

# Monash Absolute Investment Company Limited

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

### **Corporate Governance Statement 26 August 2019**

The Board of Directors of Monash Absolute Investment Company Limited (the **Company**) is committed to maintaining high standards of Corporate Governance. This Corporate Governance Statement (**Statement**) discloses the extent to which the Company has followed the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The information in this Statement has been approved by the Board and is current as at 26 August 2019.

#### **Role of the Board and the Investment Manager**

The Company has no employees or management. The Company's activities are undertaken by Monash Investors Pty Limited (ACN 153 180 333) (**Investment Manager**), in accordance with the Investment Management Agreement dated 23 February 2016 between the Company and the Investment Manager. The Investment Management Agreement sets out the specific responsibilities of the Board and those delegated to the Investment Manager.

The role and responsibility of the Board are detailed in the Board policy which is included in section 2 of the Corporate Governance Charter which and can be found in the Corporate Governance section of the Company's website.

#### **Appointment, induction and training**

The Board Policy sets out what the Board will consider when appointing a director, including the results of an appropriate background check which the Board will undertake and requires the Board to provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

As provided in the Board policy, the Company Secretary is responsible for arranging for any new Director to undertake an induction program to enable them to gain an understanding of the Company's investments; financial, strategic, operational and risk management position; their rights, duties and responsibilities; and any other relevant information.

The current Directors have written agreements with the Company. Any new Directors will upon appointment, receive a written agreement which sets out the terms of their appointment.

The Directors are entitled to receive appropriate professional development opportunities. The Company does not have any senior executives.

#### **Board performance**

The Company believes it is important that the Board reviews its own performance to ensure it continues to perform at a high level. Under the Board Policy, the Board must conduct an

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annual performance review. The Board Policy sets out the process for this review. A Board review was conducted in August 2019 in accordance with this process.

### **Independence of the Board**

The Board assesses the independence of Non-executive Directors against the definition of independent Director and the factors set out in Box 2.3 of the ASX Corporate Governance Principles and Recommendations.

The majority of the Board are independent Directors, including the Chairman. The Board's assessment of the independence of each current Director is set out below.

<b>Name</b>	<b>Status</b>
Paul Clitheroe (Non- Executive Chairman)	Independent
Suvan de Soysa (Non- Executive Director)	Independent
Simon Shields (Executive Director)	Non Independent

The length of service of each Director is set out in the Directors' Report of the 2019 Annual Report.

### **Board skills and experience**

The skills and experience of each are detailed in the Directors Report of the 2019 Annual Report.

### **Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chair on all matters to do with the proper functioning of the Board. The role of the Company Secretary is set out in more detail in the Board Policy.

### **Risk**

The Board has a number processes it employs for overseeing the Company's risk management framework and internal control systems.

The Investment Manager is primarily responsible for managing the risk of the Company's portfolio. Other third parties such as Morgan Stanley International & Co International plc (as prime broker and custodian and the Company's administrator will assist with compliance. The Investment Manager's risk policies and controls are designed to be robust and relevant to the Company's investment objective and strategy.

The Board is required to review at least annually the effectiveness of the Company's risk management and internal control systems. This review was conducted in May 2019.

The Company's exposure to economic, environmental and social sustainability risks, together with the Company's approach to managing those risks, is outlined in the Operating and Financial Review section of the Annual Report.

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### **Audit and Risk Committee**

The Board has an Audit and Risk Committee, which has three members, all of whom are directors and a majority of whom are independent directors. The Committee is chaired by an independent Director who is not the chair of the Board.

The Audit and Risk Committee is required to review at least annually the effectiveness of the Company's risk management and internal control systems. This review was conducted in May 2019.

The Audit and Risk Committee Charter is included in section 7 of the Corporate Governance Charter, which is available in the Company's Corporate Governance section of the Company's website.

The relevant qualifications and experience of the members of the Committee are set out in the Directors' Resumes section of the Annual Report.

The number of times the Committee met during the financial year and the individual attendances of the members at those meetings are set out in the Directors' Report of the Annual Report.

### **Remuneration Committee**

The Board does not have and does not currently intend to establish such a committee. The Board considers that because the formation of such a committee would be inefficient given the Company's size and the fact that it does not have any employees. For this reason, a remuneration committee would not serve to protect or enhance the interest of shareholders. Should the size of the Company change the Company will consider establishing a separate remuneration committee.

The Board has a number of processes it employs for setting the level and composition of remuneration for Directors and ensuring that such remuneration is appropriate and not excessive. These are described in the Remuneration Report of the Annual Report. The Remuneration Report also includes a summary of our policies and practices regarding the remuneration of Directors.

The Board will annually review the allocation and amount of remuneration for executive directors (if any) and non-executive Directors and this will reflect market rates.

The Company does not have any executive directors or senior executives.

The Company does not have an equity based remuneration scheme. However, the Company's Securities Trading Policy is included in section 6 of the Corporate Governance Charter which is available in the Company's Corporate Governance section of the Company's website.

### **Nomination Committee**

The Board does not have and does not intend to establish such a committee because the formation of such a committee would be inefficient given the Company's size and nature. It would not serve to protect or enhance the interest of shareholders. The Board will deal with

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this issue as a whole. Should the size of the Company change, the Board will consider establishing a separate nomination committee.

The Board Policy sets out how the Company addresses succession issues.

### **Internal audit**

The Company does not have an internal audit function. The Board has a number of processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes which are set out in the Board Policy.

The Investment Manager is 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 seeks to procure that the Investment Manager has in place sound systems of risk management and internal controls and ensures that the systems are operating effectively in all material respects in relation to financial reporting risks.

### **External Auditor**

The Company's external auditor, Ernst & Young attends the Annual General Meeting (**AGM**) and a representative is available to answer questions from shareholders relevant to the audit at the AGM. Rita Da Silva's independence declaration is contained in the Directors' Report in the Annual Report.

### **Code of Conduct**

The Company is committed not only to complying with its legal obligations, but also to acting ethically and responsibly. The Company expects a high level of honesty, care, fair dealing and integrity in the conduct of all business activities.

The Company has a Code of Conduct which sets the minimum standards of conduct expected of all Directors, officers, executives, employees and contractors of the Company. The Code of Conduct is included in section 5 of the Corporate Governance Charter, which is available in the Company's Corporate Governance section of the Company's website.

### **Diversity Policy**

As the Company has no employees or management, the Diversity Policy only applies to the Board. The Company has a Diversity Policy which provides a framework for the Company to achieve workplace diversity. The Board will determine whether to include a recommendation as to whether it is appropriate for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually.

Currently the Board has no female directors and the Investment Manager's Chief Operating Officer is female representing 25% of the Investment manager's total staff.

The Company's Diversity Policy is included in section 5 of the Corporate Governance Charter which is available on the Company's Corporate Governance section of the Company's website.

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### **Continuous disclosure**

The Company must comply with continuous disclosure requirements arising from legislation and the ASX Listing Rules. The Company has in place a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules. The Continuous Disclosure Policy is included in section 4 of the Corporate Governance Charter, which is available in the Company's Corporate Governance section of the Company's website.

### **Shareholder communication & Investor Relations**

The Company is committed to regularly communicating with its shareholders in a timely and accessible manner, and to encouraging shareholder participation at its general meetings.

The Company provides information about itself and its corporate governance to investors via the Company's website at <http://www.monashinvestors.com/listed-company>. Shareholders also have the option to receive communications from, and send communications to the Company and its share registry electronically. Shareholders are encouraged to create an online account at [www.investorserve.com.au](http://www.investorserve.com.au).

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 will be to ensure that no material price sensitive information is announced prior to it being announced to the market. No briefing will be held during the pre-results periods.