

Corporate Governance Statement

Principle 1: Lay solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Group's long-term success. The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and key stakeholders and to ensure the Group is properly managed.

Role of the Board

The Board's role is to provide strategic guidance and effective oversight of management. It is ultimately accountable to shareholders for the management and direction of management and of the business of the Group and therefore, has ultimate authority over management.

In carrying out its role and exercising its powers, the Board acts in accordance with the letter and spirit of the law and the Company's Constitution. It acts honestly, fairly and with integrity in accordance with the Company's policies, codes of conduct and ethical and other standards and in a manner that will create and develop sustainable value for shareholders. It has regard to the interests of the Company's stakeholders, its employees, suppliers, customers or other stakeholders and the general community.

Responsibilities of the Board

In performing its role, the Board undertakes the responsibility for:

- the oversight of the Company, its business, activities, corporate governance and internal controls, including the development of its commercial, strategic and financial objectives and the monitoring of the implementation and execution of those objectives;
- the role of a nomination committee, including the composition of the Board, appointment and retirement or removal of directors and succession planning, without the formal creation of a separate committee;
- the review and oversight of the operation of systems of risk management, internal compliance and control, codes of ethics and conduct, legal and regulatory compliance;
- the monitoring of senior management's performance and implementation of strategy, including ensuring appropriate resources are available;
- approval of major capital expenditure, capital management, acquisitions and divestitures and consequential monitoring of their progress;
- performance of investment and treasury functions;
- monitoring industry developments relevant to the Group and its business;
- development of suitable key indicators of financial performance for the Group and its business;
- input into, and final approval of, management's development of corporate strategy and performance objectives;
- establishment and oversight of committees to consider such matters as the Board may consider appropriate, including audit matters, finance and business risks, remuneration and nominations and the establishment of a framework for the effective and efficient management of the Group; and
- any and all other matters reserved to it by law.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are delegated by the Board to the Chief Executive Officer and senior executives. As part of the Board's oversight of senior management, all executives are subject to annual performance reviews. Each executive is assessed against a range of criteria including financial targets, key performance measures and adherence to the Company's values. A performance assessment for senior executives last took place in July 2016, in accordance with this process.

Principle 2: Structure the Board to add value

The Board operates in accordance with the broad principles set out in its charter which is available from the corporate governance information section of the Company's website at www.wellcomworldwide.com. The charter details the Board's composition and responsibilities.

Composition of the Board

The Company's corporate governance charter requires the Board to comply as far as practicable with the following requirements regarding its composition:

- the Board must comprise members with a range of experience, expertise, skills and contacts relevant to the Group and its business;
- there must be at least three (3) directors appointed in accordance with the Constitution of the Company which requires a minimum of three (3) and a maximum of seven (7) directors;
- the number of directors may be increased where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified; and
- to establish gender diversity objectives and assess annually the objectives and progress in achieving them.

Directors' independence

Directors of the Group are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.

The Company's corporate governance charter states an independent director will:

- be a non-executive director;
- not be a substantial shareholder of the Company or an officer of or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- not have, within the last three (3) years, been employed in an executive capacity by the Company or any other Group member, or have been a director after ceasing to hold any such employment;
- not be a principal of a professional advisor to the Company or another Group member or an employee materially associated with the service provided, except where the advisor might be considered to be independent notwithstanding their position as a professional advisor due to the fact that the fees payable by the Company to the advisor's firm represent an immaterial component (less than 5%) of its overall revenue;
- not be a significant supplier or customer of the Company or another Group member or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
- not have a significant contractual relationship with the Company or another Group member other than as a director; and
- be free from any interest and any 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.

The Board regularly assesses the independence of each director in light of the interests disclosed by them, and each director provides the Board with all relevant information for this purpose.

The Board considers that the concepts of 'independence' and 'conflicts' should be distinguished for the purposes of assessing the independence of a director.

Each member of the Board is required to disclose any material contract or other relationship or personal interest in any matter that has a bearing to any degree on the business affairs or operations of the Group in accordance with the *Corporations Act 2001*. In respect of any matter disclosed by a director which is an item of business for consideration by the Board, that director must not be present while the matter is being considered or vote on that matter.

In the context of director's independence, 'materiality' is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount.

It is presumed to be material if it is equal to or greater than 10% of the appropriate base amount (unless there is qualitative evidence to the contrary). Qualitative factors considered include, among other things, the importance of a strategic relationship, competitive landscape, nature of the relationship and the contractual or other arrangements governing the relationship.

In accordance with the definition of independence above and the materiality thresholds set, the following directors of the Company are considered to be independent:

Name:	Position:
K.B. Smith	Non-executive Director
C.A. Anzarut	Non-executive Director
J.A. Kendall	Non-executive Director

Board members

The skills, experience, expertise, qualifications, term of office and independence status of each director in office at the date of the annual report are included in the directors' report.

At the date of the annual report there are four (4) directors, three (3) of which are independent non-executive directors.

The Board seeks to ensure that its membership at any point in time represents an appropriate balance between directors with knowledge and experience of the Group and its businesses, and directors who can provide an external or fresh perspective.

The size of the Board is to remain at all times, conducive to effective discussion and efficient decision-making.

Appointments and re-elections

The Board fulfil the role of a Nomination Committee, allowing the Board to nominate new directors and nominate those retiring for re-election at the next Annual General Meeting. The Board will assess the performance of nominated directors, and decide to recommend shareholders to vote in favour of new and re-elected directors. In addition to any recommendation, shareholders will be provided with the relevant experience and qualifications necessary for them to make an informed decision.

New directors will participate in a formal induction process as designed by the Executive Chairman. The development and education needs of existing directors are assessed continuously along with the annual performance review, to allow directors to perform their duties to the highest standard.

Term in office

The Company's Constitution requires that one third of the directors (or the number nearest to one third), being the longest serving directors, retire at each annual general meeting of the Company. All directors, excluding the Executive Chairman, are also required to retire where a third annual general meeting falls during the period in which they have held office. Retiring directors are eligible to be re-elected.

The term in office held by each director in office at the date of this report is as follows:

Name:	Term in office:
W.W. Sidwell	11 years
C.A. Anzarut	11 years
K.B. Smith	10 years
J.A. Kendall	1 year (appointed 27 th January 2016)

Executive Chairman

The Executive Chairman of the Board is responsible for:

- the provision of leadership to the Board;
- planning and conducting Board meetings ensuring that the Board has full information on which to base its decisions on the business of the meeting;
- managing the periodic reviews of the performance of the Board;
- briefing all directors in relation to issues at Board meetings; and
- facilitating the effective contribution of all directors and promoting constructive and respectful relations between Board members and management.

Company Secretary

The company Secretary reports directly to the Board through the Chairman, on all matters to do with the proper functioning of the Board.

Commitment

The Board held ten (10) meetings during the year. All meetings were held at operational sites of the Company or its controlled entities. Details of meetings held by the Board of directors and of each Board committee and the attendance at those meetings is disclosed in the directors' report.

The Company requires all non-executive directors to spend sufficient time during the year preparing for and attending Board and committee meetings and associated activities.

The commitments of non-executive directors are considered prior to the director's appointment or re-appointment to the Board of directors of the Company and are reviewed each year as part of the annual review process.

Each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to fulfil their responsibilities to the Company prior to their appointment or being submitted for re-election.

All directors have formal letters of appointment, outlining the key terms and commitments of their appointment.

Board and director evaluation

The process of evaluating the performance of the Board and individual directors is the responsibility of the Board under the direction of the chairman. This self assessment process is undertaken annually.

Independent professional advice

The Company has initiated a set of procedures, agreed by the Board, to enable directors to seek independent professional advice to further their duties, at the expense of the Company. The Executive Chairman's approval is required prior to the commitment of Company funds, however such approval will not be unreasonably withheld.

Board committees

The Board has established a number of committees to assist in the performance of its duties and to allow for detailed consideration of more complex issues where necessary. Current committees of the Board consist of the Audit Committee and the Remuneration Committee. Four Board members currently serve on the Audit Committee and three Board members sit on the Remuneration Committee. Each committee structure and membership is reviewed on an annual basis.

Principle 3: Promote ethical and responsible decision-making

Code of conduct

The Company has developed a code of conduct which has been endorsed by the Board and applies to all directors and officers of the Company. Full details of the code of conduct are available on the Company's website.

The objective of the code is to guide behaviour, enhance investor confidence in the Company and demonstrate the commitment of the Company to its ethical standards and practices.

All directors and officers of the Company must act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company and the Group and to act in accordance with the interests of shareholders, staff, clients and all other stakeholders in the Company.

In making decisions on behalf of the Company, directors and officers will respect and have regard to the bona fide interests of legitimate stakeholders in the Company, including its shareholders, employees, customers, clients, partners and suppliers.

The Company will not knowingly infringe the legal rights of legitimate stakeholders, and will take reasonable steps to minimise the risk of doing so unintentionally.

Officers must act fairly and honestly in all their dealings with and for the Company. Business relationships must be maintained in a way which is consistent with the principles of respect for others and fairness.

The Company maintains a position of impartiality with respect to party politics. Accordingly, the Company does not contribute funds to any political party, politician or candidate for public office.

The Company does not prohibit officers from making personal political contributions but they may not use their role with the Company for political interests at any time.

The purchase and sale of company securities by directors, relevant employees, and their related parties is only permitted during the four week period following the release of the half-yearly or annual financial statements to the market and after conclusion of the AGM, subject to additional provisions detailed within the code of conduct as available on the Company's website.

Diversity Policy

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the company has developed a diversity policy, a copy of which can be found on the Company's website. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish

measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

In accordance with this policy and ASX Corporate Governance Principles, the Board has established the following objectives over the coming 2 to 3 years as director and senior executive positions and appropriately skilled candidates become available:

	Objective		Actual	
	Number	%	Number	%
Number of women employees in the whole organisation	244	50	189	39
Number of women in senior executive positions	4	30	2	15
Number of women on the Board	2	40	1	25

The Company has complied with the requests of the *Workplace Gender Equality Act 2012* in lodging its report for the 2015-16 reporting period with the Workplace Gender Equality Agency (WGEA). A copy of this report is available on the Company's website.

Principle 4: Safeguard integrity in financial reporting

Audit Committee

The Board has established an Audit Committee, which operates under a charter adopted by the Board, which is available on the Company's website.

It is the Board's responsibility to ensure that an effective internal framework exists within the Group, including internal controls to deal with the safeguarding of assets, efficient and effective significant business processes, maintenance of proper accounting records and the reliability of financial information, together with non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Audit Committee was in place for the entire financial period referred to in this financial report. There were two (2) Audit Committee meetings held during the year. Details of directors' attendance at these committee meetings are outlined in the directors' report.

The committee provides the Board with additional assurance regarding the correctness and reliability of financial information prepared for use by the Board and also for the integrity of the Company's internal controls affecting the preparation and provision of the financial information in determining policies or for inclusion in the financial report.

The Company's Audit Committee charter requires a minimum of three (3) directors be appointed to the Audit Committee, comprising of at least two (2) non-executive directors and be chaired by a director who is not Chairman of the Board and is otherwise independent. At least one (1) member of the committee must have financial expertise (for example, a qualified accountant or other professional with financial and accounting experience) and at least one (1) member of the committee must have an understanding of the industry in which the Company operates. The Board will confirm membership of the committee each year.

The main responsibilities of the Audit Committee are to:

- monitor and make recommendations to the Board on the effectiveness of the Company's external audit function;
- make recommendations to the Board in regard to the scope of internal and external audit and the development of audit plans, the process for putting the external audit out to tender, the appointment of the external auditors, and report on any exception or qualifications reported or recommendations made by the external auditor in the auditor's opinion and management letter;

- directly oversee the external audit tender process, including at least two (2) of the members of the Audit Committee on the interview panel for the tender;
- review the form and content of representation letter/s provided to the external auditors;
- monitor implementation of any actions required by the Board to be taken by management to address any exceptions or qualifications reported and recommendations made by the external auditor;
- liaise with the external auditors, including at least two (2) meetings each year with the auditors. A portion of those meetings, dealing with the preparation of the audited accounts of the Company, should take place in the absence of all management;
- review and make recommendations to the Board in relation to accounting policies or required changes to the major accounting policies of the Company;
- monitor compliance by management with all approved accounting policies of the Company;
- monitor the effectiveness of the Company's risk and compliance internal controls and systems and make recommendations to the Board when necessary;
- regularly consider and monitor the Company's exposure to significant risks, including economic, environmental and social sustainability risk factors. Making recommendations to the Board in respect of such monitoring findings, including strategic and operational improvements in risk management planning and implementation and insurance strategies;
- oversee the development by management of risk management plans and make recommendations to the Board;
- monitor the implementation of approved risk management plans throughout the Company;
- monitor compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by management in relation to those requirements;
- ensure completion of the Company's annual corporate governance statement for inclusion in the annual report of the Company, as required by ASX Corporate Governance Principles; and
- evaluate the adequacy and effectiveness of the internal financial and other controls used by the Company to ensure the accuracy and integrity of all information provided to the Board and to others outside the Company.

The committee will regulate itself consistently with the rule set out in the Company's corporate governance charter and under the principles and procedures of the Audit Committee charter.

The members of the Audit Committee consist of the following Directors:

K.B. Smith (Committee Chairman)

C.A. Anzarut

W.W. Sidwell (Resigned 17th February 2016)

J.A. Kendall (appointed 17th February 2016)

Qualifications of Audit Committee members

K.B. Smith, Chairman of the Audit Committee, has been a Chartered Accountant for over 30 years, serving on the Audit Committee of Schroders Australia from 1992 to 2000, also chairing the Credit & Risk Committees at Schroders Australia from 1996 to 2000. He was also formerly a director of SMS Management & Technology Limited and a member of its Audit Committee.

C.A. Anzarut holds the qualifications of LL.B and MBA and has acted as a commercial lawyer for over 20 years.

W.W. Sidwell has significant experience in the management of Wellcom Group Limited and its predecessor Well.com Pty Ltd, having in excess of 40 years' experience in the industry. He is also a director of a number of private companies.

J.A. Kendall holds a Bachelor of Business - Marketing, is a Fellow of the Australian Institute of Company Directors, and has over 30 years Marketing and Operational experience.

External auditors

The Company and Audit Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. HLB Mann Judd was appointed as the Company's external auditor in 2005. As required by the *Corporations Act 2001*, HLB Mann Judd rotates the audit engagement partners on listed companies at least every five years, with an extension to this term up to a maximum of 2 years with approval from the Audit Committee.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements. It is a legal requirement of the external auditors to provide an annual declaration of their independence to the Board of Directors as required by the *Corporations Act 2001*.

The external auditor will attend the annual general meeting and be available to answer shareholders questions about the conduct of the audit and the preparation and context of the audit report.

Principle 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders

Continuous disclosure and shareholder communication

The Company has developed a set of policies, approved by the Board, to ensure the market is kept fully informed of the Group's strategy and financial performance, which are compliant with the ASX listing rule disclosure requirements. The Company seeks to achieve this by providing equal access to information for all investors and avoiding the disclosure of material information to any person on a selective basis.

Disclosable price-sensitive information must be disclosed to ASX prior to disclosure to analysts, the media or others outside the Company to ensure equal access to information. Following confirmation of receipt of lodgement, all information released to ASX will be available on or through the Company's website.

Except for certain confidential information that no reasonable person would expect to be disclosed, once the Company becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, it will immediately tell ASX that information. Continuous disclosure obligations are regularly considered and a standing item on the agenda of Board meetings requires all directors to confirm details of any matter within their knowledge that might require disclosure to the market.

The Company communicates regularly with shareholders through:

- its full annual report, which the Company sends to all shareholders in hard copy unless they have elected to receive it by electronic copy or not at all;
- its annual general meeting, at which shareholders are updated on the Group's performance and outlook. All shareholders are given the opportunity to ask questions of the Board and of the auditor, who is invited to the meeting, about the audit;
- Company announcements published with the ASX, and on its website;

- release of the annual results in August each year and the interim results in February; and
- market briefings where unexpected events occur during the year or to ensure the market is clear about the Group's strategy, business and outlook. No new materially price-sensitive information is provided at these briefings. Questions at briefings that deal with material information not previously disclosed will not be answered. All inadvertent disclosure of material information during market briefings would be immediately released to ASX.

Only the Executive Chairman or a person authorised by the Executive Chairman is authorised to make any public statement or announcement on behalf of the Company.

The Company does not comment on rumours or market speculation, subject to the continuous disclosure rules.

All proposed media releases and external presentations are reviewed by the Company Secretary in advance to ensure the continuous disclosure requirements are met at all times. The Company Secretary is also responsible for all communications with ASX.

Principle 7: Recognise and manage risk

The Board, through the Audit Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives. Refer to Principle 4 for further comments regarding the responsibilities of the Audit Committee.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

Corporate reporting

In complying with recommendation 7.3, The Chief Executive Officer and the Chief Financial Officer have made the following certifications to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Group and are in accordance with the relevant accounting standards; and
- that the above statement is founded on a sound system of risk management, internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

The Board has established a Remuneration Committee, which operates under a charter adopted by the Board, a copy of which is available on the Company's website.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive management team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of the executive directors' and

officers' emoluments to the Group's financial and operational performance. Expected outcomes of the remuneration structure include the retention and motivation of key executives and performance incentives which allow executives to share in the Company's success.

Full details of the Company's remuneration framework and remuneration received by directors and executives in the current period are included in the remuneration report, within the directors' report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the Chairman and executive management.

There has been one (1) Remuneration Committee meeting held during the year. Details of directors' attendance at the committee meeting is outlined in the directors' report.

The members of the Remuneration Committee for the entire year were:

C.A. Anzarut (Committee Chairman)
W.W. Sidwell
K.B. Smith

ASX Corporate Governance Principles and Recommendations – Compliance

The Company complies, and has complied with the best practice recommendations of the ASX Corporate Governance Council for the whole of the financial year, with the exception of those items listed below:

- a) Best practice recommends that the role of Chairman be an independent director;
- b) The Audit Committee consists of the three members of the Board. The committee is chaired by an independent non-executive director, however, did not meet best practice guidelines of having only non-executive directors as members for the whole of the financial year. This guideline has been met since 17 February 2016 with the appointment of Janette Kendall to the Committee and the resignation of Wayne Sidwell;
- c) The Board undertakes the responsibility of the nomination committee rather than there being a separate nomination committee.

The exceptions listed above were for the whole of the financial year. The exceptions are primarily due to the Executive Chairman not being independent. The Board believes that notwithstanding this, the Board (and Audit Committee) is able to, and does, make quality, independent judgements with integrity, in the best interests of the Company and its shareholders, on all relevant issues. The directors of the Board are also able to obtain independent advice at the expense of the Company. The Board believes the Chairman is capable of providing quality, independent judgement to all relevant issues falling within the scope of his role, notwithstanding the dual role.

The Board believes that the current composition of the Board provides the Company with an appropriate mix of experience in commercial operations, law and finance to allow it to perform its duties, whilst at the same time giving the Board the flexibility afforded to a smaller group of directors. The Board is cognisant of its responsibilities in regards to succession planning and Board experience as the Company grows and expands its operations.