2018 CORPORATE GOVERNANCE STATEMENT

This corporate governance statement sets out 1st Group Limited's (Company) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles and Recommendations). The ASX Principles and Recommendations are not mandatory. However, this corporate governance statement discloses the extent to which the Company has followed the ASX Principles and Recommendations. This corporate governance statement is current as at 30 June 2018 and has been approved by the board of the Company (Board).

ASX Principles and Recommendations		Comply (Yes/No)	Explanation
1.	**Lay solid foundations for management and oversight**		
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	The Company's Board is responsible for corporate governance of the Company. The Board is responsible for: • representing and serving the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance; • protecting and optimising the Company's performance and building value for shareholders; • setting, reviewing and facilitating compliance with the Company's values and governance framework; and • ensuring shareholders are kept informed of the Company's performance and major developments. The following responsibilities are expressly reserved to the Board: • appointment of a chair; • appointment of the Chief Executive Officer & Managing Director ('CEO'); • appointment of directors; • appointment of directors to fill a vacancy or as an additional director; • establishment of board committees, their membership and delegated authorities; • approval of dividends; • approval of budgets, major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management; • calling of meetings of shareholders; and • any other specific matters nominated by the Board from time to time. Further details as to the functions and responsibilities assigned to the Board are disclosed in the Board Charter, which is available on the Company's website at 1stgrp.com.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
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	The Company undertakes comprehensive reference checks prior to appointing a Director, or putting that person forward as a candidate, to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of Director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.
1.3. A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The terms of the appointment of a Non-Executive Director, Executive Directors and senior executives are agreed upon and set out in writing at the time of appointment.
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.	Yes	The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.
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:* *(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* *(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.*	Yes Yes No	The Company has adopted a Diversity Policy as it recognises that a commitment to achieving greater gender and multicultural diversity is essential for enabling the Company to attract and retain employees with the best skills and abilities. The Diversity Policy is available on the Company's website at 1stgrp.com. The Board, however, has not developed any measurable objectives for achieving gender diversity and their annual assessment. As at the date of this statement, the measurable objectives of the diversity policy continue to be developed by the Board and senior management. The Company intends to work towards the following objectives: a) continue to recognise and celebrate diversity and grow the Company's workforce to reflect the diversity in the Australian population; b) continue to grow the number of women performing senior roles; c) continue to assist minority groups to access employment with the Company. The Company has no entity which falls within the meaning of a 'relevant employer' for the purposes of the Workplace Gender Equality Act 2012 (Cth).
1.6. A listed entity should: *(a) have and disclose a process for periodically evaluating the performance of the board, its*	No	

ASX Principles and Recommendations		Comply (Yes/No)	Explanation
	committees and individual directors; and *(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*		The Company, at its current size and state of development, does not believe it necessary to provide a formal process for evaluating its senior executives. The Board conducts an annual performance assessment of the CEO against agreed performance measures determined at the start of the year. The CEO undertakes the same assessments of senior executives. In assessing the performance of the individual, the review includes consideration of the senior executive's function, individual targets, group targets, and the overall performance of the Company.
1.7.	*A listed entity should:* *(a) have and disclose a process for periodically evaluating the performance of its senior executives; and* *(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*	No	The Company, at its current size and state of development, does not believe it necessary to provide a formal process for evaluating its senior executives. The Board conducts an annual performance assessment of the CEO against agreed performance measures determined at the start of the year. The CEO undertakes the same assessments of senior executives. In assessing the performance of the individual, the review includes consideration of the senior executive's function, individual targets, group targets, and the overall performance of the Company.
2.	**Structure the board to add value**		
2.1.	*The board of a listed entity should:* *(a) have a nomination 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 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.*	No Yes Yes Yes Yes N/A	In the reporting period, the Board maintained a combined Remuneration and Nomination Committee, whose members were: • Ms Amanda Hagan (Chair of the Committee), Independent Non-Executive Director; • Mr Trevor Matthews, Independent Non-Executive Director; • Mr Klaus Bartosch, Non-Independent Executive Director; and • Mr Richard Arnold, Independent Non-Executive Director (ceased to be a director on 28 February 2018). The majority of the members of the Remuneration and Nomination Committee were considered by the Company to be independent directors, including the chair of the Remuneration and Nomination Committee. The Charter of the Remuneration and Nomination Committee is available at the Company's website, 1stgrp.com. The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors Report (which forms part of the 2018 Annual Report).
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.*	No	The Board strives to ensure that it is comprised of directors with a blend of skills, experience and attributes appropriate for the Company and its business. The principal criterion for

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
		the Board for the appointment of any director is their ability to add value to the Company and its business. In light of this the Board has not deemed it necessary to adopt a formal board skills matrix. As the Company develops, the Board may review its current position regarding the adoption of a formal board skills matrix. Generally, the Board Member Attributes the Company will consider important are listed below. <u>Board Member Attributes</u> Leadership: Represents the Company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts considered; leads others to action; proactive solution seeker. Ethics and Integrity: Awareness of social, professional and legal responsibilities at individual, Company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation. Upholds the highest standard of ethics and acts with integrity at all times. Communication: Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives. Negotiation: Negotiation skills which engender stakeholder support for implementing Board decisions. Corporate Governance: Experienced director who is familiar with the mechanisms, controls and channels to deliver effective governance and manage risks.

2.3. A listed entity should disclose:
 	
(a) the names of the directors considered by the board to be independent directors;
(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
(c) the length of service of each director.
	Yes
	
	Yes
	
	Yes
		In the reporting period, the Board consisted of five Directors, as follows:
		
		• Mr Trevor Matthews (Independent, Non-Executive Chairman and Director)
		  ○ Appointed on 24 February 2015
		  ○ Length of service: approximately 3 years and 4 months
		• Mr Klaus Bartosch (Non-independent, Executive Director)
		  ○ Appointed on 16 December 2011
		  ○ Length of service: approximately 6 years 6 months
		• Ms Amanda Hagan (Independent, Non-Executive Director)
		  ○ Appointed on 8 August 2016
		  ○ Length of service: approximately 1 year and 10 months
		• Mr Paul Welch (Independent, Non-Executive Director)
		  ○ Appointed on 1 March 2018
		  ○ Length of service: approximately 4 months
		• Mr Richard Arnold (Independent, Non-Executive Director)
		  ○ Appointed on 2 February 2012
		  ○ Ceased on 28 February 2018
		  ○ Length of service: approximately 6 years and 1 month

ASX Principles and Recommendations		Comply (Yes/No)	Explanation
2.4.	*A majority of the board of a listed entity should be independent directors.*	Yes	The majority of the Board during and at the reporting date were independent.
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	The Chair of the Board, Trevor Matthews, is an independent Director and is not the CEO/Managing Director.
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.*	No	The Company does not have in place a formal induction program or professional development program for directors. The Managing Director is responsible for providing all information considered necessary to incoming directors to enable them to contribute to the business of the Company. Directors are responsible for their own development which includes identifying opportunities for them to attend courses or other information sessions to enhance their skills and knowledge.
3.	Promote ethical and responsible decision-making		
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.*	Yes	The Board is committed to the establishment and maintenance of appropriate ethical standards in order to instil confidence in both clients and the community in the way the Company conducts its business. These standards are encapsulated in the Code of Conduct which outlines how the Company expects each person who represents it to behave and conduct business. The Code of Conduct is available on the Company's website, 1stgrp.com.
4.	Safeguard integrity in financial reporting		
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.*	No Yes Yes Yes Yes N/A	In the reporting period, the Board maintained a combined Audit and Risk Committee, whose members were: • Mr Richard Arnold (Chair of the Committee), Independent Non-Executive Director (ceased to be a director on 28 February 2018); • Mr Paul Welch (Chair of Committee), Independent Non-Executive Director (appointed 1 March 2018); • Mr Trevor Matthews, Independent Non-Executive Director; and • Klaus Bartosch, Non-independent, Executive Director. The majority of the members of the Audit and Risk Committee were considered by the Company to be independent directors, including the chair of the Audit and Risk Committee. As the Company continues to develop, the Board will consider appointing additional members to the Audit and Risk Committee. Details of the qualifications and experience of the members of the Committee are provided in the 'Information on Directors' section of the Directors' Report (which forms part of the 2018 Annual Report). The Charter of the Audit and Risk Committee is available at the Company's website at, 1stgrp.com.

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			The number of Committee meetings held and attended by each member during the reporting period is disclosed in the 'Meetings of directors' section of the Directors' Report (which forms part of the 2018 Annual Report).
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.*	Yes	For the financial year ending 30 June 2018, the Company's Managing Director and CFO provided the Board with the required declarations.
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	The external auditor attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.
5.	**Make timely and balanced disclosure**		
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.*	Yes	The Company is committed to providing timely, complete and accurate disclosure of information to allow a fair, and well-informed market in its securities and to ensure its compliance with the continuous disclosure requirements imposed by law (including the Corporations Act and the ASX Listing Rules). Reflecting that commitment, the Company has adopted a continuous disclosure policy, outlining for Directors, officers and employees their responsibilities for ensuring they are compliant with any requirements imposed by law. The Disclosure and Communication Policy is available at the Company's website at, 1stgrp.com.
6.	**Respect the rights of shareholders**		
6.1.	*A listed entity should provide information about itself and its governance to investors via its website.*	Yes	The Company maintains information in relation to governance documents, Directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the Company's website at 1stgrp.com. The Company will regularly update the website and contents therein as deemed necessary.
6.2.	*A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*	No	The Company does not have a formal investor relations program. However, the Company regularly presents to and communicates with current and potential investors. In addition, the Board and Company Secretary engage with investors at the AGM and respond to shareholder enquiries on an ad hoc basis. Material communications are dispatched to investors either via email, surface mail, and/or via market announcement. Although it is not a formal investor relations program, the Company has adopted a Disclosure and Communications

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			Policy, that sets out the Company's policies and processes in relation to communication with Shareholders (including investors). The Disclosure and Communication Policy is available at the Company's website at, 1stgrp.com.
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.*	No	The Company did not find it necessary during the reporting period to create a formal policy to facilitate and encourage participation at meetings of security holders. However, the Company notes that security holders are welcome to attend any of its general meetings.
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	The Company encourages shareholders to register for receipt of announcements and updates electronically. The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Automic at https://investor.automic.com.au/#/home.
7.	**Recognise and manage risk**		
7.1.	*The Board of a listed entity should:* *(a) have a committee or committees to oversee risk, each of which:*		In the reporting period, the Board maintained a combined Audit and Risk Committee, whose members were: • Mr Richard Arnold (Chair of the Committee), Independent Non-Executive Director (ceased to be a director on 28 February 2018); • Mr Paul Welch (Chair of Committee), Independent Non-Executive Director (appointed 1 March 2018); • Mr Trevor Matthews, Independent Non-Executive Director; and • Klaus Bartosch, Non-independent, Executive Director. The majority of the members of the Audit and Risk Committee were considered by the Company to be independent directors, including the chair of the Audit and Risk Committee. As the Company continues to develop, the Board will consider appointing additional members to the Audit and Risk Committee. Details of the qualifications and experience of the members of the Committee are provided in the 'Information on Directors' section of the Directors' Report (which forms part of the 2018 Annual Report). The Charter of the Audit and Risk Committee is available at the Company's website at, 1stgrp.com.
	(1) has at least three members, a majority of whom are independent directors; and	No	
	(2) is chaired by an independent director, *and disclose:*	Yes	
	(3) the charter of the committee;	Yes	
	(4) the members of the committee; and	Yes	
	(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	Yes	
	(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.	N/A	
7.2.	*The board or a committee of the board should:* *(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*	No	The Board maintains a combined Audit and Risk Committee. Details of the members of the Audit and Risk Committee can be found under Recommendation 7.1 above.

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	(b) disclose in relation to each reporting period, whether such a review has taken place.	Yes	The Audit and Risk Committee may review the Company's risk management framework annually to ensure that it is still suitable to the Company's operations and objectives and that the Company is operating within the risk parameters set by the Board. The Audit and Risk Committee did not consider it was necessary to undertake a review of the risk management framework during the reporting period.
7.3.	*A listed entity should disclose:*		The Company does not have a dedicated internal audit function. The responsibility for risk management and internal controls lies with both the Managing Director and CFO who continually monitor the Company's internal and external risks. Necessary action is taken to protect the integrity of the Company's books and records including by way of design and implementation of internal controls, and to ensure operational efficiencies, mitigation of risks, and safeguard of Company assets.
	(a) if it has an internal audit function, how the function is structured and what role it performs; or	No	
	(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.	Yes	
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	All material risks are announced to the market, in accordance with the requirements of the ASX Listing Rules. The Company has further disclosed its material business risks in its 2018 Annual Report.
8.	**Remunerate fairly and responsibly**		
8.1.	*The Board of a listed entity should:*		In the reporting period, the Board maintained a combined Remuneration and Nomination Committee, whose members were: • Ms Amanda Hagan (Chair of the Committee), Independent Non-Executive Director; • Mr Trevor Matthews, Independent Non-Executive Director; • Mr Klaus Bartosch, Non-Independent Non-Executive Director; and • Mr Richard Arnold, Independent Non-Executive Director (ceased to be a director on 28 February 2018). The majority of the members of the Remuneration and Nomination Committee were considered by the Company to be independent directors, including the chair of the Remuneration and Nomination Committee. As the Company continues to develop, the Board will consider appointing additional members to the Remuneration and Nomination Committee. The Remuneration and Nomination Committee oversees remuneration policy and monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees. The Charter of the Remuneration and Nomination Committee is available at the Company's website, 1stgrp.com. The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' Report (which forms part of the 2018 Annual Report).
	(a) have a remuneration committee which:		
	(1) has at least three members, a majority of whom are independent directors; and	No	
	(2) is chaired by an independent director,	Yes	
	and disclose:		
	(3) the charter of the committee;	Yes	
	(4) the members of the committee; and	Yes	
	(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	Yes	
	(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.	N/A	

ASX Principles and Recommendations		Comply (Yes/No)	Explanation
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	Non-executive Directors are remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees. The level of remuneration reflects the anticipated time commitments and responsibilities of the position. Performance based incentives are not available to non-executive directors. Executive directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives. Further details in relation to the Company's remuneration policies are contained in the Remuneration Report, within the Directors' Report (which forms part of the 2018 Annual Report).
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.*	No	Although the Company does not have a formal policy, the Company has a Securities Trading Policy that restricts the trading of the Company's securities by those who receive equity based remuneration. The Company's security trading policy has been disclosed on the Company's website, 1stgrp.com. The use of derivatives or other hedging arrangements for unvested securities of the Company or vested securities of the Company which are subject to escrow arrangements is prohibited.