



Corporate Governance Statement

2016

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Calibre Group Limited (Calibre) is responsible for the overall corporate governance of the Company.

The Board has adopted and implemented corporate governance best practice principles to the extent considered appropriate for the size and nature of the Company's current operations.

Details of Calibre's key policies and the Charters for the Board and each of its Committees are available at www.calibregroup.com/investor-centre/corporate-governance.

Overview

The Committee must consist of:

The Board may appoint such additional directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

Non-committee members, including members of management may attend all or part of a meeting of the Committee at the invitation of the Committee chair subject to the invitee not having a material personal interest in the matter being considered.

The Company Secretary must attend all Committee meetings as minute secretary.

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board committees.

The Board's role is to:

- represent and serve the interests of shareholders by overseeing and appraising Calibre's strategies, policies and performance;
- protect and optimise Calibre's performance and build sustainable value for shareholders;
- set, review and ensure compliance with Calibre's values and governance framework; and
- ensure that shareholders are kept informed of Calibre's performance and major developments.

Matters which are specifically reserved for the Board or its committees include:

- appointment of a chair;
- appointment and removal of the Managing Director;
- 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 major items of capital expenditure and of 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.

The management function is conducted by, or under the supervision of the Managing Director as directed by the Board (and by officers to whom the management function is properly delegated by the Managing Director). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate.

The Board collectively, and individual Directors, may seek independent professional advice at Calibre's expense, subject to the approval of the Chairman or the Board as a whole.

Appointment Protocols

Protocols for appointment are set out in Calibre's Constitution.

Appointments to the Board are considered by the Nomination Committee before submission to the Board and to the shareholders. All material information in the Company's possession relevant to the decision to elect any persons as directors is presented to shareholders.

Appropriate checks are made by the Nomination Committee before all appointments.

Written Agreements

Each Director has a written agreement setting out the terms of their appointment.

Senior executives have formal service agreements containing detailed duties and responsibilities which are complimented by KPIs, documented in performance management agreements. These include budgetary accountability, performance incentives, and focus attention on profitability and achievement of KPIs.

Company Secretary

The Calibre Company Secretary is accountable to the Board, through the Chairman, on matters to do with the proper functioning of the Board.

Diversity Policy

Calibre has adopted a diversity policy which obligates the Board to set measurable objectives in achieving gender diversity. Calibre will ensure effective promotion of gender diversity in the workplace and will review its policies in order to maximise the outcomes so they are utilised at a senior management level.

The Company's vision for diversity incorporates a number of different factors, including gender, ethnicity, disability, age and educational experience. At a Board and senior management level, gender has been identified as a key area of focus for the Company. Accordingly, the primary focus of the Company's Diversity Policy is achieving, over a reasonable transition period, adequate representation of women in senior management positions and on the Board.

Calibre has developed a workplace programme and reporting framework, under the Commonwealth Government's Workplace Gender Equality Agency (WGEA) Agency.

The majority of women are employed in traditional support roles such as administration, accounting, clerical, document control, human resources and other corporate services.

Women tend to be engaged predominantly in corporate or metropolitan project offices with some women being represented in the workforce on remote site locations in predominantly administration roles.

There is no discrimination in actual compensation practices between men and women in comparable positions at Calibre.

Board and Board Committee Performance Evaluation

Calibre has adopted a performance evaluation process in relation to the Board and its Committees. Each year, the Directors provide written feedback in relation to the performance of the Board and its Committees against a set of agreed criteria. Each Committee of the Board is required to provide feedback in terms of a review of its own performance. Feedback is collected by the Chair of the Board and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees. The Managing Director also provides feedback from senior management in connection with any issues that may be relevant in the context of the Board performance review.

Where appropriate to facilitate the review process, assistance is obtained from third party advisers.

Senior Executives Performance Reviews

Senior executives are subject to formal performance reviews at least six monthly in accordance with their service agreements. The focus of these reviews is to establish key accountabilities and objectives and monitor actual performance against these. Formal reviews are supplemented by regular operational committee meetings which include reviews of KPIs.

Board Members

The Board of Directors is currently comprised of the Chairman, five Non-Executive Directors and the Managing Director. The Board members' details are set out on Calibre's website.

Directors' meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director is set out in Calibre's Annual Report

Nomination Committee

Under its charter, this committee must have at least three members. Currently, all Board members are members of this committee. Calibre's Chairman acts as Chairman of the committee.

The main functions of the committee are to assist the Board with establishing a Board of effective composition, size, diversity, expertise and commitment to adequately discharge its responsibilities and duties, and assist the Board with discharging its responsibilities to shareholders and other stakeholders to seek to ensure that Calibre has policies to evaluate the performance of the Board, individual Directors and senior executives on (at least) an annual basis.

The Nomination Committee is responsible for reviewing Board membership, making recommendations to the Board, including the re-election of Directors, and assisting the Board as required in identifying individuals who are qualified to become Board members (including in respect of executive Directors). Factors the committee considers when reviewing a potential candidate for Board appointment include:

- the skills, experience and personal qualities that will best complement Board effectiveness;
- the existing composition of the Board, having regard to the factors outlined in the Diversity Policy and the objective of achieving a Board comprising Directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender;
- the capability of the candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other board or executive appointments); and
- potential conflicts of interest and independence.

Board Skills Matrix

The skills, experience and expertise relevant to the position held by each Director in office are set out on Calibre's website.

Directors' Independence

The Board considers an Independent Director to be a Non-Executive Director who is not a member of Calibre's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of their judgment.

The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard (Attachment 1 to the Board Charter and Relationship with Management). The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board, guided by the Calibre Board Charter, considers thresholds of materiality for the purposes of determining 'independence' in accordance with the Principles and on a case by case basis, having regard to both quantitative and qualitative assessments.

Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- the Board will determine the appropriate base to apply (eg revenue, equity or expenses), in the context of each situation;
- in general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board; and
- overriding the quantitative assessment is the qualitative assessment. Specifically, the board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of Calibre.

The Board currently does not consist of a majority of independent Directors. The Board believes that each of the non-executive Directors brings objective and independent judgment to the Board's deliberations and that each of the non-executive Directors makes invaluable contributions to the company through their deep understanding of Calibre's business.

Director Induction and Professional Development

The Board has established a program for the induction of new Directors through its Board of Directors Manual.

Directors have access to Calibre funded professional development activities and to other professional development opportunities through their other directorships.

Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct.

Accordingly, the Board has established a Code of Conduct, for the guidance and benefit of all people employed, contracted by, associated with, or acting on behalf of Calibre. The Code of Conduct extends to all Directors and staff or contractors (personnel) of the Calibre group of companies. The Code of Conduct has been adopted by Calibre as it expresses and supports the core values that drive the Company's behaviour and aspirations. The Code of Conduct sets out Calibre's policies on various matters including ethical conduct, business conduct, compliance, privacy, security of information, financial integrity, and conflicts of interest.

The key values underpinning the Code of Conduct are as follows:

- our actions must be governed by the highest standards of integrity and fairness;
- our decisions must be made in accordance with the spirit and letter of applicable law; and
- our business must be conducted honestly and ethically, with our best skills and judgment, and for the benefit of our people, clients, shareholders, stakeholders and Calibre alike.

The Calibre Code of Conduct outlines how Calibre expects Directors and personnel to behave and conduct business in a range of circumstances. In particular, the Code requires awareness of, and compliance with, laws and regulations relevant to Calibre's operations, including occupational health and safety, risk management, privacy and employment and diversity practices.

The objectives of the Code of Conduct are to:

- provide a benchmark for professional behaviour throughout the Calibre group of companies;
- support Calibre's business reputation and corporate image within the community; and
- make directors and personnel aware of the consequences if they breach the policy.

The principal areas covered by the Code of Conduct are:

- Compliance with laws and regulations;
- Fair trading and dealing;
- Conflicts of interest;
- Improper use or theft of Calibre property, assets and email;

- Privacy;
- Public Communications and disclosures;
- Employment practices, including:
 - Equal opportunity and anti-discrimination
 - Occupational health and safety
 - Group reputation
 - Securities trading
 - Bribes inducements and commissions; and
- Community, including:
 - Contribution to the community
 - Environment
 - Politics.

The Code of Conduct clearly establishes procedures if Calibre personnel believe the Code has been breached; establishes an Employee Assistance Programme to provide confidential professional assistance to those in need; protection for those who may report breaches; processes for investigation of breaches; and details the consequences of breaching the Code.

The Code of Conduct applies to and must be followed by all Calibre personnel and officers. The Code of Conduct is available on the Company's [website](#).

Audit, Business Risk & Compliance Committee

Under its charter, this committee must have at least three members.

In accordance with its charter, it is intended that all members of the Committee should be financially literate and have familiarity with financial management and at least one member should have relevant qualifications and experience. The Committee meets these requirements.

The primary roles of this committee includes:

- (i) in respect of audit:
 - overseeing the process of financial reporting, internal control, continuous disclosure, financial and non-financial risk management and compliance and internal and external audit;
 - providing advice in relation to Calibre's OH&S management and performance and auditing systems;
 - encouraging effective relationships with, and communication between, the Board, Management and Calibre's external auditor; and
- (ii) in respect of risk & compliance:
 - monitoring Calibre's compliance with laws and regulations;
 - evaluating the adequacy of processes and controls established to identify and manage areas of potential risk and to seek to safeguard the assets of Calibre;
 - overseeing that all proper remedial action is undertaken to redress areas of weakness;
 - overseeing the Company's compliance with prescribed policies; and
 - reporting to the Board on any of the above responsibilities and functions.

Under the charter it is the policy of Calibre that its external auditing firm must be independent of it. The committee will review and assess the independence of the external auditor on an annual basis. The charter contains an "External Audit Policy" (as Attachment 1) which provides information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners, presently every 5 years.

The Audit, Business Risk and Compliance Committee in the form set out above reviews and recommends to the Board for approval the half yearly results and the annual Financial Statements.

The Audit, Business Risk and Compliance Committee Charter is available on the Company's [website](#).

Declaration from CEO and CFO

The CEO and the CFO provide the relevant declarations to the Audit, Business Risk and Compliance Committee and to the Board before the Board approves both the half year results and the annual Financial Statements.

External Auditor Attendance at AGM

As a matter of principle the Company's external auditor attends the AGM and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. The external auditor is also be allowed a reasonable opportunity to answer written questions submitted by shareholders to the auditor, as permitted under the Corporations Act.

Disclosure Policy

Calibre is required to comply with the continuous disclosure requirements of the Corporations Act. Calibre is committed to observing its disclosure obligations under the Corporations Act.

Calibre has adopted a Disclosure Policy, which establishes procedures aimed at ensuring that Directors and senior executives are aware of and fulfil their obligations in relation to the timely disclosure of material price sensitive information.

Continuous disclosure announcements will be made available on Calibre's [website](#).

Policy for Dealing in Securities

Calibre has adopted a written Policy for Dealing in Securities, which is intended to explain the prohibited types of conduct in relation to dealings in Calibre's securities under the Corporations Act and to establish a best practice procedure in relation to dealings in Calibre shares by Directors, senior executives and personnel.

Subject to the overriding restriction that persons may not deal in Calibre shares while they are in possession of materially price sensitive information, Directors, senior executives and personnel will not be permitted to deal in Calibre shares during the following "blackout periods":

- the period from the close of trading at the end of each half year and full year until the close of trading on the day following the announcement of the half year or full year results (as applicable); and
- any other period that the Board specifies from time to time.

Outside of these periods, Directors and senior executives must receive clearance for any proposed dealing in shares. In all instances, buying or selling shares is not permitted at any time by any person who possesses price sensitive information.

Website

The Board's aim is to ensure that shareholders are provided with sufficient information to assess the performance of Calibre and that they are informed of all major developments affecting the state of affairs of Calibre relevant to shareholders, in accordance with all applicable laws.

Information is communicated to shareholders through the publishing of all relevant financial and other information on Calibre's website; www.calibregroup.com.

In particular, Calibre's website contains information, including media releases, key policies and the terms of reference of its Board committees. All relevant announcements made and any other relevant information is posted on Calibre's website.

Forums or measures for communicating the following important aspects of the Company's affairs include:

- Notice of meeting/s;
- Annual General Meeting (AGM);
- Annual Report;
- Announcements; and
- Presentations.

Information regarding all of the above is lodged on the Company's website, and in addition the website includes (or will include) details of the following:

- the Company's Constitution;
- the Company's Board and Board committee charters;
- the Company's core corporate governance policies;
- any press release, external presentations and announcements made by the Company within the last 3 years; and
- financial information about the Company.

Investor Relations Program

The Company's website has the means for contacting the Company should an investor have an enquiry. An investor may also contact Company Secretary whose contact details are included on Calibre's website.

Calibre also holds an AGM to which all shareholders are invited. All information relating to the AGM will be confirmed and released on the Company's website.

Participation At Meetings

Calibre holds its AGM annually. Details of the event and all presentations and voting will be made available through Calibre's website.

The Notice Of Meeting sets out details for questions to be submitted in writing to the AGM. Questions can also be put live from the floor of the AGM.

At the AGM, each section of the event allows for questions to be asked by shareholders prior to the passing of the relevant resolution.

Electronic Communications

The Calibre website contains a facility for shareholders to direct inquiries to the Company and to elect to receive communications from the Company via email (or to elect to discontinue receiving email communications from the Company).

Calibre provides an online email inquiry service (enquiries@calibregroup.com) to assist shareholders with any queries.

Information is also communicated to shareholders via periodic mail outs, or by email to shareholders who have provided their email address. Such information will be limited to publicly disclosed information, within the bounds of the Company's Disclosure Policy.

Shareholders are encouraged via the Calibre Group website to contact Calibre's share registry service provider electronically and log in to their website in order to access a range of online services.

Risk Management Framework

The Audit, Business Risk & Compliance Committee oversees the risk management framework for Calibre. Its structure and functions are set out above.

The identification and proper management of Calibre's risks are an important priority of the Board. Calibre has adopted a risk management policy appropriate for its business. The policy is supported by an enterprise wide risk assessment and management procedure. The Company's risk management principles are consistent with the Standard AS/NZS ISO 3100 Risk Management.

The Company's risk management framework highlights the risks relevant to Calibre's operations and Calibre's commitment to designing and implementing systems and methods appropriate to minimise and control its risks. The process includes the requirement that management design and implement the risk management and internal control systems to manage the company's material business risks and report to Audit, Business Risk & Compliance Committee as to whether those risks are being managed effectively.

The Board is responsible for overseeing and approving risk management strategy and policies. The Board has delegated to the Audit, Business Risk and Compliance Committee responsibility for identifying major risk areas and monitoring risk management to provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

Calibre regularly undertakes reviews of its financial risk management procedures to ensure that it complies with its legal obligations, including assisting the CEO and CFO to provide the required declarations under Section 295A of the Corporations Act.

Calibre has in place a system whereby management is required to report as to its adherence to policies and guidelines approved by the Board for the management of risks. Management has reported to the Board as to the effectiveness of the company's management of its material business risks.

The risk management framework is reviewed by the Audit, Business Risk and Compliance Committee on an annual basis as to its soundness.

Internal Audit Function

Calibre has a corporate wide internal audit function. The function operates on an outsourced basis and conducts its activities in accordance with an internal audit charter and an internal audit plan.

Internal audit provides a review and advisory service to:

- provide assurance to the Board that Calibre's financial and operational controls designed to manage the organisation's risks and achieve its objectives are operating in an efficient, effective and ethical manner; and
- assist management in improving Calibre's business performance.

Internal audit reports functionally to the Audit, Business Risk & Compliance Committee and operationally to the Group Chief Financial Officer. The Head of Internal Audit is accountable to the Audit, Business Risk & Compliance Committee for the efficient and effective operation of the internal audit function.

The Head of Internal Audit has direct access to the Chair of the Board and the Chair and other members of the Audit, Business Risk & Compliance Committee and the Company's external auditor from time to time.. Periodic 'in camera' meetings may be held between the Head of Internal Audit and the Audit, Business Risk & Compliance Committee.

The internal audit function reports to the Audit, Business Risk & Compliance Committee at each of its meetings on internal audit activities and findings.

Sustainability Risks

The Calibre organisational risk profile includes an overall sustainability risk, including economic, environmental and social aspects.

This sustainability risk is mitigated by management and monitored by the Audit, Business Risk & Compliance Committee.

Currently it is not considered to be a material risk.

Remuneration Committee

Under its charter, this Committee must have at least three members.

The main functions of the Committee are to ensure Calibre's remuneration structures are equitable and aligned with the long-term interests of Calibre and its shareholders. The Remuneration Committee will have regard to relevant company policies in attracting and retaining skilled executives, and structuring short and long term incentives that are challenging and linked to the creation of sustainable shareholder returns.

The Remuneration Committee's responsibilities are to ensure that Calibre:

- has coherent remuneration policies and practices which enable Calibre to attract and retain senior executives and Directors who will create value for shareholders;
- fairly and responsibly remunerates Directors and senior executives, having regard to the performance of Calibre, the performance of senior executives and the general remuneration environment; and
- has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet Calibre's needs.

There are no schemes for retirement benefits, other than superannuation, for Non-executive Directors.

The Board believes that although the Committee does not have a majority of independent directors, the experience and industry knowledge of the non-executive Directors will ensure objective and independent judgment in carrying out their responsibilities on this committee.

The Company's Remuneration Committee Charter containing a full list of the Remuneration Committee's responsibilities and details of the policy objectives set for the committee is available on its [website](#).

Remuneration of Non-executive Directors and of Executive Director and Senior Executives

Executive Remuneration	Non-Executive Director Remuneration
<p>In determining executive remuneration, the Board aims to ensure that remuneration practices are:</p> <ul style="list-style-type: none"> • competitive and reasonable, enabling the company to attract and retain key talent; • aligned to the company's strategic and business objectives and the creation of shareholder value; • transparent; and • acceptable to shareholders. <p>When setting remuneration, Board's aim is to ensure executives are provided with remuneration which reflects their position and responsibilities within Calibre, and is aligned with the industry sector. Executive remuneration is reviewed annually taking into consideration remuneration market trends, individual and company performance as well as the current economic environment.</p>	<p>The Board seeks to set aggregate remuneration at a level that provides Calibre with the ability to attract and retain Directors of the highest quality at a cost that is acceptable to shareholders.</p>
<p>Composition</p> <p>Remuneration packages for executive directors and other senior executives include an appropriate balance of fixed remuneration and performance- based remuneration.</p>	<p>Composition</p> <p>Non-executive directors are only remunerated by way of cash fees and superannuation for services on the Board and Board committees</p>
<p>Fixed remuneration</p> <p>This takes into account Calibre's obligations at law and labour market conditions and is relative to the scale and complexity of Calibre's businesses. It reflects core performance requirements and expectations.</p>	<p>Fixed remuneration</p> <p>Levels of fixed remuneration for non-executive directors reflect the time commitment and responsibilities of the role</p>
<p>Performance-based remuneration</p> <p>This is linked to clearly specified performance targets. These targets are aligned to Calibre's short and long- term performance objectives and are appropriate to Calibre's circumstances, strategies and risk appetite.</p>	<p>Performance-based remuneration</p> <p>Non-executive directors do not receive performance- based remuneration.</p>
<p>Equity-based remuneration</p> <p>This is linked to hurdles that are aligned to the Calibre's longer-term performance objectives and risk appetite.</p>	<p>Equity-based remuneration</p> <p>Non-executive directors do not receive equity-based remuneration.</p>

Executive Remuneration

Termination payments

These are agreed in advance in employment contracts and the agreements clearly address what will happen in the case of early termination. There is no payment for removal for misconduct. Shareholder approval is required for any termination payments in excess of the limits set by the Corporations Act.

Non-Executive Director Remuneration

Termination payments

Non-executive directors are not provided with retirement benefits other than superannuation

Full details on remuneration practices and outcomes are included in the Company's Remuneration Report, contained within the Directors' Report in the Calibre Annual Report.

Equity Based Remuneration Scheme

The Company's Policy for Dealing in Securities sets out its policy prohibiting entering into hedging transactions in products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.