

## Appendix 4G

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

Name of entity:

Mortgage Choice Limited

ABN / ARBN:

57 009 161 979

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:

The Corporate Governance Statement is accurate and up to date as at 21 August 2019 and has been approved by the board.

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

Date: 22 August 2019

Name of Secretary authorising lodgement:  
Ian Parkes

<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 <b>OR</b> <input type="checkbox"/> at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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 <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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 <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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 <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://mortgagechoice.com.au/about-us/investor-centre/corporate-governance/">http://mortgagechoice.com.au/about-us/investor-centre/corporate-governance/</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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://mortgagechoice.com.au/about-us/investor-centre/corporate-governance/">http://mortgagechoice.com.au/about-us/investor-centre/corporate-governance/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></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> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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>
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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></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> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ 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><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>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>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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>
2.3	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.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at page 16 of our 2019 Annual Report	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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 <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

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 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>... our code of conduct or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.mortgagechoice.com.au/about-us/investor-centre/">http://www.mortgagechoice.com.au/about-us/investor-centre/</a></p>	<p><input type="checkbox"/> an explanation why that is so 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>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <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>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.mortgagechoice.com.au/about-us/investor-centre/corporate-governance/">http://www.mortgagechoice.com.au/about-us/investor-centre/corporate-governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> on page 17 in our 2019 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so 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>
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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<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.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<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.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at <a href="http://mortgagechoice.com.au/about-us/investor-centre/corporate-governance/">http://mortgagechoice.com.au/about-us/investor-centre/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so 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.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so 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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://mortgagechoice.com.au/about-us/investor-centre/corporate-governance/">http://mortgagechoice.com.au/about-us/investor-centre/corporate-governance/</a></p> <p>and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> in Directors' Report for the year ended 30 June 2019</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so 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>
7.3	<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 (a):]  ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]  ... 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 <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	<p>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.</p>	<p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so 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 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration 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 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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://mortgagechoice.com.au/about-us/investor-centre/corporate-governance/">http://mortgagechoice.com.au/about-us/investor-centre/corporate-governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> on page 17 of our 2019 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>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.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> on pages 18-35 of our 2019 Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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>
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>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## **MORTGAGE CHOICE LIMITED**

### **CORPORATE GOVERNANCE STATEMENT**

Mortgage Choice Limited (**Mortgage Choice** or the **Company**) has in place corporate governance practices to ensure the Company and the Group are effectively and responsibly directed and managed, risks are monitored and assessed and appropriate disclosures are made.

A statement of the Company's full corporate governance practices is set out below. The Company considers that it complies with the 3<sup>rd</sup> edition of the ASX Corporate Governance Principles and Recommendations (the **Recommendations**).

An ASX Appendix 4G, which is a checklist that indicates where the Company has disclosed the relevant information in compliance with the Recommendations, is available on our website at <http://www.mortgagechoice.com.au/about-us/investor-centre/corporate-governance/>. In summary, the Company's disclosures have been made in this Corporate Governance Statement, the 2019 Annual Report and on the Company's website.

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

##### **Role and responsibilities of the Board**

The Board acts on behalf of shareholders and is accountable to shareholders for the overall direction, management and corporate governance of the Company.

The Board operates in accordance with the broad principles set out in the Board charter which is available on the Corporate Governance page in the "Investor Centre" of the Company's website at [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au).

The Board is responsible for:

- overseeing the Company, including its control and accountability systems;
- appointing and removing the Chief Executive Officer (**CEO**);
- monitoring the performance of the CEO;
- monitoring senior management's implementation of strategy, and ensuring appropriate resources are available;
- reporting to shareholders;
- providing strategic advice to management;
- approving management's corporate strategy and performance objectives;
- determining dividend payments;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- approving and monitoring financial and other reporting;
- reviewing and ratifying systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- reviewing and overseeing the implementation of the Company's corporate code of conduct and code of conduct for Directors and senior executives;
- approving charters of Board committees;
- monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies; and
- monitoring and ensuring compliance with best practice corporate governance requirements.

##### **Board Committees**

Mortgage Choice has three Board committees to assist it in carrying out its responsibilities: the nomination committee, remuneration committee and the audit and risk committee. These committees serve to support the

functions of the Board and will make recommendations to Directors on issues relating to their area of responsibility.

Further details regarding the nomination committee, remuneration committee and the audit committee are set out under “Principle 2 – Structure the Board to add value”, “Principle 4 – Safeguard Integrity in Corporate Reporting” and “Principle 8 – Remunerate fairly and responsibly” respectively in this Corporate Governance Statement.

### **Delegation to management**

Responsibility for day-to-day management and administration of the Company is delegated by the Board to the CEO and the executive team. The CEO and the executive team are responsible for ensuring the Board is provided with appropriate, accurate and clear information on a timely basis. The Company’s senior executives are employed under individual employment contracts that set out the terms of their employment.

### **Appointment of directors**

The nomination committee assists the Board to identify potential candidates for appointment to the Board, as required. As part of the process for identifying potential Director candidates, the committee undertakes background checks (including checks of criminal records and bankruptcy history) in relation to all candidates.

The Company provides shareholders with material information that is relevant to a shareholder’s decision whether to elect or re-elect a Director.

Prior to commencing office, all new Directors receive a formal written letter of appointment setting out the terms on which they are appointed as a Director which includes details of their role, committee memberships (if any), and their expected time commitment.

### **Performance evaluation**

The performance of the Board, Board committees, the Directors and senior executives is reviewed annually. The nomination committee is responsible for reviewing:

- the Board’s role;
- the processes of the Board and Board committees;
- the Board’s performance; and
- each Director’s performance.

The process for the performance evaluation of the Board, its committees and individual Directors, and key executives that has been adopted by the Board is available on the Corporate Governance page in the “Investor Centre” section of the Company’s website at [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au).

In accordance with this process, an external review of the Board, its committees and each Director was conducted by an independent consultant during the financial year ended 30 June 2019. A number of recommendations resulting from the review have been implemented during the financial year. A performance evaluation of the senior executives was also undertaken during the year by the CEO in accordance with this process.

### **Company Secretary**

The Company Secretary is accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board. All directors have direct access to the Company Secretary.

## Diversity policy

The Company believes that embracing diversity in its workforce contributes to the achievement of its corporate objectives and enhances its reputation. As a result, the Company has developed a diversity policy. It enables the Company to:

- recruit the right people from a diverse pool of talented candidates;
- make more informed and innovative decisions, drawing on the wide range of ideas, experiences, approaches and perspectives that employees from diverse backgrounds, and with differing skill sets, bring to their roles; and
- better represent the diversity of all our stakeholders

The Company is committed to achieving the goals of:

- providing access to equal opportunities at work based on merit; and
- fostering a corporate culture that embraces and values diversity.

Mortgage Choice is an equal opportunity employer and welcomes people from a diverse set of backgrounds. Mortgage Choice has historically displayed a commitment to gender diversity through policies that encourage participation by women in all levels of the business. Examples of these are:

- paid parental leave;
- flexible work practices including the promotion of part time female employees to senior roles; and
- awareness in all employees of their rights and responsibilities in regards to fairness, equity and respect for all aspects of diversity.

The diversity policy includes requirements for the Board to establish measurable objectives for achieving gender diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

Measurable objectives for achieving gender diversity and the progress toward those objectives are as follows:

- Appoint an executive responsible for achieving gender diversity. The General Manager - Human Resources has assumed responsibility for this function.
- Strive to maintain a fair and balanced level of gender representation in the overall Mortgage Choice workforce. The percentage of women in the Mortgage Choice workforce currently stands at 47%
- Subject to vacancies and circumstances, strive to maintain a fair and balanced level of gender representation in the Executive Management Team. Currently 63% of the Executive Management Team are women.
- Subject to vacancies and circumstances, increase female representation on the Board of Directors. Currently two of the seven Directors on the Board are female.

Mortgage Choice is a relevant employer under the Workplace Gender Equality Act. The Company's most recent Gender Equality Report is available on the Corporate Governance page in the "Investor Centre" section of the Company's website at [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au).

A copy of the diversity policy is available on the Corporate Governance page in the "Investor Centre" section of the Company's website at [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au).



## Principle 2: Structure the Board to add value

### Composition of the Board

Membership of the Board during the 2019 financial year is set out below.

Director	Position
Vicki Allen	Independent non-executive Chairman
Sarah Brennan	Independent non-executive Director
Dharmendra Chandran	Independent non-executive Director (Appointed 20 February 2019)
Sean Clancy	Independent non-executive Director
Andrew Gale	Independent non-executive Director
Peter Higgins	Non-executive Director
Rodney Higgins	Non-executive Director
Steve Jermyn	Independent non-executive Director (Resigned 19 June 2019)

Dharmendra Chandran was appointed as a director effective 20 February 2019 and Steve Jermyn resigned as a director effective 19 June 2019.

The CEO of the Company is Susan Mitchell.

The qualifications, experience, terms of office, and other details of each member of the Board are set out in the Directors' Report of the 2019 Annual Report on page 16.

The number of Board and committee meetings held during the 2019 financial year and each Director's attendance at these meetings are set out in the Directors' Report on page 17 of the 2019 Annual Report.

The following table sets out the skills, attributes and experience of the Company's Directors:

Skill area	Number of directors with skill in area
Executive leadership	7
Strategy and corporate activity	7
Corporate governance and regulatory	7
Remuneration and people	7
Marketing/Digital	7
Sales and Distribution	7
Financial services industry knowledge	7
Franchising and small business	6
Financial analysis, risk management and reporting	4
Technology	3

### Directors' independence

Under the Board charter, the majority of the Board and the Chairman must be independent.

The Board charter sets out specific principles in relation to Directors' independence. These state that an independent Non-Executive Director is one who is independent of management and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or another Group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest in any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

During the period the Board has considered and affirmed the independence of the Directors that have tenure over 10 years and are described as independent in this Statement.

All Directors are required to complete an independence questionnaire.

### **Independent professional advice**

Board committees and individual Directors may seek independent external professional advice for the purposes of proper performance of their duties.

### **The nomination committee**

The objective of the nomination committee is to help the Board achieve its objective of ensuring the Company has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties. The nomination committee is responsible for evaluating the Board's performance.

The nomination committee is also responsible for ensuring that an induction program is established for new directors, and that continuing education programs for directors are developed. These programs are intended to help Directors develop and maintain the skills and knowledge needed to perform their role effectively.

The nomination committee comprises Vicki Allen (Chairman), Rodney Higgins and Andrew Gale.

The nomination committee charter is available on the Corporate Governance page in the "Investor Centre" section of the Company's website at [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au).

### **Principle 3: Act ethically and responsibly**

#### **Codes of conduct**

The Company has adopted a corporate code of conduct that applies to all employees and sets out its legal and other obligations to key stakeholders including shareholders, franchisees, employees, customers and the community.

The Company has also adopted a code of conduct for Directors and senior executives setting out required standards of behaviour, for the benefit of all shareholders. The purpose of this code of conduct is to:

- articulate the high standards of honesty, integrity, ethical and law-abiding behaviour expected of Directors and senior executives;

- encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including franchisees, employees, customers, suppliers and creditors);
- guide Directors and senior executives as to the practices thought necessary to maintain confidence in the Company's integrity; and
- set out the responsibility and accountability of Directors and senior executives to report and investigate any reported violations of this code or unethical or unlawful behaviour.

The Company requires that its Directors and senior executives adhere to a share trading policy that restricts the purchase and sale of Company securities to three six-week periods following the release of the half-yearly and annual financial results to the market, and the Annual General Meeting.

Copies of the corporate code of conduct, the code of conduct for Directors and senior executives and the share trading policy are available on the Corporate Governance page in the "Investor Centre" section of the Company's website at [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au).

#### **Principle 4: Safeguard integrity in corporate reporting**

##### **The audit and risk committee**

The audit and risk committee provides advice and assistance to the Board in fulfilling the Board's responsibilities relating to:

- financial reporting;
- the application of accounting policies;
- business policies and practices;
- legal and regulatory compliance; and
- internal risk control and management systems.

The objectives of the audit and risk committee are to:

- oversee and monitor the integrity, quality, credibility and objectivity of the financial accountability process;
- oversee the establishment and implementation of the Company's risk management and internal control systems and monitor and review the soundness of those systems;
- provide oversight of the Company's Risk Management Framework and Risk Management Appetite;
- promote a culture of compliance and risk-taking within approved appetite; and
- provide a forum for communication between the Board and senior financial and compliance management.

The audit and risk committee comprises Andrew Gale (Chairman), Dharmendra Chandran, Sean Clancy and Peter Higgins.

The audit and risk committee charter is on the Corporate Governance page available in the "Investor Centre" section of the Company's website at [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au).

##### **External auditor**

The Company has adopted procedures for the selection and appointment of the external auditor which are available on the Corporate Governance page in the "Investor Centre" section of the Company's website at [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au).

The audit and risk committee will regularly review the performance of the external auditor and consider any ongoing appointment.

The external auditor should rotate the senior audit partner and the audit review partner every five years with suitable succession planning to ensure consistency.

The external auditor should not place itself in a position where its objectivity may be impaired or where a reasonable person might conclude that its objectivity has been impaired. This requirement also applies to individual members of an audit team. The credibility and integrity of the financial reporting process is

paramount. The Company has adopted guidelines on external auditor independence. These guidelines help to ensure a consistent approach to the appointment and review of external auditors.

The Company will not give work to the external auditor likely to give rise to a “self-review threat” (as defined in Australian Professional and Ethical Standards APES110, The Institute of Chartered Accountants in Australia and CPA Australia). It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor is requested to attend the Annual General Meeting of the Company.

### **Corporate reporting**

The Board receives written declarations from the CEO and the Chief Financial Officer (**CFO**) in relation to the half-year and full-year that, in their opinion, the financial records of the Company have been properly maintained and the financial statements are prepared in accordance with the relevant accounting standards and present a true and fair view of the financial position and performance of the consolidated group. These declarations also confirm the risk management and internal compliance and control systems are sound and operating effectively.

### **Principle 5: Make timely and balanced disclosure**

#### **Continuous disclosure**

The Company has adopted a market disclosure protocol. The objective of this protocol is to:

- ensure the Company immediately discloses information that a reasonable person would expect to have a material effect on the price of the Company’s securities to ASX in accordance with the ASX Listing Rules and the Corporations Act 2001 (Cth);
- ensure officers and employees are aware of the Company’s continuous disclosure obligations; and
- establish procedures for:
  - the collection of all potentially price-sensitive information;
  - assessing if information must be disclosed to ASX under the ASX Listing Rules or the Corporations Act 2001 (Cth);
  - releasing to ASX information determined to be price-sensitive information and to require disclosure; and
  - responding to any queries from ASX (particularly queries under Listing Rule 3.1B).

The protocol is carried out through a market disclosure committee comprised of management representatives. The market disclosure committee is responsible for:

- ensuring compliance with continuous disclosure obligations;
- establishing a system to monitor compliance with continuous disclosure obligations and this protocol;
- monitoring regulatory requirements so that this protocol continues to conform with those requirements;
- monitoring movements in share price and share trading to identify circumstances where a false market may have emerged in company securities; and
- making decisions about trading halts.

All relevant information provided to ASX will be posted on the Company’s website, [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au), in compliance with the continuous disclosure requirements of the Corporations Act 2001 (Cth) and ASX Listing Rules.

### **Principle 6: Respect the rights of shareholders**

#### **Communication with shareholders**

The Board aims to ensure that shareholders are informed of all major developments affecting the Company’s state of affairs. The Board will:

- communicate regularly and effectively with shareholders;

- give shareholders ready access to balanced and understandable information about the Company and its corporate goals; and
- make it easy for shareholders to participate in general meetings.

Shareholders may elect to receive communications from, and send communications to, the Company and its share registry electronically.

Information is communicated to shareholders through ASX announcements, the Company's annual report, the Annual General Meeting, half and full year results announcements and the Company's website, [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au).

The full text of notices of meetings and the accompanying explanatory materials are posted on the website for each Annual General Meeting. The Chairman's and the CEO's addresses, proxy counts and results of shareholder resolutions at the meeting are also posted on the website after their release to the ASX.

The Board has adopted a communications strategy to facilitate and promote effective communication with shareholders and encourage participation at general meetings. The arrangements Mortgage Choice has to promote communication with shareholders are set out in the "Investor Centre" section of the Company's website at [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au).

### **Principle 7: Recognise and manage risk**

The Board through the audit and risk committee is responsible for overseeing the Company's risk management and internal compliance and control systems.

Given the size and the nature of its operations, Mortgage Choice does not have a formal internal audit function. Instead, Mortgage Choice divides responsibility for internal audit activities between management and the audit and risk committee. The audit and risk committee regularly assesses the adequacy of the internal risk control system through the external auditors.

Compliance functions exist in both the broking business and the financial planning business (the latter of which is externally resourced). These functions undertake regular and comprehensive audits and reviews of our credit representatives pursuant to our Australian Credit Licence and our authorised representatives under our Australian Financial Services Licence (AFSL).

During the 2016 financial year we commissioned Deloitte Touche Tohmatsu to undertake a Diagnostic Report on the financial planning division's level of compliance and the strength of its compliance framework. The report highlighted the following strengths of the division:

- Robust base of tools and policies.
- Aligned to the risk management approach across all levels of management and the Board.
- Cultural integrity.
- Broad cultural willingness to improve.
- Agile and responsive to regulatory change.

Management have implemented the observations in the Report.

This external review followed an earlier external review of our compliance with our obligations as an AFSL holder in 2015 conducted by a specialist legal firm, The Fold Compliance Pty Limited, who produced a report on the division's compliance with the relevant obligations. The report also indicated an excellent result.

The Board believes that a sound risk management framework should be aimed at delivering improved business processes and procedures across the Group which are consistent with the Group's strategic objectives.

## **Risk Management Framework and Appetite Statement**

The Company has adopted a Risk and Opportunity Appetite Statement (**ROAS**) and a Risk and Opportunity Management Framework (**ROMF** or **Framework**).

The purpose of the ROAS is to:

- set out the level and type of risk that Mortgage Choice is willing to seek and/or accept;
- set out the boundaries outside of which Mortgage Choice is not prepared to venture in the pursuit of its strategic and business objectives;
- align Mortgage Choice stakeholders through a consistent view of the risk parameters within which the business operates;
- link the acceptance and management of Mortgage Choice's risks to its strategic and business objectives; and
- set out the process to review the risks on a regular basis in conjunction with strategic plans and business actions taken in changing environments.

The ROMF has been designed to articulate:

- the organisational view and objective of risk management;
- policies and procedures that support the framework; and
- the Framework's role in supporting the organisation's vision and strategy.

The Framework seeks to encourage risk and opportunity taking and sets out a reporting structure determined on a Risk and Opportunity Appetite threshold basis.

The risk and control procedures designed by Mortgage Choice are core to the implementation of the Framework.

The key principles that govern the process are as follows:

- Risk and control assessment is performed in the first line of defence, challenged and reviewed by the second line of defence. The Company Secretary who reports to the Board performs this role.
- Top down risk and control assessment is performed by the Board on an annual basis or when there is a major change to the risk profile.

Management has reported to the Board that risk management and internal control systems effectively manage the Company's material business risks.

## **Compliance policy and program**

The compliance policy is a commitment to:

- promote a culture of compliance throughout the Company and franchise network;
- create an understanding of the relevant laws at all levels;
- minimise the possibility of a contravention of the law and manage any legal risk;
- enhance the Company's corporate image and customer service; and
- market, promote and sell the Company's services in a way that is competitive, ethical, honest and fair, and in compliance with the law.

The Company has developed and implemented a compliance program. The aim of the program is to promote a culture of compliance through a number of measures including staff and franchise network training, compliance procedures, support systems and the appointment of staff responsible for compliance.

The centrepiece of the program is a web based compliance education and evaluation tool which covers the key legislative and regulatory obligations applicable to the business. Each major regulatory area (Trade Practices, Privacy, Equal Opportunity, Occupational Health and Safety, Technology, Franchising, National Consumer Credit Protection Act) is covered. All staff are required to complete all modules and must repeat the program at prescribed intervals. The program has also been rolled out to the franchise network.

The Company expects its employees, franchisees and representatives to actively support its compliance program. It is each employee, franchisee and representative's responsibility to make use of the training systems

and support offered by the Company. Non-compliance with the law or failure to comply with the compliance program will not be tolerated and could result in disciplinary action.

### **Economic, environmental and social sustainability risks**

The Company operates as a full financial services organisation offering financial choices and advice across Australia and is therefore exposed to the economic risks such as economic cycles and interest rate movements as other companies operating in the financial sector. Economic risks are identified as part of the Risk Management Framework and strategies and controls developed to minimise their impact.

The Company does not have any material exposure to environmental or social sustainability risk, and is not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory in respect of its activities.

### **Principle 8: Remunerate fairly and responsibly**

#### **The remuneration committee**

The remuneration committee is responsible for determining and reviewing compensation arrangements for the Directors and senior executive.

The objective of the remuneration committee is to help the Board achieve its objective of ensuring the Company:

- has coherent remuneration policies and practices to attract and retain executives and Directors who will create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives and other employees having regard to the performance of the Company, the performance of the executive or employee and the general and specific remuneration environment.

The remuneration committee comprises Sean Clancy (Chairman), Vicki Allen, Rodney Higgins and Sarah Brennan.

The remuneration committee charter is available on the Corporate Governance page in the “Investor Centre” section of the Company’s website at [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au).

Information about the Company’s remuneration policies and practices for non-executive Directors, the CEO and other senior executives, and their remuneration during the 2019 financial year, are set out in the Remuneration Report on pages 18 to 35.

#### **Share Trading Policy**

As noted in “Principle 3 – Act ethically and responsibly”, the Company has a separate share trading policy. The policy prohibits directors and key management personnel of the Company from entering into hedging or other arrangements that operate to limit their exposure to risk in relation to any unvested or vested Mortgage Choice securities which have been allocated under an incentive scheme operated by the Company. Any breach of this prohibition risks disciplinary sanctions, including dismissal in serious cases.

The share trading policy is available on the Corporate Governance page in the “Investor Centre” section of the Company’s website at [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au).

**Approved by the Board**

**Signed**

**Date 21 August 2019**