

Euroz Limited

2018

Corporate Governance
Statement

EUROZ



EUROZ LIMITED ACN 000 364 465 (Company)

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 27 September 2018 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (Recommendations). The recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

Euroz Limited (Euroz) is the listed holding company of the Euroz Group of companies (the Euroz Group). The Euroz Group consists of Euroz together with its subsidiaries Euroz Securities Limited (Euroz Securities), Westoz Funds Management Limited (Westoz), Prodigy Investment Partners Limited (Prodigy) and Entrust Private Wealth Management Pty Ltd (Entrust).

Euroz's Board and management are committed to the creation of shareholder value and meeting the expectations of its stakeholders through sound corporate governance.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION\$
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	PARTIALLY	The Board of Euroz has adopted a Charter which sets out the role and functions of the Board. The members of the Board are also the most senior executives of the Euroz Group and play an integral part in the day-to-day management of the Group's activities. Accordingly, Euroz does not delegate functions in the manner anticipated by this Recommendation. A copy of the Company's Board Charter, is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.	YES	(a) All employees of the Euroz Group are subjected to appropriate checks before being made an offer of employment. These checks include character references along with experience and education. Furthermore all employees are subject to National Federal Police checks. The Directors of Euroz are subject to these checks prior to their appointment to the Board. (b) Information on each of the Directors qualifications and experience can be found within the Annual Report to shareholders or on the Euroz website.
Recommendation 1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	YES	The Directors of Euroz are all senior executives within the Euroz Group. As such written agreements outlining the terms of their employment are in place.
Recommendation 1.4 The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	YES	The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

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RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION\$
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined under that act received</p>	NO	<p>(a) Euroz has a Diversity Policy that applies to each company within the Euroz Group.</p> <p>(b) The policy is available on Euroz's website.</p> <p>(c) In accordance with the matters set out in the Diversity Policy, Euroz, given its size (Euroz employs less than 100 staff across the group) has formed the view that it would not be appropriate or practical to, at this time, establish measurable objectives for achieving gender diversity.</p> <p>In accordance with the reasons set out above with respect to recommendation 1.5(c), Euroz does not at this time intend to comply with this recommendation. However, this position will be reviewed annually at board level.</p>
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) A review of the performance of the Board and its Directors is undertaken on an annual basis.</p> <p>(b) Euroz discloses in the Annual Report to shareholders details regarding Board performance evaluation.</p>
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Company's Remuneration Committee in consultation with the Board is responsible for evaluating the performance of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director.</p> <p>The Remuneration Policy set out in the Directors Report of the Annual Report to Shareholders outlines the methodology used to assess the performance and remuneration of senior executives.</p> <p>(b) The annual report confirms details of performance based pay received by Directors and Key Management Personnel for the time period under review as determined by the Remuneration Committee.</p>

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RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION\$
Principle 2:		
<p>Recommendation 2.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	NO	<p>(a) The Company does not have a Nomination Committee.</p> <p>(b) The Company does not have a Nomination Committee as the Board considers the Company will not benefit from its establishment at this time. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee including:</p> <p>(i) devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and</p> <p>(ii) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</p>
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	YES	The Company has a Board skill matrix setting out the mix of skills and diversity that the Board currently has. Full details with regard to the experience and qualifications of the Directors can be found in the annual report and at the conclusion of this document.
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p> <p>(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) length of service of each Director</p>	NO	<p>a) The Euroz board does not currently have any Independent Directors</p> <p>b) N/A</p> <p>c) N/A</p>
<p>Recommendation 2.4</p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	NO	Refer to Recommendation 2.3.
<p>Recommendation 2.5</p> <p>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	NO	The Executive Chair of the Company is not an independent Director. Refer to recommendation 2.3.
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.</p>	YES	<p>The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. As each of the Directors are senior executives of Euroz, each of the directors are subject to Continuing Professional Development (CPD) requirements on an annual basis.</p> <p>The Company Secretary is responsible for facilitating inductions and professional development.</p>

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Principle 3: Act ethically and responsibly		
Recommendation 3.1	YES	(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. (b) The Company's Corporate Code of Conduct is available on the Company's website.
A listed entity should:		
(a) have a code of conduct for its Directors, senior executives and employees; and		
(b) disclose that code or a summary of it.		
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1	PARTIALLY	(a) The Board has an Audit & Risk Committee. Given the composition of the Euroz Limited Board, Euroz has not appointed independent or non-executive directors to the Audit and Risk Committee. Refer to 2.3. The Euroz Audit & Risk Committee Charter and the relevant qualifications of the committee's members can be located on the Euroz website. Furthermore, details regarding the number of meetings held and attendance in each reporting period is outlined in the annual report.
The Board of a listed entity should:		
(a) have an audit committee which:		
(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and		
(ii) is chaired by an independent Director, who is not the Chair of the Board, and disclose:		
(iii) the charter of the committee;		
(iv) the relevant qualifications and experience of the members of the committee; and		
(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		
Recommendation 4.2	YES	The Company's Audit Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms. The Company obtains a sign off on these terms for each of its financial statements in each financial year.
The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		
Recommendation 4.3	YES	The Board ensures the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.		
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1	YES	(a) The Euroz Market Disclosure Policy provides details of the Company's policies and procedures for compliance with its continuous disclosure obligations. (b) The Market Disclosure Policy is available on the Company website.
A listed entity should:		
(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and		
(b) disclose that policy or a summary of it.		

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Principle 6: Respect the rights of security holders		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	<p>Euroz's website provides detailed information regarding the operations of the Euroz Group including copies of all information that has been released to the market.</p> <p>The website contains a specific 'Corporate Governance' landing page where information regarding group policies is easily accessible by shareholders.</p>
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	YES	<p>Euroz has an Investor Relations Policy that outlines its Investor Relations program. A copy of this policy can be found on the Euroz website.</p>
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	NO	<p>Given the relatively small size of the Euroz registry and the high proportion of staff ownership, demand from securities holders for such engagement is low. As such the Board does not deem it necessary for such a policy at this point in time.</p>
<p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	<p>Euroz actively encourages security holders to communicate with the company and the registry services provider, Computershare, electronically. Security holders can elect to receive electronic communications from the company via the Computershare Investor Centre. Euroz has rolled out online voting for general meetings via the Computershare Investor Centre to encourage higher voting participation from its security holders.</p> <p>Security holders can email the company direct at info@euroz.com which is monitored during normal business hours.</p>
Principle 7: Recognise and manage risk		
<p>Recommendation 7.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	PARTIALLY	<p>(a) The Company has an Audit and Risk Committee. The Company's website discloses the Audit and Risk Committee Charter.</p> <p>The members of the Audit and Risk Committee, the number of times the committee meets during each financial year, and the individual attendances of the members, will be disclosed in the Annual Report.</p> <p>Euroz does not currently have independent Directors.</p>

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<p>Recommendation 7.2</p> <p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>(a) Euroz undertakes risk management in the context of the activities undertaken by its subsidiaries. Euroz is the listed holding company of 4 subsidiaries each holding an Australian Financial Services License. As such each subsidiary is subject to extensive risk management obligations pursuant to the Corporations Act, the ASIC Market Integrity Rules and the Operating Rules of the ASX Group and Chi-X Australia. Written policies and procedures are in place to ensure compliance with these obligations.</p> <p>Risk management is achieved by way of the implementation, monitoring, supervision and regular review of these policies and procedures.</p> <p>In particular, the financial position of Euroz and matters of risk are considered by the Board on a daily basis.</p> <p>(b) Details of the meetings of the Audit & Risk Committee is published in the annual report. The committee conducts an annual review of its subsidiaries.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	YES	<p>(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function.</p> <p>(b) The subsidiary companies of Euroz each have dedicated compliance staff and a compliance committee that acts as the internal audit function for that subsidiary. Given each of the subsidiaries holds an AFSL, internal audit by the compliance department is continuous throughout the daily operations.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	YES	<p>Euroz and its subsidiaries operate in the financial services industry. Euroz has no manufacturing operations so environmental and sustainability risks are negligible. As a Financial Services company, Euroz has economic exposure to financial markets and their cyclical fluctuations. Risk management policies and regulatory compliance requirements mitigate this risk.</p> <p>Euroz recognizes that its subsidiaries from time to time provide advice with regard to investments in companies that do have economic, environmental and social risks pertinent to their business. Euroz conducts thorough due diligence on these companies prior to establishing a corporate relationship.</p> <p>Should Euroz discover any material economic, environmental or social sustainability risks that it deems material; this will be disclosed in accordance with its Market Disclosure Policy.</p>

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Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	PARTIALLY	<p>(a) Euroz has a remuneration committee that meets on an as-required basis. Euroz has developed a Remuneration Committee Charter that specifies the authority delegated to the committee by the Board of Directors and sets out the roles, responsibilities, membership and operation of the Committee.</p> <p>Euroz does not have independent Directors at this time.</p> <p>Details with regard to meetings of the remuneration committee are published in the Annual Report to shareholders.</p>
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	<p>Euroz does not have any non-executive Directors.</p> <p>Details regarding the remuneration of Key Management Personnel are published in the Annual report to Shareholders.</p> <p>The remuneration charter adopted by Euroz is in accordance with the mechanisms adopted within the Stockbroking/ Financial Advisory & Funds Management industries and is appropriate to Euroz's circumstances and goals.</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<p>(a) Euroz has an equity based remuneration scheme in place in the form of a performance rights plan. Euroz does not permit the use of derivatives to limit the economic exposure of positions held within this plan. As at the date of this Governance Statement, Euroz is unaware of any derivatives or other financial instruments that could be used for such a purpose. As such it is the view of the Board that a policy is not required at this point in time.</p>

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Board Skills Matrix

Skill and description	Board	Skill and description	Board
Risk & Compliance Identify key risks to the organisation related to each key area of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements.		Leadership Make decisions and take necessary actions in the best interest of the organisation, and represent the organisation favourably.	
Financial & Audit Experience in account and finance to analyse statements, assess financial viability, contribute to financial planning, oversee budgets, oversee funding arrangements.		Ethics & Integrity Understand the role of director and continue to self-educate on legal responsibility, ability to maintain board confidentiality, declaration of any conflicts.	
Strategy Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business objectives.		Contribution Ability to constructively contribute to board discussions and communicate effectively with management and other directors.	
Policy Development Ability to identify key issues for the organisation and develop appropriate policy parameters within which the organisation should operate.		Negotiation Process excellent negotiation skills, with the ability to drive stakeholders support for board directors.	
Technology Knowledge of IT Governance including privacy, data management and security.		Crisis Management Ability to constructively manage crisis, provide leadership around solutions and contributes to communication strategy with stakeholders	
Executive Management Experience in evaluating performance of senior management, and oversee strategic human capital planning. Experience in industrial relations and organisational change management programs.		Previous Board Experience The board's directors should have extensive director experience and have completed formal training in governance and risk.	

Very Experience
 Experienced
 Moderate Experience
 Little Experience
 No Experience