegroup.com.au/home/>.

IVE has two Company Secretaries, Darren Dunkley and Naomi Dolmatoff. For details of their qualifications, skills and experience, refer to 'Information on Directors' in the Directors' Report contained within the 2019 Annual Financial Report.

The Company Secretaries are accountable directly to the Board.

## Corporate Governance Statement (cont.)

For the year ended 30 June 2019

### Diversity and Inclusion

IVE values a strong and diverse workforce and is committed to promoting a corporate culture that embraces diversity and inclusion. IVE's Diversity & Inclusion Policy (**Policy**) actively facilitates a more diverse and representative leadership, management and company-wide structure. IVE is committed to ensuring diversity permeates all areas and levels of the business, with every individual feeling included, safe and supported to express themselves authentically in IVE activities.

On an annual basis, the NRC is responsible for reviewing the:

- effectiveness of the Diversity & Inclusion Policy by:
  - assessing IVE's progress towards the achievement of any measurable objectives and any strategies aimed at achieving the objectives; and
  - reporting to the Board recommending any changes to the measurable objectives, strategies or the way in which they are implemented; and
- relative proportion of women and men on the Board, in senior management positions and in the workforce at all levels of the IVE Group and submit a report to the Board outlining the findings.

The NRC and Board reviewed IVE's approach to diversity during the year and the Company has an established Diversity & Inclusion Program (**D&I Program**) to support diversity. The D&I Program is supported by a Diversity Committee which includes representatives of the Senior Leadership team and the broader workforce. The Company has set cornerstone actions on diversity and inclusion which are key initiatives that encompass all employee groups and form the basis and action framework of the D&I Program. The cornerstone actions and progress on those actions are as follows:

Cornerstone Action	Progress
Establishing the IVE Diversity & Inclusion Sub-Committees;	Committee's set up for each business location, known as 'site ambassadors'. The site ambassadors play a key role in the execution and communication of key D&I initiatives.
Challenging and mitigating bias, through awareness training and education;	Executive and senior management awareness delivered by Diversity Council Australia (DCA) (September 2018). The workshops provided context to diversity and inclusion metrics in Australia, provided learnings on unconscious bias and how to identify this, as well as providing recommendations to reduce this in day to day life.
Providing Employee Assistance Program (EAP) services, along with access to other broad lifestyle benefits to employees and their families, recognising the importance of nourishing and balanced work-family-life relationship;	EAP service in place.  Mental Health First Aid training completed across the Sydney and Melbourne leadership and management teams (Sydney – December 2018, Victoria – February 2019). Brisbane to occur, date to be confirmed.
Celebrating our diversity through ongoing awareness campaigns and special events;	Two awareness initiatives executed in F19. <ul style="list-style-type: none"> <li>• RUOk? Day (13th September 2018)</li> <li>• Pride Week (1st – 8th March 2019)</li> </ul> Registration in the Australian Network in Disability internship program, Stepping Into. Program to run through July 2019.  Raising awareness and celebrating our diversity with our clients. Executive Chairman issued to clients a letter, a copy of our IVE Plus Program and our plans for Diversity & Inclusion through the Diversity & Inclusion Program booklet.  Raising awareness within and across the industry.

## Corporate Governance Statement (cont.)

For the year ended 30 June 2019

Cornerstone Action	Progress
Partnership with community groups and national ally networks and associations;	Continued membership of Diversity Council Australia, Pride in Diversity and Australian Network on Disability.  Through Pride Week initiative, employees raised funds for the Pinnacle Foundation which will provide 2 scholarships to young LGBTI people to help them achieve their full potential;
Integrating diversity approaches into key processes including recruitment, training, performance management, rewards, communication, stakeholder engagement, procurement and product development; and	Several Group policies reviewed and updated to improve key processes and the use of inclusive language. These included: <ul style="list-style-type: none"> <li>• Recruitment &amp; Selection</li> <li>• Parental leave</li> <li>• Flexibility</li> <li>• Workplace bullying</li> </ul>
Building a safe workplace by taking action against inappropriate workplace behaviour that does not value diversity and inclusion including discrimination, harassment, bullying, victimisation and vilification.	Nil reported incidents

### Gender Diversity – Measurable Objective

During the reporting period, the Board set the following as a measurable objective: to achieve gender diversity on the Board of a minimum of 30% female representation by 2022. As at the date of this Statement, the Board has 33% female representation and this objective has been met. When considering future appointments to the Board, it will continue to consider gender and other diversity contributions including age, ethnicity and backgrounds.

The Board appointment process is managed by the NRC and focusses on meeting the skills and experience required. One new female Director was appointed during FY19.

### Workforce Diversity

The senior leadership team has been a very stable team, which is evidenced by the fact that we have had only one exit from this team in the past 12 months, so opportunities to further broaden the gender mix at this level are limited. However in all recruitment, diversity is considered and IVE is currently reviewing its recruitment practices to identify areas that may be further enhanced to achieve gender diversity at the senior executive level and throughout its workforce generally.

There is significant ethnic diversity within the IVE workforce. While IVE does not currently capture specific data in this space, the size of our workforce and the very broad range of roles performed have been contributing factors to our significant ethnic diversity.

The Diversity & Inclusion Policy is available on the IVE website under Investors at: <http://investors.ivegroup.com.au/home/>.

IVE is a “relevant employer” under the *Workplace Gender Equality Act 2012* and its most recent “Gender Equality Indicators” can be found in its latest public report to The Workplace Gender Equality Agency at [www.wgea.gov.au/report/public-reports](http://www.wgea.gov.au/report/public-reports). Note this report was submitted by two entities within the IVE Group – IVE Employment (Australia) Pty Ltd, IVE's employment entity, and Pareto Phone Pty Ltd.

## Corporate Governance Statement (cont.)

For the year ended 30 June 2019

IVE's workforce diversity is as follows:

Female employees as a percentage of workforce participation as at 30 June 2019 (against 30 June 2018, 30 June 2017)

Group	Female 30 June 2017	Female 30 June 2018	Female 30 June 2019	Male 30 June 2017	Male 30 June 2018	Male 30 June 2019
Board	14%	14%	29%	86%	86%	71%
Non-executive Board Directors	20%	25%	50%	80%	75%	50%
Senior Leadership Team*	11%	27%	25%	89%	73%	75%
Overall for IVE Group	30%	31%	33%	70%	69%	67%

\*Senior Leadership Team is the level reporting to the Managing Director/Chief Executive Officer and excludes the Chairman and Managing Director/Chief Executive Officer who are included in the Board statistics.

### Performance review of the Board

The NRC is responsible for establishing the processes for reviewing the performance of the Board, the Board's committees and individual Directors.

During the year ended 30 June 2019, the Board conducted a performance evaluation. This involved a self-assessment survey, developed by the Chairman of the NRC and the Company Secretary. The survey was completed by each Director and covered Board composition, Board and Committee operations and individual Director contributions. In addition to the survey, the Chairman of the NRC also conducted 1:1 meetings with each of the individual Directors.

After the results of the surveys were collated, the opportunities for improvement were discussed by the NRC and communicated to the Board. Overall the results were very positive and the areas identified for improvement will be addressed during FY20. As part of the review, the NRC revisited progress against actions identified from the 2018 process and found good progress in all areas identified.

The Board self-assessment process also included a review of Directors seeking re-election at the AGM to enable a recommendation to be made by the Board to Shareholders.

### Performance review of executive management

The NRC is responsible for reviewing and recommending arrangements for the executive Directors, including the Managing Director/Chief Executive Officer, and the executives reporting to the Managing Director/Chief Executive Officer, including contract terms, annual remuneration and participation in IVE's short and long term incentive plans.

The performance of executives is monitored regularly by the Executive Chairman and Managing Director/Chief Executive Officer at business performance review meetings and performance is measured through a combination of both individual and financial key performance indicators. The Board monitors the performance of the Executive Chairman in his executive role through reviewing the business performance at each Board meeting and the performance against key financial performance indicators. This process was followed throughout the year.

Further detail on performance indicators for long term incentive plans is provided in the Remuneration Report contained within the 2019 Annual Financial Report.

## Principle 2: The Board is structured to add value

### Nomination and Remuneration Committee (NRC)

The NRC:

- has three members, all independent Non-executive Directors;
- is chaired by Gavin Bell, who is an independent Non-executive Director. The other members are Sandra Hook and James Todd, each independent Non-executive Directors;
- has a charter, which is available on the IVE website under 'Investors – Corporate Governance': <http://investors.ivegroup.com.au/home/>; and

## Corporate Governance Statement (cont.)

For the year ended 30 June 2019

- in its function as a nominations committee, assists the Board in fulfilling its corporate governance responsibilities in regard to:
  - developing 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;
  - reviewing and recommending to the Board:
    - the size and composition of the Board, including review of Board succession plans and the succession of the Chairman and Managing Director/Chief Executive Officer;
    - the criteria for Board membership;
    - the composition and membership of the Board;
  - facilitating performance evaluation of the Board, its committees and individual Directors and developing and implementing plans for identifying, assessing and enhancing Director competencies;
  - reviewing and making recommendations in relation to any corporate governance issues as requested by the Board from time to time;
  - implementing and reviewing a Director induction process and provide appropriate professional development opportunities for Directors; and
  - annually reviewing the Diversity Policy and reporting to the Board in accordance with the Diversity Policy.

The NRC may obtain information from, and consult with, management and external advisers, as it considers appropriate.

For details of the number of NRC meetings and the attendance at those meetings, refer to 'Meetings of Directors' in the Directors' report contained within the 2019 Annual Financial Report.

Non-executive Directors inform the Chairman before accepting any new appointment as a Director of another listed entity, any other material directorship or other position with a significant time commitment attached.

### Board Skills Matrix

The Board seeks to ensure that it has the appropriate mix of skills, knowledge and experience to guide IVE and assist management achieve the strategic objectives set by the Board.

As part of this process, the Board prepared and considered an updated board skills matrix which was reviewed in FY19. The board skills matrix looks at the current skills and diversity of the Board and its needs going forward. The Board considers that there is currently an appropriate mix of skills, diversity and experience on the Board, taking into account the size of IVE and the nature of IVE's operations.

During the reporting period, the Board appointed Carole Campbell as a new Director which further strengthens the Board's financial, audit and risk management and governance expertise.

The mix of skills and experience in the current Board, and that the Board would look to maintain, and build on, includes:

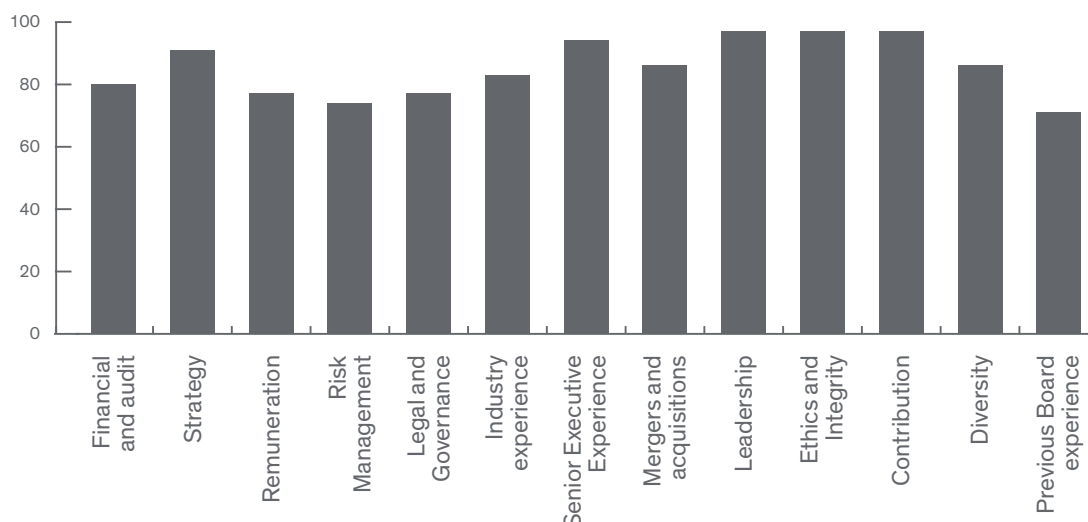
- **Industry experience** – Understanding of the sectors in which IVE operates
- **Strategy** – Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business objectives
- **Remuneration** – Ability to review and make recommendations regarding remuneration structures, including equity incentives
- **Risk Management** – Identify and monitor key risks to the organisation related to each key area of operations
- **Legal and Governance** – Ability to review legal, regulatory and governance developments and impact on IVE
- **Management** – Experience in evaluating performance of senior management, and oversee strategic human capital planning
- **Mergers and Acquisitions** – Experience in identifying and managing the process for mergers and acquisitions, including integration
- **Interpersonal Skills** – Ethics and integrity, leadership and contribution
- **Other** – Diversity and previous board experience

## Corporate Governance Statement (cont.)

For the year ended 30 June 2019

### Diagram – Board skills and experience

The extent to which these skills and experience is present amongst Directors on the Board is shown below:



The skills matrix was reviewed during the year and the NRC agreed it remains appropriate with the combined skills, diversity and experience to discharge its responsibilities as a publicly listed entity and execute its strategic objectives over the short, medium and long term. This includes:

- Enhancing IVE's value proposition through continuous diversification and innovation and the addition of new products;
- Strengthening market position including through new customer origination and cross selling initiatives; and
- Building on previous capital investment, acquisition integration and targeted productivity investment programs on existing operational platforms.

The Board has identified the following areas that it agrees could be enhanced further when considering future appointments to the Board:

- **Diversity** – the Board's gender diversity during the reporting period was 29% and is currently at 33% which is above the 30% recommended target for entities in the S&P/ASX300 Index. The Board will also consider other diversity contributions including age, ethnicity and backgrounds when considering future appointments to the Board.

The Board will continue to monitor and update the skills matrix at least annually to ensure that as IVE develops the Board comprises the appropriate mix of skills and experience.

The Board recognises the importance of succession and renewal. It continues to monitor the Board composition accordingly.

### Independence

During the reporting period the Board comprised seven directors, a majority of whom were independent. As at the date of this Statement, the Board comprises six Directors, including an Executive Chairman, four independent Non-executive Directors and one additional Executive Director.

The Board considers an independent Director to be a Non-executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the Director's ability to act in the best interests of IVE. The Board considers the materiality of any relationship on a case by case basis and has adopted materiality guidelines in this regard. The Board regularly reviews the independence of Directors. A full explanation of the criteria used to determine independence of Directors can be found in the Board charter, available on the IVE website under 'Investors – Corporate Governance': <http://investors.ivegroup.com.au/home/>.



## Corporate Governance Statement (cont.)

For the year ended 30 June 2019

Currently four of the six Directors are independent as detailed in the table below, allowing for a majority of Independent Directors. The Independent Directors meet separately as a group if necessary.

Director	Independence status	Length of service/ Appointment date
Geoff Selig (Executive Chairman)	Not independent as Executive Chairman of IVE and a Director of Caxton Print Holdings, a substantial shareholder in IVE	June 2015*
Gavin Bell	Independent	November 2015
Carole Campbell	Independent	November 2018
Sandra Hook	Independent	June 2016
Paul Selig	Not independent as an Executive Director and a Director of Caxton Print Holdings, a substantial shareholder in IVE	June 2015*
James Todd	Independent	June 2015*
Warwick Hay	Not independent as was the Managing Director of IVE during the reporting period	Appointed November 2015 and ceased to be a director on 5 August 2019

\* Note each of these Directors were Directors of IVE Group from 2012, although they were not appointed to IVE Group Limited until its incorporation in 2015.

The Executive Chairman is an Executive Director and there is a clear division of responsibility between the Executive Chairman and the Managing Director/Chief Executive Officer. Warwick Hay held the role of Managing Director of the Company until 5 August 2019. Matthew (Matt) Aitken, who previously held the role of Chief Operating Officer, was appointed as Chief Executive Officer of the Company on 5 August 2019.

Recommendation 2.5 of the ASX Principles recommends that the chairman should be an independent non-executive director. This recommendation has not been followed and the Board is satisfied that having an Executive Chairman is appropriate for IVE at this stage as the benefits of the experience with the business over time that the Executive Chairman brings outweigh the benefits of having an independent Non-executive Director in the role. In addition, the Board has appointed Gavin Bell as the Lead Independent Director to fulfil the role of Chair whenever the Executive Chairman is conflicted and to assist in reviewing the Executive Chairman's performance as part of the Board performance evaluation process.

For details of the current Directors, their qualifications, skills and experience refer to 'Information on Directors' in the Directors' Report contained within the 2019 Annual Financial Report.

### Induction and education

The NRC is responsible for implementing an induction program for all new Directors and ensuring that IVE provides appropriate professional development opportunities for continuing Directors.

An induction was provided to Carole Campbell who was appointed as a new Director during the reporting period. This included access to documents and meetings with each of the Directors and senior executives.

To achieve continuing improvement in Board performance, all Directors are encouraged to undergo regular professional development. In FY19, the Directors attended site visits at Franklin WEB NSW, Pareto Phone in Brisbane, Blue Star CONNECT and IVEO/Kalido in Melbourne to better understand the operations of the business and to discuss the business with key staff. In addition the Board received detailed presentations on workplace, health and safety responsibilities and programs at IVE and IVE's future strategic direction.

## Corporate Governance Statement (cont.)

For the year ended 30 June 2019

### Principle 3: The Board promotes ethical and responsible decision-making

#### Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board adopted the Code of Conduct, which outlines how IVE expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of IVE (including temporary employees, contractors and the IVE's Directors) must comply with the Code of Conduct.

The Code of Conduct is designed to:

- provide a benchmark for professional behaviour throughout IVE;
- support IVE's business reputation and corporate image within the community; and
- make Directors and employees aware of the consequences if they breach the Code of Conduct.

The Code of Conduct was reviewed and updated during the reporting period and is available on the IVE website under 'Investors – Corporate Governance' at: <http://investors.ivegroup.com.au/home/>.

#### Securities Dealing Policy

IVE has adopted the Securities Dealing Policy that:

- explains the types of conduct in relation to dealings in securities that are prohibited under the *Corporations Act 2001* (Cth) (**Corporations Act**); and
- establishes a procedure for the buying and selling of securities that protects IVE Directors and employees against the misuse of unpublished information that could materially affect the value of securities.

The Securities Dealing Policy applies to all Directors, officers, senior executives and employees of the IVE Group, and their connected persons.

The Securities Dealing Policy sets out restrictions that apply to dealing with securities, including "blackout periods", during which relevant persons are not permitted to deal in securities (except in exceptional circumstances) and a procedure under which Directors and senior executives (and their connected persons) may deal in certain other periods subject to approval.

The Securities Dealing Policy is available on the IVE website under 'Investors – Corporate Governance' at: <http://investors.ivegroup.com.au/home/>.

### Principle 4: The Board safeguards integrity in financial reporting

#### Audit, Risk and Compliance Committee (ARCC)

The ARCC:

- has three members, all Independent Non-executive Directors;
- is chaired by Carole Campbell, who is an independent Non-executive Director. Other members are Gavin Bell and James Todd, each Independent Non-executive Directors; and
- has a charter that is available on the IVE website under 'Investors – Corporate Governance' at: <http://investors.ivegroup.com.au/home/>.

In accordance with its charter, all members of the ARCC are financially literate and have familiarity with financial management. In addition, the Chair of the ARCC is a Chartered Accountant. For further details regarding the qualifications of the members of the ARCC refer to the Directors' Report contained within the 2019 Annual Financial Report. The primary roles of the ARCC includes:

- overseeing the process of financial reporting (including to assist the Managing Director/Chief Executive Officer and Chief Financial Officer (**CFO**) to provide the declaration under section 295A of the Corporations Act), internal control, continuous disclosure, financial and non-financial risk management and compliance and external audit;
- monitoring IVE's compliance with laws and regulations and IVE's own policies;
- encouraging effective relationships with, and communication between, the Board, management and IVE's external auditor; and
- evaluating and making recommendations in relation to the adequacy and effectiveness of IVE's risk management and internal control processes established to identify and manage areas of potential risk and to seek to safeguard the assets of IVE, noting that IVE does not have a formal internal audit function.

## Corporate Governance Statement (cont.)

For the year ended 30 June 2019

The ARCC's roles in relation to audit include reviewing and making recommendations to the Board in relation to the:

- reporting of financial information;
- appropriate application and amendment of accounting policies; and
- appointment, independence and remuneration of the external auditor.

Under the ARCC charter, it is the policy of IVE that its external auditing firm must be independent of it. The ARCC will review and assess the independence of the external auditor on an annual basis.

The ARCC may obtain information from, and consult with, management, the external auditor and external advisers, as it considers appropriate. The ARCC also has access to the external auditor to discuss matters without management being present.

For details regarding the number of ARCC meetings and the attendance at those meetings, refer to 'Meetings of Directors' in the Directors' Report contained within the 2019 Annual Financial Report.

### Selection and rotation of the external auditor

The ARCC is responsible for recommending to the Board the appointment, removal or replacement of the external auditor and its signing partner, the terms of appointment, any re-appointment and fees.

### Managing Director/Chief Executive Officer and CFO declaration

Prior to Board approval of IVE's half year and annual financial reports, the Managing Director/Chief Executive Officer and CFO provide the Board with declarations required under section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles.

For the half year ended 31 December 2018 and the financial year ended 30 June 2019, the Managing Director/Chief Executive Officer and CFO made a declaration in accordance with section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles. The declaration was formed on the basis of a sound system of risk management and internal control which is operating effectively.

### Auditor at AGM

At IVE's AGM, the external auditor attends and is available to answer Shareholder questions on the:

- conduct of the audit;
- preparation and content of the external auditor's report;
- accounting policies adopted by IVE in relation to the preparation of the financial statements; and
- independence of the auditor in relation to the conduct of the audit.

## Principle 5: The Board makes timely and balanced disclosure

The Board's aim is to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of the IVE Group.

IVE has adopted the Continuous Disclosure Policy to ensure compliance with the explicit requirements and the spirit and intent of its disclosure obligations under the Corporations Act and ASX Listing Rules.

Under the Continuous Disclosure Policy, a Disclosure Committee has responsibility for compliance with IVE's continuous disclosure obligations. The Disclosure Committee is comprised of the Executive Chairman, Managing Director/Chief Executive Officer and CFO (or their delegates) and meets as required to assess disclosure matters. The Disclosure Committee is responsible for:

- overseeing and co-ordinating disclosure of information to ASX, analysts, brokers, shareholders, the media and the public; and
- obtaining approval from the Managing Director/Chief Executive Officer, CFO and Executive Chairman (or the Board where required) for disclosure.

Naomi Dolmatoff, one of the Company Secretaries has primary responsibility for all communication with ASX in relation to ASX Listing Rule matters.

The Continuous Disclosure Policy is available on the IVE website under 'Investors – Corporate Governance' at: <http://investors.ivegroup.com.au/home/>.

## Corporate Governance Statement (cont.)

For the year ended 30 June 2019

### Principle 6: The Board respects the rights of Shareholders

IVE respects the rights of its Shareholders and to facilitate the effective exercise of those rights, IVE has adopted the Communication Strategy, which is available on the IVE website under 'Investors – Corporate Governance' at: <http://investors.ivegroup.com.au/home/>.

This strategy facilitates effective two-way communication with investors through information provided on the website, shareholder meetings, ability to contact IVE or its share registry with any questions and ability to sign up for Investor Updates via email.

### Company website

IVE's website is at <http://www.ivegroup.com.au/> and is regularly kept up-to-date to maintain effective communication with Shareholders and stakeholders.

The following information is available on the website:

- all ASX announcements made to the market since listing on the ASX, including annual and half year financial results, are posted on IVE's website at <http://investors.ivegroup.com.au/home/> as soon as they have been released by the ASX;
- notices of meetings and explanatory material, IVE's annual reports and copies of all investor presentations made to analysts and media briefings;
- company profile and brands;
- members of the Board and senior leadership team;
- corporate governance charters and policies;
- details of IVE's corporate social responsibility; and
- contact details.

Alternatively, Company announcements can be accessed from the 'announcements' section of the ASX website (ASX code: IGL).

### Shareholder engagement and participation

The contact details of IVE and its share registry (see below under 'electronic communications') are available to Shareholders to address and facilitate any Shareholder-related enquiries.

IVE will be holding its 2019 AGM in Sydney. To encourage Shareholder engagement and participation at the AGM, Shareholders have the opportunity to attend the AGM, ask questions from the floor, participate in voting and meet the Board and executive management in person.

Shareholders who are unable to attend the AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form accompanying the notice of meeting or online through the share registry's website. Shareholders have the opportunity to submit written questions to IVE and external auditor, or make comments on the management of IVE and access AGM presentations and speeches made by the Executive Chairman and Managing Director/Chief Executive Officer prior to the commencement of the meeting. IVE will publish results of the meeting to the ASX and on its website following the conclusion of the AGM.

### Electronic communications

IVE's contact details are available on the IVE website under 'contact'. Shareholders can also contact its share registry, Link Market Services at [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au).

Shareholders may elect to receive all Shareholder communications (including notification that the annual report is available to view, notices of meeting and payment statements) by email. Electronic communications have the added advantage of being more timely and cost effective, which benefits all Shareholders. Shareholders should contact Link Market Services if they want to elect to receive electronic communications.

## Corporate Governance Statement (cont.)

For the year ended 30 June 2019

### Principle 7: The Board recognises and manages risk

#### Audit, Risk and Compliance Committee (ARCC)

In its function as a risk committee, the ARCC assists the Board in fulfilling its corporate governance responsibilities in regard to oversight of IVE's risk management system and internal control systems.

Details of the ARCC and its membership are contained in the disclosure under Principle 4. For details regarding the number of ARCC meetings and the attendance at those meetings, refer to 'Meetings of Directors' in the Directors' Report contained within the 2019 Annual Financial Report.

#### Risk management policy

IVE's ARCC Charter sets out the requirements, roles and responsibilities for managing risks across the IVE Group.

The ARCC charter is available on the IVE website under 'Investors – Corporate Governance' at:

<http://investors.ivegroup.com.au/home/>.

The ARCC's primary role with respect to risk management and compliance are to review and report to the Board that:

- the ARCC has, at least annually, reviewed IVE's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk;
- adequate policies and processes have been designed and implemented to manage identified risks;
- a review by Management or the Board is undertaken to test the adequacy of and compliance with prescribed policies; and
- proper remedial action is undertaken to redress areas of weakness.

During the financial year ended 30 June 2019, the Board (through the ARCC) conducted an annual review of IVE's material risks and the relevant controls as identified on the risk register. In addition, the Risk Management Framework Policy which clearly documents the risk management framework was reviewed during 2019.

IVE has in place a risk management system designed to ensure that it explicitly identifies the risks it faces and has measures in place to keep those risks to an acceptable minimum. The existence of risk presents both threats and opportunities to IVE.

Risk owners have been assigned responsibility for the identified risks in the Risk Register. It is their responsibility to ensure the controls in respect of the risk are adequate and appropriately implemented.

IVE's Risk Assessment Matrix is used as the benchmark in planning and implementing the risk management measures. It takes into consideration the nature, scale and complexity of the business.

The risk management systems for IVE:

- ensure that processes to identify, assess and treat risks are clearly documented;
- ensure these processes are suitable for IVE's objectives and operations; and
- enable regular review, on at least an annual basis for currency, appropriateness, effectiveness and relevance to the business.

The risk management system is dynamic and is designed to adapt to IVE's developments and any changes in the risk profile over time. Compliance measures are used as a tool to address identified risks.

The risk management system is based on a structured and systemic process which takes into account IVE's internal and external risks.

IVE's risks may come from any internal or external event which, if it occurs, may affect the ability to efficiently and effectively operate:

- **Internal risks** – those risks that specifically relate to IVE's business itself and as such as generally within its control. They include risks such as employee related risks, strategic risks, and financial risks.
- **External risks** – those risks that are outside the control of IVE. They include risks such as market conditions and legislative change.

## Corporate Governance Statement (cont.)

For the year ended 30 June 2019

Risks are managed by IVE through the effective implementation of various controls, which include:

- Board approved risk management framework;
- maintenance of risk register; and
- regular review of risks and controls, particularly as the business changes.

Senior Management has reported to the Board (through the ARCC) on the effectiveness of the management of the material risks faced by IVE during the financial year ended 30 June 2019. The Board (through the ARCC) has reviewed the risk management framework and is satisfied that it continues to be sound.

### Internal audit

Due to the size and current stage of development of IVE, IVE does not have an independent internal audit function. Oversight of the effectiveness of IVE's risk management and internal control processes currently form part of the responsibilities of management. As IVE continues to develop, the ARCC will consider establishing an independent internal audit function.

### Economic, environmental and social sustainability risks

IVE has exposures to economic sustainability risks, including:

- Market risk which includes the competitive landscape, key customer relationships, demand for products and services, successful integration of acquisitions and keeping up to date with technology. The adverse effects that could be caused by these risks includes downward pricing pressure, impair IVE's ability to retain existing customers or win new customers and lower utilisation of assets.
- Financial risks which include foreign exchange fluctuations, availability of inputs and changes in input costs and seasonal revenue. The effects of these risks could be lower profitability.

These risks are managed by General Managers and the Senior Leadership Team regularly reviewing and evolving the product and service offering, ensuring thorough due diligence processes for any acquisitions, clear foreign exchange policies and practices and constant review of financial performance and drivers of any changes.

IVE does not have material exposures to environmental and social sustainability risks, although IVE's approach to managing these risks is outlined below.

IVE applies best practice environmental management. IVE's environmental and quality management systems form a critical component of its market leading production, warehouse and distribution facilities. IVE offers highly advanced operations with outstanding environmental and quality credentials within the Blue Star division, including:

- Program for Endorsement of Forest Certification (PEFC)<sup>TM</sup>, Chain of Custody certification
- Forest Stewardship Council (FSC), Chain of Custody<sup>®</sup> certification
- ISO 14001 certification
- ISO 9001 certification

IVE's approach to environmental management utilises the three R's: Reduce, Re-use and Recycle. This means that wherever possible, IVE seeks to actively minimise its impact on the environment. This can be as simple as recycling programs across all sites, through to assisting customers with re-engineering their products to reduce the environmental impact.

## Corporate Governance Statement (cont.)

For the year ended 30 June 2019

### Principle 8: The Board remunerates fairly and responsibly

#### Nomination and Remuneration Committee (NRC)

In its function as a remuneration committee, the NRC assists the Board in fulfilling its corporate governance responsibilities in regard to:

- engaging remuneration consultants (if any);
- reviewing Non-executive Director remuneration;
- determining executive remuneration policies and remuneration for executives (including for executive Directors); and
- reviewing and approving all equity based incentive plans.

Details of the NRC and its members are contained in the disclosure under Principle 2. Details of the number of NRC meetings and the attendance at those meetings, refer to 'Meetings of Directors' in the Directors' Report contained within the 2019 Annual Financial Report.

#### Remuneration report and remuneration policies

In relation to remuneration issues, the Board (with the assistance of the NRC) has established a remuneration philosophy to ensure that it remunerates fairly and responsibly. The remuneration philosophy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and able to attract and maintain talented and motivated Directors and employees.

Details about IVE's remuneration philosophy, policies and practices are provided within the Remuneration Report, which is part of the Director's Report contained within the 2019 Annual Financial Report. As detailed in the Remuneration Report, the structure of Non-executive Directors' remuneration and that of executives is clearly distinguished. Non-executive Directors receive fees, which do not include any incentive payments. Executives participate in incentive plans as detailed in the Remuneration Report contained within the 2019 Annual Financial Report. There are also no retirement schemes for Non-executive Directors, other than superannuation.

#### Equity-based remuneration scheme

IVE has established the IVE Group Equity Incentive Plan, under which eligible participants receive Performance Rights which are an entitlement to receive a Share for no consideration on satisfaction of specified conditions.

The Board will use equity-based remuneration to reward, motivate and retain management. The Board's objective is to implement a remuneration framework that aligns the interests of participants with IVE's strategic objectives in order to maximise shareholder value.

Under the IVE Group Equity Incentive Plan and Securities Dealing Policy, participants are prohibited from entering into any arrangement, including any financial product that operates to limit the economic risk of the Options, Performance Rights and Restricted Shares, prior to vesting or becoming exercisable (as relevant).

The terms and conditions of the IVE Group Equity Incentive Plan are available on the 'Announcements' section of the ASX website for 'IGL' lodged on 16 December 2015. The Securities Dealing Policy is available on the IVE website under 'Investors – Corporate Governance' at: <http://investors.ivegroup.com.au/home/>.

Further detail is available in the Remuneration Report contained within the 2019 Annual Financial Report.

