

## **CORPORATE GOVERNANCE STATEMENT**

This statement outlines Caprock Limited Group's main governance objectives and compares those objectives against the ASX Corporate Governance Council ("Council") recommendations for best practice with respect to good Corporate Governance.

### **Principle 1: Lay Solid Foundation for Management and Oversight**

Caprock Limited Group has adopted a Board Charter that sets out the objectives, responsibilities and framework for the operation of the Board. The Board Charter also sets out those matters and powers that are reserved to the Board and not delegated to management.

In summary, the Board Charter sets out the following as responsibilities of the Board:

- Providing strategic guidance to the Group.
- Reviewing the Group's performance against agreed Business Plans and strategic objectives.
- Approval of annual and half yearly reports.
- Liaison with the Group's auditors and overseeing the operation of the Group's compliance and risk management systems.
- The Board's role compared to management.
- The Board's ability to take independent legal and other professional advice.

### **Principle 2: Structure Board to Add Value**

The Council recommends that the majority of the board should be independent directors and that the Chairman should be an independent director.

The Board of Caprock Limited presently comprises three members who have been chosen to provide a mix of professional, business skills and experiences to add value to the Group's activities. The Board comprises two independent non-executive directors and one executive director.

Executive director:

- Peter Yassa (CEO and Managing Director);

### **Principle 3: Promote ethical and responsible decision making**

#### **Code of Conduct**

The Group has in place a Code of Conduct that applies to all directors and employees. The Code is given to all new employees during a compulsory induction and is regularly reinforced to existing employees.

The Code of Conduct reflects the Group's commitment to the highest standards of integrity and behaviour and deals with, amongst other things, managing conflicts of interest, inside information, travel, whistle blowing and a commitment to good corporate citizenship.

### **Principle 4: Safeguard Integrity in Financial Reporting**

#### **Chief Executive Officer's Sign-Off**

The Board receives from the CEO a sign-off at each relevant Board Meeting that:

- The Group's financial reports are complete and present a true and fair view, in all material respects, of the financial condition;
- Operating results are in accordance with relevant accounting standards;
- The above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- The Group's risk management and information, compliance and controls are operating efficiently in all material respects.

#### **Audit**

The Board's responsibilities are to:

- Review and assess the half yearly reports,
- Assess and monitor the Group's internal controls and risk management framework,
- Review the performance and continued independence of the external auditors, and
- Monitor the Group's compliance with laws and regulations affecting financial reporting, including the Group's compliance with Australian International Financial Reporting Standards (AIFRS),
- Monitor the Group's compliance with its Australian Financial Services Licenses.

The Board can, and does, meet with the external auditors without management being present.

## **Principle 5: Make Timely and Balanced Disclosure**

The Group has in place procedures to ensure that all Investors have equal opportunity to access information about the Group and its relevant activities. Day to day responsibilities for this lies with the Investors. The CEO liaises with the media and the public.

## **Principle 6: Respect the Rights of Investors**

Caprock Limited continues to upgrade its website and the information contained on it including corporate governance information.

All Investors receive a project report on a quarterly basis.

Caprock Limited will continue to investigate and implement improvements in communication with investors through electronic means including making results and other presentations available through web casts.

## **Principle 7: Recognising and Managing Risks**

Risk Monitoring and Management

The Group has in place a risk management framework wherein the risks faced by the Group are regularly identified, monitored and managed. Major risks are reported on at quarterly Board Meetings and the risk register is regularly updated with any emerging risks and responsibilities for managing those risks allocated.

## **Principle 8: Encourage Enhanced Performance**

Board and Executive Performance Evaluation

The Board has the responsibility for monitoring and making recommendations on the Group's performance including executive performance, remuneration policies, superannuation and equity plans to ensure that executives and the Board are remunerated fairly given market conditions and the Group's performance.

In addition, the Board is subject to an annual self-assessment of its performance.

## **Principle 9: Remuneration Fairly and Responsibly**

Remuneration Policies

The Board, as stated above, has the responsibility to make recommendations on the Group's remuneration policies. These policies are designed to attract and retain high quality directors and executives to achieve the Group's stated objectives.

Non-Executive Directors' Remuneration

Fees paid to Non-Executive Directors are set by the Board.

## **Principle 10: Recognise the Legitimate Interests of Stakeholders**

### **Code of Conduct**

As stated earlier, the Group has in place a Code of Conduct that is given and explained to all employees. This Code of Conduct sets out details of how the Group expects employees to recognise the interests of stakeholders, whether they be Investors, tenants or the community. The Group has defined and articulated its Core Values which sets out those behaviours that the Group believes defines its behaviour as a corporate citizen.

## **CONTACT US**

### **Email**

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