



RUBICOR GROUP LIMITED CORPORATE GOVERNANCE STATEMENT 2016

This Corporate Governance Statement sets out the material governance principles and processes adopted by the Board during the reporting period, for the year ended 30 June 2016 and is current as at that date. This Corporate Governance Statement as required by ASX Listing Rule 4.10, reports within the framework of the 3rd edition ASX Principles to the extent as described in this Corporate Governance Statement and where the Company's corporate governance practices have not followed the ASX Principles, the Board has provided its reasons for not following the ASX Principles and disclosed what, if any, alternative practices the Company has or will adopt instead of those in the ASX Principles.

The Board of Directors of the Company (**Board**) is responsible for the overall corporate governance of the Company and has adopted, as a guiding principle, that it act honestly, conscientiously and fairly in accordance with the law and in the interests of the shareholders with a view to building sustainable value for them, the Company's employees and other stakeholders of the Company.

At the beginning of FY2016, the Board conducted a review of its governance framework and practices and adopted the 3rd edition of the Corporate Governance Principles and Recommendations (**ASX Principles**). The Board noted that since it comprised three Directors, and for governance and practical purposes, it determined that the Audit and Risk Management Committee, Remuneration and Human Resources Committee and Nomination and Corporate Governance Committee should cease to operate and all Committee functions and responsibilities would be undertaken by the Board as a whole. The Board adopted a revised Charter that outlines its additional governance functions and responsibilities previously undertaken by the Committees. The Board also adopted revised versions of the Code of Conduct, Risk Management Policy and Shareholder Communications Policy in respect of removing any references to Board Committees and for currency.

This Corporate Governance Statement was approved by the Board and is available on the Company's website (www.rubicor.com.au) under "Investors" then "Corporate Governance".

The governance-related documents referenced in this Corporate Governance Statement are available in the Corporate Governance section of the Company's website (www.rubicor.com.au), under "Investors" then "Corporate Governance".

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Board is responsible for the management of the affairs of the Company and its subsidiaries including:

- strategic and financial performance;
- Executive Management;
- strategic planning;
- performance evaluation;
- audit and risk management;
- remuneration and human resources; and
- nomination matters and corporate governance.

The role of Senior Management is to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board is to oversee the activities of Management in carrying out these delegated duties. The Board approves all delegations of authority to Board Committees and Management.

Responsibilities reserved for the Board are contained in the Board Charter. Management is responsible for the day to day operations of the Company in line with Board approved delegations of authority.

Recommendation 1.2

In determining candidates for the Board, the Board follows a prescribed process under the Director Selection and Appointment Policy (contained in the Board Charter) where it will evaluate the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Board is to identify the particular skills and diversity that will best increase the Board's effectiveness.

Consideration will also be given to the balance of independent Directors. Potential candidates will be identified and, if relevant, the Board will consider an appropriate candidate for appointment to the Board. Any appointment made by the Board will be subject to approval by shareholders.

At the commencement of the Non-executive Director selection process, the Company undertakes appropriate checks on potential candidates to consider their suitability to fill a casual vacancy on the Board or for election as a Non-executive Director.

Prior to their appointment, candidates are required to provide the Chairman with details of other commitments and an indication of time involved, and to acknowledge that they will have adequate time to fulfil their responsibilities as a Non-executive Director of the Company.

Directors available for re-election at a general meeting will be reviewed by and considered by the Board. Directors are re-elected in accordance with the Company's Constitution and the ASX Listing Rules. Shareholders will be provided with all material information for a Director's election in the Notice of Meeting that would be relevant for shareholders to make a decision on whether or not to elect or re-elect a Director, such as the Director's qualifications, experience and contribution to the Board and a statement by the Board as to whether it supports the election.

Recommendation 1.3

Newly appointed Non-executive Directors receive formal letters of appointment setting out the key terms and conditions of their appointment, responsibilities and expectations of their appointment and remuneration. All Senior Executives enter into executive services contracts with the Company, which set out in detail the responsibilities specifically delegated to them.

Recommendation 1.4

Each Director has access to the Company Secretary who is responsible to the Board through the Chairman on all matters relating to governance and the conduct and function of the Board.

Recommendation 1.5

The Company is committed to workplace diversity, with a particular focus on improving the representation of women at the senior level of the Company and the Board, and to facilitate this has adopted a Diversity Policy. The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. The Board is responsible for establishing measurable objectives for achieving gender diversity and to assess annually the objectives and progress in achieving them.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Diversity Policy, which takes into account the recommendations and guidance provided by the ASX Principles to the extent practicable, provides a framework for the Company to achieve:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all employees;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and

- awareness in all employees of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

In FY2015, the Remuneration and Human Resources Committee developed measurable objectives to achieve the objectives set out in the Diversity Policy, including identifying ways in which achievement of gender diversity is measured. The measurable objectives were as follows:

- embedding of diversity awareness and objectives into the day-to-day operations of the organisation to become part of the way we do business, through newsletters, conferences and other communication forums with staff;
- retain top talent by ensuring a workplace supportive of female success, through endorsement and delivery of a range of programs, events and policies; and
- ongoing improvement of core talent processes (performance, development and career) to ensure gender-based equity and transparency.

Due to unforeseen structural changes within Management during the reporting period, the Board were required to adjust the Company's priority on its oversight of the Company's progress on achieving the FY2015 measurable objectives.

Rubicor's Workplace Gender Equality Agency public report is available at www.wgea.gov.au.

Recommendations 1.6 and 1.7

The Board Charter outlines the responsibility for the performance review of the Board, the Chairman of the Board and the individual performance of all Directors and Senior Management.

Board

The performance evaluation process involves the Chairman meeting with each Director and to assess the performance of the Board and individual Directors as well as the members of the Senior Management team. Observations and feedback from these interviews are then communicated to, and discussed amongst the Board and to agree on any actions to improve performance.

The Board did not conduct a performance evaluation during the reporting period as the Board determined that since it comprises three Directors (two of which are Executive Directors) the conduct of a performance evaluation would not be practical or beneficial for the Board.

Senior Management

The performance evaluation process involves the Chief Executive Officer conducting performance reviews with each member of the Senior Management team against performance measures which align with the Company's strategy, with feedback from both the Board and the Chief Executive Officer conveyed.

Due to the recent changes to Senior Management team, the Chief Executive Officer did not undertake a performance evaluation of the team during the reporting period.

Principle 2: Structure the Board to add value

Recommendation 2.1

The Nomination and Corporate Governance Committee ceased to operate effective 24 September 2015 and the nomination and corporate governance functions became the responsibility of the Board. These responsibilities include:

- overseeing the composition of the Board;
- reviewing the performance of the Board as a whole and the individual members of the Board;
- ensuring that proper succession plans are in place for the Executive Directors and other Senior Management;

- implementing good governance standards and appropriate corporate governance policies for the Company;
- critically reviewing the Company's performance against its corporate governance policies; and
- ensuring it has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Further information on the Board's nomination and corporate governance function is contained in the Board Charter.

Recommendation 2.2

The Board determined that since it comprises three Directors (two of which are Executive Directors) the development of a Board skills matrix would not be practical or beneficial for the Board. The composition and broad range of commercial skills and specific industry knowledge of the existing Board fulfils the Company's current requirements.

Recommendation 2.3

The following table outlines the Directors of the Company during the reporting period, including their period of office, non-executive and independent status.

Name	Appointment date	Cessation date	Non-executive status	Independence status
David Hutchison	22 June 2015	-	x	x
Angus Mason	20 August 2015	-	✓	x
Sharad Loomba	20 August 2015	-	x	x
Peter Lewis	22 June 2015	20 August 2015	✓	✓
George Miltenyi	22 June 2015	20 August 2015	✓	✓

The criteria to determine the independence of a Director is contained in the Board Charter.

Independent professional advice and access to the Company's information

The Board Charter provides that a Director is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at the Company's expense, on any matter connected with the discharge of his or her responsibilities. A Director must obtain the approval of the Chairman prior to seeking such advice. Where appropriate, a copy of this advice is to be made available to all other members of the Board. Each Director also has the right of access to the Company's information and to the Company's Executives.

Recommendation 2.4

At the beginning of FY2016, the Board comprised a majority of independent Non-executive Directors, namely Peter Lewis and George Miltenyi and Executive Director, David Hutchison.

Currently, the Board does not have a majority of independent Directors. David Hutchison and Sharad Loomba are Executive Directors and Angus Mason is a Non-executive Director but not independent as he is a director of Cashel Capital Partners Fund 1 Pte Ltd, a substantial shareholder of the Company. The Board considers that at this stage of the Company's operations, it is not necessary to have a majority of independent directors.

Recommendation 2.5

Under the Board Charter, the Chairman of the Board should be a Non-executive Director.

During the reporting period, the roles of the Chairman and Chief Executive Officer were exercised by the same individual. The Board believed that David Hutchison was appropriately qualified to be charged with the role and responsibility of Executive Chairman given his previous experience in senior management and leadership positions.

Recommendation 2.6

New Directors undergo an induction process in which they will be given a full briefing on the Company. Where possible, this will include meetings with Directors, key executives, tours of the premises, a Board manual and presentations from Management.

To achieve continuing improvement in Board performance and to enhance the skills of Board members, all Directors are encouraged to undertake training and professional development, as appropriate, at the Company's expense. This includes education concerning key developments in the Company and in the industry and environment in which the Company operates.

Principle 3: Act ethically and responsibly

Recommendation 3.1

Code of Conduct

The Company has adopted a written Code of Conduct, which applies to all of the Company's Executives and Non-executive Directors, officers, employees, contractors and consultants.

The purpose of the Code of Conduct is to ensure that:

- high standards of corporate and individual behaviour are observed by all employees in the context of their employment with the Company;
- employees are aware of their responsibilities to the Company under their contract of employment and always act in an ethical and professional manner;
- legal, ethical and other obligations to legitimate stakeholders are complied; and
- all persons dealing with the Company, whether it be employees, shareholders, suppliers, clients or competitors, can be guided by the stated values and practices of the Company.

Employees are encouraged to report any potential breaches of the Code, and the Company ensures employees are not disadvantaged for any reports made in good faith. The Company will deal with any reports promptly and fairly.

Conflicts of Interests

Directors of the Company are required to act in a manner which is consistent with the best interests of the Company as a whole, free of any actual or possible conflicts of interest. If a Director considers there may be a conflict, the Director is required to:

- immediately inform the Board of the potential conflict; and
- abstain from voting on any motion relating to the matter and be absent during all Board deliberations relating to the matter.

Share Trading Policy

The Company has adopted a Share Trading Policy in line with the updated ASX Listing Rules and Guidance Note issued by the ASX in respect of trading policies to regulate dealings by the Company's executives and non-executive Directors, officers, employees, contractors and consultants (**Employees**). All Employees are required to conduct their personal investment activity in a manner that is lawful and avoids conflicts of interest between the Employee's personal interests and those of the Company and its clients.

The Company is keen to promote shareholder and general market confidence in the integrity of the Company's internal controls and procedures, and to provide guidance on avoiding any breach of the insider trading laws.

Principle 4: Safeguard the integrity in corporate reporting

Recommendation 4.1

The Audit and Risk Committee ceased to operate effective 24 September 2015 and the audit and risk management functions became the responsibility of the Board. These responsibilities include:

- fulfilling its oversight responsibilities for the financial reporting process, the system of internal control relating to all matters affecting the Company's financial performance, the audit process, and the Company's process for monitoring compliance with laws and regulations and the Company's Code of Conduct;
- determining the scope of the internal audit function and ensuring its resources are sufficient and used appropriately;
- reviewing of internal audit performance and independence;
- the adoption and application of appropriate ethical standards and management of the Company and the conduct of the Company's business;
- supervising the Company's risk management framework (such framework is described under a separate heading "Risk management" later in this Corporate Governance Statement); and
- reviewing the adequacy of the Company's insurance policies.

The Board also monitors the independence of the Company's external auditor. The Board must approve in advance the terms of engagement of the external auditor to perform audit and related work. Any non-audit work to be performed by the external auditor must be approved by the Board and, in doing so, the Board ensures the external auditor's independence and integrity is maintained. The lead engagement audit partners of the Company's external auditor will be rotated from the engagement after five years.

The Board is responsible for reviewing the performance of the external auditor, and the selection and appointment of the external auditor. The Board is responsible for the re-appointment of the current external auditor or a tender process to select a new external auditor.

Prior to approval of the half year and full year financial results of the Rubicor Group, the external auditor presents to the Board its report on the review and audit of the financial statements. This provides the Board the opportunity to engage with the external auditor to ensure that the Board can independently verify and safeguard the integrity of the Rubicor Group's corporate reporting. The Board also meets with the external auditor, independent of Management, and with Management independent of the external auditor. The Board has adopted a number of improvements on the safeguard of the integrity of its corporate reporting and internal controls.

Further information on the Board's audit and risk management functions is contained in the Board Charter.

Recommendation 4.2

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

For the half year ended 31 December 2015 and the financial year ended 30 June 2016, the Chief Executive Officer and Chief Financial Officer made the declarations to the Board in accordance with section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles.

Recommendation 4.3

Rubicor's external auditor attends each Annual General Meeting (**AGM**) and is available to answer shareholder questions about the conduct of the audit, the preparation and content of the Independent Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements of the Company and the independence of the auditor in relation to the conduct of the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company takes its disclosure obligations seriously and seeks to comply with the spirit as well as the content of the ASX requirements. The Company has adopted a Continuous Disclosure Policy in relation to information disclosures and relevant procedures.

The Policy sets out principles that the Company will apply in relation to the disclosure of material information, including that the Company:

- will not give analysts or other select groups of market participants any material price sensitive non-public information at any time;
- will not generally respond to market rumours and speculation except where:
 - the speculation or rumours indicate that the subject matter is no longer confidential and therefore the exception to disclosure set out in the Listing Rules no longer applies;
 - the ASX formally requests disclosure by the Company on the matter; or
 - the Board considers that it is appropriate to make a disclosure in the circumstances; and
- will only allow authorised company spokespersons to make any public statement on behalf of the Company.

Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company respects the rights of its shareholders. To facilitate the effective exercise of those rights, the Company has adopted a Shareholder Communications Policy to:

- promote effective communications with shareholders of the Company;
- ensure all information relevant to their shareholding is disseminated to shareholders; and
- encourage effective participation by shareholders at the Company General Meetings.

The Company's website contains a comprehensive overview of the Company's profile and brands. In particular, its "Corporate Governance" section contains information to maintain effective communication with shareholders and stakeholders. The following Company and governance information is available on the website:

- Board and Management profiles;
- Constitution;
- Corporate governance charters and policies;
- Annual reports – current and historical;
- Share price information;
- FAQs; and
- Share Registry contact details.

Recommendation 6.2

The Company will hold its AGM in November 2016. In the lead up to the AGM, the Company will facilitate effective two-way communications with shareholders. The Executive Chairman, Chief Financial Officer and Company Secretary will engage with shareholders in advance of the AGM as appropriate.

The Company recognises the importance of its relationships with investors and analysts. The Executive Chairman is the primary contact for communicating with the investment community.

Recommendation 6.3

To encourage shareholder engagement and participation at the AGM, shareholders have the opportunity to attend the AGM, ask questions on the floor, participate in voting and meet the Board and management in person.

Shareholders who are unable to attend the AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form accompanying the Notice of Meeting or online through the Share Registry's website. Shareholders have the opportunity to submit written questions to the Company and the external auditor, or make comments on the management of the Company and access AGM presentations and speeches made by the Executive Chairman prior to the commencement of the AGM. The Company will publish results of the meeting to the ASX and on its website following the conclusion of the AGM.

Recommendation 6.4

Shareholders have the option of receiving all shareholder communications (including notification of the Annual Report is available to view, Notices of Meetings and payment statements) by email. Shareholders can contact Link Market Services to elect to receive electronic shareholder communications.

The contact details of the Company's Share Registry, Link Market Services are available to shareholders to address and facilitate any shareholder-related enquiries. Contact details for Link Market Services are available on Rubicor's website under "Investors" then "Share Registry" with methods of communication including telephone, mail and email.

Shareholders can also contact the Company directly. Contact details for the Company are available on Rubicor's website under "Contact" with methods of communication including telephone, mail and email.

Principle 7: Recognise and manage risk

Recommendation 7.1

Refer to disclosure under Recommendation 4.1 in respect of information on the Board's risk management function and responsibilities.

Risk Management Policy

The Company has a risk management framework to allow it to achieve its business objectives whilst assisting Management and ideally, providing early warnings of risks. The Risk Management Policy, covering both financial and operating risks, documents this framework. The objective of this Risk Management Policy is to:

- encourage appropriate tolerance of risks across all the Company businesses;
- establish procedures to analyse risks within agreed parameters across all the Company businesses;
- establish appropriate risk delegations and corresponding frameworks across the Company; and
- ensure the Company has in place a risk framework which can measurably react should the risk profile change.

Key components of the Risk Management Policy which bring together a number of procedures and controls within the Company are as follows:

- identification and assessment of all risks;
- monitoring and wherever possible, mitigation of identified risks;
- periodic reporting; and
- assessment of effectiveness of the risk management framework.

The Risk Management Policy outlines guidance on the identification of commonly identified risks relevant to Rubicor, such as:

- financial risks;
- operations risks; and
- combined risks.

An Executive Risk Management Committee has been established to assess identified risks as recorded on the risk register and review mitigation strategies. This Committee reports to the Board. The Board regularly reviews the Committee's activities, issues, and related recommendations.

Recommendation 7.2

During the reporting period, the Board did not review the Company's risk management framework, however necessary assurances were given by the Chief Executive Officer and the Chief Financial Officer to the Board at the time of approving the financial statements for the half year ended 31 December 2015 and full year ended 30 June 2016. In FY2017, the Board will review the risk management framework and actively engage with Management to satisfy itself that it continues to be sound.

Recommendation 7.3

The Board has formed the view that due to the current size and structure of the Company, it is not necessary for it to have a separate internal audit function. This function falls under the responsibility of the Chief Financial Officer with the assistance of Senior Management; the Board ultimately oversees this function. The Board considers that the risk mitigation and controls implemented by Management provide an acceptable degree of assurance to the Board.

Recommendation 7.4

The Board recognises that material risks facing Rubicor are the more significant areas of uncertainty or exposure to the Company that could adversely affect the achievement of its objectives and successful implementation of its business strategies.

The material risks (generally economic) facing the Company are as follows:

- downturn in the employment market;
- industry and market;
- loss of contracts;
- maintenance of professional reputation and brand name;
- competition;
- contractor risk; and
- government regulations on immigration.

The Board will consider these material risks as part of its periodic risk management review, on an as required basis upon advices from Management, including the Chief Executive Officer and Chief Financial Officer.

The Board does not consider that the Company has any material exposure to environmental and social sustainability risks.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The Remuneration and Human Resources Committee ceased to operate effective 24 September 2015 and the remuneration and human resources functions became the responsibility of the Board. The Board endeavours to ensure that:

- the Directors and the Executive Management team of the Company are remunerated fairly and appropriately;
- the Company's remuneration policies and outcomes strike an appropriate balance between the interests of the Company's shareholders, and reward and motivate the Company's executives and employees in order to secure the long term benefits of their energy and loyalty;
- the human resources policies and practices are consistent with and complementary to the strategic direction and objectives of the Company as determined by the Board; and
- the organisation achieves the objectives set out in the Diversity Policy.

The Board also reviews and approves executive and senior management remuneration including, but not limited to, base pay, incentive payments, equity awards and service contracts and identifying any gender based disparities between comparable positions.

The Board may seek such advice from any external parties or professional advice as it may consider necessary or desirable to ensure informed decision making.

Further information on the Board's nomination and corporate governance function is contained in the Board Charter.

Recommendation 8.2

In relation to remuneration issues the Board has established a remuneration philosophy to ensure that it remunerates fairly and responsibly.

The remuneration philosophy is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated Directors and employees.

The structure of executive remuneration is distinctly different to that of Non-executive Directors as detailed in the Remuneration Report. Executive Officers and Senior Management acting in their capacity as employees of the Company and subsidiary(ies) may receive a mix of fixed and variable pay, and a blend of short and long-term incentives. Non-executive Directors may receive only fixed remuneration. There are no retirement schemes in place for the Non-executive Directors, other than statutory superannuation benefits.

The Remuneration Report and details about the Remuneration Philosophy of the Company are set out in the Annual Report.

Recommendation 8.3

As prescribed in the Company's Share Trading Policy, executives are not permitted to enter into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.