

Corporate Governance Statement 2015

For the year ended 31 March 2015

As at 25 May 2015

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

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

The documents that are underlined in this section are available on the Group's website at www.ozforex.com.au/investors/corporategovernance.

The information in this statement is current as at 25 May 2015 and has been approved by the Board.

Principle 1 - Lay solid foundations for management and oversight

Role of Board and management

The Board has adopted a Board Charter that details the functions and responsibilities of the Board, Chairman and individual directors. Responsibility for the day to day management and administration of the Group is delegated to the Chief Executive Officer (CEO), assisted by his direct reports. The CEO manages the Group in accordance with the strategy, financial plans and delegations approved by the Board. A formal delegation from the Board to the CEO sets out the limits of that delegation.

The Board is responsible for the overall operation and stewardship of the Group and, in particular for the long-term growth and profitability of the Group, the strategies, policies and financial objectives of the Group and for monitoring the implementation of those policies, strategies and financial objectives.

The functions reserved to the Board include:

- Providing input to, and approval of, the Group's strategic direction and budgets as developed by management and delegating implementation of that to the CEO;
- Directing, monitoring and assessing the Group's performance against strategic and business plans, to determine if appropriate resources are available;

- Approving and monitoring capital management and major capital expenditure, acquisitions and divestments;
- Identifying the principal risks of the Group's business, reviewing and ratifying the Group's systems of internal compliance and control, risk management and legal compliance, to determine the integrity and effectiveness of those systems;
- Approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the ASX and other stakeholders;
- The appointment and removal of the CEO and the Company Secretary;
- Ratifying the appointment and removal of executives (which includes all executives who report directly to the CEO);
- Determining whether the remuneration and conditions of service of senior executives are appropriate;
- Establishing and monitoring executive succession planning;
- Monitoring of performance including approving criteria for assessing performance of senior executives and monitoring and evaluating their performance; and
- Ensuring ethical behaviour and compliance with the Group's own governing documents, including the Group's Code of Conduct.

To assist in undertaking the above in the most efficient manner, the Board has established two Board Committees and the current members are as follows:

- Audit, Risk and Compliance Committee ('the Audit Committee') - Grant Murdoch (Chair), Melinda Conrad, Douglas Snedden and Peter Warne; and
- Remuneration and Nomination Committee ('the Remuneration Committee') - Melinda Conrad (Chair), Douglas Snedden and Peter Warne.

There is a Charter for each Committee setting out its role and responsibilities. Further details about the operation of these Committees can be found below.

Appointment of new directors

Potential new directors are subject to appropriate and prudent background and screening checks prior to appointment.

A director appointed to fill a casual vacancy must stand for election at the next Annual General Meeting (AGM). Additionally, directors who have been in office without re-election for three years since their last appointment must retire and seek re-election at the AGM. In each case, OzForex provides to shareholders all material information in its possession, concerning the director standing for appointment or re-election, in the accompany memorandum to the relevant notice of meeting.

Letters of appointment for directors and Group Executive Team

Directors receive formal letters of appointment setting out the arrangements relating to their appointments including:

- Term of appointment;
- Anticipated time commitment;
- Remuneration;
- Requirements to disclose directors interests which may affect independence;
- Requirements to comply with key Group's policies including the Code of Conduct and Securities Trading Policy;
- Entitlement to seek independent advice at the expense of the Group;
- Insurance, indemnity and ongoing rights to access information arrangements; and
- Ongoing confidentiality obligations.

Similarly, the CEO and his direct reports all have letters of appointment setting out the key terms and conditions of appointment and include details about their remuneration, which are updated from time to time, as appropriate. Appropriate, background screening checks are undertaken in respect of Executives prior to appointment.

Company Secretary

The Company Secretary, Linda Cox, reports directly to the Chairman of the Board and has an internal reporting line to the CEO. The Company Secretary is appointed by the Board and is accountable to the Board, through the Chairman on all Board and governance matters.

The Company Secretary is responsible for supporting the effectiveness of the Board by ensuring that policies and procedures are followed and co-ordinating the completion and dispatch of the Board agendas and papers.

The Company Secretary and each director have the opportunity to communicate with each other directly as required.

Board and Committee performance evaluation

The Board undertakes regular and ongoing self-assessment. No formal performance evaluation of the Board was undertaken during the year as the Board has only been operating since October 2013. It is expected that during the coming year that a formal review of the performance of the Board will be undertaken.

Diversity

The Board has adopted a [Diversity Policy](#) and the Group is committed to providing and promoting a corporate culture which embraces diversity. The [Diversity Policy](#) includes a requirement for the Board

to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. The Head of Human Resources is responsible for ensuring that the Group meets its compliance and reporting obligations.

Diversity helps the Group improve business results, enhance its reputation and attract, engage and retain talented people. People value working in an organisation where differences are respected. In addition, having a diverse range of employees better enables the Group to provide the best service to its customers.

The Group's commitment to workplace diversity is an investment in the creation of a sustainable and enduring business, which will deliver long term shareholder value. The Group's Diversity Policy is designed to clarify our commitment to an inclusive workforce, a workforce that embraces and promotes diversity in all respects. The Policy also provides a framework for the Board to set measurable objectives for achieving diversity and to assess annually our progress in achieving them.

To assist the Group to continue its work towards achieving diversity in the workplace, the following measurable objectives were reviewed by the Remuneration and Nomination Committee and approved by the Board during the year. A summary of progress achieved against these objectives during the year is set out below.

To conduct an internal review of remuneration by gender across all employment groups, monitoring pay equity and responding to any trends requiring action

A gender pay gap analysis was conducted across all roles and regions. The Group identified gender pay differences in two categories of roles within one division of the Group. The differences will be addressed in the annual remuneration review in June 2015. The Group will continue to monitor pay for new hires, annual remuneration reviews and promotions to ensure the Group continues to maintain principles of gender pay equity.

To conduct an annual engagement survey monitoring the engagement and enablement of all employee groups, with particular focus on women and responding to any trends requiring action

The last annual employee engagement survey, conducted in November 2014, had an 88% participation rate. The diversity category was the highest ranked overall. There was no statistically significant difference between men and women across any category.

As part of the process towards achieving gender diversity, the representation of women employees is outlined below.

Proportion of women employees in OzForex Group as at 31 March 2015				
OzForex Group	Board	Senior Executive ¹	Manager ²	Employee ³
Female	20%	25%	29%	38%
Male	80%	75%	71%	62%

1. Senior Executive represents the Executive Team who report to the CEO
2. Manager represents all people managers
3. Employee represents all other staff (total employees minus senior executives and managers)

Principle 2 - Structure the Board to add value

Nomination, appointment and re-election of directors

The procedures for the appointment and removal of directors are ultimately governed by the Company's Constitution. One of the roles of the Remuneration and Nomination Committee, as set out in its Charter, is to identify and recommend to the Board individuals for nomination as members of the Board and its Committees, taking into account such factors as it deems appropriate, including experience, qualifications, judgement and the ability to work with other directors. Given the size of the Board at this time, it is considered unnecessary to have a stand-alone Nomination Committee.

External consultants maybe engaged to assist the Board in identifying appropriate candidates for appointment. In addition, potential directors are subject to appropriate and prudent background and screening checks.

A director appointed to fill a casual vacancy must stand for election at the next Annual General Meeting (AGM). Additionally, Directors who have been in office without re-election for three years since their last appointment must retire and seek re-election at the Company's AGM. In each case, shareholders are provided with all material information in its possession, concerning the director standing for appointment or re-election, in the accompanying memorandum to the relevant notice of meeting.

Prior to and following appointment, potential and new directors may meet with Group Executives to familiarises themselves with the Group's business, strategy and operations.

Composition of the Board

The Board currently comprises five directors, being a non-executive Chairman, one executive director and three non-executive directors. Directors have a range of skills, experience and expertise together with a proper understanding of and competence to deal with, current and emerging issues of the business.

Full details of the background, experience, professional skills and expertise and period in office of each Director are set out in the 2015 Directors Report. A summary is shown below:

Director	Year of Appointment
Peter Warne (Chairman)	2013
William Allen ¹	2013
Melinda Conrad	2013
Neil Helm ²	2013
Grant Murdoch	2013
Douglas Snedden ³	2015

1. Resigned from the Board 31 March 2015
2. Was appointed CEO in 2007 and appointed Managing Director in 2013
3. Appointed to the Board on 16 March 2015

The Board uses a skills matrix to guide its assessment of the skills and experience of the current directors, and that which will the Board considers will complement the effective functioning of the Board. The current non-executive directors possess a range of professional skills summarized in the table below:

Accounting/Finance	100%
Financial services industry knowledge	50%
Information Technology	25%
International knowledge and experience	100%
Governance	100%
Listed company experience	100%
Marketing	25%
Management and leadership skills	100%

The appointment of any new directors is based on pre-established criteria having regard to the existing skills matrix of the Board as a whole and having assessed those areas where additional skills or background or experience are required. In accordance with this process, Mr Douglas Snedden was appointed during the year.

Director Independence

The Board Charter requires that the majority of the directors to be “independent” as defined in the Board Charter. This takes into account the guidance provided under the ASX Listing Rules and the ASX Principles and Recommendations.

The Board will review any determination it makes as to a director’s independence on becoming aware of any information that may have an impact on the independence of the director. For this purpose, directors are required to ensure that they immediately advise the Board of any relevant new or changed relationships to enable the Board to consider and determine the materiality of the relationships.

The Board annually reviews the independence of directors. The Board considers that Peter Warne, Melinda Conrad, Douglas Snedden and Grant Murdoch are independent directors.

The Board has determined that Neil Helm is not an independent director because of his executive responsibilities as CEO.

Chairman and CEO are not the same person

The Chairman of the Board is elected by the non-executive directors. The Board supports the separation of the role of Chairman (Peter Warne) and CEO (Neil Helm). The Chairman's role is to manage the Board effectively, to provide leadership to the Board, and to facilitate the Board's interface with the CEO.

Peter Warne was appointed as Chairman of the Board in September 2013. The Board has determined that Peter Warne is an independent director.

Director education

All directors are responsible for ensuring they remain current in understanding their duties as directors. Ongoing directors have access to continuing education about the Group in the form of regular updates from the CEO and his direct reports, and where necessary by external legal and financial advisors on specific issues. Any new directors receive a comprehensive induction designed to familiarise them with the business, strategy and operations by way of meetings with Executives and other key employees, access to all relevant Group information including Board papers.

Conflicts of interest

The letters of appointment of the directors outline the Board's policy on conflicts of interest. Where conflicts of interest do exist, directors excuse themselves from discussions and do not exercise their right to vote in respect of such matters.

Access to information and independent advice

All directors have access to the CEO's direct reports, including the Company Secretary, to discuss issues or obtain information on specific areas in relation to items to be considered at Board meetings or other areas as they consider appropriate. Further, directors have unrestricted access to Group records and information.

The Board, the Board Committees and each director have the right, subject to the approval of the Chairman, to seek independent professional advice at the Group's expense to assist them to carry out their responsibilities. Further, the Board and Board Committees have the authority to secure the attendance at meetings of outsiders with relevant experience and expertise.

Evaluation of executives

The Remuneration Committee, together with the CEO reviews and makes recommendations to the Board following the CEO's annual performance assessment of his direct reports. The annual performance assessment of the CEO is undertaken by the Remuneration Committee and they review the performance of the CEO against his performance objectives.

Performance reviews of the CEO and each member of the Group Executive Team were undertaken following the end of the financial year.

Principle 3 - Promote ethical and responsible decision making

Code of Conduct

The Board maintains high standards of ethical conduct and the CEO is responsible for ensuring that high standards of conduct are maintained by all staff. The Group's reputation as an ethical business organisation is critical to its ongoing success. The Board has adopted a Code of Conduct covering the practices necessary to maintain confidence in the Group's integrity; the practices necessary to take into account the Group's legal obligations and reasonable expectations of its stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. It is not a prescriptive set of rules but rather a practical set of principles giving direction and reflecting the Group's approach to business conduct. All directors and employees are expected to comply with the principles set out in the Code of Conduct.

Principle 4 - Safeguard integrity in financial reporting

Audit, Risk and Compliance Committee ('Audit Committee')

The Board is committed to a transparent system for auditing and reporting of the Group's financial performance. The Board has established an Audit Committee, which performs a central role in achieving this goal.

The Audit Committee's principal functions as set out in its Charter, which is available on the website, are as follows:

- to ensure that it understands the Group's structure, business and controls to ensure that it can adequately assess the significant risks facing the Group;
- to review and oversee systems of risk management, internal control and legal compliance;
- to liaise with and monitor the performance and effectiveness of the external auditor, including the terms of engagement, audit plan and findings and assessment of independence;
- be satisfied that the level of non-audit work carried out by the external auditor is compatible with maintaining auditor independence;
- review the internal auditor's charter, consider the scope of the internal audit, internal audit plan, work program and quality control procedures;
- to oversee the Group's financial reporting process on behalf of the Board and to report the results of its activities to the Board, including:
 - to review the Group's financial statements to determine whether they are accurate and complete and make any necessary recommendations to the Board;
 - to review significant accounting policies adopted by the Group to ensure compliance with AIFRS and generally accepting accounting principles;
 - consider financial matters relevant to reporting in a timely manner; and
 - review other financial information distributed externally as required.

One of the main purposes of the Audit Committee is to ensure the quality and independence of the audit process. The Chair of the Committee and the Chief Financial Officer work with the external auditors to plan the audit approach. All aspects of the audit are reported back to the Committee and the auditors are given the opportunity at Committee meetings to meet with the Board. At least twice a year, the auditors meet with the Board without management present.

The Audit Committee is structured so that it has at least three members, consists only of non-executive directors, consists of a majority of independent directors and is chaired by an independent Chair who is not the Chairman of the Board. Further all members must be financially literate and at least one member shall have accounting and/or related financial management expertise.

The Audit Committee has a minimum of four scheduled meetings each year and at other times as required. The Company Secretary attends and minutes all meetings. The Chair of the Committee reports the findings of the Committee back to the Board at the following Board meeting.

The auditor is invited to attend all meetings. To ensure the auditor remains independent, all audit and non-audit work is authorised by the Committee. The auditors are not permitted to perform any non-audit or assurance services that may impair or appear to impair the external auditor's judgement.

CEO and CFO declarations

In accordance with section 295A of the Corporations Act and Principle 4 “Safeguard Integrity in Corporate Reporting”, for each half and full year financial period, the CEO and CFO provide the Board with a written declaration that, in their respective opinions the financial statements give a true and fair view in all material respects of the consolidated Group’s financial position and comply in all material respects with relevant accounting standards.

To underpin the integrity of the Group’s financial reporting and risk management framework, it is also the Group’s practice for the CEO and CFO to state to the Board in writing that in their respective opinions:

- statements made regarding the integrity of the financial statements are found on a sound system of risk management and internal compliance and control systems which implement the policies adopted by the Board;
- the risk management and internal compliance and control systems, the extent that they relate to financial reporting, are operating effectively and efficiently, in all material respects based on the risk management framework adopted by the Company;
- the Group’s material business risks (including non-financial risks) are being managed effectively.

In 2015, the Board received the declarations and statements referred to above in relation to the half year ending 30 September 2014 and the full year ending 31 March 2015.

Audit Process

The financial reports are subject to an annual audit by an independent professional auditor, who also reviews the Group’s half yearly financial statements. The Audit Committee oversees this process on behalf of the Board, in accordance with its Charter.

One of the main purposes of the Audit Committee is to ensure the quality and independence of the audit process. The Chair of the Committee and the Chief Financial Officer work with the external auditors to plan the audit approach. All aspects of the audit are reported back to the Committee and the auditors are given the opportunity at Committee meetings to meet with the Board. At least twice a year, the auditors meet with the Board without management present.

The current external auditor is PWC. The lead audit partner for the 2015 financial year was Mr Colin Heath.

Attendance at AGM by Auditor

The external auditor attended the 2014 AGM and was available to answer questions from shareholders present at the meeting.

Principle 5 - Make timely and balanced disclosure

Continuous Disclosure Policy

The Board has adopted a comprehensive Continuous Disclosure Policy. The purpose of the Continuous Disclosure Policy is to:

- ensure that the Group, as a minimum, complies with its continuous disclosure obligations under the Corporations Act 2001 and the ASX Listing Rules and as much as possible seeks to achieve and exceed best practice;
- provide shareholders and the market with timely, direct and equal access to information issued by the Group; and
- promote investor confidence in the integrity of the Group and its securities.

The Policy is administered by several key personnel within the Group with the Company Secretary having overall responsibility for the administration of the Policy and all communications with ASX. The onus is on all staff to inform the Company Secretary of any material price sensitive information as soon as becoming aware of it.

Principle 6 - Respect the rights of shareholders

Shareholder communications

The Group is committed to effective, accurate and timely communication with its shareholders, market participants, customers, employees, suppliers, financiers, creditors, other stakeholders and the wider community. The Group will ensure that all stakeholders, market participants and the wider community are informed of its activities and performance.

The Board has adopted a Communications Policy, which sets out the Group's approach and commitment to communication. Information is communicated in a number of ways including:

- website;
- annual and half yearly reports;
- market disclosure;
- updates on operations and developments;
- market briefings and webcasts of briefings; and
- presentations at annual general meetings.

The half year and annual report, market releases and presentations are all available on the Group's website.

In addition, the Group has an investor relations engagement program that includes engaging with institutional investors, buy-side and sell-side research analyst and individual investors on a scheduled (including the release of its results) or ad hoc (including industry conferences and key updates basis. The Board places importance on these interactions as it allows the company to articulate its strategy and also receive feedback from investors on its strategy, financial performance and governance. During the year, the following key information was released to shareholders:

- half year results;
- full year results;
- annual report; and
- Chairman and CEO's presentations to the annual general meeting.

Copies of all announcements that have been lodged with ASX by the Company are available on the website. In addition, advance notification of scheduled analysts briefings are provided to shareholders, the briefings are webcast and then archived to the website.

The Company will hold its annual general meeting in August and a copy of the notice of meeting will be posted on the Group's website as well as being provided directly to shareholders via their nominated means of communication. The Board encourages shareholders to attend the annual general meeting or to vote directly or by proxy if they are unable to attend. Shareholders are also invited to submit questions prior to the annual general meeting, which may be addressed by the Chairman or CEO in their addresses.

Shareholders are encouraged to receive communications from and send communications to the Company and its share registrar, Computershare electronically.

Principle 7 - Recognise and manage risk

Risk Management Policy

The Group believes that risk recognition and management are integral to creating and maintaining shareholder value, and to the successful execution of its strategic objectives. The Group has a Risk Management Policy which sets out its approach to risk management.

The Group seeks to ensure that appropriate systems are in place to identify material risks that impact the business; that the financial impact of identified risks is understood and appropriate internal control systems are in place to limit the Group's exposure to such risks, that appropriate responsibilities are delegated to control the identified risks effectively and any material changes to the Group's risk profile are appropriately disclosed. This occurs through the Risk Management Framework which establishes a system of risk oversight and management to identify, assess, monitor and manage risk.

Details of the key risks and how they are managed are set out in the Risk section of the 2015 Directors Report. No material environmental or social sustainability risks were identified.

A risk management and internal control system

The Board Charter provides that it is the responsibility of the Board to identify the principal risks of the business and also to review and ratify the Group's systems of internal compliance and control, risk management and legal compliance to determine the integrity and effectiveness of those systems.

The Audit Committee also assists the Board in carrying out its accounting, auditing, financial reporting, compliance and risk management responsibilities. The Committee is required to regularly review those areas of greatest compliance risk including obtaining updates from management. The Committee is required to at least annually review the effectiveness of the compliance function and be satisfied that compliance matters have been considered in the preparation of all official documents of the Group. Management undertakes semi-annually risk assessments and these assessments are reported to the Committee. The risk assessments include information to show the status of identified risks and how these are being managed.

The CEO and the Chief Financial Officer have provided a written statement to the Board in accordance with section 295A of the Corporations Act that their view provided on the Group's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board, and that the Group's risk management and internal compliance and control system is operating in all material respects. The signed statement was received by the Board prior to the acceptance of the annual financial statements.

The Group's internal audit function is outsourced to Ernst & Young. Internal Audit provides independent assurance over the effectiveness of key aspects of the Company's risk management, internal control and governance processes. Internal Audit prepares a budget and internal audit plan prioritising the key areas of focus for the year which is approved by the Audit Committee. The Group Head of Compliance coordinates with Internal Audit the execution of assurance reviews and reports findings back to the Audit Committee. Internal Audit is independent of the external audit function and has free access to the Audit Committee and Group employees.

Principle 8 - Remunerate fairly and responsibly.

Remuneration and Nomination Committee

The Remuneration Committee's purpose, duties, membership and structure are documented in its Charter. The Remuneration and Nomination Committee is responsible for:

- Providing advice in relation to remuneration packages of executives, non-executive Directors and executive Directors, equity-based incentive plans and other employee benefit programs;
 - Reviewing the Group's recruitment, retention and termination policies;
 - Reviewing the Group's superannuation arrangements;
 - Reviewing succession plans of Executives and the CEO; and
 - Recommending individuals for nomination as members of the Board and its committees;
- Ensuring the performance of the executives and members of the Board are reviewed at least annually;
- Considering those aspects of the Group's remuneration policies and packages including equity-based incentives, which should be subject to shareholder approval; and
- Monitoring the size and composition of the Board and considering strategies to address Board diversity and the Group's performance in respect of the Group's Diversity Policy.

Composition of Committee

The Remuneration and Nomination Committee is structured so that it has at least three members, consists only of non-executive directors all of whom are independent directors, and is chaired by an independent Chair who is not the Chairman of the Board.

Trading in the Company securities by directors and employees

All Directors and employees are required to comply with the Group's Securities Trading Policy in undertaking any trading in the Company's shares and may not trade if they are in possession of any inside information. Directors and employees can only trade during the specified trading windows immediately following the release of the half year and full year results and the annual meeting. In addition, directors and certain restricted employees may only trade during the trading windows with prior written clearance as set out in the Policy.

The table of Directors' shareholdings is included in the 2015 Directors Report.