



# Pinnacle Investment Management Group Limited



Corporate Governance Statement

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The Board of Pinnacle Investment Management Group Limited (the **Company**) is committed to ensuring that its policies and practices reflect a high standard of corporate governance. The Board has adopted a comprehensive framework of corporate governance guidelines, designed to balance business performance and governance.

The Company's corporate governance arrangements are consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – Fourth edition (**ASX Principles**), except where indicated.

The Company's policies, charters and codes referred to in this statement are provided in the Shareholders section of the Company's website at [www.pinnacleinvestment.com](http://www.pinnacleinvestment.com) (**Company's website**).

The Company and its wholly owned subsidiaries are referred to as the Group.

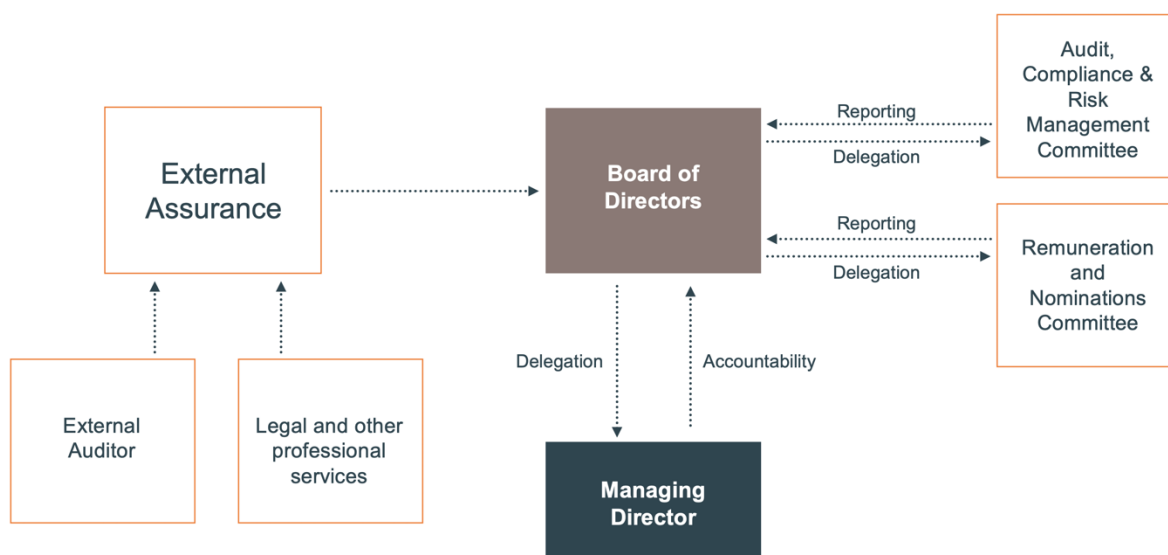
## Introduction

This Corporate Governance Statement, which has been approved by the Board, describes the Group's corporate governance practices and framework in place.

### 1 Foundations for Management and Oversight

The relationships between the Board, the Managing Director and senior management of the Company are critical to the Group's long term success.

The Group's governance framework can be represented diagrammatically as follows:



#### 1.1 Responsibilities of the Board

The responsibilities of the Board include:

- defining the Group's purpose and approving corporate strategy and performance objectives;
- approving the Group's statement of values and Code of Conduct;
- approving the Group's budget and financial statements and monitoring financial performance against forecasts;
- determining dividend policy and the amount and timing of any dividends;
- oversight of the integrity of the Group's accounting and corporate reporting systems;
- oversight of the Group's overall significant risks, including its risk management, internal compliance, and control and accountability systems;

- approving and monitoring the progress of major capital expenditure, capital management (including the issuing or cancellation of securities), and acquisitions and divestitures;
- oversight of the overall corporate governance of the Group and monitoring the effectiveness of the Group's corporate governance practices;
- oversight of the Board Committees;
- maintaining an ongoing dialogue with the Group's auditor and, where appropriate, principal regulators, to provide reasonable assurance of compliance with all regulatory requirements;
- considering the social, ethical and environmental impact of the Group's activities and monitoring sustainability practices;
- on the recommendation of the Audit, Compliance and Risk Management Committee, selecting, appointing and terminating the external auditor (including associated recommendations to shareholders for approval);
- reviewing and approving non-executive directors' Board and Committee fees, subject to the Board fee pool as approved by shareholders;
- selecting, appointing and determining terms of appointment of the Managing Director;
- determining the corporate goals and objectives relevant to the remuneration of the Managing Director and evaluating the performance of the Managing Director in light of these objectives;
- reviewing succession plans for the Managing Director and senior executives;
- considering and approving the Group's remuneration policy and satisfying itself that the policy aligns with the Group's purpose, values, strategic objectives and risk appetite;
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board; and
- working with the Managing Director to grow the sustainable per share value of the business and to be accountable to shareholders.

The Chair is responsible for leading the Board and ensuring that it functions efficiently and effectively. The Board Charter provides that the Chair should be independent and should not have been the Managing Director of the Company at any time in the previous three years. The Chair's role includes:

- to ensure that the Board meets regularly, functions effectively and efficiently and to provide leadership in relation to all aspects of the business of the Board;
- to take a leading role in determining the structure and composition of the Board and to oversee the induction and development of directors;
- to take the chair at meetings, determine the order of the agenda, ensure that the Board receives accurate, timely and clear information, direct discussions towards the emergence of a consensus view and ensure accurate minutes are maintained;
- to represent the Group (together with the Managing Director as appropriate) to the public and all stakeholders;
- to regularly review the contribution of the members of the Board and ensure all directors are involved in the Board's work and decision making process;
- to monitor the performance of, and to mentor, advise and support, the Managing Director;
- to ensure that the Managing Director has in place a high quality executive management team; and
- to communicate regularly with the Managing Director and the Company Secretary to ensure that the Board is properly and fully informed on all matters relevant to the operations of the Group.

Under the terms of the Board Charter, the Board has delegated the development of strategic objectives for the business and the achievement of the planned results for the Group to the Managing Director. Management of the Group's day to day operations is undertaken by the Managing Director, subject to specified financial limits of delegated authority approved by the Board. Any powers not specifically reserved to the Board are deemed to have been delegated to the Managing Director.

The Managing Director's role includes the matters identified below:

- to direct the business for the purpose of growing shareholder value;
- to propose strategy for endorsement by the Board;

- to prepare business plans and report against these;
- to be responsible for the day to day operations of the Group;
- to ensure the Board is kept abreast of the major matters affecting the business;
- to ensure that the reporting systems set by the Board are complied with;
- to attract, retain and develop staff;
- to develop and maintain investor relations (in conjunction with the Chair, as appropriate) and major client relationships;
- to work to achieve superior client outcomes;
- to lead key recruitment initiatives;
- to implement the Board's diversity policy;
- in conjunction with senior executives, to review operations of the business, staff engagement, financial performance and management, strategy implementation, client service, systems and processes; and
- to implement the strategies and policies to manage the risks applicable to the Group through leadership of senior management.

## 1.2 Selection of directors and senior executives

Under the Company's constitution, all directors (other than the Managing Director) must retire from office (and may seek re-election) no later than the third annual general meeting following their last election. When a director stands for election or re-election, the Board provides shareholders with information in relation to a director's biographical details, qualifications, skills and experience, as well as details of any other directorships or material interests they hold. The Board provides its recommendation in relation to any proposed re-election of a director in the notice of meeting that is sent to shareholders.

Prospective candidates for election to the Board are reviewed by the Remuneration and Nominations Committee. The Remuneration and Nominations Committee considers the experience, skills and background of the candidates and the requirements and diversity of the Board, to ensure the Board's overall composition enables it to discharge its responsibilities and lead the Company effectively.

The Group has a Recruitment and Selection Policy which outlines a number of required actions from pre-recruitment through to post-recruitment including pre-employment screening procedures for all prospective employees or contractors (including directors and senior executives). Pre-employment screening procedures are undertaken as to the individual's character, experience, education, criminal record and bankruptcy history.

## 1.3 Service agreements

All directors and senior executives have written agreements setting out the terms of their appointment.

## 1.4 Company Secretary

The Company Secretary is appointed by the Board. The Company Secretary attends Board and Board Committee meetings and is responsible for providing the Board with advice on legal and corporate governance issues. The Company Secretary is responsible for the operation of the secretariat function, including implementing the Group's governance framework and, in conjunction with the Managing Director, giving practical effect to the Board's decisions. The Company Secretary is accountable to the Board through the Chair, on all matters to do with the proper functioning of the Board.

## 1.5 Diversity

The Group recognises the need to attract and retain the very best people to meet its objectives. The Group recognises the added benefits of a diverse group of employees reflecting different backgrounds, perspectives, styles, knowledge, experience and abilities.

The strategic advantage that comes from incorporating a wide variety of capabilities, ideas and insights will deliver improved:

- diversity of thought, creativity, innovation and problem solving;

- diligence in decision making and risk management;
- ability to interact with clients including the ability to anticipate their needs;
- staff morale, engagement, retention and productivity; and
- access to a broader external pool of talent.

Accordingly, the Group is committed to workplace diversity which includes recruiting and retaining people with, but not limited to, diverse gender, age, ethnicity and cultural backgrounds.

The Group has a framework to facilitate meeting its diversity, including gender diversity, objectives. The overarching principles are to recruit and retain:

- an appropriately diverse and skilled workforce and Board, appointed on merit, which will support the achievement of the business's objectives;
- a corporate culture characterised by inclusive practices and behaviours for the benefit of all employees and directors; and
- a work environment that values and utilises the contributions of employees and directors with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity.

The Group has determined the following initiatives to assist with the achievement of the Group's workplace diversity objectives:

- equal opportunity recruitment process that draws a diverse pool of candidates for all positions, including Board and senior management appointments;
- flexible work arrangements to assist employees to balance their work, personal and family responsibilities;
- applying the principle of equality when setting salaries of all employees;
- applying the principle of equality when considering internal promotions; and
- comprehensive employee behaviour and grievance resolution policy including equal opportunity, harassment, bullying, vilification, victimisation, whistleblowing and grievance resolution.

The measurable objectives relating to gender diversity as at the date of this statement were as follows:

- Board – target of a minimum of 30% of its directors on the Board of each gender within 12 months. The Board is currently comprised of 28.57% female and 71.43% male.
- Senior executives (defined as employees earning in excess of \$200,000 a year on a full time equivalent basis) – we have a target of 25% of senior executives to consist of women. As at the date of this statement, of the 25 employees who were senior executives in the Group, six were women, which represents 24% of the total senior executive complement.

The representation of women across the group as at the date of this statement was 33% including non-executive directors.

The Group also partners with a number of Australian universities to offer "Women in Finance" scholarships aimed at providing talented female students financial support and work experience opportunities. To date, six female scholarship recipients have gained part time employment within the Group and Pinnacle's affiliated investment managers (**Pinnacle Affiliates**).

In the upcoming financial year, the Group will also:

- partner with two additional Australian universities to provide "Women in Finance" scholarships; and
- provide one to two indigenous students the opportunity to participate in a Pinnacle mentoring program.

## 1.6 Review of Board and director performance

During the financial year, the Board conducted a self-assessment process to review performance. The Board has prepared a comprehensive performance assessment framework for the directors, the Board and the Board Committees. The assessment framework facilitates feedback from each individual director in relation to the performance of the Board and its Committees. It also accommodates self-evaluation of each director's role within the Board and each Committee and evaluation of the Chair's performance by other directors. The framework has been developed taking into consideration the requirements of the ASX Principles.

The Company Secretary initiates the process for annual performance assessment every year. Each director is required to complete and submit the assessment forms to the Chair or to the Chair of the Committees in respect of Committee evaluations, and to the ACRMC Chair in the case of Chair evaluation. The Chair of the Board and of each Committee then collates results and prepares a report to be submitted to the Board. The Chair and the Board review the findings, both with and without executive management present, and determine the appropriate course of action.

## 1.7 Review of senior executive performance

During the financial year, senior executives' performance was monitored and reviewed through a combination of written and verbal appraisals held throughout the year by the Managing Director.

## 2 Structure of the Board

### 2.1 Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises the Company's four independent non-executive directors with Deborah Beale acting as the independent Chair to the Committee.

The role of the Remuneration and Nominations Committee includes:

- reviewing and making recommendations in relation to the Group's remuneration policies and practices to ensure that the Group:
  - provides a competitive and flexible remuneration structure which reflects market practice, is tailored to the circumstances of the Group and which attracts, motivates and retains highly skilled directors, executives and employees;
  - fairly and responsibly rewards employees for the services they provide to the Group and does so in a way that is consistent, transparent and equitable;
  - recognises categories of financial and non-financial performance indicators against which directors, executives and employees will be measured;
  - aligns the interests of employees and shareholders by linking reward to the creation of shareholder value and motivating employees to perform in the best interests of shareholders;
  - adopts an appropriate balance between fixed remuneration, short term incentives and long term incentives, reflecting the short and longer term strategies of the Group; and
  - limits payments on termination to the amounts required by law or pre-agreed contractual arrangement (as applicable) and which do not commit the Group to making payments in the event of non-performance;
- reviewing executive remuneration and incentives and making recommendations to the Board in relation to share option schemes and equity participation plans;
- setting the terms and conditions of the employment of the Managing Director, advising the Board on the Managing Director's remuneration package, and reviewing the performance of the Managing Director at least annually including progress made towards achieving the Group's strategic goals;
- reviewing the remuneration of non-executive directors for serving on the Board or any Committee (both individually and in total) and recommending to the Board the remuneration and retirement policies for non-executive directors having regard to market trends and shareholder interests;
- setting the entitlements and expenses policy for the Chair, non-executive directors and the Managing Director;
- ensuring the Group's remuneration policies and practices comply with the provisions of the ASX Listing Rules, the ASX Principles and the Corporations Act;
- overseeing the preparation of any reports required by law or the ASX Listing Rules in connection with remuneration matters or requested by the Board, including relevant remuneration sections of the Annual Report and other shareholder documents;
- recommending and providing relevant assurances through the Audit, Compliance and Risk Management Committee to the Board for approval of the remuneration report to be included in the annual directors' report;
- facilitating the review of each individual director's performance and of the Board annually;

- making recommendations to the Board regarding appointing new directors and, to the extent delegated to it by the Board, the Managing Director;
- identifying individuals who, by virtue of their experience, expertise, skills, qualifications, backgrounds, contacts or other qualities, are suitable candidates for appointment to the Board or to any relevant management position and recommending individuals accordingly for consideration by the Board;
- establishing procedures, for recommendation to the Chair, for the proper oversight of the Board and management;
- preparing, recommending for approval by the Board and overseeing the implementation of a diversity policy;
- on an annual basis, reviewing the proportion of women who are employed by the Group, in senior management positions and who are on the Board, and submitting a report to the Board outlining its findings; and
- reviewing and approving relevant policies delegated to it by the Board.

An external consultant or advisor may be engaged where it is considered appropriate to assist the Remuneration and Nominations Committee to identify and select candidates with the desired skills and experience and to add diversity to the Board.

The Remuneration and Nominations Committee does not have responsibility for, or oversight of, remuneration arrangements for Pinnacle Affiliates which are the responsibility of the respective boards of each Pinnacle Affiliate and which are often agreed contractually when a Pinnacle Affiliate is established.

Further details of the remuneration arrangements in place for non-executive directors and Key Management Personnel are set out in the Annual Report.

The Charter for the Remuneration and Nominations Committee appears separately on the Company's website.

## 2.2 Board skills matrix

The experience, qualifications and skills of the Board comprises and should include expertise in the following areas relevant to the Group:

- Investment management
- Financial services
- Mergers and acquisitions
- Capital markets
- Business analysis
- Remuneration models
- Risk and compliance
- Accounting
- Marketing and distribution
- Media
- Superannuation
- Investor relations
- Any other skills that the Board deems desirable

## 2.3 Independence

The composition of the Board and the biographies of its directors, including their experience, expertise, qualifications, term of office and independence status, are set in the Annual Report.

The Board has adopted the test of director independence set out in Box 2.3 of the ASX Principles. Having regard to this definition, the Board considers a director to be independent if he or she is not a member of management and is free of any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with a director's ability to act in the best interests of the Company. The Board has not adopted



any quantitative thresholds in relation to dealing with entities in which a director may have a financial interest and instead performs assessments on a case by case basis.

Consistent with obligations imposed by the Corporations Act 2001 and the ASX Listing Rules, directors are required to declare any conflicts of interest and, where deemed necessary, do not participate in any discussions or any decisions which relate to the conflict. The Board regularly assesses the independence of the non-executive directors based on their disclosure of interests and the principles set out in Box 2.3 of the ASX Principles. As at the date of this statement:

- Alan Watson is the independent non-executive Chair.
- Deborah Beale, Lorraine Berends and Gerard Bradley are independent non-executive directors.
- Ian Macoun, Andrew Chambers and Adrian Whittingham are executive directors.

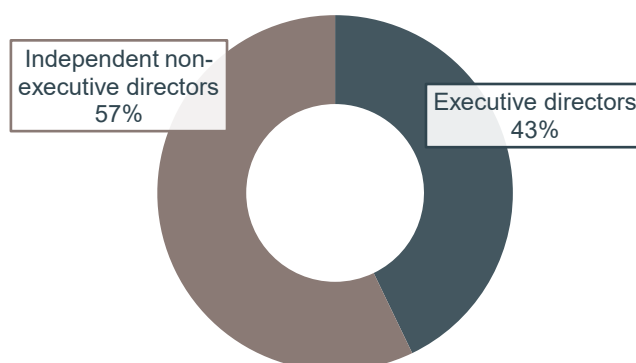
## 2.4 Balance of Independent Non-Executive Directors and Executive Directors

The composition of the Board is guided by the Company's constitution and the relevant provisions of the Board Charter, which require the Board to be between three and 10 directors comprised of at least half non-executive directors and at least three independent directors (as defined in the ASX Principles) having a mix of complementary skills and experience from a diverse range of backgrounds and attributes, including gender.

As at the date of this statement, the Board comprised seven directors, four of whom (including the Chair) are non-executive directors, and are considered independent as described at paragraph 2.3 above.

The chart below shows the balance between independent non-executive directors and executive directors as at the date of this statement:

### Proportion of independent non-executive directors to executive directors



While the Board comprises a sizable minority of executive directors, the Board considers the current composition to be beneficial given the deep industry knowledge of the executive directors and the application of their expertise to the governance and decision-making authority of the Board.

## 2.5 Separate roles of Chair and Managing Director

During the financial year, the roles of Chair and Managing Director of the Company were held by Alan Watson and Ian Macoun respectively.

The non-executive directors meet regularly, without the Managing Director or management present, to discuss the operation of the Board and other matters. Relevant matters arising from these meetings are tabled with the full Board at the following Board meeting.

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Group's expense.

## 2.6 Induction of new directors

Induction programs are in place for all newly appointed directors. Directors are encouraged to continue their education by attending external training and education sessions (including through access to training programs implemented for Company executives and personnel) that keep directors informed of relevant regulatory and market developments and ensure that each director is well placed to effectively discharge his or her responsibilities.

# 3 Culture of acting lawfully, ethically and responsibly

## 3.1 Statement of values

The Group's purpose is to enable better lives through investment excellence. Underpinning that purpose are the Group's values of excellence, client focus, honesty and integrity, innovation and empowerment which set the standards and behaviours expected from directors, employees, consultants and contractors. The Board is responsible for approving the Group's values and the senior executives have the responsibility of embedding these values across the business. It is also the responsibility of all employees to live the values in the performance of their duties. Assessment against the Group's values also forms part of the employee performance review process.

The Group's purpose and values is also available on the Company's website.

## 3.2 Code of Conduct

The Group has a Code of Conduct which applies to all directors, employees, contractors and consultants. The Code of Conduct is reviewed regularly. The Code of Conduct requires directors, employees, consultants and contractors:

- to act in accordance with the Group's statement of values and be faithful and diligent;
- to act honestly and with high standards of personal integrity;
- to comply with all laws and regulations that apply to the Group and its operations;
- to familiarise themselves with, and adhere to, the Group's governing documents relevant to their role;
- to act ethically and responsibly;
- to deal with clients, customers and suppliers fairly;
- except for non-executive directors (and where relevant, consultants and contractors), to devote the whole of their time, attention and skill during normal working hours and at other times as reasonably necessary to their duties;
- not to compete with the Group;
- not to take advantage of their position or the opportunities arising from such position for personal gain, including accepting any financial or other benefit except in the proper performance of their duties to the Group;
- not to conduct themselves in a manner, whether during or after work hours, which causes damage or potential damage to the Group's property or reputation;
- to respect confidentiality and not to take advantage of the assets or information of the Group, its clients or customers for improper purposes (including for personal gain or to cause detriment to the Group, its clients or customers);
- to disclose and deal appropriately with any conflicts between their personal interests and their duties as a director, employee, consultant or contractor;
- not to use technology or social media at their workplace for excessive personal use or to view or distribute offensive or illegal material; and
- to treat fellow personnel with respect and not engage in any unlawful bullying, harassment or discrimination.

The Code of Conduct is reviewed at least every two years by the Remuneration and Nominations Committee and all employees are required to complete training on their obligations under the Code of Conduct.

Any actual or likely breaches of the Code of Conduct considered to be significant are immediately escalated to the Managing Director and the Board. Details of new incidents and breaches of the Code of Conduct considered not to be significant are reported to the Board and appropriate Committee at their next meetings.

A copy of the Code of Conduct is available separately on the Company's website.

### 3.3 Whistleblower Policy

The Group has a Whistleblower Policy which protects directors, executives, employees, contractors and suppliers who report the following conduct or the deliberate concealment of such conduct:

- dishonest, corrupt or unethical conduct;
- a criminal offence;
- theft, fraud or misappropriation;
- practices or conduct which are illegal or breach the law;
- substantial waste or mismanagement of the Group's resources or funds;
- conduct involving substantial risk to health or safety;
- questionable accounting or auditing practices which may have a material impact on the Group's financial position, regulatory compliance or reputation;
- discrimination, vilification, harassment (including but not limited to sexual harassment), bullying and victimisation;
- conduct which may cause financial or non-financial loss to the Group or be otherwise detrimental to the interests or reputation of the Group or its staff;
- deliberate concealment of information tending to show any of the matters listed above;
- any conduct that represents a danger to the public or financial system;
- suspected contravention of certain federal laws;
- misconduct or an improper state of affairs or circumstances in relation to the Group;
- conduct otherwise providing reasonable grounds for dismissing or dispensing with, or otherwise terminating, the employment or engagement of any employee who was, or is, engaged in that conduct; or
- conduct otherwise providing reasonable grounds for disciplinary action.

The Whistleblower Policy is reviewed at least every two years and employee training and awareness of the Whistleblower Policy is conducted to ensure employees are aware of their rights and obligations under the Whistleblower Policy.

The Audit, Compliance and Risk Management Committee is informed of any whistleblowing notifications at each quarterly meeting.

A copy of the Whistleblower Policy is available on the Company's website.

### 3.4 Anti-Bribery and Corruption Policy

The Group has an Anti-Bribery and Corruption Policy which applies to all directors, employees and contractors of the Group and service providers. The Anti-Bribery and Corruption Policy is reviewed at least every two years and in response to any significant events (such as legislative or regulatory change) and is subject to the oversight and approval of the Audit, Compliance and Risk Management Committee. The Anti-Bribery and Corruption Policy requires that directors, employees, contractors and service providers must not:

- offer, promise, give, facilitate, request, agree to receive and/or accept a bribe;
- offer or receive, directly or indirectly, gifts, entertainment or sponsored travel that could affect, or be perceived to affect, the outcome of business transaction(s) that are not legitimately due;
- offer to or make a donation as a way of obtaining or retaining an advantage for the benefit of the Group or any other person including themselves;
- enter into, or continue, and/or facilitate a business relationship (with, for example, suppliers and other intermediaries, joint venture partners or proposed merger and acquisition targets) if it cannot be satisfied that the entity will behave in a manner consistent with the Anti-Bribery and Corruption Policy; and
- keep accounts or transactions relating to dealings with third parties "off the book" to facilitate or conceal improper payments.

Any actual or likely breaches of the Anti-Bribery and Corruption Policy considered to be significant are immediately escalated to the Managing Director and the Board. Details of new incidents and breaches of the Anti-Bribery and Corruption Policy considered not to be significant are reported to the Board and Audit, Compliance and Risk Management Committee.

A copy of the Anti-Bribery and Corruption Policy is available on the Company's website.

## 4 Integrity of Corporate Reports

### 4.1 Audit, Compliance and Risk Management Committee

The Audit, Compliance and Risk Management Committee is comprised of the three independent non-executive directors of the Board (other than the Chair of the Board), and has an independent Chair in Gerard Bradley.

The Audit, Compliance and Risk Management Committee has responsibility for:

- approving the development of an appropriate internal compliance and risk management framework and making recommendations to the Board in relation to changes to the risk management framework and risk appetite set by the Board;
- monitoring management's performance against the risk management framework and the risk appetite set by the Board;
- approving and overseeing capital management and treasury policy proposed by management;
- overseeing business continuity planning;
- reviewing reports from management on new and emerging sources of risk and risk controls and mitigation measures to deal with those risks;
- reviewing reports from management on any material defalcations, frauds and thefts from the Group and other material incident involving a break-down of risk controls;
- reviewing reports from management on the adequacy of insurance coverage;
- monitoring compliance with relevant legislative and regulatory requirements, including state and federal taxation requirements;
- reviewing significant transactions which are not a normal part of the Group's business;
- reviewing the nomination, performance and independence of the external auditor, including making recommendations to the Board for the appointment or removal of any external auditor;
- liaising with the external auditor and ensuring that the annual audit and half yearly review are conducted in an effective manner that is consistent with Audit, Compliance and Risk Management Committee members' information and knowledge and is adequate for shareholder needs;
- reviewing management processes supporting external reporting;
- reviewing the significant accounting and financial reporting issues and judgements, including complex or unusual transactions made in connection with the preparation of the Company's financial statements, interim reports, preliminary announcements and related formal statements;
- reviewing the disclosures in the financial statements;
- reviewing regulatory and professional pronouncements and understand their impact on the financial statements, as advised by the Chief Financial Officer;
- making recommendations to the Board in relation to the adoption and approval of the Company's financial statements and other financial information distributed externally;
- reviewing external audit reports to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- reviewing and monitoring the Group's Code of Conduct; and
- reviewing and approving relevant policies delegated to the Audit, Compliance and Risk Management Committee by the Board.

The responsibilities of the Audit, Compliance and Risk Management Committee apply only to the Group. The Audit, Compliance and Risk Management Committee does not perform any function in respect of entities where the Company does not have the capacity to determine the outcome of decisions in relation to financial and operating

policies. These entities include the Pinnacle Affiliates, the boards of which are responsible for audit, compliance and risk oversight.

Further details of the Audit, Compliance and Risk Management Committee's role are set out in the Audit, Compliance and Risk Management Committee Charter which is available on the Company's website.

## 4.2 Senior Management Assurance

For the year ended 30 June 2021, the Board has received the appropriate reports and assurances from the Chief Executive Officer (Mr Ian Macoun) and Chief Financial Officer (Mr Dan Longan) in respect of the 2021 financial statements and the effectiveness of the Company's management of its material business risks. The Board has received written certification from the Chief Executive Officer and the Chief Financial Officer that, in relation to the Company's financial reporting processes, the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

## 4.3 Verification of periodic reports

The Company's annual, half yearly and other corporate reports are subject to comprehensive vetting by management to ensure statements made are accurate, factual and balanced and forecasts of any future events are made on a reasonable basis. This process is also underpinned by the general approach of the Group's Continuous Disclosure Policy to release information that is factual, not omit any material information and express information in an objective and clear manner.

The Company Secretary is also responsible for all communication with ASX including the coordination of the ASX lodgement process and the Board reviews and approves disclosures relating to a number of matters including but not limited to financial results, dividends and profit outlooks.

# 5 Continuous Disclosure

## 5.1 Continuous Disclosure Policy

The Company is committed to giving all shareholders timely and equal access to information concerning the Company. The Continuous Disclosure Policy is available on the Company's website.

The continuous disclosure obligations are reviewed as a standing item on the agenda for each meeting of the Board. The Board has appointed the Group Disclosure Officers (as defined in the Continuous Disclosure Policy) to assist it in meeting these obligations. The Board has specific responsibility for disclosure in relation to the following matters:

- financial results;
- dividends;
- result outlooks, including a material upgrade or downgrade to the Group's expected results;
- a material change to a Pinnacle Affiliate which the Board considers to be market sensitive information;
- resignations and appointments of directors and key personnel;
- material changes to employment, service and consultancy agreements with the Managing Director and any director; and
- key strategic decisions.

All information disclosed to the ASX is made available via the Company's website. This includes ASX announcements, Annual Reports and half year reports, notice of members' meetings, briefings by the Managing Director, media releases and material presented at investor, media and analyst briefings.

## 5.2 Material market announcements

As noted above, the Continuous Disclosure Policy specifies that the Board has responsibility for disclosures in relation to a number of matters considered to be materially price sensitive.

To ensure that the Board has visibility of all disclosures, including those delegated to management, all directors receive immediate notification of all announcements following lodgement via the ASX Market Announcements Platform.

### 5.3 Presentations to substantial investor or analyst

All presentation materials provided at briefings to new, substantive investors and/or analysts are released on the ASX Market Announcements Platform ahead of the briefings and are made available on the Company's website.

The Continuous Disclosure Policy also authorises the Chair and Managing Director collectively to represent the Group in all communications with investors and analysts and prohibits additional disclosures of information to investors and analysts that has not been released on the ASX Markets Announcements Platform.

The Company also provides shareholders the opportunity to dial in via teleconference when the Company releases its half year and full year financial results. Shareholders are notified in advance of the date of these teleconferences and recordings of these teleconferences are made available on the Company's website.

## 6 Respecting the Rights of Shareholders

### 6.1 Publication of Information

The Group strives to ensure that Company announcements are made in a manner which is factual, timely, clear and objective, so as not to omit any information material to decisions of shareholders and potential investors in the Company.

Information concerning the Group, including copies of announcements made through the ASX, investor presentations and the Annual Report and half yearly report, is made available to shareholders and prospective investors via the Company's website.

### 6.2 Investor Relations Program

The Group's investor relations are the responsibility of the Managing Director, in conjunction with the Chair as appropriate.

The Managing Director coordinates a program of scheduled and ad hoc interactions with institutional investors, sell-side and buy-side analysts, proxy advisers and the financial media following the release of the Group's half year and full year results. The Group also participates in institutional investor conferences during the year providing a further opportunity for investors and analysts to engage with the Group.

### 6.3 Participation of shareholders at meetings

The Board promotes effective communication with shareholders and encourages their participation at general meetings, and in particular, the annual general meeting. The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. The Board has adopted, as part of its Board Charter, procedures to assist the Company to deliver effective shareholder communication.

- Shareholder participation is encouraged as follows: the notice of meeting and Annual Report (in the case of an annual general meeting) are distributed to all shareholders according to their nominated or inferred communication preference in advance of the meeting;
- shareholders are encouraged to submit questions in writing for the directors of the Company or the external auditor (in the case of an annual general meeting) to the Company before the meetings by email;
- shareholders may vote electronically or by proxy on all resolutions at the Company's general meetings;
- the 2020 annual general meeting was held by webcast and shareholders had the opportunity to ask questions and/or vote online during the meeting;

### 6.4 Resolutions decided by poll

All resolutions at the Company's general meetings are decided by a poll rather than by a show of hands.

## 6.5 Electronic communications

The Company has a continuing commitment to electronic communication with shareholders and stakeholders generally including via its website. Shareholders may elect to receive information from the Company's share registry electronically. Electronic on-line voting is made available for shareholders both for annual general meetings and extraordinary general meetings.

# 7 Recognising and Managing Risk

## 7.1 Risk Management Committee

The Audit, Compliance and Risk Management Committee is responsible for overseeing the management of risk and reports to the Board on the effectiveness of the risk framework. Information about the composition and role of this committee has been provided at paragraph 4.1 above.

The Chief Legal, Risk and Compliance Officer, responsible for the risk and compliance function and independent of the business, reports to the Managing Director, Audit, Compliance and Risk Management Committee and the Board.

## 7.2 Annual review of Risk Management Framework

During the financial year, the risk management framework for the Group was reviewed. The effectiveness of the risk management framework, the risks facing the Group and the risk action plans in place to mitigate those risks is a standing agenda item for the Audit, Compliance and Risk Management Committee.

Risk management for the Pinnacle Affiliates is the responsibility of the boards of each respective Pinnacle Affiliate.

## 7.3 Internal Audit

During the financial year, the Group did not have an internal audit function. Instead:

- the Group's internal risk and compliance function was responsible for monitoring internal process and ensuring regulatory compliance; and
- external audit services were engaged in respect of financial reporting.

In addition to the regular risk monitoring and reporting to the Audit, Compliance and Risk Management Committee, the Board receives regular updates from the Chief Legal, Risk and Compliance Officer on the key risk areas of the Group. The Board also receives periodic written assurances from the Managing Director and the Chief Financial Officer that the information they provide to the Board with regard to the integrity of the financial statements is based on a robust and appropriate system of risk management and internal control and that this system is operating effectively in relation to financial reporting risks.

## 7.4 Environmental and Social Risks

The Group's operations do not expose it to any material environmental risks, nor does it operate in any industry where it has the potential to damage ecosystems. However, the Group may have an indirect exposure to environmental risks if the client portfolios of Pinnacle Affiliates have a material investment exposure to certain industries.

During the financial year, the Group:

- established a Sustainability Committee which is responsible for setting out and managing the Group's approach to environmental, social and governance (ESG) issues;
- adopted an ESG risk management framework to manage ESG-related risks, set appropriate targets and enhance ESG disclosures; and
- produced its first Sustainability Report.



## 8 Fair and Responsible Remuneration

### 8.1 Remuneration Committee

The Remuneration and Nominations Committee is responsible for overseeing remuneration for the Company and its wholly owned subsidiaries. Relevant information is provided at paragraph 2.1 above.

### 8.2 Remuneration Policies and Practices

Remuneration arrangements, policies and practices for non-executive directors, executive directors and senior executives are disclosed in the Group's remuneration report in the Annual Report.

Non-executive directors have agreed to apply a minimum of 30% of their annual directors fees towards the purchase of shares in the Company on-market or the application for performance rights which entitle the non-executive directors to receive shares in the Company. The granting of new performance rights is subject to shareholder approval.

There are no schemes in place for retirement benefits for non-executive directors, other than superannuation.

The Group's LTI arrangements require senior executives to remain with the Group over a period of years to receive the full benefit of these arrangements. In particular, if a senior executive resigns or is terminated for cause before prescribed service terms, the benefit of their equity awards is forfeited. These mechanisms serve to discourage senior executives from departing the Group and reduce the risk of losing key staff members.

### 8.3 'At Risk' Remuneration

The Company prohibits staff members (including Key Management Personnel) who are participants in equity based remuneration and LTI arrangements from taking derivative positions or otherwise limiting their economic risk in respect of their participation in the scheme. Further information on LTI is set out in the remuneration report in the Annual Report.