

## 2017 CORPORATE GOVERNANCE STATEMENT AND ASX APPENDIX 4G

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### KEY TO DISCLOSURES OF CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

SpeedCast International Limited (ASX: SDA) is pleased to attach the Company's 2017 Corporate Governance Statement and ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations).

The Company has adopted the Corporate Governance Principles and Recommendations (3rd Edition, March 2014) issued by the ASX Corporate Governance Council and the disclosures made in this Corporate Governance Statement are in respect of the financial year ended 31 December 2017.

Accordingly, the Company can lodge its Corporate Governance Statement on ASX and need not include it within its 2017 Annual Report.

The Company's 2017 Corporate Governance Statement, ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations) and other ancillary corporate governance related documents can also be found at the following URL on the Company's Internet website:

<http://www.speedcast.com/corporate/corporate-governance>.

For further information:

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## CORPORATE GOVERNANCE STATEMENT

### Introduction

The Board of Directors (“Board”) is committed to maintaining high standards of safety, performance and corporate governance for SpeedCast International Limited (“Company” or “SpeedCast”) and the entities it controls (“Group” or “SpeedCast Group”). Good corporate governance is about establishing a culture that embrace a set of core values and behaviours that underpin the Group’s activities and ensure integrity, transparency, accountability, fair dealing and the protection of the interests of stakeholders – including shareholders, personnel, suppliers and communities in which the Group operates.

The Board supports the Corporate Governance Principles and Recommendations (3rd Edition, released in March 2014) (ASX Recommendations) developed by the ASX Corporate Governance Council (Council). The Company is reporting against the 3rd Edition of the ASX Recommendations in respect of the financial year ended 31 December 2017 (Reporting Period).

The Company’s practices are largely consistent with the ASX Recommendations. The Board considers that the implementation of a small number of ASX Recommendations is not appropriate, for the reasons set out below in relation to the items concerned. The Board uses its best endeavours to ensure that exceptions to the ASX Recommendations do not have a negative impact on the Company and are made in the best interest of shareholders as a whole.

As required by the ASX Listing Rules, this Corporate Governance Statement (CGS) discloses the extent to which the Company has followed the ASX Recommendations during the Reporting Period, as summarised below:

ASX Corporate Governance Principles and Recommendations	CGS Reference
Principle 1 – Lay solid foundations for management and oversight	1.1 - 1.8
Principle 2 – Structure the Board to add value	2.1 - 2.8
Principle 3 – Act ethically and responsibly	3.1
Principle 4 – Safeguard integrity in corporate reporting	4.1 - 4.3
Principle 5 – Make timely and balanced disclosure	5.1
Principle 6 – Respect the rights of security holders	6.1 - 6.2
Principle 7 – Recognise and manage risk	7.1 - 7.3
Principle 8 – Remunerate fairly and responsibly	8.1 - 8.3

The Company has also prepared an ASX Appendix 4G – Key to Disclosures of Corporate Governance Principles and Recommendations (which reports on the Company’s compliance with each of the ASX Recommendations) – which has been lodged with the CGS on ASX and may be viewed and downloaded from the Company’s website (details below).

A copy of the ASX Recommendations can be found on the ASX website at the following URL:

<http://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf>.

The Company's latest Annual Report (and other ASX market announcements and media releases) may be viewed and downloaded from the Company's website at the following URL:

<http://www.speedcast.com>.

The Corporate Governance page of the SpeedCast website contains most of the charters, codes and policies which are referred to in this CGS, at the following URL:

<http://www.speedcast.com/corporate/corporate-governance>.

The names of the Independent and Non-Executive Directors currently in office and their qualifications and experience are stated in the Company's latest Annual Report.

## **Principle 1 Lay Solid Foundations for Management and Oversight**

### **1.1. Board of Directors - Role and Responsibilities**

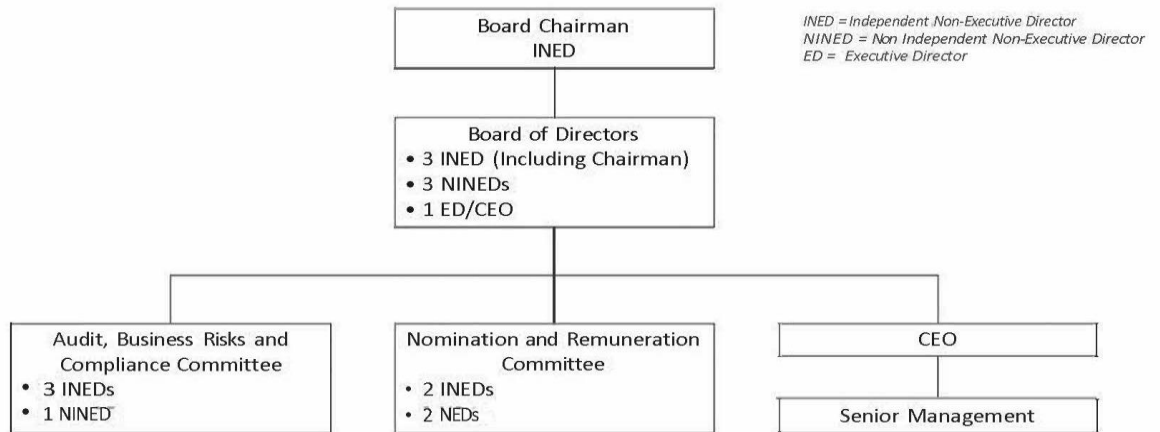
The Board plays a key role in overseeing the policies, performance and strategies of the Company. It is accountable to the Shareholders and must act in the best interest of the Company. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy; including approving the strategic objectives, plans and budgets of the Company. The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Board has established a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good governance, international best practice and applicable laws. The Board will review the Board Charter as required and at least annually to ensure strong corporate governance is added to the performance of the Company which ultimately creates shareholder value and engender the confidence of the investment market.

To ensure the effective discharge of its responsibilities, the Board has delineated key matters which are reserved for the Board's approval ("Board Reserved Authorities") and those delegated to the Board Committees and the CEO. The delegation of authority of the Board Committees (namely the Audit, Business Risk and Compliance Committee and the Nomination and Remuneration Committee) and CEO are set out in the Board Charter and the charter of the respective committee and the Delegations Policy, respectively.

The Board Reserved Authorities are set out in the Board Charter and the Delegation Policy which include but are not limited to appointment of the chair; appointment and removal of the CEO, CFO, directors and company secretary; establishment of Board Committees, their membership and delegated authorities; review and approval of transactions, investments and divestments with values exceeding the Delegation Policy of the CEO; dividends; calling of meetings of shareholders; and any other specific matters nominated by the Board from time to time, subject always to compliance with the laws and regulations applicable to the Group.

The diagram below depicts the Group's overall governance framework:



## 1.2. Senior Management - Role and Responsibilities

As permitted under the Company's Constitution, the Board has delegated to the CEO (and through the CEO to the Senior Management team), the day to day management and operation of the Group. The delegation of authorities are set out in Company's Delegation Policy and the Company's Limit of Authority ("LOA"), and the following are the key delegations to the CEO:-

- Expenditure in accordance with Company approved budget;
- Execution of contracts and commitment of expenditure of non-CAPEX up to USD15,000,000 and CAPEX expenditure up to USD2,000,000 on any particular matter or series of related matters provided that they fall within the business plan and budget approved by the Board;
- Appointment and dismissal of staff (except CFO) or varying the remuneration or benefits of an employee where such variation does not exceed USD50,000;
- Authorisation of all new employment offers;
- Authorisation of unbudgeted expenditure up to 10% of the amount budgeted on any particular matter or series of related matters. Any expenditure in excess of 10% of a

budgeted matter or series of related matters not provided for within the budget must be prior approved by the Board;

- f) Where the CEO holds a Power of Attorney from the Chairman, all contracts and commitments of expenditure must be sighted and approved by either the Chair of the Audit & Risk Committee or the CFO as second authority.
- g) The CEO may give the CFO authority to make operational expenditure in accordance with the Budget and he/she shall amend or withdraw such authority at their discretion.
- h) Once the CEO delegates an authority, the Board may revoke the delegation by resolution at a duly constituted meeting of the Board. It is the CEO's responsibility to subsequently revoke the delegation from the employee in accordance with the resolution.

Authority to process payments using the Company's online or cheque payment facility is limited to CEO and CFO and any of their authorised delegates (as approved by the Board). All payments must be properly authorised according to the Delegations Policy, supported by the appropriate supporting documents and authorised by a minimum of 2 persons.

CEO will provide an annual assurance to the Board that this policy has been adhered to.

The Board will review the Delegation Policy regularly and at least annually to ensure they remain appropriate to the organisational structure and operations of the Company.

### **1.3. Board Nominations**

The Board, with recommendations made by the Nomination and Remuneration Committee, will consider the following factors in reviewing a potential candidate for Board appointment, including without limitation:

- the skills, experience, expertise and personal qualities that will best complement Board effectiveness;
- the existing composition of the Board, having regard to the factors outlined in the Company's Diversity Policy and the objective of achieving a Board comprising Directors from a diverse range of background;
- the capability of the candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other Board or executive appointments); and potential conflicts of interest, and independence.

The Nomination and Remuneration Committee will provide detailed background information in relation to a potential candidate to the Board and appropriate checks will be undertaken prior to appointment or before putting forward to the shareholders for election. The identification of the potential director may be assisted by the use of an external search organisation as appropriate. An offer of a Board appointment must be made by the Chair only after having consulted all directors, with recommendations from the Nomination and Remuneration Committee having been circulated.

The Nomination and Remuneration Committee will report to the Board outlining the detail of the selection process annually and will include either the report or a summary of the report in the Company's Annual Report. The Company will provide shareholders with any material information in the Company's possession which is relevant to a decision on whether to elect or re-elect a director.

#### 1.4. Terms of Appointment – Directors and Senior Management Team

All directors of the Company are required to sign a letter of appointment outlining the material terms of their appointment and the key roles based on their experience and skills. The level of remuneration for Non-Executive Directors primarily reflects the experience, time commitment, level of responsibilities and complexity of the role. The remuneration of the directors of the Company (including the CEO, CFO and other Key Management Personnel) are outlined in the Remuneration Report in the Company's latest Annual Report)

Based on the delegation of authorities from the Board, the CEO has in turn delegated his authority to the suitable Senior Executive (being an executive of the Company who reports directly to the CEO and is identified as the Senior Management Team of the Company). The members of the Senior Management Team will generally have written employment agreements with the Company setting out their key roles, obligations and remuneration. The remuneration is commensurate to the market rate and their experience and skills in the respective field. Their remuneration has been approved by the Board. All members of the Senior Management Team are required to sign a separate non-disclosure agreement to protect the confidential information of the Company.

The Company's constitution requires that no director (who is not the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the director was last elected or re-elected. The Company was incorporated in July 2014 and listed on the ASX in August 2014. Below is the information of the initial appointment and the re-election dates, for reference:

Director's Name	First Appointed	Re-Election Date
John Mackay	24 July 2014	2020
Grant Ferguson	24 July 2014	2018
Michael Malone	24 July 2014	2018
Michael Berk	24 July 2014	2020
Peter Jackson	24 July 2014	2019
Edward Sippel	24 July 2014	2019

#### 1.5. The Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role. The Company Secretary is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company Secretary is Andrew Metcalfe (appointed in July 2014), whose qualifications and experience are stated in the Company's latest Annual Report.

## 1.6. Diversity

The Company recognises that diversity drives the Company's ability to attract, retain, motivate and develop talent, create an engaged workforce, deliver the highest quality of service to its customers and continue growth to the business.

In view of the above, the Board has adopted a Diversity Policy to address the representation of women in senior management positions and on the Board and to actively facilitate a more diverse and representative management and leadership structure. Accordingly, the primary focus of the Diversity Policy is achieving, over a reasonable transition period, adequate representation of women in senior management positions and on the Board. The Company will do the following in promoting diversity:

- Introduce and supplement the measures outlined in the Diversity Policy;
- Implement policies which address impediments to diversity in the workplace (including parental leave and flexible working arrangements that assist employees to fulfil their domestic responsibilities) and review these policies to ensure they are available and utilised; and
- Monitor the effectiveness of, and continue to expand on, existing initiatives designed to identify, support and develop talented employees from a diverse range of backgrounds.

The company has made positive progress in 2017 to improve the overall percentage of women employees across the Group. The Board will continue to monitor progress in 2018 on a periodic basis to ensure that the objective of the Diversity Policy continues to be enforced.

The Company does not currently have any woman on the Board.

As at 31 December 2017, the proportion of women employees in the Group and the list of women employees in the Senior Executive positions are as follows:

Total Employees	343	100%
Women Employees	90	26.2%
Senior Executives	32	9.32%
Women Senior Executives	3	0.9%

## 1.7. Performance Review and Evaluation

The Nomination & Remuneration Committee is responsible for assisting the Board in relation to the performance evaluation of the Board, its committees and individual Directors and in developing and implementing plans for identifying, assessing and enhancing Director's skills and competency. Speedcast undertook a full review and evaluation of Directors in 2017 and is in the process of considering adjustments to the constitution of the Board, which changes will be tabled to Shareholders at the 2018 AGM.

A performance evaluation of the Senior Management Team was conducted in 2017 based on the respective applicable Key Performance Indicators set by the CEO, in accordance with the business requirements of the Company.





## Principle 2 Structure the Board to Add Value

### 2.1. Board of Directors – Composition, Structure and Process

The Company maintained a Board of 7 Directors comprised of 3 independent Non-Executive Directors (including the Chairman); 3 (non-independent) Non- Executive Directors and 1 Executive Director (the Chief Executive Officer).

The composition of the Board is as reflected in the table below:

Name	Position
John Mackay	Independent Non-Executive, Chairman
Grant Ferguson	Independent Non-Executive Director
Michael Malone	Independent Non-Executive Director
Michael Berk	Non-Executive Director
Peter Jackson	Non-Executive Director
Edward Sippel	Non-Executive Director
Pierre-Jean Beylier	Executive Director, Chief Executive Officer

A profile of the directors is set out in the introductory section of the Company's latest Annual Report.

### 2.2. Nomination & Remuneration Committee

The Nomination and Remuneration Committee generally meet twice per year and comprise the following members:

- Peter Jackson (Chair) (NED)
- Grant Ferguson (INED)
- Michael Malone (INED)
- Edward Sippel (NED)

The Nomination and Remuneration Committee Charter was adopted by the Board on 10 July 2014 and can be viewed and downloaded from the Company's website.

The key roles of the Nomination & Remuneration Committee are:

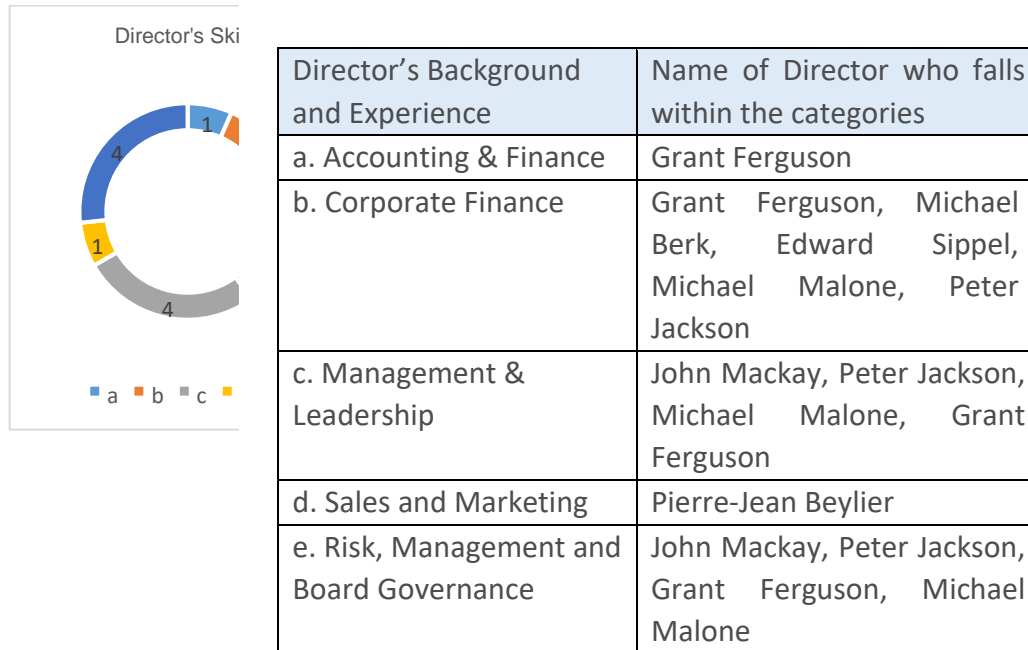
- Assist the Board to develop a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;
- Review and recommend to the Board the size and composition of the Board and criteria for membership, including review of Board succession plans and the succession of the Chairman and CEO;
- Review and recommend arrangements for the executive directors (including CEO) and the executives reporting to the CEO;
- Review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for senior management;
- Review and recommend to the Board the remuneration arrangements for the Chairman and the non-executive directors of the Board, including fees, travel and other benefits;
- Assist the Board as required in relation to the performance evaluation of the Board, its committees and individual directors;

- Review the senior management performance assessment processes and results;
- Review and approve short term incentive strategy, performance targets and bonus payments, including major changes and developments to the Company's employee equity incentive plans; and
- Review the effectiveness of the Company's Diversity Policy

### 2.3. Skills, Knowledge and Experience

The Board considers the present composition, size and balance in respect of qualifications and experience of the Board to be appropriate and effective for the control and direction of the Group's business. Each director is expected to bring to the Company their experience and skills in the respective fields in particular their considerable industry experience, to add value to the performance of the Company.

The Below pie chart depicts the skills matrix of the Board on the Reporting Period.



### 2.4. Chairman

The Board Chairman is responsible for the leadership, operations and governance of the Board and Board Committees. The Chairman also chairs all Board and shareholder's meetings. A profile of the Chairman of the Company, Mr John Mackay (appointed on 24 July 2014), is stated in the Company's latest Annual Report. Mr Mackay is an independent non-executive director.

### 2.5. Executive Director

The Company's only executive director is Mr Pierre-Jean Beylier (appointed on 14 July 2014) whose profile is stated in the Company's latest Annual Report.

### 2.6. Non-Executive Directors

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. The Board currently has a majority of Non-Executive Directors. The Board as a whole is satisfied that the Non-Executive Directors bring an independent discretion to their deliberations. The Company's Non-Executive Directors are listed in the table in Section 2.1 above. Their qualifications and experience are stated in the Company's latest Annual Report.

## 2.7. Independence

The Board has adopted the following guidelines to assist in considering the independence of directors. In general, a director will be considered independent if they are not member of the management of the Company (a Non-Executive Director) and:

- has not previously been employed in an Executive capacity within the Group, unless a period of at least 3 years has elapsed between ceasing such employment and serving on the Board;
- has not within the last 3 years been a partner, director or senior employee of a provider of material professional services to the Group or another group member;
- have not within the last 3 years been in a material business relationship (e.g. supplier or customer) with the Group, or an officer of or otherwise associated with someone with such a relationship;
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
- has no material contractual relationship with the Company or another group member, other than as a Director of the Company;
- has no close family ties with any person who falls within any of the categories described above; and
- has not been a Director of the Company for such a period that his or her independence may have been compromised.
- is free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

In the case where any of the above interests, positions or relationships exist, the Company assesses its materiality to determine whether it might interfere, or reasonably be seen to interfere, with the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

The Board is consistently reminded of the independence requirement and closely adheres to such requirement. Guidelines are made available to the Board to assist in considering the independence of directors including the materiality of any given relationship on a case by case basis. In general, the Board will consider (i) a holding of 5% or more of the Company's shares to be material and (b) an affiliation with business which accounts for more than 5% of the relevant base to be material. Overall, the Board will also take into account the quantitative and qualitative assessment.

For the Reporting Period, the Company maintained a Board of 7 Directors comprised of 3 independent Non-Executive Directors (including the Chairman); 3 (non-independent) Non-Executive Directors and 1 Executive Director (the Chief Executive Officer).

Of the Non-Executive Directors who are not considered independent, 2 of those Directors, Edward Sippel and Michael Berk, are nominated by a shareholder that held substantial equity in the Company in 2017, TA Associate Funds, and the other Director, Peter Jackson, is a former chairman (and current non-executive director) of one of the Company's key suppliers, Asia Satellite Telecommunications Co. Ltd.. The Board considers each of these

directors add significant value given their considerable experience and skills and will bring objective and independent judgement to the Board's deliberations.

## **2.8. Induction and Professional Development**

It is a policy of the Board to ensure that Directors and Senior Management of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively and that individual and collective performance is regularly and fairly reviewed.

The Company has a programme for inducting new Directors. This includes giving new Directors a full briefing about the nature of the business, current issues, the corporate strategy and the expectations of the Board concerning the performance of Directors and access to all employees to gain full background on the Company's operations. Directors are encouraged to attend director training and professional development courses, as may be required to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles as Directors, at the Company's expense (as approved by the Chairman and or the Board, as appropriate and applicable).

## **2.9. Meetings of the Board**

The Board holds regular meetings, no less than six times a year, and holds additional meetings whenever necessary to deal with specific matters requiring attention. Directors' Circulatory Resolutions are utilised where appropriate either in place of or in addition to formal Board meetings. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

It is recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or non-executive capacity, provided that these commitments do not materially interfere with their ability to serve as a Director of the Company.

## **2.10. Conflicts of Interest**

To ensure that Directors are at all times acting in the interests of the Company, Directors must:

- disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director or his duties to any other parties and the interests of the Company in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters to which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

## **2.11. Related-Party Transactions**

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act and the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholders'

approval for the related party transaction, the Board may not approve the transaction. The Company also discloses related party transactions in its Annual Report as required under the Corporations Act and relevant Accounting Standards.

## **2.12. Share Dealings and Disclosures**

The Company has adopted a Policy for dealing in securities (dated 26 June 2014), which applies to all employees of the Group (including directors and CEO) and Connected Persons of the employees. Connected Persons are defined as a family member of the employee and a company or any other entity which the employee has an ability to control. The policy is designed to:

- explain the type of conduct in relation to dealings in the Company's securities that is prohibited under the relevant law and by the Group, including insider trading; and
- establish a procedure for buying, selling or otherwise dealing in the Company's securities (generally and during specified prohibited periods) which requires (the Relevant Person who are in possession of "inside" information or has been notified by the Company of such "inside" information) the prior approval from the Chairman of the Board or the Chairman of the Audit, Business Risk & Compliance Committee or CEO, as appropriate. Approval during prohibited periods will only be granted where there are exceptional circumstances which include severe financial hardship, compulsion by court order or any other circumstance that is deemed exceptional by the approver. Currently, share trading by Directors, executives and employees is only permitted in a 60-day period after the release of annual and half-year results, and then only if no "inside" information is held.

A copy of the Company's Policy for dealing in securities has been released to ASX and may also be viewed and downloaded from the Company's website.

## **2.13. Independent Professional Advice**

Subject to prior approval by the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as a Director.

## **2.14. Company Information and Confidentiality**

All Directors have the right of access to all relevant Company books and to Senior Executives. In accordance with legal requirements and agreed ethical standards, Directors and employees of the Company have agreed to keep confidential all information received in the course of the exercise of their duties and will not disclose non- public information except where disclosure is authorised or legally mandated.

## **2.15. Directors' and Officer's Deeds**

The Company has entered into a deed of indemnity, insurance and access with each of the Directors and the Company Secretary to regulate certain matters between the Company and each officer, both during the time the officer holds office and after the officer ceases to be an officer of the Company (or companies within the SpeedCast Group) for up to seven years.

## Principle 3 Promote ethical and responsible decision-making

### 3.1 Code of Conduct

The Board has set in place a Code of Conduct which outlines how the Company expects its representatives to behave and conduct business in the workplace on a range of issues. It includes legal compliance and guidelines on appropriate ethical standards. The Code of Conduct is applicable to all employees of the Company including temporary employees, contractors, consultants, agents and company directors. It also applies to all business activities with suppliers, contractors, customers, shareholders and employees in Australia and overseas and covers the following obligations:

- Compliance with laws and regulations
- Integrity in all dealings with customers, shareholders, government, employees, suppliers and community in order to enhance the Company's reputation and performance
- Conflict of interest arising from any personal interest or relationship
- Confidentiality of information that belongs to the Company
- Improper use or theft of Company property, assets and email
- Compliance with the Privacy laws of Australia and other applicable jurisdictions
- Ensuring integrity and exercise highest standard of care in providing information in any public communications and disclosure
- Employment practices including occupational, health and safety, securities trading, anti-bribery conduct
- Contribution to the community, environmental responsibilities and company's policy on political activities

A copy of the Company's Code of Conduct may be viewed and downloaded from the Company's website.



## Principle 4 Safeguard Integrity in Financial Reporting

### 4.1 Audit, Business Risk & Compliance Committee

The Company has established an Audit, Business Risk and Compliance Committee Charter based on the best practice recommendations. The member composition is as follows:

Name	Position
Grant Ferguson	Independent Non-Executive Director, Chair
John Mackay	Independent Non-Executive Director
Michael Malone	Independent Non-Executive Director
Edward Sippel	Non-Executive Director

In order to ensure that the committee is able to discharge the responsibilities effectively, it is intended that between the members of the committee there should be members with accounting and financial expertise and sufficient understanding of the industry. The quorum of the committee is at least 2 members and the committee meet as often as the committee deem necessary or at least on a quarterly basis. Any Committee member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee. Minutes of the meeting must be taken and kept by the Company Secretary and be available for inspection by any director.

The Company has set forth an External Audit Policy wherein the committee will review the appointment, reappointment, replacement and remuneration of the external auditor as well as evaluating its effectiveness and independence on an annual basis. The external auditor will be assessed based on a number of criteria including but not restricted to:

- the overall comprehensiveness of the external audit plan;
- the timeliness and quality of communications promised under the plan and delivered during the audit;
- the competency and industry knowledge of external audit staff; and
- the adequacy of resources to achieve the scope as outlined in the plan.

In assessing the independence of the external auditor, the external auditor is required to provide:

- a report which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.
- a declaration on a half yearly and annually basis, testifying to its independence in respect of the financial period in question. Further, the external auditor will have continuing obligation to notify the committee, via Company Secretary, of any new information it believes may be material to reviewing independence.

The external audit engagement partner is required to rotate at least once every 5 years.

The Audit, Business Risk & Compliance Committee Charter may be viewed and downloaded from the Company's website.

The number of times that the Audit, Business Risk & Compliance Committee met during the Reporting Period, and the individual attendances of Committee members at those meetings, is disclosed in the Company's latest Annual Report.

#### **4.2. CEO and CFO Declarations**

In 2017 the Company has a Managing Director, Chief Operating Officer (COO), Chief Executive Officer (CEO) and Chief Financial Officer (CFO). The Board has determined that the CEO and CFO are the appropriate persons to make the declaration as required under section 295A of the Corporations Act and as per the ASX Recommendations.

These declarations state that, in their respective opinions, the financial records of the Company 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 Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. The Board receives, prior to their approval of the Company's financial statements for a financial period (i.e. the half year and full year reports), written assurances from the CEO and CFO.

#### **4.3. External Auditor**

The Company's external auditor (Auditor) is selected for its professional competence, reputation and the provision of value for professional fees. Within the audit firm, the partner responsible for the conduct of the Company's audits is rotated every 5 years. The external Auditor attends the Company's AGMs (in person or by teleconference) and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

### **Principle 5 – Make Timely and Balanced Disclosure**

#### **5.1. Continuous Disclosure to ASX**

In accordance with the Corporations Act and ASX Listing Rule 3.1, the Company immediately notifies ASX of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities, subject to exceptions permitted by that rule. A reasonable person is taken to expect information to have a material effect on the price or value of the Company's securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The Board has nominated the Company Secretary as the person with the primary responsibility for all communication with the ASX in relation to listing rule matters. The Board has appointed the Audit, Business Risk and Compliance Committee as the 'Disclosure Committee' with responsibility for compliance with the Company's continuous disclosure obligations.

If management becomes aware of any information at any time that should be considered for release to the market, it must be reported immediately to a member of the Disclosure Committee. Only material information requires disclosure and the Disclosure Committee will determine the materiality of such information in accordance with the guidelines and requirements of the ASX.

In general, the Company will not respond to market speculation or rumours unless required to do so by law or by the ASX Listing Rules.

The Company may request a trading halt from ASX to maintain fair, orderly and informed trading in its securities and to manage disclosure issues. Any two of the CEO, Company Secretary and CFO are authorised to call a trading halt and will alert and keep the Chairman informed of any request for a trading halt. If the CEO and CFO are unavailable to call a trading halt, the Chairman or (if the Chairman is unavailable) the Company Secretary is authorised to call a trading halt.

The Company's Continuous Disclosure Policy may be viewed and downloaded from the Company's website.

## Principle 6 Respect the Rights of Shareholders

### 6.1 Market and Shareholder Communications

The Company aims to ensure that shareholders are kept informed of all major developments affecting the state of affairs of the Company. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. The Company also has in place an investor relations program to facilitate communication with investors. One of the Company's key communication tools is its website located at [www.speedcast.com](http://www.speedcast.com), where all up-to-date important information about the Company is published.

Information is communicated to shareholders and other stakeholders regularly through a range of forums and publications, including the following:

- Notice of meetings and explanatory material are available on the Company's website. The Company encourages shareholders to provide email addresses so that notices of meetings and explanatory material can be sent to shareholders via email;
- The Company encourages full participation of shareholders at its AGM each year. For those shareholders who are unable to attend in person, the Company provides full transcript of the Chairman's and CEO's speech on its website. Shareholders are encouraged to lodge direct votes or proxies electronically.
- The Company's annual report is available on the Company's website and contains important information about the Company's activities and results for the previous financial year. Shareholders can elect to receive the Company's annual report on concise report as an electronic copy or in hard copy through mail.
- All ASX announcements including annual and half yearly financial results, are posted on the Company's website as soon as they have been released by ASX. The Company's reports and ASX announcements may also be viewed and downloaded the ASX website:
- [www.asx.com.au](http://www.asx.com.au) under the ASX code "SDA".
- Copies of all media releases made by the Company are posted on the Company's website.
- Copies of all investor presentations made to analysts and media briefing are posted on the
- Company's website, and where appropriate the Company uses webcasting or teleconferencing of these presentations and briefings.
- Company provides a telephone and facsimile helpline facility to assist shareholders with any queries on investor relations.

The ownership and shareholder information are available on the Company's website. Information on the Company's share registry can be found at <https://www.linkmarketservices.com.au/corporate/home.html>.

### 6.2 Shareholders' Meetings

Shareholders have the ability to communicate with Directors through various means including:

- having the opportunity to ask questions of Directors at all general meetings;

- the presence of the Auditor at AGMs (in person or by teleconference, as practicable and appropriate) to take shareholder questions on any issue relevant to their capacity as Auditor;
- the Company's policy of expecting Directors to be available to meet shareholders at the AGM; and
- the Company making Directors and selected Senior Executives available to answer shareholder questions submitted by telephone, email and other means (where appropriate).

Traditionally, the key forum for two-way communication between the Company and its shareholders is its AGM. The Board encourages shareholder participation at the Company's AGM and other general meetings of shareholders and the Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate. Shareholders who are unable to attend the AGM or a general meeting may submit questions and comments before the meeting to the Company and or to the Auditor (in the case of the AGM).

## Principle 7 – Recognise and Manage Risk

### 7.1. Risk Committee

The Board does not have a stand-alone Risk Committee. However, the Company's Audit, Business Risk & Compliance Committee (refer Section 4.1 for further details) has an important risk management and compliance function, with key responsibilities being to ensure that an appropriate risk management framework is in place and is operating properly and reviewing and monitoring legal and policy compliance systems and issues.

The Audit, Business Risk & Compliance Committee Charter may be viewed and downloaded from the Company's website.

The Audit, Business Risk & Compliance Committee updated the Company's risk management framework during 2017 to adapt it to the needs of the expanding and evolving Group. The Committee will continue to review the framework during 2017, given recent acquisitions and geographical expansion.

The number of times that the Audit, Business Risk & Compliance Committee met during the Reporting Period, and the individual attendances of Committee members at those meetings, is disclosed in the Company's latest Annual Report.

### 7.2. Internal Control and Risk Management

The Audit, Business Risk & Compliance Committee has the responsibility to oversee the internal control framework (which includes risk management) and manage the Company's process and policies of identification and management of risks that have the potential to impact significantly on operations, financial performance or reputation.

The Board recognises that no cost-effective internal control system will preclude all errors and irregularities from occurring. The system is based, in part, on the appointment of suitably-qualified and experienced service providers and suitably-qualified and experienced management personnel. The effectiveness of the system is monitored and continually reviewed by management on an on-going basis and at least annually by the Board. On a day-to-day basis, managing the various risks inherent in the Company's operations is the responsibility of the CEO in conjunction with the CFO. Risks facing the Company can be divided into the broad categories of operations, compliance and market risks.

Operations risk refers to risks arising from day-to-day operational activities which may result in direct or indirect loss from inadequate or failed internal processes, decision-making, exercise of judgment, people or systems or external events. The CEO and CFO have delegated responsibility from the Board for identification of operations risks generally, for putting processes in place to mitigate them and monitoring compliance with those processes.

Compliance risk is the risk of failure to comply with all applicable legal and regulatory requirements and industry standards and the corresponding impact on the Company's business, reputation and financial condition. The Company's compliance risk management strategy ensures compliance with key legislation affecting the Company's activities. The Company's compliance strategy is kept current with advice from senior external professionals and the ongoing training of executives and other senior personnel involved in

compliance management. The General Counsel and the Company Secretary have oversight responsibility for managing the Company's compliance risk.

The Company has policies on responsible business practices and ethical behaviour, including conflict of interest and share trading policies, to maintain confidence in the Company's integrity and ensure legal compliance.

The material economic risks to which the Company is exposed principally consist of market risks. Market risk encompasses risks to the Company's performance from changes in equity prices, interest rates, currency exchange rates, capital markets and economic conditions generally. The Board retains final responsibility to assess the Company's exposure to these risks and set the strategic direction for managing them. Further details are in the Financial Risk Management note to the financial statements for the Company's latest financial year.

The Company's approach to risk management is not stationary; it evolves constantly in response to developments in operations and changing market conditions.

Management has reported to the Board as to the effectiveness of the Company's management of its material business risks in respect of the Company's latest financial year.

### **7.3. Internal Audit**

The Company does not have an independent internal audit function. Due to the nature and size of the Company's operations, and the Company's ability to derive substantially all of the benefits of an independent internal audit function in the manner disclosed below, the expense of an independent internal auditor is not considered to be appropriate.

The Audit, Business Risk & Compliance Committee performs all key elements of an internal audit function, including:

- Evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks.
- Evaluating the adequacy and effectiveness of the Group's financial and operational risk management control systems by reviewing risk registers and reports from management and external auditors.
- Evaluating the structure and adequacy of the Group's Business Continuity Plans.
- Evaluating the structure and adequacy of the Group's own insurances on an annual basis.
- Reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies.
- Overseeing the establishment and maintenance of processes to ensure that there is: – an adequate system of internal control, management of business risks and safeguard of assets;
  - a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control; and
  - a review, at least annually, of the Company's risk management framework.
- Evaluating the Group's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance.



- Reviewing the Group's main corporate governance practices for completeness and accuracy.
- Reviewing procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices, occupational health and safety, and the environment).
- Evaluating any material exposure of the Company to economic, environmental and social sustainability risks and, if necessary, consider management of those risks.
- Reviewing the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act and international financial reporting standards); and
- Advising the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and reviewing the effectiveness of the Company's internal control framework.

## Principle 8 – Remunerate Fairly and Responsibly

### 8.1. Nomination & Remuneration Committee

Please refer to section 2.2 on the information on the Nomination & Remuneration Committee.

The number of times that the Nomination & Remuneration Committee met during the Reporting Period, and the individual attendances of Committee members at those meetings, is disclosed in the Company's latest Annual Report.

### 8.2. Remuneration Policy

The Company has established a number of incentive arrangements to enable attraction, motivation and retention of management and employees of the Company. For executive team, the remuneration consists of (a) fixed remuneration; (b) cash-based short-term incentive; and (c) the LTIP as defined below. Both the cash-based short-term incentive and equity based LTIP are subject to achievement of performance criteria or hurdles set and assessed by the Board.

The key components of the cash-based short-term incentive are:

- Participants are entitled to receive a percentage of their fixed remuneration as an annual cash bonus;
- To be eligible for an annual cash bonus, participants must be employees in good standing of the Company at the date on which the relevant bonus is payable;
- Payment of annual cash bonuses is discretionary and determined by the Board based on individual measures and business performance against key performance indicators; and
- Key performance indicators are set each year, tested at the end of each year and may include measure such as revenue, EBITDA and growth targets.

The Nomination and Remuneration Committee recommends to the Board the remuneration packages for the executive team, which are reviewed annually. External advice may be sought to determine the appropriate level and structure of the remuneration packages from time to time, as required.

### 8.3. Equity Based Remuneration Scheme

The Company has established an equity incentive plan ("Long Term Incentive Plan" (LTIP)) in order to facilitate remuneration arrangements for Speedcast's Senior Management and enhance the alignment of their interests with those of shareholders.

The key features of the LTIP can be found in the Remuneration Report included within the Company's latest Annual Report.