



MainstreamBPO Limited

ABN 48 112 252 114

Corporate Governance Statement

For the year ended 30 June 2016

Corporate Governance Statement

The corporate governance arrangements for MainstreamBPO Limited (the "Group", "the Company" or "MainstreamBPO") are set by the Board having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) ("Recommendations"), corporate best practice and the best interests of shareholders. The principal features of the Group's governance framework are set out in this Corporate Governance Statement. This Statement reports the Group's compliance with the ASX Principles and Recommendations.

The Group is committed to adopting best practice in corporate governance where these practices are appropriate to the business.

The information in this statement is current as at 29 August 2016 and has been approved by the Board.

This Corporate Governance Statement sets out the Company's current compliance, as at 29th August 2016, with the ASX Corporate Governance Council's Recommendations.

Information referred to in this Corporate Governance Statement as being on MainstreamBPO's website, unless stated otherwise, may be found at www.mainstreambpo.com/shareholdercentre.

Recommendations		Compliance	Comment
1.	Lay solid foundations for management and oversight		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Complies	The role of the Board is defined in the Board Charter which is publically available on the Company's website.
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.	Complies	The Company has conducted criminal/police checks and solvency checks in respect of all of its directors. The Company has also provided details of each director's professional experience in the Annual Report.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	The Company has a written agreement in place with all of its directors.
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.	Complies	The responsibilities of the company secretary are outlined in Section 11 of the Board Charter, including the accountability that the company secretary has to the Board (through the Chair) on all matters to do with the proper functioning of the Board.
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Complies	Recognising the increased role played by women and minorities in the workforce, the Company has also adopted a Diversity Policy which is publicly available on the Company's website. In the 2016 financial year the Company had good gender diversity with women making up 47% of employees as at 30 June 2016.

Recommendations		Compliance	Comment
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Complies	Under Section 9.2 of the Board Charter, performance of the Board and of individual directors is to be assessed each year. The Company has a formal process for evaluating the effectiveness, process and structure of the Board, its committees and individual directors. The Board is committed to regular assessment of its effectiveness and believes that the contribution of individual directors is essential to improve the governance and guidance of the Company.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Complies	The Remuneration and Nomination Committee conducts periodic performance reviews. The reviews for senior executives are undertaken in the required reporting period. The next performance evaluation is scheduled for completion by 1 October 2016.
2.	Structure of the Board to add value		
2.1	The Board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Does not comply	The Remuneration and Nomination Committee has been established with its own charter. The members are: <ul style="list-style-type: none"> • Mr John Plummer (Non-executive director) - Chair of Committee; and • Ms Lucienne Layton (Non-executive and independent director) - Member of Committee; • Mr Byram Johnston (Executive director) - Member of Committee. The charter of the Remuneration and Nomination committee is available on the Company's website.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its' membership.	Does not comply	At this stage of company growth, the company does not comply with this recommendation. A board skills matrix will be completed for future periods.

	Recommendations	Compliance	Comment
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Complies	<p>The Company considers Ms Lucienne Layton to be an independent director.</p> <p>The length of service of each director has been disclosed in the Annual Report.</p>
2.4	<p>A majority of the Board of a listed entity should be independent directors.</p>	Does not comply	<p>The board of directors are listed in the Annual Report.</p> <p>At this stage of company growth, the company does not comply with this recommendation. The company will consider the appointment of further independent directors at regular intervals as the company continues to grow.</p>
2.5	<p>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.</p>	Does not comply	<p>While the Board recognises the principle that the Chairman should be an independent director, the Board believes that Mr Byram Johnston is the most appropriate person to lead the Board as Chairman given his long standing experience and business relationships. The Board remains confident that Mr Byram Johnston is able to bring quality and independent judgement to relevant issues falling within the scope of the role of Chairman.</p>
2.6	<p>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.</p>	Complies	<p>Under Section 5.7 of the Board Charter, each new director will, upon appointment, participate in an induction programme.</p> <p>This will include meeting with members of the existing Board, Company Secretary, management and other relevant executives to familiarise themselves with the Company, its procedures and prudential requirements and Board practices and procedures.</p>
3.	Act ethically and responsibly		
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>	Complies	<p>The Board has adopted a Code of Conduct that establishes a culture encompassing strong corporate governance, sound business practices and good ethical conduct.</p> <p>The Code is available at the Company's website.</p>

	Recommendations	Compliance	Comment
4.	Safeguard integrity in corporate reporting		
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, 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;</p> <p>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>	Does not comply	<p>The Company has established an Audit and Risk Committee to ensure its corporate reporting is adequately reviewed and that the external auditors are independent.</p> <p>The Committee's structure, roles and responsibilities are detailed in the Audit and Risk Committee Charter, which is available on the Company website. The relevant qualifications and experience of each member of the Audit and Risk Committee was disclosed in section 6.1 of the Prospectus.</p> <p>The Audit and Risk Committee has 3 members:</p> <ul style="list-style-type: none"> • Ms Lucienne Layton (Non-executive and independent director) - Chair of Committee; • Mr John Plummer (Non-executive director) - Member of Committee; and • Mr Byram Johnston (Executive director) - Member of Committee. <p>Although the Company has implemented an Audit and Risk Committee that has at least three members as above, a majority of these are not independent directors due to the current composition of the Board.</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>	Complies	<p>The Board seeks representations from the CEO and CFO prior to approving financial statements.</p>
4.3	<p>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>	Complies	<p>The Company will ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>

Recommendations		Compliance	Comment
5.	Make timely and balanced disclosure		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Complies	<p>The Company is committed to promoting investor confidence and ensuring that Shareholders and the market are provided with timely and balanced disclosure of all material matters concerning the Company, as well as ensuring that all shareholders have equal and timely access to externally available information issued by the Company.</p> <p>The Company has adopted a Continuous Disclosure Policy to outline responsibilities in relation to disclosing information to the market and shareholders, and to ensure compliance with the continuous disclosure regime under ASX Listing Rules and the <i>Corporations Act 2001</i> (Cth).</p> <p>A copy of this policy is available on the Company's website.</p>
6.	Respect the rights of security holders		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company's website contains information about its corporate governance policies.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	<p>The Company has a Continuous Disclosure Policy as available on the Company website.</p> <p>The Company has also adopted a Continuous Disclosure Policy to ensure that Shareholders have access to balanced and understandable information about the Company and its activities.</p>
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.	Complies	The Company and its Board encourage shareholders to actively participate at its AGMs. Refer to the "Shareholder Centre" section of the Company website.
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.	Complies	<p>The Company has a Shareholder Centre section on its website which allows for Shareholders to receive communications from, and send communications to, the Company and its share registry electronically, by contacting the Company Secretary or the Company's share registry as applicable.</p> <p>Details of the Company's share registry and their respective contract details are included in the Prospectus.</p>

	Recommendations	Compliance	Comment
7.	Recognise and manage risk		
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;</p> <p>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>	Does not comply	<p>The Company has established an Audit and Risk Committee that is focused on ensuring that the Company maintains an effective system of internal control and risk management.</p> <p>The Committee's structure, roles and responsibilities are detailed in the Audit and Risk Committee Charter, which is available on the Company website. The relevant qualifications and experience of each member of the Audit and Risk Committee was disclosed in section 6.1 of the Prospectus.</p> <p>The Audit and Risk Committee has 3 members:</p> <ul style="list-style-type: none"> • Ms Lucienne Layton (Non-executive and independent director) - Chair of Committee; • Mr John Plummer (Non-executive director) - Member of Committee; and • Mr Byram Johnston (Executive director) - Member of Committee. <p>Although the Company has implemented an Audit and Risk Committee that has at least three members as above, a majority of these are not independent directors due to the current composition of the Board.</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>	Complies	<p>The Audit and Risk Committee meets at regular intervals during the year, with the Company's risk management framework reviewed at least annually. The Company has disclosed the number of meetings convened in the Annual Report.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs;</p> <p>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>	Complies	<p>The Company does not have an internal audit function due to the nature of its business. The company publishes an annual internal controls report in relation to its compliance with the Auditing and Assurance Standards Board's Guidance Statement 007 (GS 007).</p> <p>The GS 007 2016 financial year report was audited by Ernst & Young.</p> <p>The process for evaluating and continually improving the effectiveness of its risk management and internal control processes is also overseen by the Audit and Risk Committee.</p> <p>A copy of the Audit and Risk Committee Charter is available on the Company's website.</p>
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>	Complies	<p>Risk oversight and review is part of the responsibility of the Audit and Risk Committee.</p> <p>No material environmental or social sustainability risks were identified.</p>

	Recommendations	Compliance	Comment
8.	Remunerate fairly and responsibly		
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;</p> <p>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>	Does not comply	<p>The Remuneration and Nomination Committee has been established with its own charter. The members are:</p> <ul style="list-style-type: none"> • Mr John Plummer (Non-executive director) - Chair of Committee; and • Ms Lucienne Layton (Non-executive and independent director) - Member of Committee; • Mr Byram Johnston (Executive director) - Member of Committee. <p>The charter of the Remuneration and Nomination committee is available on the Company's website.</p> <p>Although the Company has implemented a Remuneration and Nomination Committee that has at least three members as above, a majority of these are not independent directors due to the current composition of the Board.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies	The Company's Remuneration and Nomination Committee Charter provides separate policies and practices regarding the remuneration of non-executive directors and the remuneration of directors and senior management. Refer to the Remuneration Report in the Annual Report for further information.
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>	Complies	<p>Under the Trading Policy, directors and all staff are prevented from trading in the Company's shares during the period from the end of a statutory reporting period until a set and specified amount of time.</p> <p>This policy is available on the Company's website.</p>