



**Monash Absolute Investment Company Limited  
(ACN 610 290 143)**

**Corporate Governance Charter  
9 November 2016**

<b>Term</b>	<b>Definition</b>
<b>Annual General Meeting</b>	an annual general meeting of the Company
<b>ASX</b>	ASX Limited (ACN 008 624 691)
<b>ASX Recommendations</b>	the ASX Corporate Governance Council 3 <sup>rd</sup> edition "Corporate Governance Principles and Recommendations" (as amended from time to time)
<b>Audit and Risk Committee Charter</b>	the charter that governs the operation of the Company's Audit and Risk committee
<b>Board</b>	board of Directors of the Company
<b>Board Charter</b>	charter of corporate governance in relation to the Board
<b>Chairperson</b>	chairperson of the Board
<b>Clearance to Trade</b>	an approval, in writing, of an application by a Restricted Person to trade in Securities (see below for definition) issued by the Company
<b>Closed Period</b>	a period of time specified by the Company in its Securities Trading Policy in which Restricted Persons (see below for definition) are generally prohibited from trading in Monash Securities. Any lifting of the prohibition is subject to (1) the approval of a Request to Trade and (2) the standing legal prohibition against insider trading
<b>Code</b>	the Company's code of conduct
<b>Company</b>	Monash Absolute Investment Company Limited (ACN 610 290 143)
<b>Company Secretary</b>	secretary of the Company
<b>Constitution</b>	constitution of the Company
<b>Continuous Disclosure Policy</b>	the Company's continuous disclosure policy
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Director</b>	director of the Company
<b>Diversity Policy</b>	the Company's diversity policy
<b>Executive</b>	a person (whether or not a Director) involved in the strategic and operational management of the Company and including the Company Secretary and any Key Service Providers responsible for strategic or operational management.
<b>Insider Trading Policy</b>	the Company's insider trading policy
<b>Investment Manager</b>	Monash Investors Pty Limited (ACN 153 180 333)
<b>Key Service Providers</b>	those organisations providing services to the Company where the service delivery is governed by a service level agreement or equivalent between the Company and the service provider. Current Key Service Providers to the Company include the Monash Investors Pty Limited (the Investment Manager) and Winston Capital Partners Pty Limited (Marketing & Distribution).
<b>Listing Rules</b>	ASX Listing rules as amended from time to time
<b>Monash Securities</b>	any Securities issued by the Company
<b>Request to Trade</b>	any notification by a Restricted Person to the Company, requesting approval to trade in Monash Securities as set out in the Securities Trading Policy
<b>Restricted Person</b>	a representative of the Company who is subject to restrictions in trading in Monash Securities, as set out in the Securities Trading Policy, namely:

- (a) the Directors;
- (b) directors or company secretary of any subsidiary of the Company;
- (c) any person who is entitled to receive equity performance rights and/or options as part of any equity incentive based scheme of the Company;
- (d) any executive;
- (e) a Key Service Provider in possession of Inside Information of the Company; and
- (f) the Company Secretary.

**Securities**

as defined in sec 92 of the Corporations Act and include interests in shares, options or debentures in a listed company or related body corporate, renounceable or unrenounceable rights to subscribe for a share in, or debenture of, a listed company or related body corporate and units or other interests in a listed managed investment scheme, options over unissued units or other interests in the scheme and renounceable or unrenounceable rights to subscribe for units or other interest in the scheme

**Shareholder**

holder of shares in the Company

**Securities Trading Policy**

a document that sets out the Company's policy in relation to trading in the Company's securities by its Restricted Persons

**Website**

the Company's website maintained at [www.monashinvestors.com.au](http://www.monashinvestors.com.au) or such other website as the Company may from time to time maintain

# Monash Absolute Investment Company Limited (ACN610 290 143)

## 1. Introduction

Corporate governance is a set of systems, policies and procedures which define the way in which a company is governed. It establishes the objectives of a company ensuring that the administration and management of a company is undertaken in a manner which is consistent with the interests of the company's shareholders. Additionally, it establishes a system for monitoring and evaluating the achievement of those objectives.

The ASX Recommendations define corporate governance as "the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations".

Corporate governance policies will vary from company to company as there is no single system of corporate governance that is applicable to all companies. A company must establish systems, processes and policies that help it achieve its objectives in light of the nature and size of that company.

As a result, the Company has adopted a number of policies to ensure that it has high-quality and transparent systems of corporate governance in place. These policies are incorporated in this Charter and are prepared in line with the ASX Recommendations which the Board recognises as best practice guidelines.

The Charter incorporates the following:

- i) Board Policy – see section 2;
- ii) Diversity Policy – see section 3;
- iii) Continuous Disclosure Policy - see section 4;
- iv) Code of Conduct – see section 5;
- v) Securities Trading Policy (including Annexure A “Insider Trading Laws” – see section 6;  
and
- vi) Audit and Risk Committee Charter – see section 7.

## **2. Board Policy**

### **2.1. Introduction**

Directors will be appointed and removed in accordance with the Corporations Act and the Constitution.

The conduct of the Board is governed primarily by the Company's Constitution. This policy aims to set out the practices that the Company has established and to which the Board and each Director is committed. This policy is simply an aid to the Board and the Directors. In the course of undertaking its responsibilities, the Board at all times must act in a manner that is consistent with its duties and obligations as imposed by the Company's Constitution, the ASX Listing Rules and by the law. Should there be any inconsistency between this policy and the Constitution, the Constitution shall prevail.

### **2.2. Responsibilities**

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Company and in particular, is responsible for the Company's growth and profitability. In meeting its responsibilities the Board shall undertake the following functions:

#### *Strategic Direction*

- (a) Providing and implementing the Company's strategic direction.
- (b) Directing and monitoring the Company's performance against strategies and business plans.
- (c) Approving and monitoring capital management and major expenditure and investments and divestitures.

#### *Risk management and reporting*

- (a) Reviewing and overseeing the operation of systems of risk management ensuring that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with.
- (b) Monitoring and appraising financial performance including the approval of annual and half year financial reports and liaising with the Company's auditors.
- (c) Liaising with the Investment Manager to identify and manage risk.
- (d) The Investment Manager will be responsible for preparing the declaration pursuant to section 295A of the Corporations Act as the Company does not have a chief executive officer (or equivalent) or a chief financial officer (or equivalent). Accordingly, the Board will seek to procure that the Investment Manager puts in place sound systems of risk management and internal controls and ensure that the systems are operating effectively in all material respects in relation to financial reporting risks.

#### *Management*

- (a) Monitoring and assessing the performance of the Investment Manager and ensuring that their actions are consistent with corporate strategy.
- (b) Ensuring that appropriate and effective remuneration packages and policies are implemented by the Company.
- (c) Monitoring and reviewing business results, outsourced service providers and the Board itself.
- (d) Ensuring the Board is comprised of individuals who are best able to discharge the responsibilities of Directors having regard to the law and the best standards of governance.

### *Remuneration*

- (a) Ensuring appropriate remuneration policies and practices are in place for non executive directors on the one hand and executive directors and other senior management on the other hand, while having regard to the guidelines issued by ASX in this regard.
- (b) The allocation and amount of remuneration for both executive and non-executive directors will be reviewed periodically every twelve months and will reflect market rates.

### *Performance*

- (a) Formation and monitoring of corporate governance policies and codes of conduct.
- (b) Undertaking an annual performance evaluation of the Board in light of this Charter.
- (c) Reviewing and overseeing internal compliance and legal regulatory compliance.

### *Corporate governance*

- (a) Ensuring compliance with the Company's Constitution and with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act.
- (b) Communicating with, and protecting the rights and interests of, all Shareholders.

## **2.3. Board Composition**

The composition of the Board is determined as follows:

- (a) The Company's Board shall comprise of a minimum of three directors, two of which will be Australian residents.
- (b) The Board must be comprised of members with expertise, experience and skill relevant to the business of the Company.
- (c) The Board will determine the number of independent directors (if any) it considers appropriate based on the size, nature and complexity of the business at any given time.

## **2.4. Company Secretary**

The Company Secretary is directly accountable to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.

## **2.5. Diversity**

The Company is committed to building a diverse workplace and developing policies to promote diversity to the extent appropriate for the size, nature and complexity of the Company at any given time.

The Diversity Policy is provided in section 3 of this Charter.

## **2.6. Independence**

The ASX Recommendations establish a number of factors that may be considered when assessing the independence of directors. The factors are whether a director:

- (a) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;

- (c) has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provider;
- (d) is a material supplier or customer of the Company or other Company member, or an officer or otherwise associated directly or indirectly with a material supplier or customer;
- (e) has a material contractual relationship with the Company or another Company member other than as a director.

These factors are only indicators of matters in which to assess the independence of a Director. The Board will assess the independence of each Director in light of the interests disclosed by them. The Board's assessment of the independence of Directors will be disclosed in the Company's future annual reports (to the extent deemed necessary).

## **2.7. Committees**

The Company recognises the importance of establishing audit, risk management, remuneration and nomination committees as good corporate governance in circumstances where appropriate for the size, nature and complexity of the Company.

However, considering the size of the Company, the functions that would be performed by a remuneration and nomination committee and an audit and risk committee are best undertaken by the Board.

Whilst the Company has three directors the Board (chaired by a non-executive independent director that is not the Board Chair) will perform the role of audit and risk committee. The Company may establish a separate audit and risk committee where the Board is comprised of more than three directors. The operations of that committee will be governed by the Audit and Risk Committee Charter (see section 8).

The Board will review its view on these committees in line with the ASX Recommendations and in light of any changes to the size or nature of the Company and if required may establish committees to assist it in carrying out its functions. At that time the Board will adopt a policy or charter for such committees in accordance with the ASX Recommendations and industry best practices.

## **2.8. Appointment and Retirement**

### *Appointment*

The Board will consider the appointment of a Director as and when a vacancy arises in accordance with the following considerations:

- (a) the skills, expertise and experience of any proposed Director;
- (b) the relevance and appropriateness of these skills, expertise and experience when compared to those of the current Board;
- (c) the terms of appointment must be recorded in a letter of appointment taking into consideration the ASX Recommendations, and if appointed this will form the basis of the written agreement between the Company and the Director;
- (d) the results of any background check which the Board undertakes; and
- (e) the terms of appointment must be in accordance with the Constitution, Corporations Act and Listing Rules.

The Board will provide securityholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

Prior to making any formal offer, a potential Director must be given sufficient information about the Company to allow the potential Director to conduct his / her personal due diligence. The information will extend to non-public information and care must be taken to ensure confidentiality.

#### *Retirement*

A Director must retire in accordance with the Corporations Act, the Listing Rules and the Company's Constitution. A Director may be re-elected if the Constitution permits.

## **2.9. Induction and Information**

#### *Induction Program*

The Company Secretary is responsible for arranging for the new Director to undertake an induction program to enable them to gain an understanding of:

- (a) the Company's investments;
- (b) the Company's financial, strategic, operational and risk management position;
- (c) their rights, duties and responsibilities; and
- (d) any other relevant information.

As part of this induction program, a new Director will meet with all incumbent Directors (if this has not already taken place).

#### *Ongoing Information*

The Chairperson, Directors, the Executives, Company Secretary and any other key members of management must be conscious to ensure that updated information is provided to the Board in a timely fashion to enable them to effectively discharge their duties as Directors.

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he/she requires from any Executive, employee or contractor of the Company.

Directors are entitled to receive appropriate professional development opportunities and maintain the skills and knowledge needed to perform their role as Director effectively. The Board will consider what is appropriate in this regard and the costs of such professional development must be reasonable when considered against the Company's corporate strategy and business plan.

## **2.10. Advice, Share Trading and Performance**

#### *Independent Advice*

In the performance of their duties as Directors, the Directors have a right to seek independent legal or other professional advice at the Company's expense.

#### *Director Share Trading*

The Share Trading Policy imposes restrictions on the trading of the Company's shares by people, including Directors with undisclosed price sensitive information. All Directors, Executives and senior management must follow the Share Trading Policy.

#### *Performance*

Due to the current size of the Company and its level of activity, the Board is responsible for the evaluation of its performance and the performance of individual Directors and the Executives. This internal review is to be conducted on an annual basis and if deemed necessary this internal review will



be facilitated by an independent third party. To determine whether it is functioning effectively, the Board shall:

- (a) review the Share Trading Policy annually; and
- (b) perform an evaluation of the Board's performance at intervals considered appropriate.

#### **2.11. Ethical standards and Share Trading**

The Directors must perform their duties in line with the Company's objectives and with the utmost integrity. Furthermore, the Directors must comply with the Company's Code of Conduct, Share Trading Policy and Insider Trading Policy as set out in sections 5, 6 and 7 of this Charter.

#### **2.12. Compliance with Laws**

The Company must comply with the Corporations Act, the Listing Rules as well as all other applicable laws, statutes and policies. Examples of applicable areas of regulation include:

- (a) regulatory guides and practice notes issued from time-to-time by the Australian Securities & Investments Commission;
- (b) occupational health & safety legislation;
- (c) employment related legislation;
- (d) anti-discrimination legislation; and
- (e) taxation legislation.

#### **2.13. Constitution**

The Constitution is a key governance document. The Board must ensure that it complies at all times with the provisions of the Constitution.

### **3. Diversity Policy**

#### **3.1. Introduction**

The Company recognises that a diverse workforce is a competitive advantage and that the Company's success is the result of the quality and skills of its people. This Diversity Policy is designed to support the Company's commitment to diversity.

#### **3.2. Objectives**

The Diversity Policy provides a framework for the Company to achieve the following objectives (**Objectives**):

- (a) a diverse and skilled workforce;
- (b) a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- (c) 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;
- (d) awareness in all staff of their rights and responsibilities with regards to fairness, and
- (e) equity and respect for all aspects of diversity.

#### **3.3. Benefits of diversity**

Diversity encompasses, among a range of matters, diversity in gender, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identification. Embracing diversity contributes to the Company achieving its corporate objectives and enhances its reputation and enables the Company to:

- (a) recruit the right people from a diverse pool of talented candidates;
- (b) create an inclusive workplace culture that embraces diversity; and
- (c) better represent the diversity of all of the Company's stakeholders.

#### **3.4. Strategies**

The Company's diversity strategies include:

- (a) taking steps to attract, retain and motivate well qualified Executives, employees and Board members from a diverse pool of candidates for all positions;
- (b) reviewing succession plans to ensure an appropriate focus on diversity;
- (c) identifying specific factors to be taken into account in recruitment and selection processes to encourage diversity;
- (d) developing and implementing programs to develop a broader pool of skilled and experienced Executives, employees and Board candidates, including workplace development programs,
- (e) taking action against inappropriate workplace behaviours including discrimination, harassment, vilification and victimisation;
- (f) developing and implementing mentoring programs and targeted training and development;

- (g) setting Board-determined measurable objectives for achieving gender diversity (**Measurable Objectives**) and assessing annually both the Measureable Objectives and the Company's progress in achieving them; and
- (h) any other strategies the Board develops from time to time.

### **3.5. Monitoring and Evaluation**

Measurable Objectives set by the Board will be included in the annual key performance indicators for the Managing Director and senior executives. In addition, the Board will review progress against the Objectives as a key performance indicator in its annual performance assessment.

### **3.6. Reporting**

The Board will include the Measurable Objectives (if any) set by the Board and progress in achieving them in the Annual Report each year.

## **4. Continuous Disclosure Policy**

### **4.1. Purpose**

The purpose of the Continuous Disclosure Policy is to ensure that the Company complies with its continuous disclosure obligations under the Corporations Act and the Listing Rules. Additionally, this policy aims to:

- (a) establish a framework to enable the Company to disclose relevant information in a timely manner to shareholders and the market generally that is accurate and not misleading;
- (b) to promote investor confidence in the integrity of the Company and its securities; and
- (c) to generally promote investor protection and protection of the market.

### **4.2. Continuous disclosure**

Monash Absolute Investment Company Limited is an ASX listed company. It is subject to continuous disclosure requirements under the Corporations Act and the Listing Rules, in addition to the periodic and specific disclosure requirements in the Listing Rules.

The primary continuous disclosure obligation is contained in Listing Rule 3.1, which states that the continuous disclosure obligation will be breached by an issuer who intentionally, recklessly or negligently fails to notify ASX immediately of information that:

- (a) is not generally available; and
- (b) a reasonable person would expect, if it were generally available, to have a material effect on the price or value of its securities.

unless the information falls within the carve-outs from disclosure set out in Listing Rule 3.1A, refer to “disclosure exceptions” in section 1.3 below.

For the purpose of the continuous disclosure obligation, “immediately” means “promptly and without delay”. It is important, therefore, that the announcements procedure (refer to section 4.10 below) is carried out as quickly as possible in the circumstances and disclosure is not deferred or put off to a later time.

Contravention of continuous disclosure obligations can extend to a person (director or executive) who is involved in a contravention of the continuous disclosure regime by a disclosing entity.

### **4.3. Disclosure exception**

The continuous disclosure obligation is not applicable where:

- (a) a reasonable person would not expect the information to be disclosed;
- (b) the information is confidential and ASX has not formed the view that the information has ceased to be confidential; and
- (c) one or more of the following applies:
  - (i) it would be a breach of a law to disclose the information;
  - (ii) the information concerns an incomplete proposal or negotiation;
  - (iii) the information comprises matter of supposition or is insufficiently definite to warrant disclosure;
  - (iv) the information is generated for internal management purposes of the Company; or

- (v) the information is a trade secret.

To rely on the exception, the above three requirements must be satisfied. Should one of the exceptions no longer be applicable then the Company can no longer rely on these exceptions and must disclose the information immediately to the market.

#### **4.4. Compliance**

The Company will ensure compliance with this Continuous Disclosure Policy and will:

- (a) disclose price sensitive information to ASX as soon as it becomes aware of that information;
- (b) ensure that the information is not false, misleading or deceptive so as to avoid creating what would constitute a false market; and
- (c) ensure that the information is disclosed clearly (expressed objectively), accurately and is complete.

In doing so the Company will ensure compliance with Listing Rule 15.7 that requires an entity not to release information to any person until it has given the information to ASX and has received an acknowledgement from ASX that the information has been released to the market.

#### **4.5. Price Sensitive Information**

The Company will ensure that all price sensitive information is released to the market in accordance with the Listing Rules and in accordance with the announcements procedure in section 4.10 of this policy.

Price sensitive information is information that:

- (a) a reasonable person would expect will have “a material effect on the value or price” of securities; and
- (b) if the information were publicly available “would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of those securities”.

Price sensitive information includes information relating to a takeover bid or a merger, proposed acquisition or disposal of a material asset, material variations in earnings or profits from previously published forecasts, a material change to the business plan, loss of a material contract and major litigation.

#### **4.6. Loss of Confidentiality**

Where confidentiality is lost as a result of a specific rumour or media comment then the Company will respond to media speculations to the extent that such responses are required to correct or prevent a false market. In determining whether confidentiality is lost the Company will look at previous announcements it had made and will consider any likely reaction of the market or particular investors to such speculation.

#### **4.7. Administering Corporate Governance Compliance**

This policy is administered by the Board and key personnel as follows:

- (a) the Board will review significant ASX announcements and ensure and monitor compliance with this policy;
- (b) the Compliance Manager of the Investment Manager is responsible for the overall administration of this policy;
- (c) the Company Secretary is responsible for all communications with ASX;

- (d) other Executives and the Investment Manager will report any material price sensitive information to the Compliance Manager and the Company Secretary and they will observe the Company's "no comments" policy as set out in section 4.11 below.

#### **4.8. The Investment Manager**

The Compliance Officer of the Investment Manager is responsible for:

- (a) ensuring that the Company is compliant with its disclosure obligations and with the Continuous Disclosure Policy;
- (b) preparing proposed announcements and consulting with the Company Secretary, Board and other advisors as necessary;
- (c) implementing reporting processes for materiality of information;
- (d) in consultation with the Company Secretary, regularly reviewing the Continuous Disclosure Policy in light of legislative changes, other developments or market practice.

#### **4.9. Company Secretary**

The Company Secretary is responsible for:

- (a) communicating with ASX;
- (b) reviewing proposed announcements and consulting with the Investment Manager, Board and other advisors as necessary;
- (c) reporting on continuous disclosure issues regularly to the Board;
- (d) keeping a record of ASX announcements;
- (e) monitoring and reporting to the Board on the effectiveness of this Continuous Disclosure Policy in light of the ASX Recommendations; and
- (f) in consultation with the Investment Manager, regularly reviewing the Continuous Disclosure Policy in light of legislative changes, other developments or market practice.

#### **4.10. Announcements Procedure**

The Company's announcements to ASX will be managed in accordance with the following procedure:

- (a) as soon as a Director or an employee of the Investment Manager becomes aware of any information that may affect the price or value of Monash Securities and has not been previously released by the Company, they are to notify the Board or the Company Secretary immediately;
- (b) the Company Secretary will review and assess that information and determine, in consultation with the CEO of the Investment Manager, whether it needs to be disclosed or whether it needs to be further discussed with the Board;
- (c) if an announcement of price sensitive information is required the Company Secretary or an authorised employee of the Investment Manager will prepare a draft announcement;
- (d) the Company Secretary will provide the draft announcement to the Board for approval;
- (e) following the approval of an announcement of price sensitive information by the Board, the Company Secretary will then lodge the announcement with ASX electronically; and
- (f) after receiving acknowledgement from ASX that the announcement has been released the Investment Manager will ensure the announcement is accessible from the Investment Manager's Website. This will be done within 24 hours of receiving that acknowledgement t.

#### **4.11. No Comments Policy**

The Company has adopted a “*no comments*” policy in relation to any market speculation or rumours and this policy must be observed by all Executives and the Investment Manager at all times. In light of this, the Company may issue an announcement in response to a market speculation or rumour where it is necessary to do so to eliminate the possibility of a false market or contravention of the Listing Rules.

Where an Executive or employee of the Investment Manager is approached by the media or any analysts or other external parties with respect to providing any information about the Company, the general policy to be observed is a “*no comments*” policy. On receipt of any such approach, an Executive or employee of the Investment Manager is to notify the CEO of the Investment Manager as soon as possible.

As part of the Company’s management of investor relations it may conduct briefings with analysts or investors from time to time. However, the Company’s policy for conducting these briefings is to ensure that no material price sensitive information is disclosed at a briefing or presentation without it first being lodged with and released to the market by ASX. No briefings with analysts or investors will be held during a Closed Period.

Refer to Annexure A to the Securities Trading Policy for further details of dealing with security analysts, institutional investors and journalists.

#### **4.12. Responding to Analyst Reports and Forecasts**

If a draft report has been sent to the Company for comment the report should be forwarded directly to the CEO of the Investment Manager. The Company will not endorse any reports, and will restrict any comments to factual matters and matters which have been previously disclosed to ASX.

Refer to Annexure A to the Securities Trading Policy for further details of dealing with security analysts, institutional investors and journalists.

#### **4.13. Trading Halts**

The Company in certain circumstances may need to request a trading halt from ASX. The Chairperson in consultation with the Board will make decisions in relation to trading halts. The only personnel authorised to request a trading halt on behalf of the Company will be the Chairperson and the Company Secretary.

#### **4.14. Advisors**

To ensure compliance with its listing obligations, the Company may from time to time require advisors to advise on its adherence to this policy. The Company may ask such advisors to sign a confidentiality agreement before disclosing any information to them.

#### **4.15. Contravention of Policy**

Non-compliance with the continuous disclosure obligations may constitute a breach of the Corporations Act and the Listing Rules. This may result in fines for the Company, personal liabilities for Directors and other officers and damage to the Company’s reputation. The Company takes continuous disclosure very seriously and will not tolerate any deviation from this policy and will take disciplinary action where a contravention arises.

Breaches of this policy may result in disciplinary action against individuals, including dismissal or termination of contract.

#### **4.16. Shareholder Communications**

The Board aims to keep Shareholders informed of all major developments affecting the Company’s activities and its state of affairs through announcements to ASX, releases to the media and dispatch of financial reports. All such announcements are also accessible from the Investment Manager’s Website.

These include:

- (a) at least monthly net tangible asset backing announcements;
- (b) the half year report;
- (c) the full year report;
- (d) the annual report;
- (e) the notice of Annual General Meeting, explanatory memorandum and the Chairperson's address;
- (f) occasional ASX announcements made to comply with the Company's continuous disclosure requirements; and
- (g) occasional correspondence sent to Shareholders on matters of significance to the Company.

The Board encourages full participation of Shareholders at the Annual General Meeting or any general meeting of the Company to ensure a high level of accountability and identification with the Company's strategy and goals. The Company's auditor will attend the Annual General Meeting to answer questions from Shareholders relating to the audit.

The Company's annual report is the main vehicle for communicating with Shareholders on the activities and performance of the Company in the previous 12 months. The annual report will be posted on the Investment Manager's Website and will be downloadable.

The Company will also provide Shareholders with the option to receive communications from, and send communications to, the Company and its share registry electronically.

#### **4.17. Ethical Standards/Business Conduct**

The Company actively promotes a set of values designed to assist all personnel in their dealings with each other, competitors, customers and the community. The Company has adopted a Code of Conduct policy.

The Company has also adopted a Securities Trading Policy.

#### **4.18. Defined Terms and Glossary**

Refer to the Monash Glossary of Terms, a copy of which is available in the corporate governance section of the Company's website.



## **5. Code of Conduct**

### **5.1. Introduction**

The Company is committed to maintaining ethical standards in the conduct of its business activities. The Company's reputation as an ethical business organisation is important to its ongoing success and it expects all its Directors, Executives and employees to be familiar and have a personal commitment to meeting these standards.

### **5.2. Purpose of the Code**

The Board has adopted this Code of Conduct to define basic principles of business conduct. This Code requires Directors, Executives and employees to abide by the policies of the Company and to the law. The Code is a set of principles giving direction and reflecting the Company's approach to business conduct and is not a prescriptive list of rules for business behaviour.

### **5.3. Business Ethics**

*Openness, honesty, fairness and integrity*

Directors, Executives and employees will conduct themselves with openness, honesty, fairness and integrity in business transactions and in dealings with others.

*Mutual respect*

Directors, Executives and employees are expected to treat everyone else with whom they interact in their work with courtesy and respect.

*Ethical Conduct*

Directors, Executives and employees will act ethically in their approach to business decisions.

*Compliance with Laws*

Directors, Executives and employees are expected to comply with all laws that govern the Company's business and the policies that the Company adopts from time to time.

### **5.4. Business Conduct**

Directors, Executives and employees will observe appropriate principles of behaviour when conducting Company business and interacting with others.

*Compliance with laws and regulations*

Directors, Executives and employees will act in compliance with all laws that apply to the Company's business. Directors, Executives and employees should discuss with their manager and if necessary obtain the consent of the Company Secretary or Chairperson to seek advice from one of the Company's legal advisors if they are unclear about any laws relating to their work.

*Trading in Shares*

Any trading of the Company's shares must be done in accordance with the Share Trading Policy.

*Privacy and Intellectual property*

Each Director, Executive and employee is responsible for protecting the Company's intellectual property rights. All intellectual property that an employee or contractor generates in relation to the Company is the property of the Company.

## **5.5. Personal and Professional Conduct**

### *Financial Integrity*

The Company has stringent financial accounting procedures that are overseen by management, the Board, and the external auditor. The use of Company funds or assets for any unethical purpose is prohibited.

### *Giving Gifts*

The Company does not allow the making of payments or payments in kind (gifts, favours etc) to induce individuals to award business opportunities to the Company or to make a decision in the Company's favour. This activity is prohibited by the Criminal Code Act 1995.

The Company recognises that it is accepted business practice that entertainment and small gifts may be extended to third parties with whom the Company has a relationship. However, any such gifts must be made for a proper purpose.

### *Accepting Gifts*

Directors, Executives and employees should not accept personal gifts or extraordinary hospitality, accommodation or travel which may influence, or appear to influence, a business decision.

### *Business agreements and contracts*

The Company expects to compete fairly and ethically for all business opportunities. Directors, Executives and employees involved in the negotiation of agreements and contracts must ensure that they act in accordance with the law.

All appropriate approvals must be obtained before contracts are executed. The Company is committed to meeting its contractual obligations.

### *Confidentiality*

Directors, Executives and employees may not at any time, directly or indirectly, profit from confidential information obtained during the course of duties they perform on behalf of the Company.

Each employee must safeguard confidential information of the Company by not transferring, publishing, using or disclosing it other than when necessary in the ordinary course of business, or as specifically directed or authorised. All confidential or proprietary information that has been entrusted to the Company by a third party must be treated as if it was the Company's confidential information.

### *Public Statements*

Public statements have the potential to breach the Company's obligations in respect to confidential information, share trading and continuous disclosure.

Executives and employees should not make public statements unless authorised by the Chairperson or Company Secretary.

### *Smoking and the use of drugs and alcohol*

A safe and healthy work environment is the responsibility of every employee. This obligation includes responsible behaviour with respect to the use of alcohol, drugs and tobacco when conducting Company business and at Company sponsored activities.

Smoking and the use of recreational or non-prescription drugs is not permitted on Company premises.

### *Gathering information on the Company's competitors*

Information should not be gained through unlawful or deceitful means.

### *Conflict of Interest*

All Executives and employees have an obligation to seek to avoid financial, business or other relationships which might be opposed to the interests of the Company or which may conflict with the performance of their duties.

Where a conflict arises, the employee or Executive should notify the Company Secretary in writing, who shall inform the Board of the conflict as soon as practicable. The notice should detail the nature and extent of the potential conflict. Where an employee or Executive has any doubt about conflicts of interest, the employee or Executive should contact the Company Secretary.

A Director must give the other Directors notice if they have an interest in matters that relate to the Company's affairs that may give rise to a conflict. The disclosure must detail the nature and extent of the interest, be recorded in the minutes of the directors' meetings and referred to the Chairperson for determination.

### *Use of Company resources*

Employees must use all Company assets for proper purposes during their employment with the Company.

No property of the Company may be sold, loaned, given away, otherwise disposed of, without proper authorisation.

### *E-mail and Internet*

The Company's email and internet systems have been developed to assist communication with customers, suppliers and between staff. These facilities may not be used for personal gain or in a manner which may breach the law or is inappropriate for a Director, Executive or employee of the Company.

## **5.6. Respect for Others**

### *The Company and its employees*

The Company actively supports the principle of equal employment opportunity and expects its Directors, Executives and employees to practise and support this principle. The Company's policy is to ensure that it does not engage in discriminatory practices and to make employment and career decisions on the basis of individual ability, performance, experience, and Company requirements.

The Company regards personal, physical or sexual harassment as unacceptable. The Company expects and requires its Directors, Executives and employees to comply with occupational health and safety laws and Company policies.

### *The Company and partners, customers and suppliers*

The Company's partners, customers and suppliers will be treated fairly and with professionalism and respect. The Company strives to be a good corporate citizen and to maintain open and frank business dealings and to develop mutually advantageous relationships.

## **5.7. Improper Behaviour**

Employees and Executives are encouraged to contact the Company Secretary where the employee or Executive has a reason to suspect that any fraudulent or unethical behaviour has occurred.

## **5.8. More information**

An employee or Executive requiring further information regarding any aspect of the Code must contact the Company Secretary.

## 6. Securities Trading Policy

### 6.1. Purpose

The Board has established this policy to:

- Detail the circumstances in which **Restricted Persons** (defined below) may trade in Monash Securities;
- Assist Restricted Persons to comply with the insider trading laws under the *Corporations Act 2001* (Cth) or avoid market misconduct; and
- Protect the reputation of the Company in relation to trading by Restricted Persons in Monash Securities.

### 6.2. Policy

All Restricted Persons to whom this policy applies are prohibited from:

- (a) Dealing in Monash Securities or in any other securities where the person dealing in the securities has Inside Information in relation to those securities;
- (b) Passing on Inside Information to others who may deal in securities;
- (c) Dealing in Closed Periods (see Section 6 below); and
- (d) Speculative or short-term trading in Monash Securities. Short-term trading refers to trading in or out of Monash Securities within a 12 month period.

An explanation of the insider trading laws is included in Annexure A.

All Restricted Persons must adhere to the Securities Trading Policy. The Board regards any breach of this policy as a serious matter which may lead to disciplinary action up to and including termination of employment or appointment.

### 6.3. Trading in securities of other entities

Restricted Persons may have Insider Information on other entities, through their role with the Company. As such, Restricted Persons are prohibited from any form of insider trading in the securities of other entities.

### 6.4. Application

This Securities Trading Policy and the restrictions on trading in Monash Securities contained therein applies to the following representatives of the Company (**Restricted Persons**):

- (a) the Directors;
- (b) directors or company secretary of any subsidiary of the Company;
- (c) any person who is entitled to receive equity performance rights and/or options as part of any equity incentive based scheme of the Company;
- (d) any executive;
- (e) a Key Service Provider in possession of Inside Information of the Company; and
- (f) the Company Secretary.

## **6.5. Associated Parties**

Each Restricted Person must take all reasonable steps to ensure that his or her “associated parties” (being immediate family (including a spouse (or equivalent) or dependent), family company or trust) complies with the same respective restrictions that apply to Restricted Persons.

## **6.6. Closed Periods**

As the Company is a listed investment company which announces its investment updates and Net Tangible Assets (NTA) at least monthly on the ASX, the Board believes the Shareholders are generally fully informed.

In addition to the overriding prohibition on dealing when a person is in possession of Inside Information, Restricted Persons and their associated parties are prohibited (unless otherwise approved in writing by the Board) from dealing in shares during each of the Company’s Closed Periods which are:

- A period of 5 business days before the announcement of a dividend or any other capital management initiative that might have a material impact on the share price; or
- From the end of the month until the trading day after the release to the market by way of ASX announcement of the Company’s monthly NTA;
- From the end of the half year or full year until the trading day after the results for the half year or full year are released to the market by way of ASX announcement; and
- Any other Closed Period that, the Board may from time to time designate under the Securities Trading Policy.

For the avoidance of doubt:

- Restricted Persons may not deal at any time while in possession of “Inside Information”, even if the proposed dealing falls outside a Closed Period; and
- It is the responsibility of a Restricted Person to check that any proposed dealing in Monash Securities does not fall within a Closed Period.

## **6.7. Board of Directors’ discretion**

The Board has an absolute discretion to place an embargo on Restricted Persons and/or employees and/or their respective associated parties trading in Monash Securities at any time.

## **6.8. Notification rules in relation to proposed dealing in Monash Securities**

Restricted Persons are required to notify the Company of intended dealings in Monash Securities, by themselves or their associated parties, prior to undertaking any intended dealing. This is to be done by submitting a written notice to the Company Secretary (a “Request to Trade”) outlining all of the following:

- (a) The exact name of the Shareholder, including their SRN or HIN;
- (b) The type of proposed transaction (purchase, sale, etc.);
- (c) Details of the securities to be traded (shares, options, rights, etc.);
- (d) The number of securities involved;
- (e) A certification by the applicant that they are not in the possession of any Inside Information that might preclude them from trading at that time; and
- (f) In the event of exceptional circumstances (refer to Section 11 of the policy), particulars of the exceptional circumstances.

The Company Secretary will confer with the Chairperson to decide on any proposed dealing. In the absence of the Chairperson, the Company Secretary will confer with the Chairperson of the Audit & Risk Committee.

If the Request to Trade is approved, written approval (a "Clearance to Trade") will be issued. If the Request to Trade is not approved, the refusal will be communicated in writing (normally by email).

Restricted Persons seeking to trade must be in receipt of a Clearance to Trade prior to trading. Any Clearance to Trade is valid for 5 business days only, unless explicitly stated otherwise.

Any Request to Trade by submitted by the Chairperson will be referred by the Company Secretary to the Chairperson of the Audit & Risk Committee for decision.

The Chairperson and the Company Secretary must keep a written record of any information received from a Restricted Person in connection with the Securities Trading Policy and any Clearance to Trade or refusal to grant clearance given under the policy.

#### **6.9. Request to trade acknowledgements**

A Restricted Person submitting a Request to Trade in Monash Securities in so doing acknowledges that:

- (a) Any Request to Trade can be approved or rejected by the Company in its discretion, without providing any reason;
- (b) A Clearance to Trade can be withdrawn if there is a change in circumstances or the Company becomes aware of new information;
- (c) A decision to reject a Request to Trade is final and binding on the person applying for clearance; and
- (d) If the Request to trade is not approved, the person seeking clearance must keep that information strictly confidential.

#### **6.10. Directors to notify ASX of shareholding**

The Directors are required to complete, or request that the Company Secretary complete, necessary forms to be filed with ASX in respect of their shareholding in the Company for the purposes of section 205G of the Corporations Act and the Listing Rules.

All Directors have, and new Directors will, enter into a Director disclosure agreement or equivalent document with the Company (as set out in Guidance Note 22 of the Listing Rules). The Company Secretary will maintain records of signed copies of these Director disclosure agreements or equivalent document.

#### **6.11. Exceptional Circumstances**

Where, in exceptional circumstances, and it is the only reasonable course of action available to a Restricted Person (e.g. a pressing financial commitment that cannot be satisfied otherwise) clearance may be given for the Restricted Person to sell (but not to purchase) Monash Securities when that person would otherwise be prohibited from doing so. In this section 6.11 "*exceptional circumstances*" means severe financial hardship, a court order (or court enforceable undertaking), or some other overriding legal or regulatory requirement, to transfer or sell shares in the Company, or other circumstances that may be deemed exceptional by the Chairperson. For example, a Restricted Person may be in severe financial hardship if he or she has a pressing financial commitment that cannot otherwise be satisfied.

The Chairperson may not approve the Request to Trade under the exception in section 6.11 if there is a matter about which there is Inside Information in relation to Monash Securities (whether or not the Restricted Person knows about the matter) when the Restricted Person requests clearance or proposes to deal in Monash Securities.

The Chairperson will decide if circumstances are exceptional.

Any clearance given by the Chairperson in accordance with section 6.11 must be in writing (which may be in the form of an email). The maximum duration of the clearance is 5 business days and the Chairperson must determine, and specify in the written clearance, any variation to this duration period.

#### **6.12. Trading not subject to this Securities Trading Policy**

The following dealings are not subject to the provisions of this Securities Trading Policy in respect of the Company:

- (a) undertakings or elections to take up entitlements under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
- (b) the take up of entitlements under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
- (c) allowing entitlements to lapse under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
- (d) the sale of sufficient entitlements to allow take up of the balance of the entitlements under a rights issue;
- (e) undertakings to accept, or the acceptance of, a takeover offer or pursuant to a scheme of arrangement implemented in accordance with section 411 of the Corporations Act;
- (f) transfer of shares arising out of the operation of an employee scheme into a savings scheme investing only in Monash Securities following:
  - (i) the exercise of an option under a savings related share option scheme; or
  - (ii) release of shares from a profit sharing scheme;
- (g) the cancellation or surrender of an option under an employee scheme;
- (h) the purchase of shares or the communication of information pursuant to a requirement imposed by law;
- (i) transfers of shares by an independent trustee of an employee share scheme to a beneficiary who is not a person;
- (j) bona fide gifts to a Director by a third party;
- (k) transfers of securities of the entity already held into a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;
- (l) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (m) where a Restricted Person is a trustee, trading in the securities of the entity by that trust provided the Restricted Person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person; and
- (n) trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue.

### **6.13. Hedging**

A Restricted Person must not enter into hedging arrangements with respect to Monash Securities.

Hedging arrangements include entering into transactions in financial products that operate to limit the economic risk associated with holding securities in the Company.

### **6.14. Margin Loans**

A Restricted Person must not include his or her securities in the Company in a margin loan portfolio or otherwise deal in Monash Securities pursuant to a margin lending arrangement without first obtaining the Company's consent. Such dealing would include:

- (a) entering into a margin lending arrangement in respect of Monash Securities;
- (b) transferring securities in the Company into an existing margin loan account; and
- (c) selling securities in the Company to satisfy a call pursuant to a margin loan.

The Company may, at its discretion, make any Request to Trade issued in accordance with this Clause 6.14 conditional upon such terms and conditions as the Company sees fit (for example, in regards to the circumstances in which Monash Securities may be sold to satisfy a margin call).

### **6.15. Defined Terms and Glossary**

Refer to the Monash Glossary of Terms, a copy of which is available in the corporate governance section of the Company's website.

#### **Annexure A:**

Insider Trading Laws



## **Annexure A: Insider Trading Laws**

### **Introduction**

The Corporations Act prohibits any dealing by an individual in a Company's securities while that person is in possession of Inside Information (defined below) regarding that Company.

In addition, the Securities Trading Policy sets out additional restrictions which apply to Restricted Persons.

The effect of the law is to impose a number of significant restrictions on Directors, Officers and Executives of the Company along with Key Service Providers when they deal in Monash Securities. As fiduciaries, Directors, Officers and Executives of the Company must not utilise their position for their own gain or for the gain of any person other than the Company.

The Corporations Act imposes severe penalties (both criminal and civil) on persons who conduct insider trading activities. These criminal penalties can include heavy fines and imprisonment. Any perception of improper conduct by Directors, Officers and Executives of the Company also has the potential to substantially damage the Company's reputation.

The Company has included this Annexure to the Securities Trading Policy in an effort to prevent the incidence of insider trading in Monash Securities. The Annexure provides a general summary of the law in Australia in relation to insider trading. It is the personal responsibility of each Director, Officer and Executive of the Company to comply with Insider Trading laws.

### **Overview of the insider trading provisions in the Corporations Act**

It is illegal for anybody to deal in any securities of a body corporate (including the Company), when in possession of information that the person knows, or ought reasonably to know:

- (a) is not generally available (including information that the Company has not disclosed to the market in accordance with the Company's Continuous Disclosure Policy); and
- (b) might have a material effect on the price or value of those securities if it was generally available.

### **(Inside Information).**

This prohibition extends to procuring another person to deal, and, in the case of shares of listed corporations, extends to communicating the Inside Information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in the shares in question or procure another person to do so. To communicate Inside Information to another person is also an offence which carries both civil and criminal penalties.

Any Restricted Person in possession of Inside Information about the Company has a duty to keep that information confidential and must not in any way disclose or communicate that information to any person.

### **Dealing with security analysts, institutional investors and journalists**

A Restricted Person may be exposed to others outside the Company such as security analysts, institutional investors and journalists. It is important that all Restricted Persons be aware that selective disclosure of non-public information may result in a breach of the insider trading rules.

It is important to emphasise that it is the mere fact of conveyance of the material non-public information that gives rise to liability, not the manner in which it is conveyed.

It is possible to convey information in breach of Insider Trading laws by expressing subjective attitudes about the Company's performance or by calling attention to selective information not available as an aggregate to the general public. It is essential to avoid the indirect conveyance of information by any means whatsoever.

If during the course of a discussion with any analyst, journalist or other outsider, material non-public information concerning the Company is disclosed, inadvertently or otherwise, the recipient of the information should be informed of its non-public nature and cautioned against its use unless and until

the Company has made full public disclosure of the information. The Company Secretary should be notified of the situation immediately so that a decision can be made regarding disclosure of the information.

No public comments should be made regarding any previously undisclosed operating results or other developments unless authorised by the Company.

## **7. Audit and Risk Committee Charter**

### **7.1. Purpose**

This Charter governs the operations of the Company's Audit & Risk Committee (**Committee**), if the Committee is established (in accordance with Board Policy at section 2.7).

The Committee shall provide assistance to the Board in fulfilling its responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems, and the external audit function.

In discharging its role, the Committee is empowered to investigate any matter brought to its attention with full access to all books and records of the Company.

The Committee is empowered to engage independent counsel and other advisers as it determines necessary to carry out its duties or delegate any of its duties and responsibilities.

### **7.2. Composition**

The Committee shall be comprised as follows:

- (a) at least three Directors appointed by the Board from time to time, all of whom are non-executive Directors;
- (b) a majority of Committee members must be independent Directors. "Independence" shall be determined in accordance with the Board Policy;
- (c) the Chairperson of the Committee shall be an independent Director, who is not also Chairperson of the Board; and
- (d) all Committee members shall be financially literate. At least one member shall have accounting and/or related financial expertise as determined by the Board.

### **7.3. Meetings**

Meetings of the Committee will be conducted as follows:

- (a) the Committee shall meet as frequently as required, but not less than two times per year;
- (b) a quorum for Committee meetings shall be any two Committee members;
- (c) any Executive who is not a Committee member may attend (but not vote at) a meeting of the Committee for discussion on particular areas of interest to that Executive. The Committee may also invite other individuals to attend meetings of the Committee, as they consider appropriate;
- (d) the Committee shall report to the Board on all matters relevant to the Committee's role and responsibilities; and
- (e) minutes of Committee meetings shall be included in the papers for the next full Board meeting after each Committee meeting.

### **7.4. Duties and Responsibilities**

The duties and responsibilities of the Committee shall include:

- (a) to make recommendations to the Board on the appointment, reappointment or replacement and, if relevant, remuneration of the external auditor;
- (b) to review and assess the independence of the external auditor;

- (c) to review the scope, processes and results of the external audit;
- (d) to monitor the effectiveness and appropriateness of the accounting and internal control systems and reporting of the Company;
- (e) to review half year and full year financial statements and Appendices 4D and 4E prior to filing with the ASX;
- (f) to review the adequacy and effectiveness of the Company's risk management framework by gaining assurance that major risks have been identified and are appropriately managed; and
- (g) to review its performance and the Audit and Risk Committee Charter annually to ensure it is operating effectively.