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19 February 2016

Australian Securities Exchange  
Company Announcement Office  
Level 4, 20 Bridge Street  
Sydney NSW 2000

Dear Sir / Madam,

**STW COMMUNICATIONS GROUP LIMITED - 2015 CORPORATE GOVERNANCE STATEMENT**

Please find attached the 2015 Corporate Governance Statement for STW Communications Group Limited, pursuant to Listing Rule 4.7.4.

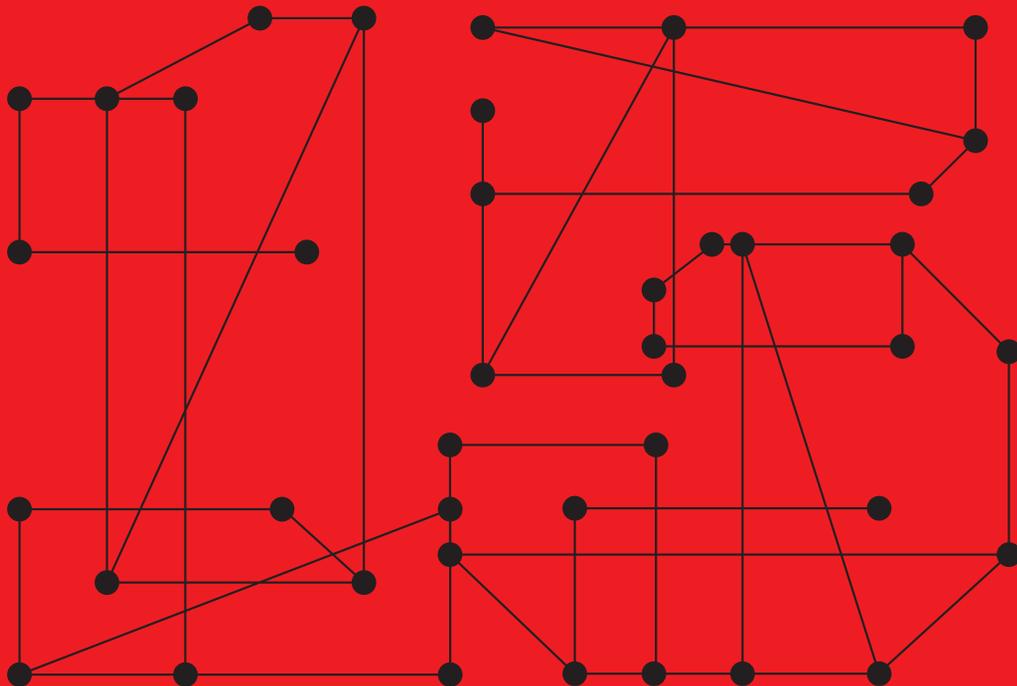
Yours faithfully

A handwritten signature in black ink, appearing to read "Chris Rollinson".

Chris Rollinson  
Company Secretary



Corporate Governance  
Statement 2015



# CORPORATE GOVERNANCE STATEMENT

## THE COMPANY'S APPROACH TO CORPORATE GOVERNANCE

The Board of the Company is responsible for the governance of the Company and its controlled entities ("the Group").

The Board and management of STW Communications Group Limited recognise their duties and obligations to stakeholders to implement and maintain a robust system of corporate governance. The Company believes that the adoption of good corporate governance adds value for stakeholders and enhances investor confidence.

A description of the Group's main corporate governance practices are set out below.

All of these practices, unless otherwise stated, were in place for the entire year. They comply with the Third Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, unless otherwise stated.

The policies are contained on the Company's website, [www.stwgroup.com.au](http://www.stwgroup.com.au).

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### Roles and responsibilities

The Board is accountable to shareholders for the activities and performance of the Group by overseeing the development of sustainable shareholder value within an appropriate framework of risk and regard for all stakeholder interests.

The Board has identified the key functions which it has reserved for itself. These duties include those outlined below:

- approval of business plans, budgets and financial policies;
- consideration of management recommendations on strategic business matters;
- establishment, promotion and maintenance of proper processes and controls to maintain the integrity of accounting and financial records and reporting;
- fair and responsible reward of executives, having regard to the interests of shareholders, the performance of executives, market conditions and the Company's performance;
- adoption and oversight of the establishment, promotion and maintenance of effective risk management policies and processes;
- determination and adoption of the Company's dividend policy;
- review of the Board's composition and performance;
- appointment, evaluation and remuneration of the Chief Executive Officer and approval of the appointment of the Chief Financial Officer and the Company Secretary; and
- determination of the extent of the Chief Executive Officer's delegated authority.

Full details are set out in the Board Charter, a copy of which is available on the Company's website.

The Board has established Committees to assist in carrying out its responsibilities and consider certain issues and functions in detail.

The Board Committees are discussed in Principle 2.

Board-approved policies and the Code of Conduct define the responsibilities for the day-to-day operations delegated to management, and those requiring Board approval.

## Management responsibility

The Board has delegated to the Chief Executive Officer the authority and powers necessary to implement the strategies approved by the Board and to manage the business affairs of the Company within the policies and specific delegation limits specified by the Board from time to time.

The Chief Executive Officer may make further delegation within the delegations specified by the Board and is accountable to the Board for the exercise of these delegated powers.

## Executive performance review

The performance of all executives, including the Chief Executive Officer, is reviewed annually. The evaluation of the executives involves an assessment of a range of factors including the overall performance of the Company and achievement of specific pre-determined goals.

An evaluation of the performance of the Chief Executive Officer, including setting the Chief Executive Officer's goals for the coming year and reviewing progress in achieving those goals, is facilitated by the Chairman, with ultimate oversight by the Board. The Chief Executive Officer is responsible for setting performance objectives and reviewing the performance of his direct reports.

During the reporting period, a performance evaluation for executives, including the Chief Executive Officer, took place in accordance with this process.

Further information on performance evaluation and remuneration is set out in the Remuneration Report contained within the 2015 Annual Report.

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

### Membership of the Board

The Board comprises of Directors who possess an appropriate range of skills, experience and expertise to:

- have proper understanding of, and competence to deal with, the current and emerging issues of the business;
- exercise independent judgement;
- encourage enhanced performance of the Company; and
- effectively review and challenge the performance of management.

Directors' profiles with details of Directors' skills, experience and special expertise are contained within the 2015 Annual Report and also on the Company's website.

The Directors determine the Board's size and composition, within the limits set by the Company's Constitution, which requires the Board to comprise between three and 10 Directors. The table on page 2 summarises the current composition of the Board.

The Board has a majority of independent Directors.

Name	Position	Independent	Reason for non-independence	First appointed	Length of service
Robert Mactier	Chairman	Yes	–	2006	9 years
Michael Connaghan	Chief Executive Officer and executive Director	No	Chief Executive Officer	2008	7 years
Paul Richardson	Non-executive Director	No	Associated directly with a substantial shareholder – Cavendish Square Holdings BV (WPP plc)	1999	16 years
Ian Tsicalas	Non-executive Director	Yes	–	2007	8 years
Graham Cubbin	Non-executive Director	Yes	–	2008	7 years
Peter Cullinane	Non-executive Director	No	Former Chairman of a subsidiary of STW Group	2010	5 years
Kim Anderson	Non-executive Director	Yes	–	2010	5 years

### Directors' independence

All Directors, whether independent or not, are required to act in the best interests of the Company and to exercise unfettered and independent judgement.

The Board regularly considers and assesses the independence of each Director in light of the interests and information that Directors disclose. In accordance with the Corporations Act 2001, Directors are required to advise the Company of any material personal interests they have in a matter.

In assessing independence, the Board will have regard to whether the Director has any of the following relationships with the Company or another Group company:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed, in an executive capacity by the Company or another Group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is a material supplier or customer of the Company or another Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or a controlled entity other than as a Director of the Group.

### Role of the Chairman

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's executives. In accepting the position, the Chairman has acknowledged that it will require a significant time commitment and has confirmed that other positions will not hinder his effective performance in the role of Chairman.

The Chairman's role and responsibilities are separate from those of the Chief Executive Officer. The Chairman is the key link between the Chief Executive Officer and the other Directors and is responsible for effective collaboration between them.

### Meetings of the Board

The Chief Executive Officer, in consultation with the Chairman, establishes the meeting agendas to ensure adequate coverage of strategic, financial and material risk matters throughout the year. Executives are invited to attend Board meetings and are available for contact by Non-executive Directors between meetings.

Non-executive Directors hold a private session without any executive involvement as part of each Board meeting to discuss the operation of the Board and a range of other matters. Relevant matters arising from these meetings are shared with the full Board.

The Company Secretary is responsible for ensuring that Board procedures and policies are followed and provides advice to the Board on corporate governance and regulatory matters. All Directors have unrestricted access to the advice and services of the Company Secretary.

### Board Committees

To assist it in undertaking its duties, the Board has established the Audit and Risk Committee and the Remuneration and Nominations Committee. Each Committee has a Board approved charter setting out its corporate governance roles and responsibilities, composition, structure, membership requirements and operation. The latest charter for Committee is available on the Company's website.

The Audit and Risk Committee comprises:

- Graham Cubbin (Chair)
- Robert Mactier
- Ian Tsicalas

The Remuneration and Nominations Committee comprises:

- Ian Tsicalas (Chair)
- Graham Cubbin
- Kim Anderson

### Nomination and appointment of Directors

The Board's Remuneration and Nominations Committee recommends new Directors and manages the process for identifying and appointing those new Directors. The Remuneration and Nominations Committee's Charter is available on the Company's website.

The Committee comprises three Directors, all of whom are independent and is chaired by an independent Director. Details of these Directors' attendance at Remuneration and Nominations Committee meetings are set out in the Directors' Report contained within the 2015 Annual Report.

Recommendations for nominations of new Directors are made by the Remuneration and Nominations Committee and considered by the Board as a whole. If a new Director is appointed during the year, that person will stand for election by shareholders at the next Annual General Meeting.

Shareholders are provided with appropriate information to judge the adequacy of candidates.

The Remuneration and Nominations Committee conducts periodic assessments of the Board's competencies to determine the appropriate composition of the Board and to consider the desirable depth and range of skills and diversity required for any new Board members. The Remuneration and Nominations Committee will draw on industry contacts and, where appropriate, will engage external consultants to assist with the identification and selection of a diverse range of candidates. The Remuneration and Nominations Committee will also have regard to such criteria as independence, commercial capability, cultural fit and time availability to meet the commitment required.

## Induction

New Directors are provided with a letter of appointment setting out the Company's expectations, their responsibilities, their rights and the terms and conditions of their employment. All new Directors participate in an induction program which covers the operation of the Board and its Committees and financial, strategic, operational and risk management issues.

## Term of office

Each Non-executive Director is elected for a three year term (unless otherwise required to be re-elected earlier due to the rotational policy contained in the Company's Constitution), which is renewable for further periods on the review and approval of the other Directors, and re-election by shareholders at an Annual General Meeting.

## Retirement and re-election of Directors

The Company's Constitution provides for new Board-appointed Directors to stand for election by shareholders at the next Annual General Meeting. In addition, at each Annual General Meeting one-third of Directors, other than the Chief Executive Officer, will stand for re-election every year. An election of Directors is held at each Annual General Meeting.

## Conflicts of interest

In accordance with the Board Charter and the Corporations Act 2001, any Director with a material personal interest in a matter being discussed by the Board must declare such an interest.

Any Director who has an actual or perceived material conflict, or potential conflict, does not, at the discretion of the Board, receive any papers from the Company pertaining to the matter, or participate in any meeting to consider, or vote, on the matter giving rise to that conflict.

## Independent professional advice

Directors have a right of access to Company employees, advisors and records.

In carrying out their duties and responsibilities, Directors have access to advice and counsel from the Chairman and Company Secretary, and are able to seek independent professional advice at the Company's expense, after consultation with the Chairman.

## Review of Board performance

The Board undertakes an annual self assessment of the performance of the whole Board and Board Committees. The process involves each Director completing an interview with the Chairman, which enables Directors to raise any issues relating to the Board or a Board Committee. The results are discussed by the whole Board, where initiatives to improve or enhance Board performance and effectiveness are considered and recommended.

The Chairman assesses the performance of other individual Directors and provides feedback to them. The Chairman's own performance is assessed by the Chairman of the Remuneration and Nominations Committee.

A performance review of the Board, Board Committees and individual Directors including the Chairman was undertaken in December 2015.

## PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

### Codes of conduct

The Board has adopted a Corporate Code of Conduct which applies to all employees of the Group and a Code of Conduct for Directors and senior executives. The Company has developed and implemented policies governing Director and employee conduct that articulate the standards of honest, ethical and law-abiding behaviour expected by the Company.

Employees are actively encouraged to bring any problems to the attention of management or the Board, including activities or behaviour which may not comply with the code of conduct, other policies in place or regulatory requirements or laws.

A copy of the Corporate Code of Conduct and Code of Conduct for Directors and senior executives is available on the Company's website.

## Share Trading Policy

The Company's Share Trading Policy concerning trading in Company securities allows Directors and executives to deal in STW Group securities during the one month period beginning at the close of trading on the day after the Company:

- announces its half-yearly results to the ASX;
- announces its full-year results to the ASX; and
- holds its Annual General Meeting.

All Directors and employees are prohibited from trading in STW Group securities at any time if they possess price-sensitive information not available to the market and which could, reasonably, be expected to influence the market.

Directors and senior management must give the Chairman and Company Secretary prior notice of any proposed dealing in STW Group securities. The ASX, and all other Directors, are notified of any transactions by a Director in Company securities. Each Director has an agreement to provide information to enable notification to the ASX of any share transaction within three business days.

The Share Trading Policy is available on the Company's website.

## Diversity Policy and objectives

The Board is committed to promoting a corporate culture that embraces diversity across the organisation.

The Board has adopted a Diversity Policy, available on the Company's website. The Diversity Policy requires the Board to establish measurable objectives for achieving gender diversity, and for the Board to assess annually both the objectives and progress in achieving them.

The Remuneration and Nominations Committee is responsible for the regular review of and reporting on the relative proportion of women employed at all levels of the Company and regular review of and reporting on the measurable objectives set on an annual basis.

In 2013, STW's Diversity Council was established to ensure ongoing focus on, and promotion of, workplace diversity. The Council is chaired by the Chief Executive Officer and includes a range of executives from STW businesses in Australia and New Zealand. The Council is responsible for the implementation of STW's strategy, systems, processes and programs around gender diversity.

## Diversity progress in 2015

The Board commits to measurable diversity objectives each year. In 2015, these included:

Objective	Initiative / Outcome
Build awareness of gender diversity and set it as a key business priority	In 2015 a web-based training program for executives was developed based on the 2014 unconscious bias training pilot. The purpose of this program is to raise awareness of unconscious bias and its impact on workplace decisions and outcomes.
Increase representation of women in management positions	<p>STW and Group companies are undertaking a broad range of ongoing initiatives under the Diversity Council to continue to identify and promote the development of talented women and increase the gender diversity of the pipeline of potential successors for senior leadership roles including:</p> <ul style="list-style-type: none"> <li>• STW Women in Leadership Group established in 2012 with the objective to address key female centric development areas and devise initiatives to help all STW Group companies recruit and retain the best female talent in our industry. In 2015, STW Women in Leadership held functions in Melbourne and Sydney attended by more than 150 women; and</li> <li>• STW High Performer program fast tracks the careers of future leaders of the business. The program allows for the identification and development of employees with the ability, commitment and motivation to rise to senior positions. In 2015, 68% of the participants in the STW High Performer program were female compared to 55% in 2014.</li> </ul> <p>Overall, women in senior management roles in 2015 was 35%, compared to 33% in 2014.</p>
Create an environment for women to network and mentor each other to progress their careers within the Group	<p>A female mentoring program was launched in March 2013. The program provides selected female employees with the opportunity to learn from senior managers within the Group, and ensures they have the tools and networks needed to reach more senior positions right across the STW Group.</p> <p>During 2015, 52 women (26 mentors and 26 mentees) were involved in the mentoring program.</p> <p>In addition to the mentoring program in 2015, early development of a sponsorship program for identifying and promoting talented female executives was developed for completion and execution during 2016.</p>

## Gender diversity outcomes

In 2015, the Group maintained the proportion of female employees occupying management and leadership positions. However, our efforts are focused on ensuring the broader environment to support diversity, rather than achieving set quotas or targets.

## Workplace gender equality

Under the Workplace Gender Equality Act 2012, the Company is required to lodge an annual public report with the Workplace Gender Equality Agency. The Company's 2014-15 report has been lodged with the Agency and a copy of the report can be accessed on the Company's website.

The levels of gender diversity as at 31 December 2015 are set out below and will be reflected in the 2015-16 annual public report lodgement to the Workplace Gender Equality Agency:

Role	31 December 2015		31 December 2014	
	Male	Female	Male	Female
Board	86%	14%	86%	14%
Senior Management	65%	35%	67%	33%
Management	49%	51%	52%	48%
Non-management	42%	58%	47%	53%

## PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

### Audit and Risk Committee

The Board has the responsibility to ensure truthful and factual presentation of the Company's financial position. The Board has established the Audit and Risk Committee to oversee the structure and management systems that ensure the integrity of the Company's financial reporting.

The Audit and Risk Committee consists of the following Non-executive Directors:

- Graham Cubbin (Chair)
- Robert Mactier
- Ian Tsicalas

The Audit and Risk Committee consists only of Non-executive Directors, with a majority of independent Directors. The Chairman of the Board cannot chair the Audit and Risk Committee. Committee members have financial expertise and understand the industries in which the Company operates. The details of the members' qualifications are set out within the 2015 Annual Report.

The Committee meets at least three times per year, and during 2015 met five times. An agenda is prepared, and papers circulated to Committee members, before each meeting. The Company's external auditor attends Committee meetings, with management attending at the Committee Chairman's invitation.

The main responsibilities of the Committee are to:

- review, assess and approve the half-year financial report, the full-year financial report and all other financial information published by the Company or released to the market;
- oversee the effective operation of the risk management framework;
- review the independence of the external auditor, including the nature and level of non-audit services provided, and report on this issue to the full Board;
- recommend to the Board the appointment, removal and remuneration of the external auditor, review the terms of their engagement and the scope and quality of the audit and assess performance; and
- report to the Board on matters relevant to the Committee's role and responsibilities.

In fulfilling its responsibilities, the Audit and Risk Committee:

- receives regular reports from management and external auditor;
- meets with the external auditor at least twice a year, or more frequently if necessary;
- reviews the processes the Chief Executive Officer and Chief Financial Officer have in place to support their certifications to the Board;
- reviews any significant disagreements between the auditor and management irrespective of whether they have been resolved;
- meets at least twice a year separately with the external auditor without executive Directors or management present; and
- provides the external auditor with a clear line of direct communication at any time to either the Chair of the Audit and Risk Committee or the Chairman of the Board.

The Audit and Risk Committee has authority, within the scope of its responsibilities, to seek any information it requires from any executive or external party.

The Audit and Risk Committee's Charter is available on the Company's website.

### Assurance

In respect of the financial report for the year ended 31 December 2015, the Board has received formal assurance from the Chief Executive Officer and Chief Financial Officer that:

- the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and performance; and
- the risk management and internal control systems are sound and operating effectively, in all material respects.

This assurance forms part of the process by which the Board determines the effectiveness of its risk management and internal control systems in relation to financial reporting risks.

### Independent external auditor

The Company and Audit and Risk Committee policy is to appoint external auditor who clearly demonstrate quality and independence.

The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

The Company's independent external auditor is Deloitte Touche Tohmatsu ("Deloitte"). The appointment of Deloitte was ratified by members at the Annual General Meeting held on 18 May 2007. The external auditor will be required to rotate the lead engagement partner assigned to the Company every five years.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, the media and the public.

The Board has approved and implemented a Market Disclosure Protocol. The protocol is designed to ensure compliance with the Corporations Act 2001 and ASX Listing Rules continuous disclosure requirements. The Company has a Market Disclosure Committee which is responsible for:

- making decisions on what should be disclosed publicly under the Market Disclosure Protocol;
- maintaining a watching brief on information; and
- ensuring disclosure is made in a timely and efficient manner.

The Market Disclosure Protocol is available on the Company's website.

### PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

#### Shareholder communication

The Company is committed to providing regular communication to shareholders and other investors so that they have all available information reasonably required to make informed assessments of the Company's strategy, operations and financial performance.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website.

The Company also publishes half-yearly and annual reports, announcements, media releases and other information on its website.

The Company's website contains all recent announcements, presentations, past and current reports to shareholders, notices of meeting and archived webcasts of general meetings and investor presentations.

Internet webcasting is provided for market briefings to encourage participation from all stakeholders regardless of their location. Where practical, the Company maintains a record of issues discussed at group or one-on-one briefings with investors and analysts, including a list of who was present and the time and place of meeting. Half-yearly and annual reports are provided to shareholders other than those who have requested not to receive a copy.

Shareholders may elect to receive all Company reports electronically.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The management of risk is fundamental to the Company's business and building shareholder value. The Board recognises a broad range of risks which apply to the Company as a marketing communications group including, but not limited to strategic, operational, compliance, reputational and financial risks.

The Board is responsible for determining the Group's risk management strategy. Management is responsible for implementing the Board's strategy and developing a risk management and internal control system to manage the Company's material business risks, including policies and procedures to identify, manage and mitigate risks across the whole of the Group's operations. The framework details the overarching risk management controls including:

- guidelines and limits for approval of all expenditure;
- a risk financing program, including risk transfer to external insurers and reinsurers;
- policies and procedures for the management of financial risk and treasury operations;
- annual budgeting, quarterly reforecasting and monthly reporting systems for all businesses;
- appropriate due diligence procedures for acquisitions and divestments; and
- crisis management systems for all key businesses in the Group.

An Executive Risk Committee has been established to provide operational oversight of the risk management framework. Management reports to the Audit and Risk Committee on the Company's material risks and the extent to which they believe they are being managed. This is performed twice a year, or more frequently as required by the Audit and Risk Committee. During the reporting period, management reported to the Audit and Risk Committee on the effectiveness of the Company's management of its material business risks in accordance with this process.

### Internal Audit Function

During the year ended 31 December 2015, the Group appointed an Assurance and Risk Finance Manager to monitor the internal control framework of the Company and provide reports to the Audit and Risk Committee. The Committee then approves an internal audit plan to ensure that planned audit activities are aligned to material business risks. They also review internal audit reports issued by the Assurance and Risk Finance Manager and monitors progress with recommendations made in those reports to ensure the adequacy of the internal control environment. The internal audit function and external audit are separate and independent of each other.

The roles and responsibilities of the Audit and Risk Committee are further set out in the Audit and Risk Committee Charter.

### Corporate reporting

When presenting financial statements for Board approval, the Chief Executive Officer and Chief Financial Officer provide a formal statement indicating that:

- the financial statements present a true and fair view, in all material respects of the Group's financial condition and operational results, and are in accordance with the relevant accounting standards; and
- the risk management and internal control systems are sound and operating effectively in all material respects.

The assurance forms part of the process by which the Board determines the effectiveness of its risk management and internal control systems in relation to financial reporting risks. During the reporting period, the Board has received a statement in the above form from the Chief Executive Officer and the Chief Financial Officer.

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Board has established the Remuneration and Nominations Committee, to comprise of a majority of independent Directors, having at least three members and chaired by an independent Director as follows:

- Ian Tsicalas (Chair)
- Graham Cubbin
- Kim Anderson

The Remuneration and Nominations Committee's Charter is available on the Company's website, and further information is provided in the Remuneration Report included in the 2015 Annual Report.

The Remuneration and Nominations Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive Directors, senior executives and Non-executive Directors.

The Company policy, contained in the Share Trading Policy, prohibits an executive from entering into a transaction that is designed or intended to hedge that component of their unvested remuneration which is constituted by the Company's shares.

It is the Company policy to prohibit margin lending over the Company's shares by Directors and executives.

The remuneration of Non-executive Directors is structured separately from that of the executive Directors and executives. Further information on the Group's remuneration policies and practices, along with remuneration details for the Group's key management and Non-executive Directors, is contained in the Remuneration Report.