

CORORATE GOVERNANCE STATEMENT

COMPLIANCE AND DEPARTURES FROM RECOMMENDATIONS

This Corporate Governance Statement of Hazer Group Limited (Hazer and the 'Company') has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations').

This statement has been approved by the company's Board of Directors ('Board') and is current as at 31 August 2017.

The Company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, the company's website or Annual Report, has been filed with the ASX on 31 August 2017.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

Principle and Recommendations	Comply (Yes/No)	Explanation
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
Recommendation 1.1 A listed entity should disclose: <ul style="list-style-type: none"> (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. 	Yes	<p>The Company has adopted a Board Charter.</p> <p>The Board Charter sets out matters including the specific roles and responsibilities of the Board and management requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, and the establishment, operation and management of Board Committees.</p> <p>The Company's Board Charter is available on the Company's website.</p>
Recommendation 1.2 A listed entity should: <ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (a) The Company undertakes checks on any person who is being considered as a director. These checks may include good fame and character, experience, education and financial history and background. (b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.

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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	Each senior executive and executive Director has a formal employment contract and the non-executive Directors have a letter of appointment.
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.
Recommendation 1.5 A listed entity should: <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for 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; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period 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 either: <ul style="list-style-type: none"> (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 "<i>senior executive</i>" for these purposes); or (B) if the entity is a "<i>relevant employer</i>" under the Workplace Gender Equality Act, the entity's most recent "<i>Gender Equality Indicators</i>", as defined in and published under that Act. 	No	The Company has not adopted a formal diversity policy. The Company respects and values the benefit of diversity throughout the Company in order to enrich the Company's perspective, improve corporate performance, increase Shareholder value and maximise the probability of achievement of the Company's goals. However given the size and nature of the Company's operations, the Company has not yet implemented a formal policy with respect to diversity.
Recommendation 1.6 A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the board, its 	Yes	The performance of the Board, is reviewed annually against appropriate measures in a manner that the Board deems appropriate. The review has regard to various matters including

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committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		those set out in the Board Charter. The Remuneration and Nomination Committee will assist the Board as required in evaluations of the performance of directors (including the Managing Director). The Company undertook a review of the Chairman role, Managing Director and membership of committees in the year ended 30 June 2017.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	(a) The Remuneration and Nomination Committee is responsible for evaluating the performance of senior executives. The Committee is to arrange an annual performance evaluation of the senior executives. (b) The Remuneration and Nomination Committee undertook a review of the Managing Director in the year ended 30 June 2017.
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (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 (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	Yes	The Company has a Remuneration and Nomination Committee which comprises 3 non-executive Directors (Andrew Harris, Danielle Lee and Tim Goldsmith). The majority of the members are independent and it is chaired by an independent Director (Andrew Harris). The Remuneration and Nomination Committee's Charter is located on the Company's website. The Company has reported on the meetings and attendance of the Remuneration and Nomination Committee in its Annual Report for the year ended 30 June 2017.

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knowledge of the entity to enable it to discharge its duties and responsibilities effectively.		
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	The Board reviews capabilities, technical skills and personal attributes of its directors. It will normally review the Board's composition against those attributes and recommend any changes in Board composition that may be required.
Recommendation 2.3 A listed entity should disclose: <ul style="list-style-type: none"> (a) the names of the directors considered by the board to be independent directors; (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 (c) the length of service of each director. 	Yes	<ul style="list-style-type: none"> (a) Disclosure of the names of Directors considered by the Board to be independent will be provided in the annual report. The current independent Directors are Tim Goldsmith, Andrew Harris and Danielle Lee. (b) Details of the Directors' interests, positions associations and relationships are provided in Company's Annual Report for the year ended 30 June 2017. Andrew Harris is now classified as an independent Director as the Company's contractual relationship with Sydney University is not considered to be sufficiently material to the Company to impact independence. (c) The length of service of each Director is disclosed in the Company's Annual Report for the year ended 30 June 2017.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	No	The Board Charter requires that where practical the majority of the Board will be independent. The current independent Directors are Tim Goldsmith, Andrew Harris and Danielle Lee (being 3 of 5 Directors).
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	The Chairman of the Board (Tim Goldsmith) is an independent Director and is not the same person as the CEO.
Recommendation 2.6 A listed entity should have a program for inducing new directors and providing appropriate professional development opportunities for continuing directors to	Yes	All new directors are provided with an induction including comprehensive meetings with the Managing Director and senior executives, and provision of information on the Company including

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develop and maintain the skills and knowledge needed to perform their role as directors effectively.		Company and Board policies. All Directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by the Company. The Remuneration and Nomination Committee oversees the induction program for new directors and considers the training and development needs of all Directors. The Committee is responsible for ensuring that resources are allocated to developing and maintaining the directors' skills and knowledge, to ensure that the directors have and maintain the necessary skills and knowledge required to fulfil their role on the Board and its Committees effectively.
PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY		
Recommendation 3.1 A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	Yes	<ul style="list-style-type: none"> (a) The Company's Code of Conduct applies to the Company's directors, senior executives and employees. (b) The Company's Code of Conduct is available on the Company's website.
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		
Recommendation 4.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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 	Yes	<p>The Company has an Audit and Risk Committee which comprises 3 non-executive directors (Danielle Lee, Andrew Harris and Tim Goldsmith). The majority of the members are independent and it is chaired by an independent Director who is not chair of the Board (Danielle Lee).</p> <p>The Audit and Risk Committee's Charter is available on the Company's website.</p> <p>The Company has reported on the meetings and attendance of the Audit and Risk Committee in its Annual Report for the year ended 30 June 2017.</p>

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<p>period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	<p>Before the Board approves the entity's financial statements for a financial period, the CEO and CFO must have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>
<p>Recommendation 4.3</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	<p>The Audit and Compliance Committee Charter provides that the Committee must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>
PRINCIPLE 5: MAKE TIMELY AND BALANCE DISCLOSURE		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>The Company has a Continuous Disclosure and Market Communications Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its market communications. The Continuous Disclosure and Market Communications Policy is available on the Company's website.</p>

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PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company and its governance is available in the Corporate Governance Statement and associated policies which can be found on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders. The Shareholder Communications Policy is available on the Company's website.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	The Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders. The Company permits shareholders to vote online (and by other methods) prior to an Annual General Meeting if they are unable to attend the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders including receiving communications electronically.
PRINCIPLE 7: RECOGNISE AND MANAGE RISK		
Recommendation 7.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <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: <ul style="list-style-type: none"> (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 	Yes	The Company has an Audit and Risk Committee which comprises 3 non-executive directors (Danielle Lee, Andrew Harris and Tim Goldsmith). The majority of the members are independent and it is chaired by an independent Director who is not chair of the Board (Danielle Lee). The Audit and Risk Committee Charter is available on the Company's website. The Company has reported on the meetings and attendance of the Audit and Risk Committee in its Annual Report for the year ended 30 June 2017.

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<p>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>		
<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, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>The Board will, at least annually, assisted by the Audit and Risk Committee, undertake a structured consideration and review of the risk management framework and the material risks faced by, and the risk attitude of, the Company.</p> <p>The Company undertook a review in the year ended 30 June 2017.</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>The internal audit function is overseen by the Audit and Risk Committee pursuant to the Audit and Risk Committee Charter.</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>The Company is of the view that its operations do not create a material exposure to economic, environmental and social sustainability risks.</p>
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> <p>(i) has at least three members, a majority of whom are independent directors; and</p>	Yes	<p>The Company has a Remuneration and Nomination Committee which comprises 3 non-executive Directors (Andrew Harris, Danielle Lee and Tim Goldsmith). The majority of the members are independent Directors and it is chaired by an independent</p>

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<ul style="list-style-type: none"> (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>		<p>Director (Andrew Harris).</p> <p>The Remuneration and Nomination Committee has reported on the number of times that the Committee met throughout the period, and the individual attendances of the members at those Committee meetings in the Company's Annual Report for the year ended 30 June 2017.</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.</p>	Yes	<p>The Company provides disclosure of all Directors and executives remuneration in its annual report.</p> <p>Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. There are no documented agreements providing for termination or retirement benefits to non-executive directors.</p> <p>Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Performance incentives may include performance bonus payments, shares and / or options granted at the discretion of the Board and subject to obtaining the relevant approvals.</p>

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<p>Recommendation 8.3 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>	Not Applicable	<p>The Company has a Securities Dealing Policy that outlines the policy in relation to entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Company's equity based remuneration scheme. The Securities Dealing Policy is available on the Company's website.</p>