

# CORPORATE GOVERNANCE STATEMENT

The directors of Life Corporation Ltd (“Life Corporation” or the “Company”) are responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council (CGC) published guidelines and its Corporate Governance Principles and Recommendations. The directors guide and monitor the business and affairs of Life Corporation on behalf of the shareholders by whom they are elected and to whom they are accountable.

Life Corporation complies with the CGC’s Principles as follows.

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

	<b>Recommendation</b>	<b>Comply Yes / No</b>	<b>Reference / explanation</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	Yes	Page 12
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	Yes	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	
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 proper functioning of the board.	Yes	
1.5	A listed entity should: (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; (b) disclose that policy or a summary of it: and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either: > 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 purpose); or > 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.	Yes	Page 19 and website

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## Principle 1 - Lay solid foundations for management and oversight (cont'd)

	<b>Recommendation</b>	<b>Comply Yes / No</b>	<b>Reference / explanation</b>
1.6	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committee and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process</li> </ul>	Yes	Page 14 and website
1.7	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose, in relation to each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Yes	Website

## Principle 2 - Structure the Board to add value

	<b>Recommendation</b>	<b>Comply Yes / No</b>	<b>Reference / explanation</b>
2.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a nomination committee which:               <ul style="list-style-type: none"> <li>&gt; has at least three members, a majority of whom are independent directors; and</li> <li>&gt; is chaired by an independent director,</li> </ul>               and disclose:               <ul style="list-style-type: none"> <li>&gt; the charter of the committee;</li> <li>&gt; the members of the committee; and</li> <li>&gt; as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members to those meetings; or</li> </ul> </li> <li>(b) if it does not have a nomination committee, disclose the fact and processes it employs to address board succession issue and to ensure that the board has the experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	Yes	Page 15 and website
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.	Yes	Directors Report

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## Principle 2 - Structure the Board to add value (cont'd)

	<b>Recommendation</b>	<b>Comply Yes / No</b>	<b>Reference / explanation</b>
2.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors;</li> <li>(b) if a director has an interest, position, association or relationship of the type described 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</li> <li>(c) the length of service of each director.</li> </ul>	Yes	Page 14
2.4	A majority of the board of a listed entity should be independent directors.	Yes	Page 14
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	Page 14
2.6	A listed entity should have a program for inducting new directors and to provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	Website

## Principle 3 - Act ethically and responsibly

	<b>Recommendation</b>	<b>Comply Yes / No</b>	<b>Reference / explanation</b>
3.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	Yes	Website

## Principle 4 - Safeguard integrity in corporate reporting

	<b>Recommendation</b>	<b>Comply Yes / No</b>	<b>Reference / explanation</b>
4.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have an audit committee which:               <ul style="list-style-type: none"> <li>&gt; has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>&gt; is chaired by an independent director, who is not the chair of the board,</li> </ul> </li> </ul>	Yes	Page 15 & 16 and website

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## Principle 4 - Safeguard integrity in corporate reporting (cont'd)

Recommendation	Comply Yes / No	Reference / explanation
<p>and disclose:</p> <ul style="list-style-type: none"> <li>&gt; the charter of the committee;</li> <li>&gt; the relevant qualifications and experience of the members of the committee; and</li> <li>&gt; 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</li> </ul> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receives 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 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.	Yes	Page 17
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	Yes	Page 18

## Principle 5 - Make timely and balanced disclosure

Recommendation	Comply Yes / No	Reference / explanation
5.1 A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Yes	Website

## Principle 6 - Respect the rights of shareholders

Recommendation	Comply Yes / No	Reference / explanation
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Page 18
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	

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## Principle 6 - Respect the rights of shareholders (cont'd)

	<b>Recommendation</b>	<b>Comply Yes / No</b>	<b>Reference / explanation</b>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Page 18
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Page 18

## Principle 7 - Recognise and manage risk

	<b>Recommendation</b>	<b>Comply Yes / No</b>	<b>Reference / explanation</b>
7.1	The Board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a committee or committees to oversee risk, each of which:               <ul style="list-style-type: none"> <li>&gt; has at least three members, a majority of whom are independent directors; and</li> <li>&gt; is chaired by an independent director,</li> </ul>               and disclose:               <ul style="list-style-type: none"> <li>&gt; the charter of the committee;</li> <li>&gt; the members of the committee: and</li> <li>&gt; 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</li> </ul> </li> <li>(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.</li> </ul>	Yes	Page 16 & 17 and website
7.2	The Board or a committee of the Board should: <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>(b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	Yes	Page 16 & 17
7.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and whole role it performs; or</li> <li>(b) if it does not have an internal audit function, that fact and processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	Yes	Page 16
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.	Yes	Page 23

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## Principle 8 – Remunerate fairly and responsibly

	Recommendation	Comply Yes / No	Reference / explanation
8.1	<p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>&gt; has at least three members, a majority of whom are independent directors; and</li> <li>&gt; is chaired by an independent director,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>&gt; the charter of the committee;</li> <li>&gt; the members of the committee: and</li> <li>&gt; 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</li> </ul> <p>(b) if it does not have a remuneration committee disclose that fact and the processes it employs setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Yes	Page 17 & 18 and website
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.	Yes	Remuneration report
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	Remuneration report

Life Corporation's corporate governance practices were in place throughout the year ended 30 June 2016.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Life Corporation, refer to our website: [www.lifecorplimited.com](http://www.lifecorplimited.com)

## Board Functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well-equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The responsibility for the operation and administration of the Company is delegated, by the Board, to the CEO and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive team.

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Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, it makes use of sub-committees to discharge its responsibilities. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established the following committees:

- > Audit;
- > Nomination; and
- > Remuneration.

The roles and responsibilities of these committees are discussed throughout this corporate governance statement.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- > Board approval of a strategic plan designed to manage the business.
- > On-going development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of Life Corporation.
- > Implementation of budgets by management and monitoring progress against budget through the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the Board include:

- > Approval of the annual and half-year financial reports.
- > Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures.
- > Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored.
- > Reporting to shareholders.
- > Approval and appointment of the CEO.

## Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the Directors' Report. Directors of Life Corporation 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.

In the context of director independence, "materiality" is considered from both the Company 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 (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

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Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of director in question to shape the direction of the Company's loyalty.

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

<b>Name</b>	<b>Position</b>
Samuel Kong	Chairman (Non-executive)
Kam Yuen	Non-executive Director
Mark Ryan	Non-executive Director
Voiron Chor	Non-executive Director

The Board recognises the Corporate Governance Council's recommendation that the Chair should be an independent director.

There are procedures in place, agreed by the Board, to enable the directors in furtherance of the duties to seek independent professional advice at the Company's expense.

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

<b>Name</b>	<b>Term in Office</b>
Samuel Kong	9 years 3 months
Kam Yuen	7 years 11 months
Mark Ryan	7 years 7 months
Voiron Chor	7 years 7 months
Victor Hoo Kwok Chye	2 years 4 months

## Performance

The Board has committed to future annual reviews of its performance, individually and collectively, as well as annual reviews of key management against measurable and qualitative indicators.

Life Corporation's Human Resources Management Plan encompasses a structured training and development program for all employees including management, which is directly aligned to achieving Life Corporation's business objectives.

During the reporting period, the Nomination Committee conducted performance evaluations that involved an assessment of each key executive's performance against specific and measurable qualitative and quantitative performance criteria.

Directors whose performance is consistently unsatisfactory may be asked to resign.

## Trading policy

Under Life Corporation's Securities Trading Policy, an executive or director must not trade in any securities of Life Corporation at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

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Directors, the CEO, consultants, members of senior management and other employees must first obtain consent before commencing to trade from:

- > the Chair in the case of directors and the CEO;
- > the Audit Committee and Company Secretary in the case of the Chair; and
- > the CEO in the case of officers, consultants, members of senior management and other employees.

In addition, the following blackout periods are imposed prior to and post publication of quarterly, half year and annual reporting:

- > 2 weeks before and one day after Life Corporation is required to release quarterly cash flow announcements. Quarterly cash flow announcements are released on the last business day of January, April, July and October.
- > 4 weeks before and one day following the announcement of the half year and full year results as the case may be.
- > 1 day following the release of price sensitive information.

As required by the ASX Listing Rules, Life Corporation notifies the ASX of any transaction conducted by directors in the securities of Life Corporation.

## Nomination Committee

The Board has established a Nomination Committee, which meets at least annually, to ensure that the Board continues to operate within established guidelines, including where necessary, selecting candidates for the position of director. The Nomination Committee comprises non-executive directors.

The members of the Nomination Committee during the year ended 30 June 2016 were:

Mr Samuel Kong (Chair),  
Mr Kam Yuen and  
Mr Mark Ryan.

For details of directors' attendance at meetings of the Nomination Committee, refer to the Directors' Report.

For additional details regarding the Nomination Committee including its charter please refer to our website.

## Audit Committee

The Board has established an Audit Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

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The committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are non-executive directors. The members of the Audit Committee during the year were:

Mr Mark Ryan (Chair),  
Mr Voiron Chor and  
Mr Samuel Kong.

## Qualifications of Audit Committee members

Mr Ryan is a Chartered Accountant and is the Accounting and Finance Director of the Kellogg Joint Venture Gorgon, a multinational consortium.

Mr Chor has significant experience in capital markets and holds a Masters of Finance from RMIT University Melbourne.

Mr Kong has significant corporate experience and is involved in a number of listed companies. He is a Chartered Accountant.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' Report on page 25. For additional details regarding the Audit Committee, including a copy of its charter, please refer to our website.

## Internal audit

The Company does not have a dedicated internal audit function. The responsibility for risk management and internal controls lies with the Chief Executive Officer, the Group Financial Controller and the Board who continually monitor the Company's internal and external risk environment.

In addition to the risk management framework, the Company's internal compliance and control system is based on a financial reporting system that aims to ensure that financial reporting is both accurate and timely.

The Company's control processes include;

- > Annual audit and half year review by the external auditor
- > Monthly review of financial performance compared to the budget and forecast
- > Oversight of financial information by the members of the Audit Committee.

The Company's auditors review the adequacy, nature, extent and effectiveness of the internal control and management processes.

## Risk

The Company does not have a separate Risk Committee. The Board has continued its proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of Life Corporation's approach to creating long-term shareholder value.

In recognition of this, the Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal control. In doing so the Board has taken the view that it is crucial to all board members to be a part of this process and as such, has not set a separate management committee.

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The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control. The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the CEO, including responsibility for day-to-day design and implementation of the Company's risk management and internal control system. Management reports to the Board on the Company's key risks and the extent to which it believes these risks are being adequately managed.

Management is required by the Board to carry out specific management activities. The consideration and approval by the Board each year of Life Corporation's strategy, business plans and financial budgets involve identification of significant risks and the implementation of appropriate strategies to deal with them. The Board also requires management reporting against projected results. The Board receives monthly reports by management on financial performance and business development activities.

## CEO and CFO certification

In accordance with section 295A of the Corporations Act 2001, the Chief Executive Officer and Chief Financial Officer have provided a written statement to the Board that:

- > His views provided on Life Corporation's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- > Life Corporation's risk management and internal compliance and control system is operating effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgment, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not, and cannot be, designed to detect all weaknesses in control procedures.

In response to this, internal control questions are required to be completed by key management personnel.

## Remuneration

It is Life Corporation's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, Life Corporation has implemented an incentive scheme which is available to employees of Life Corporation. The expected outcomes of the remuneration structure are:

- > Retention and motivation of key executives.
- > Attraction of high quality management to Life Corporation.
- > Performance incentives that allow executives to share in Life Corporation's success.

For details of the remuneration received by directors and senior executives in the current period please refer to the remuneration report, which is contained within the Directors' Report on page 26.

There is no scheme to provide retirement benefits to non-executive directors.

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The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the Chief Executive Officer and executive team. The Board has established a Remuneration Committee.

The members of the Remuneration Committee comprise all members of the Board and all effective remuneration decisions are made by the Board through Board meetings.

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report on page 25.

For additional details regarding the Remuneration Committee, including a copy of its charter, please refer to our website.

## Shareholder communication policy

Pursuant to Principle 6, Life Corporation's objective is to promote effective communication with its shareholders at all times.

Life Corporation is committed to:

- > ensuring that shareholders and the financial markets are provided with full and timely information about Life Corporation's activities in a balanced and understandable way.
- > complying with continuous disclosure obligations contained in the ASX Listing Rules and the *Corporations Act 2001* in Australia.
- > communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- > through the release of information to the market via the ASX;
- > through the distribution of the Annual Report and notices of annual general meeting; and
- > by posting relevant information on Life Corporation's website.

Life Corporation's website [www.lifecorplimited.com](http://www.lifecorplimited.com) has a dedicated Investor Relations section and for the purpose of publishing all important company information and relevant announcements made to the market.

The external auditors are required to attend the Annual General Meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

## Diversity policy

The Company values diversity and recognises the benefits it can bring to the organisations ability to achieve its goals. Accordingly, the Company has developed a diversity policy, a copy of which can be found on the Company 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.

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In accordance with this policy and ASX Corporate Governance Principles, the Board has established the following objectives in relation to gender diversity. The aim is to achieve these objectives by 30 June 2018 as the director and senior executive positions become vacant and appropriately skilled candidates are available:

	Actual as at 30 June 2016		Actual as at 30 June 2015		Objective
	Number	%	Number	%	%
Number of women employees in the whole organisation	11	34%	14	42%	40% - 60%
Number of women in senior executive positions	2	33%	2	33%	40% - 60%
Number of women on the Board	0	0%	0	0%	40% - 60%