

THINKSMART LIMITED
ACN 092 319 698
(Company)

**CORPORATE GOVERNANCE STATEMENT
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2016**

This Corporate Governance Statement is current as at 28 October 2016.

This Corporate Governance Statement discloses the extent to which the Company has, during the financial year ending 30 June 2016, followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

The Company's Corporate Governance Plan is available on the Company's website at www.thinksmartworld.com

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and

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		<p>information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</p>	<p>YES</p>	<p>(a) The Company has guidelines for the appointment and selection of the Board. The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) All material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	<p>YES</p>	<p>The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> <p>The Company has had written agreements with each of its Directors and senior executives for the past financial year.</p>
<p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on</p>	<p>YES</p>	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the</p>

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all matters to do with the proper functioning of the Board.		Board, through the Chair, on all matters to do with the proper functioning of the Board.
<p>Recommendation 1.5</p> <p>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:</p> <p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) 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>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.</p>	NO	<p>The Company has not established a separate Diversity Policy.</p> <p>The Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined and published under the Act are:</p> <p>(a) a diverse skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;</p> <p>(b) a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;</p> <p>(c) improved employment and career development opportunities for women;</p> <p>(d) a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and</p> <p>(e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.</p> <p>(f) With the sale of the Australian and New Zealand business in January 2014 the operations and almost all of the employees are based in the United Kingdom. The Company adopts a policy of diversity of employment across race, age and gender for employees within the United Kingdom</p> <p>(g) The Board did not set measurable gender diversity</p>

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		<p>objectives for the past financial year, because:</p> <ul style="list-style-type: none"> a. the Board did not anticipate there would be a need to appoint any new Directors or senior executives due to limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and b. if it became necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit.
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (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. 	<p>YES</p>	<ul style="list-style-type: none"> (a) The Company's Board is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. (b) The Board composition has changed during the financial year and evaluation of new directors were undertaken by the Board.
<p>Recommendation 1.7</p> <p>A listed entity should:</p>	<p>YES</p>	<ul style="list-style-type: none"> (a) The Company's Chief Executive Officer is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Company's

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<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>Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director.</p> <p>(b) The Company has completed performance evaluations in respect of the senior executives (if any) for the past financial year in accordance with the applicable processes.</p>
<p>Principle 2: Structure the Board to add value</p>		
<p>Recommendation 2.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) 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>(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, experience,</p>	<p>NO</p>	<p>(a) The Company did not have a separate Nomination Committee for the past financial year. Upon the appointment of additional independent non-executive directors' composition of a separate Nomination Committee will be considered.</p> <p>(b) The Executive Chairman is responsible for leadership and effective performance of the Board, to facilitate the effective contribution of all Directors, and to promote constructive relations between Board members and management. The Executive Chairman's responsibilities are set out in more detail in the Board Charter.</p>

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<p>independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	<p>YES</p>	<p>Under the Nomination Committee Charter the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.</p> <p>The Company has, for the past financial year, had a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. A copy is attached.</p> <p>The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report.</p>
<p>Recommendation 2.3</p> <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 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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;</p>	<p>YES</p>	<p>(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Board considers the following Directors are independent: David Griffiths (retired 19 August 2016) and Peter Gammell (appointed 23 May 2016).</p> <p>(b) The Company has disclosed in its Annual Report and the Company's website any instances where this applies and an explanation of the Board's opinion why the relevant Director is still considered to be independent. The Board considers Mr Peter Gammell with 9.26% shareholding to be independent due to his experience and expertise.</p> <p>(c) The Company's Annual Report discloses the length of service of each Director, as at the end of each financial</p>

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and (c) the length of service of each Director		year.
Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.	NO	The Company's Board Charter requires that, where practical, the majority of the Board should be independent. The Board currently comprises a total of four (4) directors, one of whom is considered to be independent. Additional independent Directors are proposed to be appointed upon migration from ASX to AIM.
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.	NO	The Chairman is Mr Ned Montarello who is an Executive Chairman with a shareholding of 26.2%.
Recommendation 2.6 A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.	YES	In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its Directors, senior executives and employees; and (b) disclose that code or a summary of it. 	YES	The Company has an established Corporate Code of Conduct ("Code") to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices or circumstances where there are breaches. The Code underpins the Company's commitment to integrity and fair dealing in its business affairs and a duty of care to all Directors, officers, employees and consultants of the Company, who are

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		committed to implementing the Code and each individual is accountable for such compliance.
Principle 4: Safeguard integrity in financial reporting		
<p>Recommendation 4.1</p> <p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the Chair of the Board, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) 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>(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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	NO	<p>(a) The Company had an Audit and Risk Committee for the past financial year. The Company's Audit and Risk Committee Charter provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least two members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair. Due to the current Board composition, the Audit and Risk Committee has been chaired by an independent director with executive directors invited to participate.</p> <p>The members of the Audit and Risk Committee, their relevant qualification and experience, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Annual Report.</p> <p>The Company had an Audit Committee for the past financial year.</p>
Recommendation 4.2		The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions)

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<p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that 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>	YES	<p>to provide a sign off on these terms.</p> <p>The Company has obtained a sign off on these terms for each of its financial statements in the past financial year.</p>
<p>Recommendation 4.3</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	YES	<p>The Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p> <p>The Company's external auditor attended the Company's last AGM during the past financial year.</p>
Principle 5: Make timely and balanced disclosure		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<p>(a) The Company has a Continuous Disclosure policy with a summary provided on its website.</p>
Principle 6: Respect the rights of security holders		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and</p>	PARTIAL	<p>Information about the Company and its governance is available on the Company's website.</p>

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its governance to investors via its website.		
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders.
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.
<p>Recommendation 6.4</p> <p>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>	YES	<p>The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
Principle 7: Recognise and manage risk		
<p>Recommendation 7.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, <p>and disclose:</p>	PARTIAL	The Company had an Audit and Risk Committee for the past financial year. The Company's Audit and Risk Committee Charter provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least two members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair. Due to the current Board composition, the Audit and Risk Committee has been chaired by an independent director with executive directors invited to participate.

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<ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) 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>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>		<p>The entire Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. The Board and CEO have responsibility for implementing the risk management systems.</p>
<p>Recommendation 7.2</p> <p>The Board or a committee of the Board should:</p> <ul style="list-style-type: none"> (a) review the entity's risk management framework with management 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. 	YES	<p>The entire Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. The Board and CEO have responsibility for implementing the risk management systems.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (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. 	PARTIAL	<ul style="list-style-type: none"> (a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function. (b) The Company did not have an internal audit function for the past financial year. The accounting and finance function was structured to undertake full risk management for financial services operations included in the monthly Board reports.
<p>Recommendation 7.4</p>		<p>The Audit and Risk Committee Charter requires the Audit and Risk</p>

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<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>	YES	<p>Committee (or, in its absence, the Board) to assist management determine whether the Company 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>The Company discloses this information in its Annual Report.</p>
<p>Principle 8: Remunerate fairly and responsibly</p>		
<p>Recommendation 8.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) 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>(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>	NO	<p>The Company did not have a separate Remuneration Committee with the Board responsible for setting the remuneration for Directors and senior executives with reference to market information.</p>
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and</p>	YES	<p>The policies and practices regarding the remuneration of Directors and senior executives are disclosed in the remuneration</p>

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<p>practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.</p>		<p>report contained in the Company's Annual Report.</p>
<p>Recommendation 8.3 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>YES</p>	<p>(a) The Company had an equity based remuneration scheme during the past financial year. The Company does not permit participants to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p>