

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

IPH Limited

ABN / ARBN:

169 015 838

Financial year ended:

30 June 2019

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- ☐ These pages of our annual report:
- ☒ This URL on our website: <http://www.iphltd.com.au/investor-information/>

The Corporate Governance Statement is accurate and up to date as at 10 October 2019 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 21 October 2019

Name of Director or Secretary authorising lodgement: Philip Heuzenroeder, Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.iphltd.com.au/investor-information/">http://www.iphltd.com.au/investor-information/</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.iphltd.com.au/investor-information/">http://www.iphltd.com.au/investor-information/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Financial Report for the year ended 30 June 2019</p>	
2.2	A listed entity should have and disclose 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.	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Financial Report for the year ended 30 June 2019</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Financial Report for the year ended 30 June 2019</p>	
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at <a href="http://www.iphltd.com.au/investor-information/">http://www.iphltd.com.au/investor-information/</a> ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> in our Financial Report for the year ended 30 June 2019	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> at <a href="http://www.iphltd.com.au/investor-information/">http://www.iphltd.com.au/investor-information/</a>	
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://www.iphltd.com.au/">http://www.iphltd.com.au/</a>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.iphltd.com.au/investor-information/">http://www.iphltd.com.au/investor-information/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Financial Report for the year ended 30 June 2019</p>	
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:  <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at <a href="http://www.iphltd.com.au/investor-information/">http://www.iphltd.com.au/investor-information/</a> ... and the information referred to in paragraphs (4) and (5):  <input checked="" type="checkbox"/> in our Financial Report for the year ended 30 June 2019	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:  <input checked="" type="checkbox"/> in our Corporate Governance Statement	
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it:  <input checked="" type="checkbox"/> in our Corporate Governance Statement	





# 2019 Corporate Governance Statement

October 2019

[www.iphltd.com.au](http://www.iphltd.com.au)

# 2019 IPH Corporate Governance Statement

## Introduction

The Board of Directors and management of IPH Limited (the Company) are committed to high standards of corporate governance, and have prepared this Corporate Governance Statement in response to the ASX Corporate Governance Council's Principles and Recommendations 3rd Edition (ASX Principles) and made it available on the Company's website at <http://www.iphltd.com.au/investor-information/>. Pursuant to ASX Listing Rule 4.10.3, the Company has disclosed the extent to which it has followed the ASX Principles during the financial year, including reasons where the company has not followed a recommendation and any related alternative governance practice adopted.

The Company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, or other noted locations, is available on our website at <http://www.iphltd.com.au/investor-information/>, and has been lodged with the ASX.

This Corporate Governance Statement is current as at 10 October 2019 and has been approved by the Board.

## Principle 1: Lay solid foundations for management and oversight

### Recommendation 1.1 Adopted

The Company has a Board Charter which sets out the responsibilities and functions of the Board and the Managing Director, and specifies those matters reserved to the Board. The Charter also specifies the requirements of Directors in performing their duties, the responsibilities of the Chairman, and provides guidelines for directors on independence, access to information, independent advice and continuing development. The Charter is available on our website at <http://www.iphltd.com.au/investor-information/>.

The number of times the Board met during the 2019 financial year is also disclosed in the Directors' Report. In addition to formal board and committee meetings, members of the Board spend time with senior executives and other management personnel of the Company and engage with other key stakeholders.

### Recommendation 1.2 Adopted

As part of the initial public offering process in November 2014, each of the Non-executive Directors was screened for matters of character, experience, education, criminal record and bankruptcy history. For the purpose of the appointment of the new Non-executive Director, Jingmin Qian, during the 2019 financial year, a similar screening process occurred, and will be a part of the appointment process for future new Non-executive Directors.

Information to enable shareholders to make an informed decision is provided with respect to all Non-executive Directors standing for election or re-election as a Director.

### Recommendation 1.3 Adopted

Each Director and senior executive has a written agreement with the Company on the terms of their appointment, including specifying their duties, remuneration and other entitlements, requirement to comply with Company policies, and arrangements with respect to insurance.

The remuneration arrangements for the Non-executive Directors and Key Management Personnel, and the material terms of the employment agreements with the Managing Director and the Key Management Personnel is set out in the Remuneration Report which is part of the Directors' Report dated 20 August 2019.

### Recommendation 1.4 Adopted

The Company Secretary is accountable to the Board, through the Chairman, and is responsible for supporting the Board and its Committees on matters of governance, including the preparation of meeting papers and meeting minutes.

### Recommendation 1.5 Adopted

The Company has a Diversity Policy, which is available on our website at <http://www.iphltd.com.au/investor-information/>.

The Company recognises that embracing diversity contributes to the Company achieving its corporate objectives, enhances its reputation and enables the Company to:

- » broaden opportunities to recruit the right people from a diverse pool of talented individuals;
- » create an inclusive workplace culture that embraces diversity and promotes creativity and innovation; and
- » better represent the diversity of the Company's stakeholders.



# 2019 IPH Corporate Governance Statement

## Principle 1 Continued →

The representation of women within the Company as at 30 June 2019 is shown in Table A.

**Table A - Representation of Women**

	Women	Men
Board Directors	40%	60%
Senior executive <sup>1</sup> & Principal roles	27%	73%
Across the Company	65%	35%

In order to strengthen gender diversity the Board has adopted as a measurable objective a target for representation for directors, senior executives and principals for FY20 as set out in Table B.

**Table B - Representation of Women**

	2018	2019	Target 2020
Board Directors	25%	40%	>30%
Senior executive <sup>1</sup> & Principal roles	24%	27%	>30%

Individual group companies, with Australian-based employees, submit an annual public report with the Workplace Gender Equality Agency, copies of which are available on their website at <https://www.wgea.gov.au/report/public-reports>.

<sup>1</sup> A senior executive is a person who is a member of the Company's group leadership team, comprising the Company's senior executive team and leaders of the group's business units.

### Recommendation 1.6 Adopted

The Company recognises the pivotal role that the Board has in the governance framework of the Company. Under the Board Charter the Chairman is responsible for scheduling regular and effective evaluations of the Board's performance. An evaluation of the Board's functioning and performance has recently concluded with the support of an external specialist adviser.

### Recommendation 1.7 Adopted

The Company has developed its formal processes for the performance evaluation of senior executives in conjunction with the Nominations and Remuneration Committee.

For FY19 the Committee developed and agreed key performance measures for the Chief Executive Officer having regard to the Company's strategic, financial and operational objectives for the year. The Chief Executive Officer, with oversight by the Nominations and Remuneration Committee, developed and set key performance measures for other Company senior executives and the performance of senior executives were subject to evaluation against those measures and other appropriate criteria specific to senior executives' roles and responsibilities. A formal review of the Chief Executive Officer's and each senior executive's performance occurs at least annually.

For FY20 key performance measures for the Chief Executive Officer have been developed having regard to the Company's strategic, financial and operational objectives for the year, with oversight by the Nominations and Remuneration Committee. The Chief Executive Officer, with oversight by the Nominations and Remuneration Committee, has developed key performance measures for other Company senior executives.

## Principle 2: Structure the board to add value

### Recommendation 2.1 Adopted

The Board has a committee, the Nominations and Remuneration Committee, which comprises four independent Non-executive Directors, and is chaired by a Director who is not the Chairman of the Company. The Committee has responsibility for nomination matters, including Board appointments, Director re-elections, Director induction and continuing development programs. The Committee charter is available on our website at <http://www.iphltd.com.au/investor-information/>.

### Recommendation 2.2 Adopted

The Board, with the assistance of the Nominations and Remuneration Committee, determines the size and composition of the Board, subject to the Company's Constitution. The Constitution provides that the number of Directors is to be not less than three and not more than seven. The Board has five Directors, comprising four independent Non-executive Directors (including the Chairman) and the Managing Director. The names of the Directors, the period of office held by each Director, and details of their qualifications, skills and experience are set out in the Directors' Report and also on our website at <http://www.iphltd.com.au>.

# 2019 IPH Corporate Governance Statement

## Principle 2 Continued →

The Board requires each Director to demonstrate ethical behaviour, independence of mind, sound judgement, high levels of engagement, and highly developed interpersonal skills. In addition, the Company seeks to have a diverse Board which collectively has a range of skills appropriate to the operations and strategic objectives of the Company. The Board has identified a range of skills and experience of particular importance as set out in the Board skills matrix below.

Knowledge of corporate governance and compliance in listed entities	Intellectual property knowledge and experience
Experience in professional services businesses	Strategic capabilities and commercial acumen
Experience in businesses conducted offshore, particularly Asia	Experience on the boards of other significant listed entities
Experience in human resource management, including workplace culture, management development and succession, health and safety, diversity, and remuneration	Experience in incorporating digital into business models, and information technology as an enabler in a professional services business
Risk management understanding and experience	Experience in executive leadership
Financial management capability, including accounting or related financial management qualifications	

In FY19 the skills, experience and diversity of the Board were further strengthened with the appointment of Ms Jingmin Qian as a Director of the Company.

As noted above, the Board has recently conducted an evaluation of the Board with the assistance of an external specialist provider, including by assessing the Board members' individual competencies and experience against a range of skills and areas of expertise. The Board is satisfied that it collectively possesses a range of skills appropriate to the operations and strategic objectives of the Company, and that each director meets the fundamental requirements necessary to govern an ASX listed company with the strategic intent to be the leading intellectual property group in secondary markets.

## Recommendations 2.3, 2.4 and 2.5 Adopted

The Board has five Directors, four of whom are independent Non-executive Directors (including the Chairman). Each of the Non-executive Directors is considered to be independent because each has the ability to exercise their duties unfettered by any business or other relationship, and are willing to express their opinions free of concern about their position or the position of any third party. The Board Charter provides guidelines on independence, which is available on our website at <http://www.iphltd.com.au/investor-information/>

## Recommendation 2.6 Adopted

Each of the Non-executive Directors was appropriately inducted into the Company, which supported their full and active participation as Directors. All Directors are expected to maintain and enhance their skills and knowledge so as to exercise their responsibilities and discharge their obligations to the Company. Directors are expected to participate in appropriate professional development activities. The induction and professional development of Directors is a responsibility of the Nominations and Remuneration Committee. The Committee Charter is available on our website at <http://www.iphltd.com.au/investor-information/>.

## Principle 3: Act ethically and responsibly

### Recommendation 3.1 Adopted

The Company recognises that one of its most valuable assets is its reputation. Since the establishment of the original business more than 130 years ago, the Company and its predecessors have been committed to maintain the highest standards in the conduct of its activities. The Company has a Code of Ethics and Professional Conduct, which is available on our website at <http://www.iphltd.com.au/investor-information/>. In addition, all professional staff are governed by codes of professional conduct for the practice of patent and trade mark attorneys and legal practitioners.

The Company also has a Share Trading Policy which prohibits insider trading, and restricts the buying and selling of shares in the Company by directors, executives, the Company Secretary and any person entitled to receive equity performance rights and / or options as part of any Company equity incentive scheme, to specified trading windows. The Policy is available on our website at <http://www.iphltd.com.au/investor-information/>.

# 2019 IPH Corporate Governance Statement

## Principle 4: Safeguard integrity in corporate reporting

### Recommendation 4.1 Adopted

The Company has an Audit Committee which comprises three independent Non-executive Directors, and is chaired by a Director who is not the Chairman of the Company. The Committee has a charter which is available on our website at <http://www.iphltd.com.au/investor-information/>. The Committee operates in accordance with the charter and in a manner compliant with ASX Listing Rule 12.7. The role of the Committee includes the functions listed in Recommendation 4.1.

The names and details of qualifications and experience of each Committee member is detailed in the Directors Report, and is also available on our website at [www.iphltd.com.au](http://www.iphltd.com.au). The number of times the Committee met during the 2019 financial year is also disclosed in the Directors' Report.

The members of the Audit Committee collectively have appropriate accounting and financial expertise, and a sufficient understanding of the business and industry sector in which the Company operates, to discharge the Committee's mandate effectively.

### Recommendation 4.2 Adopted

Pursuant to section 295A of the *Corporations Act*, the Company's financial report preparation and approval process for each financial year requires the Managing Director and the Chief Financial Officer to make the following declarations to the Board that, in their opinion:

- » the Company's financial records for the reporting period have been properly kept in accordance with Section 286 of the *Corporations Act* 2001;
- » the financial statements and associated notes comply in all material respects with the accounting standards as required by Section 296 of the *Corporations Act* 2001; and

- » in accordance with Section 297 of the *Corporations Act* 2001, the Company's financial reports and accompanying notes represent a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The Company's risk management and internal compliance and control system is operating effectively in all material respects.

The Board has received the declaration in respect of the 2019 financial year.

### Recommendation 4.3 Adopted

The Company, with the assistance of the Audit Committee, has appointed an external auditor who demonstrates expertise and independence. The external auditor is required to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

An analysis of the fees paid to the external auditor, including a break-down of fees for non-audit services is set out in Note 27 to the financial statements for the 2019 financial year. The Audit Committee requires the external auditor to provide an annual declaration of their independence.

## Principle 5: Make timely and balanced disclosure

### Recommendation 5.1 Adopted

The Company is committed to complying with its obligations under ASX Listing Rule 3.1. The Company has a Continuous Disclosure and Investor Relations Policy, which is available on our website at <http://www.iphltd.com.au/investor-information/>. In developing the policy the Company had regard to ASX Guidance Note 8 and ASIC Regulatory Guide 62.

# 2019 IPH Corporate Governance Statement

**Principle 5** Continued →

## Principle 6: Respect the rights of security holders

### Recommendation 6.1 Adopted

The Board accepts it is accountable to shareholders, and acknowledges its obligations to engage with shareholders in a manner which allows them to exercise their rights as shareholders effectively. An overview of the Company's business is available on our website at [www.iphltd.com.au](http://www.iphltd.com.au). An Investor Information section and News and Announcements section on the website contains the Board charters, corporate policies, ASX announcements, notices to shareholders, including the notice of the annual general meeting, half year and full year reports and the Company's annual report - <http://www.iphltd.com.au/investor-information/> and <https://www.iphltd.com.au/news-announcements/>.

The Company has a Continuous Disclosure and Investor Relations Policy, which is available on our website at <http://www.iphltd.com.au/investor-information/>.

The Company engages its share registry to manage the majority of communications with shareholders.

### Recommendations 6.2 and 6.3 Adopted

The Company has an appropriate investor relations program, which includes the annual general meeting as the primary forum for communication between the Company and shareholders, a program of analyst and investor briefings, and a facility through our website for shareholder enquiries. The investor relations program is detailed in the Company's Continuous Disclosure and Investor Relations Policy, which is available on our website at <http://www.iphltd.com.au/investor-information/>. The Company also engages with a broad range of other stakeholders, including interactions with professional bodies and government.

### Recommendation 6.4 Adopted

All shareholders have the option to receive communications from, and send communications to, the Company and the Company's share registry electronically, in addition to postal and facsimile communications.

## Principle 7: Recognise and manage risks

### Recommendation 7.1 Adopted

The Company recognizes that a sound risk management framework is critical to effective management of the Company. An effective risk management system identifies and manages potential risks in a continuous, proactive and systematic way through an integrated application of high quality risk management policies and processes to all facets of our business by all levels of management.

The Company has a Risk Management Policy which is available on our website at <http://www.iphltd.com.au/investor-information/>.

The Company has established a Risk Committee which comprises at least three independent Non-executive Directors, and is chaired by a Director who is not the Chairman of the Company. The Committee has a charter which is available on our website at <http://www.iphltd.com.au/investor-information/>.

The Company has adopted a risk management framework that is being progressively implemented and that:

- » recognises risk management as a business process that is owned by all management;
- » requires integration into key business processes, including risk based decisions in strategy, business planning and investment setting; and
- » incorporates a process for ongoing review and improvement.

The risk management framework incorporates relevant regulations and guidelines including the ASX Principles and the Australian / New Zealand standard AS/NZS ISO 31000:2009 *Risk management – Principles and guidelines*.

### Recommendation 7.2 Adopted

In addition to receiving regular reports on financial, operational and compliance risks, the Board reviews the Company's risk management framework annually, and undertook a review of the framework in FY19.

# 2019 IPH Corporate Governance Statement

## Principle 7 Continued →

### Recommendation 7.3 Adopted

The Company does not have an internal audit function. In addition to receiving regular reports on financial, operational and compliance risks in the Risk Committee, and the functions of the Audit Committee, the Board reviews the Company's risk management framework annually. The Risk Committee will consider the need for internal audit in light of the growth of the group and acquisition activity and ongoing development of the risk management framework.

### Recommendation 7.4 Adopted

The Company's material economic, environmental and social sustainability risks were disclosed in the Operating and Financial Review (OFR) section of the Directors Report issued on 20 August 2019. Those risks have been reviewed by the Board and a summary of those risks and the Company's approach to the management of those risks are set out in Table C.

**Table C Material Risks**

Risk	Description	Management of Risk
<b>Strategic planning and implementation</b>	The Company conducts its operations in a market that has undergone significant changes with the development of corporatised service providers, which the market continues to adjust to. This provides the Group with both opportunities and risks requiring development and communication of a clear strategic vision and objectives.	The Board is closely involved in identifying, reviewing and confirming strategic objectives and reviewing implementation, including assessing opportunities and risks, and in providing direction to management.
<b>Competition and changing market conditions</b>	The sectors in which the Company operates are subject to vigorous competition, based on factors including price, service, innovation and the ability to provide the customer with an appropriate range of IP services in a timely manner. Scope exists for market conditions to change over time reflecting economic, political or other circumstances.	<p>Effective client service, comprising a high level of expertise at competitive prices delivered in a timely manner.</p> <p>All operations of the IPH Group are now or will be supported by industry leading IT systems.</p> <p>Regular marketing visits to maintain and develop client relationships and understand potential changes in client needs, and internal and external pressures.</p> <p>IPH also provides a broad range of intellectual property services and its operations are geographically widespread, reducing exposure to any one form of intellectual property country or jurisdiction in which it operates.</p>

# 2019 IPH Corporate Governance Statement

## Principle 7 Continued →

**Table C Material Risks**

Risk	Description	Management of Risk
<b>Regulatory environment</b>	The Company is subject to significant regulatory and legal oversight.	<p>Senior executives ensure that all regulatory and legal issues affecting IPH's business are monitored and that any changes to the business operations necessary to comply with regulatory and legal changes are undertaken in a timely manner.</p> <p>Careful management and oversight of the Group's internal case management system.</p> <p>Principal review of all professional work and compliance with a professional work approval process for outgoing work. The approval process is correlated to the complexity and level of potential risk associated with the work.</p>
<b>Regulatory reforms</b>	The Group's service offerings are subject to changes to government legislation, regulation and practices including particularly, if implemented, proposals to streamline multi-jurisdictional patent filing and examination processes.	<p>The Company is proactive in any review or evaluation of regulations likely to affect its operations materially, and works with regulators or review authorities to ensure a clear understanding of facts and circumstances, and consideration of all stakeholder perspectives.</p> <p>The Company seeks to offer its services in a range of secondary markets. Many of these markets have less developed IP regulations and systems, and require translations into languages other than English, and are therefore less likely to be affected by such proposals if they were to be implemented than developed or primary markets.</p> <p>Other factors which help safeguard the Company's role are effective technology, excellent client service and efficient operations and the likely need for IP applicants to continue to be required to record a local address for service of documents with the local IP office for examination and prosecution purposes.</p> <p>The Company also continues to consider the development of revenue streams from adjacent markets.</p>



# 2019 IPH Corporate Governance Statement

## Principle 7 Continued →

**Table C Material Risks**

<b>Risk</b>	<b>Description</b>	<b>Management of Risk</b>
<b>Personnel</b>	The Company depends on the talent and experience of its personnel. The loss of any key personnel, or a significant number of personnel generally may have an adverse effect on the Company. Employee costs represent a significant component of the Group's total cost base.	Retention practices including appropriate remuneration, incentive programmes (both short and long term), retention awards, working environment and rewarding work.  Careful management of staff numbers and salary levels and consideration of resourcing requirements as the Company grows.
<b>Disintermediation</b>	The Group acts as an intermediary agent between its clients and IP offices. The removal of intermediaries in the IP application and registration process would have an adverse impact on the Group. It is also possible that third party service providers that currently only provide services with respect to limited aspects of IP protection may seek to extend their relationships with clients into other aspects of the provision of IP services that the Group currently services causing a diminution of relationships with clients.	IPH's intermediary role is safeguarded by clients' reliance on the Group's expertise (both general IP expertise and local expertise) and regulatory barriers such as exclusive rights of patent attorneys to provide various IP related services and requirements for IP applicants to record a local address for service of documents with the local IP office.  Other factors which help safeguard the Company's intermediary role are effective technology, excellent client service and efficient operations. The Company also seeks to offer its services in a range of secondary markets. Many of these markets have less developed IP regulations and systems and require translations into languages other than English, and are therefore less likely to be affected by disintermediation or expansion by other providers.
<b>Case management and technology systems</b>	The Group's internally customised systems represent an important part of its operations upon which the Group is reliant.	The Company has established business continuity plans and procedures and maintains system back up and maintenance processes. The Company conducts appropriate reviews of its information technology systems, operations and human resourcing, and its management of cyber risk. The Company continually invests in system enhancements and engages quality 3rd party suppliers to assist with its systems development and maintenance.  The Company's transition of its IT systems to offsite 'cloud-based' systems enables centralised oversight and standardisation of processes.

# 2019 IPH Corporate Governance Statement

## Principle 7 Continued →

Table C Material Risks

Risk	Description	Management of Risk
Technology disruption	The increasing use of electronic systems and processes by regulatory authorities in some markets may provide opportunities for technology disruption in the industry.	<p>The need for the Company's services is safeguarded by the reliance of target clients on the Group's expertise (both general IP expertise and local expertise) and regulatory barriers such as exclusive rights of patent attorneys to provide various IP related services, and requirements for IP applicants to record a local address for service of documents with the local IP office.</p> <p>The Company's transition of its IT systems to offsite 'cloud-based' systems enables centralised oversight and standardisation of processes.</p>
Foreign exchange risk	The Group's financial reports are prepared in Australian dollars. However, a substantial proportion of the Group's sales revenue, expenditure and cash flows are generated in, and assets and liabilities are denominated in US dollars, Euros and Singapore dollars.	The Company monitors the foreign currency exposures that arise from its foreign currency revenue, expenditure and cash flows and from the foreign currency assets and liabilities held on its balance sheet. The Company undertakes regular sensitivity analyses of these exposures. The Company has foreign currency hedging facilities available as part of its bank facilities and has engaged in appropriate use of foreign currency denominated finance facilities to reduce exposure. The Chief Financial Officer regularly reports to the Board in respect of the Company's foreign currency exposures. The Board reviews its hedging policy in respect of the foreign currency exposures from time to time. Currently the Group does not directly hedge against its foreign currency exchange risk to a material extent.

# 2019 IPH Corporate Governance Statement

## Principle 7 Continued →

Table C Material Risks

Risk	Description	Management of Risk
<b>Conflict of duties</b>	<p>Patent and trademark attorneys are required to abide by a code of conduct that requires them to act in accordance with the law, in the best interests of their client, in the public interest, and in the interests of the registered attorney's profession as a whole. There may be circumstances in which the Company is required to act in accordance with these duties contrary to other corporate responsibilities and against the interests of shareholders and the short term profitability of IPH.</p> <p>An amendment to the Code of Conduct may affect the manner in which the Group conducts its activities, particularly with the expansion of the Group to include additional business units.</p>	<p>The Company has been proactive in any review or evaluation of regulations likely to affect its operations materially, and works with regulators or review authorities to ensure a clear understanding of facts and circumstances, and consideration of all stakeholder perspectives.</p> <p>The Company has sought detailed advice on issues of conflict of interest and compliance with related professional obligations. The Company actively assists its business units to implement appropriate processes and procedures for compliance, including relevant professional standards bodies' Codes of Conduct and Professional Rules.</p>
<b>Professional liability and uninsured risks</b>	<p>The provision of patent and trademark services and legal services by the Company gives rise to the risk of potential liability for negligence or other similar client or third party claims.</p>	<p>The Company maintains file management processes which are highly automated, safeguarded, controlled and regularly reviewed.</p> <p>The Company has comprehensive quality assurance processes to ensure appropriate standards of professional work are maintained.</p> <p>The Group has in place a comprehensive insurance programme which includes professional indemnity insurance. To support its professional indemnity insurance arrangements, the Group has internal processes to ensure timely notification to the underwriters of any potential claim arising from its business activities.</p>

# 2019 IPH Corporate Governance Statement

## Principle 7 Continued →

**Table C Material Risks**

<b>Risk</b>	<b>Description</b>	<b>Management of Risk</b>
<b>Acquisitions</b>	The Company's growth strategy may include the acquisition of other intellectual property businesses. Risks arise in ensuring that potential acquisitions are appropriately selected and issues affecting the value of individual acquisitions are identified and reflected in the purchase considerations.	The Company assesses potential acquisition opportunities against the Company's strategic objectives, values and culture. Where an appropriate potential acquisition is identified the Company undertakes extensive due diligence process and where appropriate engages competent professional experts to assist with the due diligence process and appropriate documentation of the transaction. The Company's Board is involved in the review of, and approves, all corporate acquisitions.
<b>Integration of acquired businesses</b>	Following the acquisition of new businesses, risks arise in ensuring the business is properly integrated into the IPH Group, that people and culture issues that may arise are addressed, key staff retained and value maintained.	The Company seeks to identify potential post-acquisition risks when assessing potential acquisitions including for cultural fit and matching of expectations, and to mitigate such risks by appropriate transaction and post-acquisition management structures. Steps are taken following acquisition to review and ensure appropriate on-boarding of new acquisitions with IPH governance, policies, processes and practices and levels of financial control and reporting, and to integrate Company and Group approaches to retention of key staff and utilisation of appropriate information technology platforms. The integration of new acquisitions is regularly reviewed by the Company's Board and relevant Board Committees.
<b>Management of an expanded group</b>	With the expansion of the Group to include new business units with multiple offices and across multiple jurisdictions risk may arise with respect to ensuring the appropriate structuring and resourcing of key management and shared services functions and appropriate reporting and oversight of Group operations.	As the Group expands, with the oversight of the Board, the Company reviews and adapts existing management structures to ensure appropriate oversight, reporting requirements, support and resourcing is in place, and that the Company is attracting, retaining and motivating appropriate skilled personnel.

# 2019 IPH Corporate Governance Statement

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## Principle 8: Remunerate fairly and responsibly

### Recommendation 8.1 Adopted

The Company has a Nominations and Remuneration Committee which comprises four independent Non-executive Directors, and is chaired by a Director who is not the Chairman of the Company. The Committee has a charter which is available on our website at <http://www.iphltd.com.au/investor-information/>. The Committee operates in accordance with the Charter, and in a manner compliant with ASX Listing Rule 12.8. The role of the Committee includes the functions listed in Recommendation 8.1.

The names and details of qualifications and experience of each Committee member is detailed in the Directors' Report, and is also available on our website at [www.iphltd.com.au](http://www.iphltd.com.au). The number of times the Committee met during the 2019 financial year is also disclosed in the Directors' Report.

The members of the Committee collectively have appropriate skills, and a sufficient understanding of the business and industry sector in which the Company operates, to discharge the Committee's mandate effectively.

### Recommendation 8.2 Adopted

The Company discloses its policies and practices regarding the remuneration of Non-executive Directors and the remuneration of the Managing Director and other Key Management Personnel in the Company's Remuneration Report, which is part of the Directors' Report. The Company's disclosure is in accordance with section 300A of the *Corporations Act*, and is subject to an advisory vote by shareholders.

### Recommendation 8.3 Adopted

The Company has a Hedging and Margin Loan Policy which is available on our website at <http://www.iphltd.com.au/investor-information/>. This Policy, which complies with section 206J of the *Corporations Act*, prohibits directors, executives, the Company Secretary, and any person who is entitled to receive equity performance rights and / or options as part of any Company equity incentive scheme, from entering into any hedging arrangements, and prohibits entry into margin lending arrangements without the Company's consent.





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