

## Appendix 4G

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

Name of entity:

Programmed Maintenance Services Ltd

ABN / ARBN:

61 054 742 264

Financial year ended:

31 March 2016

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>


- These pages of our annual report:
- This URL on our website: <http://www.programmed.com.au/index.php/investor-centre/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 31 March 2016 and has been approved by the board.

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

Date 25 May 2016

Name of Director or Secretary authorising lodgement:



Katina Nadebaum, Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at this location: 2016 Corporate Governance Statement <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/8.%20Board%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/8.%20Board%20Charter%2026.3.15.pdf</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at this location: 2016 Corporate Governance Statement <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/11.%20Nomination%20Committee%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/11.%20Nomination%20Committee%20Charter%2026.3.15.pdf</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location:	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location: 2016 Corporate Governance Statement <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/8.%20Board%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/8.%20Board%20Charter%2026.3.15.pdf</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at this location: <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2013/19.%20Diversity%20Policy%205.11.13.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2013/19.%20Diversity%20Policy%205.11.13.pdf</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at 2016 Annual Report at pages 55 to 57 <a href="http://www.programmed.com.au/index.php/investor-centre/annual-reports">http://www.programmed.com.au/index.php/investor-centre/annual-reports</a></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at 2016 Annual Report at pages 55 to 57 <a href="http://www.programmed.com.au/index.php/investor-centre/annual-reports">http://www.programmed.com.au/index.php/investor-centre/annual-reports</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at this location: 2016 Corporate Governance Statement <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/11.%20Nomination%20Committee%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/11.%20Nomination%20Committee%20Charter%2026.3.15.pdf</a></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at this location: 2016 Corporate Governance Statement <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/11.%20Nomination%20Committee%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/11.%20Nomination%20Committee%20Charter%2026.3.15.pdf</a></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:  <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/11.%20Nomination%20Committee%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/11.%20Nomination%20Committee%20Charter%2026.3.15.pdf</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at these locations:  2016 Corporate Governance Statement  2016 Annual Report at page 24  <a href="http://www.programmed.com.au/index.php/investor-centre/annual-reports">http://www.programmed.com.au/index.php/investor-centre/annual-reports</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

	Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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.	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at these locations: 2016 Corporate Governance Statement 2016 Annual Report at pages 21 to 23</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<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>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at these locations:  2016 Corporate Governance Statement  <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/8.%20Board%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/8.%20Board%20Charter%2026.3.15.pdf</a>  <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/11.%20Nomination%20Committee%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/11.%20Nomination%20Committee%20Charter%2026.3.15.pdf</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	<p>... our code of conduct or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:  2016 Corporate Governance Statement_  <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/4.%20Final%20Code%20of%20Conduct%20amended%2023.9.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/4.%20Final%20Code%20of%20Conduct%20amended%2023.9.15.pdf</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:  <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/9.%20Audit%20&amp;%20Risk%20Committee%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/9.%20Audit%20&amp;%20Risk%20Committee%20Charter%2026.3.15.pdf</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:  2016 Corporate Governance Statement  2016 Annual Report at pages 21 to 24  <a href="http://www.programmed.com.au/index.php/investor-centre/annual-reports">http://www.programmed.com.au/index.php/investor-centre/annual-reports</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location:	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at this location: 2016 Corporate Governance Statement <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/15.%20Shareholder%20Communications%20Policy%205.11.13.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/15.%20Shareholder%20Communications%20Policy%205.11.13.pdf</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at this location: 2016 Corporate Governance Statement <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2013/November/17.%20Coninuous%20Disclosure%20Policy%2025.11.13.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2013/November/17.%20Coninuous%20Disclosure%20Policy%2025.11.13.pdf</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at this location: <a href="http://www.programmed.com.au/index.php/investor-centre">http://www.programmed.com.au/index.php/investor-centre</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location: 2016 Corporate Governance Statement <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/15.%20Shareholder%20Communications%20Policy%205.11.13.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/15.%20Shareholder%20Communications%20Policy%205.11.13.pdf</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location: 2016 Corporate Governance Statement <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/15.%20Shareholder%20Communications%20Policy%205.11.13.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/15.%20Shareholder%20Communications%20Policy%205.11.13.pdf</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location: 2016 Corporate Governance Statement <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/15.%20Shareholder%20Communications%20Policy%205.11.13.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/15.%20Shareholder%20Communications%20Policy%205.11.13.pdf</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:  <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/9.%20Audit%20&amp;%20Risk%20Committee%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/9.%20Audit%20&amp;%20Risk%20Committee%20Charter%2026.3.15.pdf</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:  2016 Corporate Governance Statement  2016 Annual Report at page 24  <a href="http://www.programmed.com.au/index.php/investor-centre/annual-reports">http://www.programmed.com.au/index.php/investor-centre/annual-reports</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at these locations:</p> <p>2016 Corporate Governance Statement</p> <p><a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/Group%20Risk%20Policy%20PRO-GRP-RL-001-v2.1%202015%2005%2027%20(new%20template).pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/Group%20Risk%20Policy%20PRO-GRP-RL-001-v2.1%202015%2005%2027%20(new%20template).pdf</a></p> <p><a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/9.%20Audit%20&amp;%20Risk%20Committee%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/9.%20Audit%20&amp;%20Risk%20Committee%20Charter%2026.3.15.pdf</a></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<p>7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at this location: 2016 Corporate Governance Statement <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/9.%20Audit%20&amp;%20Risk%20Committee%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/9.%20Audit%20&amp;%20Risk%20Committee%20Charter%2026.3.15.pdf</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:  <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/10.%20Remuneration%20&amp;%20People%20Charter%2026.3.15.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2015/10.%20Remuneration%20&amp;%20People%20Charter%2026.3.15.pdf</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at this location:  2016 Corporate Governance Statement  2016 Annual Report at page 24  <a href="http://www.programmed.com.au/index.php/investor-centre/annual-reports">http://www.programmed.com.au/index.php/investor-centre/annual-reports</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.2	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.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:  2016 Corporate Governance Statement  2016 Annual Report at pages 29 to 55  <a href="http://www.programmed.com.au/index.php/investor-centre/annual-reports">http://www.programmed.com.au/index.php/investor-centre/annual-reports</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:  2016 Corporate Governance Statement  <a href="http://www.programmed.com.au/images/PDF/Corporate_Governance/2.%20Share%20Trading%20Policy%208.2.16.pdf">http://www.programmed.com.au/images/PDF/Corporate_Governance/2.%20Share%20Trading%20Policy%208.2.16.pdf</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

# Corporate Governance Statement

Programmed Maintenance Services Limited (the **Company**) is committed to ensuring that its obligations and responsibilities to its various stakeholders are fulfilled through appropriate corporate governance practices. These practices are designed to ensure that the Company's directors (**Directors**) and executive management perform their duties with honesty, integrity, care and diligence and act in good faith in the best interests of the Company and in a manner that reflects the appropriate standards of corporate governance having regard to the particular circumstances of the Company's business and operations.

In March 2014, the ASX Corporate Governance Council released the third edition of its *Corporate Governance Principles and Recommendations (Third Edition)*. Prior to the commencement of the current financial year, the Company updated its charters, policies and practices to reflect updates in the Third Edition. The Company also undertook a review of its charter and policies during the reporting period and the disclosures in this statement reflect changes made following that review. The Company's governance arrangements have been consistent with the Third Edition throughout the reporting period.

This statement is current as at 31 March 2016 and has been approved by the Board of Directors of the Company (the **Board**).

Information about and copies of the Company's corporate governance charters and policies are available on its website: [www.programmed.com.au](http://www.programmed.com.au).

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

*A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.*

**Recommendation 1.1:** *A listed entity should disclose:*

- (a) *the respective roles and responsibilities of its board and management; and*
- (b) *those matters expressly reserved to the board and those delegated to management.*

The Company has adopted the Board Charter, which establishes the relationship between the Board and management and describes their respective functions and responsibilities.

The Board Charter provides that, in general, the Board's role is to represent and serve the interests of shareholders by overseeing, guiding and monitoring the Company's strategies, policies and performance on a regular basis. In addition to the matters the Board is expressly required by law to consider, the key responsibilities and functions of the Board are:

- overseeing the business and affairs of the Company, including its control and accountability systems;
- selecting, appointing and evaluating the performance of the Managing Director;
- developing a succession plan for the role of Managing Director;
- driving the strategic direction and objectives of the Company, and engaging with management in the development of corporate strategy, including setting performance objectives and approving operating budgets;
- monitoring corporate performance and implementation of strategy and policy;
- reviewing and ratifying systems of risk management, internal compliance, and occupational health and safety;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- approving the Company's financial reports (after receiving a declaration from the Managing Director and Chief Financial Officer of the kind referred to in Part 4 of the Board Charter);
- developing and reviewing corporate governance principles and policies;
- promoting the Company to, and communicating effectively with, key stakeholders to assist them in understanding the Company's priorities, goals and strategic direction; and



- ensuring an informed market exists at all times in respect of the Company.

The Board may delegate its powers as it considers appropriate and has delegated responsibility for day-to-day management of the Company to the Managing Director. However, ultimate responsibility for strategy and control rests with the Board.

The responsibilities of the Board as a whole, its Committees, individual Directors, the Managing Director, the Chairman and the Company Secretary are set out in more detail in the Company's Board Charter.

**Recommendation 1.2:** *A listed entity should:*

- (a) *undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and*
- (b) *provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Nomination Committee operates under the Nomination Committee Charter.

The Nomination Committee Charter sets out the selection and appointment process of candidates for directorships to be followed by the Nomination Committee. Under the Nomination Committee Charter, the Nomination Committee is required to undertake appropriate checks in respect of each candidate prior to putting forward a candidate for election, the results of which the Nomination Committee will then consider in determining the candidate's suitability for the role.

Any notice of general meeting where the election or re-election of a director is to be put to shareholders must include:

- biographical details of the candidate, including the candidate's relevant qualifications, experience, directorships and the skills he or she brings to the Board;
- in the case of a candidate standing for election as a director for the first time:
  - any material adverse information revealed by the checks the Company conducted in respect of the candidate;
  - details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the candidate's capacity to bring an independent judgment on issues before the Board and to act in the best interests of the Company and its shareholders generally; and
  - if the Board considers that the candidate will, if elected, qualify as an independent director, a statement to that effect;
- in the case of a candidate standing for re-election as a director:
  - the terms of office currently served by the director;
  - if the Board considers the director to be an independent director, a statement to that effect; and
- a statement by the Board as to whether it supports the election or re-election of the candidate.

**Recommendation 1.3:** *A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

The Board Charter provides that the any Non-Executive Director that is appointed must have the terms of appointment set out in a formal letter of appointment and each Executive Director (including the Managing Director) and each senior executive must be employed pursuant to a signed written employment agreement.

The Managing Director and each senior executive have signed an Executive Services Agreement. Each Non-Executive Director has signed a letter of appointment.

**Recommendation 1.4:** *The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.*

The Board Charter provides that Company Secretary is accountable to the Board through the Chairman, and is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings.

**Recommendation 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.*

The Company has established and disclosed on its website its Diversity Policy.

Details of the Company's measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and the Company's progress towards achieving those objectives are set out on pages 55 to 57 of the 2016 Annual Report (as part of the Directors' Report).

Details of the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board, as well as information about how the Company defines "senior executive" for these purposes, are set out on pages 55 to 57 of the 2016 Annual Report (as part of the Directors' Report).

In addition to reporting against its measurable objectives, the Company also produced a separate report on its "Gender Equality Indicators" in accordance with the *Workplace Gender Equality Act 2012* (Cth). A copy of this report is available in the investor centre section of the Programmed website ([www.programmed.com.au](http://www.programmed.com.au)).

**Recommendation 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.*

Under the Nomination Committee Charter, the Nomination Committee is responsible for the development and implementation of processes for evaluating the performance of the Board, its Committees and individual Directors.

The Board at least annually undertakes an internal evaluation of its effectiveness as a whole, and the effectiveness of its committees, against a broad range of good practice criteria. The review of the Board's committees includes an assessment of the performance of each Board committee against the relevant Board Committee Charter in order to identify areas where improvements can be made. The internal review process involves each Director completing a performance evaluation questionnaire, the results of which are reviewed by the Nomination Committee. The performance of individual Directors, including the Chairman is evaluated as part of this internal review. In addition, the Nomination Committee reviews the individual performance of each Director prior to each Director being considered for re-election and may use the assistance of an external facilitator.

The Company's position is that the internal review process is an efficient and effective way of reviewing the performance of the Board and its committees, and for this reason an internal review was conducted during the reporting period, as it has been in previous years. During the reporting period, evaluations of the performance of individual Directors were also carried out in accordance with this process.

**Recommendation 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.*

Under the Nomination Committee Charter, the Board undertakes a review of the Managing Director's performance on at least an annual basis. Objectives are approved by the Board after they have been established between the Managing Director and the Nomination Committee. These objectives are aligned with overall business goals and the Company's requirements of the position.

The performance of other senior management is evaluated by the Managing Director through performance reviews undertaken on an annual basis. The individual performance of each senior executive is reviewed against objectives set in the previous year and new objectives are established for the following financial year.

During the reporting period, performance evaluations for senior executives took place in accordance with the process agreed by the Board and disclosed above and in the Nomination Committee Charter.

## **Principle 2: Structure the Board to add value**

*A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.*

**Recommendation 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.*

The Board has established a Nomination Committee. The Nomination Committee operates under the Nomination Committee Charter, which is disclosed on the Company's website.

During the reporting period, the Nomination Committee was comprised of the following Directors, all of whom are independent:

Name	Independent?	Status
<b>Current (as at 31 March 2016)</b>		
Bruce Brook (Chairman of the Nomination Committee)	Yes	Member for whole period
Emma Stein	Yes	Member for whole period
Robert McKinnon	Yes	Member for whole period
Andrea Grant	Yes	Member for whole period
James Walker	Yes	Member since 19 November 2016
Lisa Paul	Yes	Member since 3 February 2016
<b>Prior members (during this reporting period)</b>		
Jonathan Whittle	Yes	Retired 19 November 2015

Mr Bruce Brook (the Chairman of the Board) is the Chairman of the Committee and is an independent, Non-Executive Director.

Details of the number of meetings of the Nomination Committee held during the reporting period and members' attendance at those meetings is set out on page 24 of the 2016 Annual Report (as part of the Directors' Report).

**Recommendation 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.*

It is intended that the Board should comprise a majority of Non-Executive Directors having qualifications, skills, expertise and experience from a diverse range of backgrounds, including financial acumen, governance, regulatory, risk management and industry experience, which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.

To add value, the Board has been structured so that it is of effective composition, size and commitment to adequately discharge its responsibilities and duties. Collectively, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business and operations of the Company. Details of the skills, experience and expertise relevant to the position of each Director who is in office at the date of the 2016 Annual Report are included on pages 21 to 23 of the 2016 Annual Report (as part of the Directors' Report) and on the Company's website.

**Recommendation 2.3:** *A listed entity should disclose:*

- (a) *the names of the directors considered by the board to be independent directors;*
- (b) *if a director has an interest, position, association or relationship of the type described in Box 2.3 (Factors relevant to assessing the independence of a director) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and*
- (c) *the length of service of each director.*

As at 31 March 2016, the Board consisted of:

Name	Role	Independent? *	Length of service
Christopher Sutherland	Managing Director	No	21 January 2008 - present
Bruce Brook (Chairman)	Non-Executive Chairman	Yes	16 June 2010 - present
Emma Stein	Non-Executive Director	Yes	16 June 2010 - present
Robert McKinnon	Non-Executive Director	Yes	14 November 2011 - present
Andrea Grant	Non-Executive Director	Yes	17 September 2012 - present
James Walker	Non-Executive Director	Yes	19 November 2015 - present
Lisa Paul	Non-Executive Director	Yes	3 February 2016 - present

\* During the reporting period, the Directors listed in the table above held non-executive directorships with certain companies that the Company conducts business with. The Board considers that a director's affiliation with a business that accounts for less than 5% of the Company's revenue is, as a category, immaterial for the purpose of determining independence. The companies that these Directors are affiliated with do not trigger this threshold. For this reason, the Board considers that the independence of these Directors is not affected.

The Board assesses the independence of the Directors by having regard to the guidelines for assessing independence of directors contained in the Board Charter.

**Recommendation 2.4:** *A majority of the board should be independent directors.*

As set out in the table above, the majority of Directors are independent.

**Recommendation 2.5:** *The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.*

The Board has determined that the Company's Chairman, Mr Bruce Brook is an independent director. The roles of Chairman of the Board and Managing Director are held by different individuals. Mr Bruce Brook does not perform the role of CEO / Managing Director of the Company - this role is performed by Mr Chris Sutherland.

**Recommendation 2.6:** *A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

As set out in the Board Charter and Nomination Committee Charter, all newly appointed Directors receive an induction appropriate to their experience to familiarise them with matters relating to the Company's operations, strategies and practices and all Directors are expected to participate in induction and any continuing education or training arranged for them by the Company. The Nomination Committee oversees and monitors the induction process to ensure that new Directors receive appropriate induction to the Company.

### Principle 3: Act ethically and responsibly

*A listed entity should act ethically and responsibly.*

**Recommendation 3.1:** *A listed entity should:*

- (a) have a code of conduct for its directors, senior executives and employees; and*
- (b) disclose that code or a summary of it.*

The Company has established and disclosed on its website its Code of Conduct in accordance with this recommendation. The Code of Conduct applies to all Directors, managers and employees of the Company. The Code of Conduct is reviewed as necessary to ensure it reflects the high ethical standards of conduct necessary to maintain confidence in the Company's integrity.

### Principle 4: Safeguard integrity in corporate reporting

*A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.*

**Recommendation 4.1:** *The board of a listed entity should:*

- (a) have an audit committee which:*
  - (1) has a least three members, all of whom are Non-Executive directors and a majority of whom are independent directors; and*
  - (2) is chaired by an independent director, who is not the chair of the board,*  
*and disclose:*
    - (4) the charter of the committee;*
    - (5) the relevant qualifications and experience of the members of committee; and*
    - (6) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) if it does not have an audit committee disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment, and removal of the external auditor and the rotation of the audit engagement partner.*

The Board has established an Audit & Risk Committee. The Audit & Risk Committee operates under the Audit & Risk Committee Charter, which is available on the Company's website.

The purpose of the Audit & Risk Committee is to assist the Board in monitoring and reviewing any matters of significance that affect financial reporting and compliance.

During the reporting period, the Audit & Risk Committee consisted of the following Directors, all of whom are independent Non-Executive Directors:

Name	Role	Independent?	Status
<b>Current (as at 31 March 2016)</b>			
Robert McKinnon (Chairman of the Audit & Risk Committee)	Non-Executive Director	Yes	Member for whole period
Emma Stein	Non-Executive Director	Yes	Member for whole period
Lisa Paul	Non-Executive Director	Yes	Member from 3 February 2016
<b>Prior members (during this reporting period)</b>			
Jonathan Whittle	Non-Executive Director	Yes	Retired 19 November 2015
Bruce Brook	Non-Executive Chairman	Yes	Member from 19 November 2015 (appointed to fill vacancy following Jonathan Whittle's retirement) until 3 February 2016 (upon appointment of Lisa Paul)

The Audit & Risk Committee is chaired by Robert McKinnon, an independent Non-Executive Director, who is not the chairman of the Board.

The Board considers that each of the members of the Audit & Risk Committee is suitably qualified to be a member of the Audit & Risk Committee based on their financial expertise and industry experience. Details of the relevant skills and qualifications of each member is set out on pages 21 to 23 of the 2016 Annual Report (as part of the Directors' Report).

Details of the number of meetings of the Audit & Risk Committee held during the reporting period and members' attendance at those meetings is set out on page 24 of the 2016 Annual Report (as part of the Directors' Report). The external auditor, the Directors who are not members of the Audit & Risk Committee, the Managing Director, the Chief Financial Officer, the Group Financial Controller and Group General Manager Risk & Legal are all invited to attend Audit & Risk Committee meetings at the discretion of the Audit & Risk Committee.

**Recommendation 4.2:** *The board of a listed entity should, before it approves the entity's financial statements for a financial period, received 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 operation effectively.*

Before the adoption by the Board of the Company's financial statements contained in the Half Year Report for the half year ended 30 September 2015 and Annual Report for the year ended 31 March 2016, the Board received declarations from the Company's Managing Director and Chief Financial Officer that, in their opinion, the financial records of the Company 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 Company, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operation effectively.

**Recommendation 4.3:** *A listed entity that has an AGM should ensure that its external auditors attend its AGM and is available to answer questions from security holders relevant to the audit.*

Under the Company's Shareholder Communications Policy and as contemplated by the *Corporation Act 2001* (Cth), the Company must ensure that its external auditor attends each AGM and is available to answer shareholder questions about the conduct of the audit, and the preparation and content of the auditor's report.

### Principle 5: Make timely and balanced disclosure

*A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.*

**Recommendation 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.*

The Board has adopted a Continuous Disclosure Policy to reinforce the Company's commitment to compliance with these obligations. The Company's Continuous Disclosure Policy is available on the Company's website.

The Continuous Disclosure Policy sets out the Company's procedures to enable accurate, timely, clear and adequate disclosure to the market in accordance with the ASX Listing Rules and the *Corporations Act 2001* (Cth) (**Corporations Act**), as well as management's accountability and the processes to be followed to ensure compliance. The Board reviews its disclosure practices to ensure the market is kept informed of price sensitive or otherwise significant information in accordance with the ASX Listing Rules and the Corporations Act. The Company Secretary is responsible for communications with, and coordinating disclosure of information to, the ASX in a timely manner. The Board and Managing Director determine whether information is to be disclosed to ASX, and both the Company Secretary and Managing Director are responsible for monitoring compliance with the Continuous Disclosure Policy.

### Principle 6: Respect the rights of shareholders

*A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.*

**Recommendation 6.1:** *A listed entity should provide information about itself and its governance to investors via its website.*

All information disclosed to the ASX and other information about the Company (including a corporate directory, corporate governance information, corporate calendar, investor services and dividend information) is made available in the Investor Centre section of the Company's website ([www.programmed.com.au](http://www.programmed.com.au)).

**Recommendation 6.2:** *A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

The Board recognises the important rights of shareholders and strives to communicate with shareholders regularly, clearly and effectively, both by electronic and more traditional communication methods. Consistent with this approach, the Company has adopted a Shareholder Communications Policy, which includes the following initiatives and practices:

- communicating effectively with shareholders through releases to the market via ASX, the media, the Company's website, information posted or emailed to shareholders and the general meetings of the Company;
- [ensuring all information disclosed to ASX under the Company's Continuous Disclosure Policy is posted on the Company's website upon confirmation of release from ASX (including presentation material used in public presentations and for the purpose of briefing analysts); and



- arranging for the Company's external auditor to attend the Company's annual general meetings and be available to answer shareholder questions about the conduct of the audit, the preparation and content of the Auditor's Report, accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor.

The Company's Shareholder Communications Policy is available on the Company's website.

**Recommendation 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.*

Shareholders are encouraged to attend and participate at all general meetings of the Company. The Company allows reasonable opportunity for communication of the Company's annual general meetings each year and other general meetings and encourages shareholder participation in these meetings through questions and comments. The Company's external auditor attends the Company's annual general meeting and is available to answer shareholders' questions (as described above under Recommendation 6.2).

Copies of notices of annual general meetings and general meetings (including any explanatory information) are made available under the Investor Centre section of the Company's website.

**Recommendation 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.*

Shareholders may elect to receive information from, and make contact with, the Company and its share registry by email. Contact email addresses for the Company and the share registry are set out on the Company's website.

### Principle 7: Recognise and Manage risk

*A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.*

**Recommendation 7.1:** *The board of a listed entity should:*

- (a) *have a committee or committees to oversee risk, each of 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 risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

As discussed above (see the comments under Recommendation 4.1), the Audit & Risk Committee operates under the Audit & Risk Committee Charter, which is available on the Company's website. The composition of the Audit & Risk Committee and qualifications, experience and attendance of its members is also addressed above.

**Recommendation 7.2:** *The board or a committee of the board should:*

- (a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- (b) *disclose, in relation to each reporting period, whether such a review has taken place.*

The Board, together with management, seeks to identify, assess, monitor and mitigate risk. Internal controls are monitored on a continuous basis and wherever possible, improved. Risk management is formalised in the Company's Group Risk Policy and in the Audit & Risk Committee Charter, both of which are available on the Company's website and are reviewed at least annually. These reviews take place at both a committee level through the Board's Audit & Risk Committee (which meets at least four times each year) and at the Board level.

The Audit & Risk Committee has established policies and procedures to identify and monitor business risks as well as adopting an internal compliance and control system to manage material business risk. In addition, the Company has formed the Programmed Risk Committee, which comprises the Managing Director and senior management. The Programmed Risk Committee is responsible for the oversight and maintenance of the systems and plans established to manage the Company's operational risk, and regularly reports to the Audit & Risk Committee about this. The Programmed Risk Committee established and is responsible for implementing risk management procedures for the Company, including the preparation of the Company's Risk Register, which identify, assess, monitor and manage the material business risks of the Company. Each divisional CEO is responsible and accountable for implementing and managing the material operating risks of the division. The Programmed Risk Committee identifies significant risks to the Company and reports to the Audit & Risk Committee on how they are being mitigated and managed by senior management. In turn, the Audit & Risk Committee reports to the Board regularly on the implementation and management of the Company's risk management system.

During the reporting period, the Audit & Risk Committee reported to the Board in accordance with the systems and procedures outlined above.

**Recommendation 7.3:** *A listed entity should disclose:*

- (a) *if it has an internal audit function, how the function is structured and what role it performs; or*
- (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.*

The internal audit function is structured within Group Risk and Legal and is headed by the Group General Manager, Risk & Legal. The function is responsible for managing the risk management system and facilitates regular assessments by senior management of strategic risks. Under the Audit & Risk Committee Charter, the internal audit function reports to senior management but is entitled to present any significant findings or recommendations directly to the Audit & Risk Committee. Internal audit will monitor whether the External Audit Policy is being complied with and must promptly report any breach of this policy to the Chair of the Audit & Risk Committee.

**Recommendation 7.4:** *A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

Material Exposure to Economic, Environmental and Social Sustainability Risks

The Company has identified a series of economic, environmental and social sustainability risks which the Company believes it may have material exposure to which are inherent in the industry in which the Company operates. In financial year ended 31 March 2016, these were:

Economic sustainability risks:

- a) Deterioration in the economic conditions of the industries in which Programmed operates.
- b) Increased competition for products and services sold by Programmed adversely affecting profitability and market share.
- c) Reliance on key Programmed personnel.
- d) Industrial relations, employee disputes and labour regulation that adversely affects the operations of Programmed.

Environmental sustainability risks:

- e) Potential to harm environment where we maintain assets in environmentally sensitive industries or locations.

Social sustainability risks:

- f) Break down of key stakeholder relationships of Programmed which damages the Programmed brand or reputation.
- g) Safety of Programmed's personnel is adversely impacted.

Programmed manages each of these economic, environmental and social sustainability risks as follows:

- Deterioration in the economic conditions of the industries in which Programmed operates – Programmed ensures that it:
  - Builds business activity into new industries.
  - Maintains diversity of industry exposure.
  - Keeps a mix of permanent, casual labour hire and contractors.
  - Closely manages level of debt.
- Increased competition for products and services sold by Programmed adversely affecting profitability and market share – Programmed ensures that it:
  - Has a diversity of businesses across geographic locations, the services provided and industries serviced.
  - Maintains a strong focus on key customer relationships.
- Reliance on key Programmed personnel – Programmed ensures that Group HR oversees a range of mitigation and retention strategies for retention including training, career development, incentives, and action plans arising from employee surveys.
- Industrial relations, employee disputes and labour regulation that adversely affects the operations of Programmed – Programmed has comprehensive industrial relation action plans for contracts or work environments exposed to industrial relations risk. Programmed employs staff with specialist industrial relations skills to manage exposure to industrial relations disputes. Programmed communicates closely with customers and unions.
- Potential to harm environment where we maintain assets in environmentally sensitive industries or locations – Programmed ensures each contract where such exposure exists has an environment management plan or Programmed integrates within the customers environment management plan and processes.
- Breakdown of key business relations of Programmed – Programmed has a number of policies and procedures to ensure that key business relations with Programmed are maintained. These controls include group and divisional authority level controls; a contract review and approval processes; project management controls within Divisions; the employment and upskilling of project managers; and monthly management reporting on the entry into contracts and on awareness of potential disputes. Programmed's executive team has a focus on maintaining strong communications with its key stakeholders.
- Safety of Programmed's personnel is adversely impacted – Programmed has defined safety culture and behaviour expectations; group critical HSE standards; work planning and injury management procedures within divisions; appropriate insurances in place to support injured workers; and conducts audits of Division HSE management systems' compliance with group standards and procedures.

The Audit and Risk committee receives a report from management each meeting as to the material matters that management through the Programmed Risk Committee are reviewing and actioning. This provides the Audit and Risk Committee and subsequently the Board clear insight as to the effectiveness of Programmed's management of its material business risks with respect to the previous period.

## Principle 8: Remunerate fairly and responsibly

*A listed entity should pay each director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.*

**Recommendation 8.1:** *The board of a listed entity should:*

(a) *have a remuneration 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 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 note excessive.*

The Board has established a Remuneration & People Committee. The Remuneration & People Committee operates under the Remuneration & People Committee Charter, which is available on the Company's website.

During the reporting period, the Remuneration & People Committee consisted of:

Name	Role	Independent?	Status
<b>Current (as at 31 March 2016)</b>			
Andrea Grant (Chair of Remuneration & People Committee)	Non-Executive Director	Yes	Member for whole period
Bruce Brook	Non-Executive Director	Yes	Member for whole period
James Walker	Non-Executive Director	Yes	Member from 19 November 2015
<b>Prior members (during this reporting period)</b>			
Jonathan Whittle	Non-Executive Director	Yes	Retired 19 November 2015

Details of the number of meetings of the Remuneration & People Committee held during the reporting period and members' attendance at those meetings is set out on page 24 of the 2016 Annual Report (as part of the Directors' Report).

**Recommendation 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.*

The Non-Executive Directors receive fees as remuneration for acting as a Director of the Company and, if applicable, acting as a member of a standing Committee of the Board. The Company has not established any schemes for the provision of retirement benefits (other than statutory superannuation) for Non-Executive Directors. Non-Executive Directors' fees do not incorporate any performance-based bonuses or incentive element, and the Non-Executive Directors do not participate in any share-based incentive plans.

The remuneration of the Company's Executive Directors and senior management consists of elements of fixed salary (including superannuation and allowances), short-term performance incentives assessed over the Company's financial year and long-term performance incentives assessed over periods of three to five years.

Further details on the Company's remuneration policies, including how the structure of the remuneration of Non-Executive Directors is distinguished from that of Executive Directors and senior executives, are set out in the Remuneration Report on pages 29 to 55 of the 2016 Annual Report (as part of the Directors' Report).

**Recommendation 8.3:** *A listed entity which has an equity-based remuneration scheme should:*

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) disclose that policy or a summary of it.*

Consistent with section 206J of the Corporations Act, it is the Company's policy to prohibit senior management from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes. This is also dealt with in the Share Trading Policy.