

# CORPORATE GOVERNANCE STATEMENT

## INTRODUCTION

The Board of Directors is committed to maintaining high standards of safety, performance and corporate governance for Bentley Capital Limited (**Company** or **Bentley**) and the entities it controls (**Group** or **Bentley Group**). Good corporate governance is about having a set of core values and behaviours that underpin the Group's activities and ensure transparency, fair dealing and protection of the interests of stakeholders – including shareholders, personnel, suppliers and communities in which the Group operates.

The Board of Directors supports the Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition, released in March 2014) (**ASX Recommendations**) developed by the ASX Corporate Governance Council (**Council**).

The Company's practices are largely consistent with the ASX Recommendations. The Board considers that the implementation of a small number of ASX Recommendations is not appropriate, for the reasons set out below in relation to the items concerned. The Board uses its best endeavours to ensure that exceptions to the ASX Recommendations do not have a negative impact on the Company and the best interests of shareholders as a whole.

As required by the ASX Listing Rules, this Corporate Governance Statement (**CGS**) discloses the extent to which the Company has followed the ASX Recommendations during the 2019/2020 financial year (**Reporting Period**), as summarised below:

<b>ASX Corporate Governance Principles and Recommendations</b>	<b>CGS Reference</b>
Principle 1 – Lay solid foundations for management and oversight	1.1 - 1.8
Principle 2 – Structure the Board to add value	2.1 - 2.15
Principle 3 – Act ethically and responsibly	3.1
Principle 4 – Safeguard integrity in corporate reporting	4.1 - 4.3
Principle 5 – Make timely and balanced disclosure	5.1
Principle 6 – Respect the rights of security holders	6.1 - 6.4
Principle 7 – Recognise and manage risk	7.1 - 7.3
Principle 8 – Remunerate fairly and responsibly	8.1 - 8.3

The Company has also prepared an ASX Appendix 4G – Key to Corporate Governance Disclosures (which reports on the Company's compliance with each of the ASX Recommendations) – this has been lodged with the CGS on ASX and may be viewed and downloaded from the Company's website (details below).

A copy of the ASX Recommendations can be found on the ASX website at the following URL:  
<http://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf>

The Company's latest 2020 Annual Report (and other ASX market announcements and releases) may be viewed and downloaded from the Company's website at the following URL: <http://www.bel.com.au>

The Corporate Governance page of the Bentley website contains most of the charters, codes and policies which are referred to in this CGS, at the following URL: <http://bel.com.au/corporate-governance>

The names of the Executive Chairman, the Executive Director and the Non-Executive Director currently in office and their qualifications, experience and positions in other listed companies are stated in the Company's latest 2020 Annual Report.

*Approved by the Board and current as at 13 October 2020.*

[www.bel.com.au](http://www.bel.com.au)



ASX : BEL

BENTLEY CAPITAL LIMITED

Level 2, 31 Ventnor Avenue, West Perth, Western Australia 6005

T | (08) 9214 9757

F | (08) 9214 9701

A.B.N. 87 008 108 218

E | [info@bel.com.au](mailto:info@bel.com.au)

# CORPORATE GOVERNANCE STATEMENT

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

### 1. Role and Responsibilities of the Board of Directors and Senior Management

#### 1.1.1. Board of Directors

In general the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance of the Company and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole.

The Board also seeks to ensure that the Company complies with all of its contractual, statutory and any other legal and regulatory obligations. The Board has the final responsibility for the successful operation of the Company. Where the Board considers that particular expertise or information is required, which is not available from within its members, appropriate external advice may be taken and reviewed prior to a final decision being made by the Company.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the matters set out below, subject to delegation to Senior Management as specified elsewhere in this Statement or as otherwise appropriate:

- (a) formulation and approval of the strategic direction, objectives and goals of the Company;
- (b) the prudential control of the Company's finances and operations and monitoring the financial performance of the Company;
- (c) the resourcing, review and monitoring of Senior Management and the Investment Committee;
- (d) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (e) the identification of significant business risks and ensuring that such risks are adequately managed;
- (f) the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market; and
- (g) the establishment and maintenance of appropriate ethical standards.

The Board takes advice from the Audit Committee and the Remuneration Committee on matters within their respective Charters, however the Board retains final decision-making authority on those matters.

#### 1.1.2. Senior Management

The role of Senior Management is to deliver the strategic direction and goals determined by the Board.

The Board has delegated to the Executive Chairman, and through the Executive Chairman to other Senior Executives, responsibility for the day-to-day management of the Group, which includes:

- (a) management of the Group's operations and finances;
- (b) reporting to the Board on matters including the Group's operations and financial performance;
- (c) recommending Group strategy, budgets, plans, policies and risk management systems to the Board; and
- (d) determining Group policies, other than those reserved for the Board.

Senior Management may also be delegated responsibility for other matters under policies adopted by the Board.

The Company's Senior Management Team comprise Farooq Khan (Executive Chairman since 26 February 2009; previously Executive Chairman from 10 February 2004; appointed Director on 2 December 2003), William Johnson (Executive Director since 1 January 2016; previously Non-Executive Director from 26 March 2013; appointed Executive Director on 13 March 2009) and Victor Ho (Company Secretary since 5 February 2004).

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## 1.2. Board Nominations

The Board (on recommendations received from the Remuneration Committee, where appropriate and applicable) will consider nominations for appointment or election of Directors that may arise from time to time, having regard to the skills and experience required by the Company (as detailed in the Board Skills Matrix referred to in Section 2.1 below) and procedures outlined in the Company's Constitution and the Corporations Act 2001 (Cth).

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a Director. Candidates are assessed through interviews, meetings and background and reference checks (which may be conducted both by external consultants and by Directors) as appropriate.

The Company gives shareholders all material information in its possession relevant to the decision on whether or not to elect (or re-elect) a Director, either in the notice of the meeting at which the election of the Director is to be held, or by including in the notice a clear reference to the location on the Company's website, Annual Report or other document lodged with ASX where the information can be found.

## 1.3. Terms of Appointment - Directors and Senior Executives

Each new Non-Executive Director will receive a letter formalising their appointment and outlining the material terms of their appointment including: the time commitment expected; the requirement to disclose their interests and matters affecting their independence to the Company; the obligation to comply with key Company policies, including the Code of Conduct and the Share Trading Policy; the Company's policy on Directors seeking independent advice; the policy in relation to the payment of additional remuneration in respect of special exertions undertaken by the Director (at the request of the Company) and the retirement requirements (subject to the right to seek re-election at the Company's AGM).

In addition, the Company and each Director are party to Director's Indemnity Deeds, discussed in more detail in Section 2.15 below. The Non-Executive Director of the Company has not been appointed for a fixed term.

The Company's current Senior Executives are the Executive Chairman, the Executive Director and the Company Secretary. The Company does not presently have a formal service or employment agreement with the Executive Chairman or the Executive Director. The Executive Chairman and the Executive Director are, however, experienced company executives and are well aware of the requirements of their positions, including their roles and responsibilities and duties as directors of the Company. Their remuneration has been determined by the Board. The Company is considering entering into employment agreements with the Executive Chairman and the Executive Director to formalise their duties, obligations, remuneration reporting arrangements and termination (including any termination entitlements, where applicable). The Company has entered into a formal employment agreement with the Company Secretary, a summary of which is outlined within the Remuneration Report in the Company's latest 2020 Annual Report.

The remuneration paid/payable to the Company's 'Key Management Personnel' (which includes the Executive Chairman, the Executive Director and the Company Secretary) are outlined within the Remuneration Report in the Company's latest 2020 Annual Report.

The Company's Constitution requires one third of the Directors (or, if that is not a whole number, the whole number nearest to one third) to retire at each Annual General Meeting (AGM). The Director(s) who retire under this rule are those who have held office the longest since last being elected or appointed. If two or more Directors have been in office for the same period, those Directors may agree which of them will retire. This rule does not apply to any Managing Director. A Director appointed by the Board since the last AGM is subject to retirement and re-election at the following AGM and is also not taken into account in determining the number of Directors who must retire by rotation.

The initial appointment and last re-election dates of each current Director are listed below.

Director	First Appointed	AGM Last Re-elected
Farooq Khan	2 December 2003	22 November 2019 AGM
Simon Cato	7 January 2015	21 November 2018 AGM
William Johnson	13 March 2009	30 November 2017 AGM Retires and will stand for re-election at the 2020 AGM

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## 1.4. The Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role. The Company Secretary is responsible to the Board for ensuring compliance with Board policies and procedures and governance matters. The Company Secretary ensures the timely despatch of Board papers and the accurate minuting of Board meetings. He has responsibility to facilitate the ongoing professional development of Directors. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

The Company Secretary is Victor Ho (appointed 5 February 2004), whose qualifications, experience and positions in other listed companies are stated in the Company's latest 2020 Annual Report.

## 1.5. Diversity

The Board, Senior Management and workforce of the Company/Group currently comprises individuals that are culturally diverse, together with possessing an appropriate blend of qualifications and skills. The Company recognises the positive advantages of a diverse workplace and is committed to:

- (a) creating a working environment conducive to the appointment of well-qualified employees, Senior Management and Board candidates; and
- (b) identifying ways to promote a corporate culture which embraces diversity.

The small size of, and low turnover within, the Company's workforce are such that it cannot realistically be expected to reflect the degree of diversity of the general population. Given those circumstances, and the current nature and scale of the Company's activities, the Board has determined that it is not practicable to set measurable objectives for achieving gender diversity at this time. The Board monitors the extent to which the level of diversity within the Company is appropriate on an ongoing basis and periodically considers measures to improve it. The Board will further consider the establishment of objectives for achieving gender diversity as the Company develops and its circumstances change.

The Board has delegated the responsibility of monitoring and ensuring workplace diversity to the Executive Chairman.

The Company does not currently have any women on the Board or in Senior Executive roles within the Group. "Senior Executive" means the Executive Chairman, the Executive Director and a member of Senior Management that directly reports to the Executive Chairman. In this regard, it is noted that the Company has only three members on its Board and three Senior Executives (two of whom are Executive Directors). As at 30 June 2020, 40% of the Group's employees were female (30 June 2019: 38%).

## 1.6. Board - Performance Review and Evaluation

The Board as a whole has responsibility to review its own performance, the performance of individual Directors and the performance of Board Committees. The Chairman also speaks to Directors individually regarding their role and performance as a Director.

Generally, Board and Committee evaluations include questionnaires and or interviews covering matters such as each Director's individual contribution, Board and Committee performance and the functioning of the Board and Committee processes. The overall outcomes are discussed by the Board from time to time with measures taken to improve the effectiveness and efficiency of the Board and Committees as appropriate. Board has initiated a performance evaluation of Directors, which is in progress at the date of this CGS. Reviews of the performance of the Audit Committee and the Remuneration Committee were conducted during the Reporting Period.

The Remuneration Committee is also responsible for reviewing the performance and remuneration of Executive Directors (where applicable) and reporting to the Board on the results of their review and their recommendations arising therein. A performance evaluation and remuneration review with the Executive Chairman has been initiated, which is in progress at the date of this CGS.

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## 1.7. Senior Executive - Performance Review and Evaluation

The Executive Chairman reviews the performance of the Company Secretary (in his capacity as such), who is the only other Senior Executive.

The Remuneration Committee also assists the Executive Chairman to determine the remuneration benefits (including equity-based remuneration) of Senior Management and advise on those determinations.

A performance evaluation and remuneration review with the Company Secretary has been initiated, which is in progress at the date of this CGS.

## 1.8. Investment Committee

The Company's implementation of its investment strategies in accordance with its investment objectives is carried out by the Board and the Investment Committee. The Investment Committee's role is to implement the Company's Investment Mandate, approved by shareholders in February 2009<sup>1</sup> and the Company's investment strategies approved by the Board.<sup>2</sup>

The Investment Committee (established in March 2009) currently comprises the Executive Chairman, Farooq Khan, Executive Director, William Johnson, and the Company Secretary, Victor Ho. Where necessary, the Investment Committee will engage additional specialist resource(s) to assist with the identification, evaluation and management of particular investment opportunities. This includes specialist consultants and advisers, analysts and brokers.

The Investment Committee's authority is subject to limits on the categories of investments it can make (imposed by the Investment Mandate) and financial limits within those categories, imposed by the Board. The Investment Committee reports regularly to the Board.

## PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

### 2.1. Board of Directors - Composition, Structure and Process

The Board has been formed so that it has an effective composition, size and commitment to adequately discharge its responsibilities and duties given the current size and the scale and nature of the Company's activities. The Directors periodically review whether the size and composition of the Board remains appropriate to the Company's activities and operating environment.

The names of the Executive Chairman and other Directors in office and their qualifications, experience and positions in other listed companies are stated in the Company's latest 2020 Annual Report. A Director is generally initially appointed by the Board and retires (and may stand for re-election) at the next AGM after their appointment (as outlined in Section 1.3 above).

### 2.2. Nomination Committee

The Board has a Remuneration Committee with a remuneration and a nomination function (established 9 December 2010), which currently comprises independent Non-Executive Director, Simon Cato (who is the Remuneration Committee Chairman and is also the Chairman of the Audit Committee) and Executive Director, William Johnson. Their qualifications, experience and positions in other listed companies are stated in the Company's latest 2020 Annual Report.

As a consequence of the size and composition of the Company's Board (comprising the Executive Chairman, one Executive Director and one Non-Executive Director) the Board does not have a stand-alone Nomination Committee and the Remuneration Committee only has two members (being the two Directors other than the Chairman of the Company) instead of at least three members, and does not have an independent majority of members, as per the ASX Recommendations.

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1 Refer Bentley's Notice of General Meeting dated 15 January 2009

2 Refer Bentley's ASX announcement dated 10 May 2010: Appointment of Chief Investment Officer and Implementation of Investment Strategy

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The Remuneration Committee has a formal charter to prescribe its purpose, key responsibilities, composition, membership requirements, powers and other administrative matters, which includes a nomination function, with key responsibilities to make recommendations to the Board as to various Board matters including the necessary and desirable qualifications, experience and competencies of Directors and the extent to which these are reflected in the Board, the appointment of the Chairman and Managing Director (where applicable), the development and review of Board succession plans and addressing Board diversity.

The Remuneration Committee Charter may be viewed and downloaded from the Company's website.

The number of times that the Remuneration Committee met during the Reporting Period, and the individual attendances of Committee members at those meetings, are disclosed in the Company's latest 2020 Annual Report.

## 2.3. Skills, Knowledge and Experience

The Board seeks to ensure that its members have an appropriate mix of skills, knowledge and experience to enable it to properly perform its responsibilities and be well equipped to navigate the Company through the many opportunities and challenges it faces.

Directors are appointed based on the specific business, corporate and governance skills and experience required by the Company. The Board recognises the need for Directors to have a relevant blend of skills and personal experience in a range of disciplines required for the proper management and oversight of the Company's operations, having regard to the scale and nature of its activities.

While recognising that each Director will not necessarily have experience in each of the following areas, the Board seeks to ensure that its membership includes an appropriate mix of Directors with experience in the financial/investments sector, capital markets, general management, accounting and finance and corporate affairs.

A summary of the Directors' skills and experience relevant to the Group as at the end of the Reporting Period is set out below:

Skills and Experience (out of 3 Directors)			
<b>Leadership and Governance</b>		<b>Sector Experience</b>	
Executive Management/Leadership	3	Investment management	3
Corporate Governance	3	Analysis and research	3
Strategy	3	Resources/oil and gas	3
<b>Capital Markets</b>		Technology	2
Capital raising	3	Start-ups	3
Securities markets	3	International	3
Capital management	3	<b>Corporate</b>	
Corporate actions	3	Mergers and acquisitions	3
<b>Finance and Risk</b>		Legal	1
Accounting	1.5	Investor Relations	3
Risk Management	3	Compliance	3
<b>People</b>			
Human Resources	3		

The diverse qualifications, skills and experiences of the Directors, disclosed in the Company's latest 2020 Annual Report, represents a mix that the Board believes is appropriate to have reflected among its members. The Board reviews its Skills Matrix at least annually.

## 2.4. Chairman

The Chairman leads the Board and has responsibility for ensuring that the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board. The Executive Chairman is Farooq Khan (appointed Director on 2 December 2003, Non-Executive Chairman on 10 February 2004 and Executive Chairman on 26 February 2009), whose qualifications, experience and positions in other listed companies are stated in the Company's latest 2020 Annual Report. The Company does not have a Managing Director or Chief Executive Officer (CEO). The Board has determined that the Executive Chairman is the appropriate person to perform the CEO-equivalent role in signing the declaration relating to the statutory accounts under section 295A of the Corporations Act and as per the ASX Recommendations (refer Section 4.2 below).

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The Company's principal business is to invest shareholders' funds in accordance with its Investment Mandate (refer Section 1.8). All material investment decisions require the approval of either the Investment Committee or the Board. In light of the very limited CEO-equivalent function that exists in the Company, the role of Chairman is the most important role on the Board. The Board believes that it is appropriate for that role to be performed by an Executive Director, given the current size and the scale and nature of the Company's activities and the size and composition of the Board and Senior Management Team.

The Board believes that the benefits to shareholders of having an independent Non-Executive Chairman who is separate from the CEO do not outweigh the disadvantage of the real or perceived divergence of command, and the additional remuneration and administrative expenses involved. However, the Board will periodically review whether it would be more appropriate to appoint an independent Non-Executive Chairman and/or a separate Managing Director/CEO.

## 2.5. Executive Director

The Executive Chairman and William Johnson (appointed Executive Director on 13 March 2009; with changes of status to Non-Executive Director on 26 March 2013 and to Executive Director on 1 January 2016), whose qualifications, experience and positions in other listed companies are stated in the Company's latest 2020 Annual Report, are presently the Company's only Executive Directors.

## 2.6. Non-Executive Directors

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that a Non-Executive Director can offer. The Board currently does not have a majority of Non-Executive Directors. Simon Cato (appointed 7 January 2015) is presently the Company's only Non-Executive Director. His qualifications, experience and positions in other listed companies are stated in the Company's latest 2020 Annual Report.

Prior to William Johnson's transition from Non-Executive to Executive Director on 1 January 2016, the Company had a majority of Non-Executive Directors on its Board. As a result of the Company's activities, the requirement for an additional Senior Executive existed at that time. Mr Johnson was considered the most suitable candidate to fill the new role, based on his detailed knowledge of the Company's affairs from his previous service as both an Executive and a Non-Executive Director<sup>3</sup> and his other, listed-company, senior-executive experience.

The Board as a whole is satisfied that the Non-Executive Director brings an independent discretion to his deliberations, unaffected by the executive status of the Chairman. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the expense of the appointment of an additional Non-Executive Director to replace Mr Johnson in that position. The Board will keep under review the desirability of appointing one or more, potentially independent, Non-Executive Directors.

## 2.7. Independence

An independent Director, in the view of the Company, is a Non-Executive Director who:

- (a) has not previously been employed in an Executive capacity within the Group, unless a period of at least three years has elapsed between ceasing such employment and serving on the Board;
- (b) is not and has not within the last three years been a principal or senior employee of a material professional adviser to the Group;
- (c) is not and has not within the last three years been in a material business relationship (e.g. supplier or customer) with the Group, or an officer of or otherwise associated with someone with such a relationship;
- (d) is not a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company;
- (e) has no material contractual relationship with the Company other than as a Director of the Company;
- (f) has no close family ties with any person who falls within any of the categories described above; and

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<sup>3</sup> William Johnson served as an Executive Director of the Company from his appointment in March 2009 until his transition to Non-Executive Director on 26 March 2013, before changing status again to Executive Director on 1 January 2016.

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- (g) has not been a Director of the Company for such a period that his or her independence may have been compromised. There is no specified length of service beyond which a Director is no longer considered independent. The Board regularly assesses whether any, otherwise independent, Director who has served for more than 10 years may no longer be regarded as independent.

In the case where any of the above interests, positions or relationships exist, the Company assesses its materiality to determine whether it might interfere, or reasonably be seen to interfere, with the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

The Board assesses the independence of Directors annually, or more frequently if circumstances require.

Farooq Khan is not regarded as an independent Director as he is an Executive Director of the Company and also the Executive Chairman of the Company's largest shareholder, Orion Equities Limited (ASX : OEQ) (which currently and as at 30 June 2020 holds a 26.95% shareholding interest in the Company; 26.95% as at 30 June 2019) and the Executive Chairman and Managing Director of the Company's 7<sup>th</sup> largest shareholder, Queste Communications Ltd (ASX : QUE) (which currently and as at 30 June 2020 holds a 1.61% shareholding interest in the Company; 1.61% as at 30 June 2019). Farooq Khan is also the Company's 2<sup>nd</sup> largest shareholder with a 15.39% shareholding interest held currently and as at 30 June 2020 (30 June 2019: 15.39%).

William Johnson is not regarded as an independent Director as he is an Executive Director of the Company.

Simon Cato (appointed on 7 January 2015) is regarded as an independent, Non-Executive Director. Mr Cato also served a previous term as a Non-Executive Director of the Company, from February 2004 to April 2010. The other Directors are satisfied that he brings an independent judgement to bear on all matters considered by the Board.

The Board does not have a majority of independent Non-Executive Directors. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the expense of the appointment of a majority of independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

## 2.8. Induction and Professional Development

It is the policy of the Board to ensure that the Directors and Senior Management of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively and that individual and collective performance is regularly and fairly reviewed. The Board regularly reviews whether the Directors, as a group, have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board effectively.

The Company has a programme for inducting new Directors. This includes giving new Directors a full briefing about the nature of the business, current issues, the corporate strategy and the expectations of the Board concerning the performance of Directors and access to all employees to gain full background on the Company's operations.

Directors are encouraged to attend director training and professional development courses, as may be required to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles as Directors, at the Company's expense (as approved by the Chairman and or the Board, as appropriate and applicable).

## 2.9. Meetings of the Board

The Board holds regular meetings, approximately monthly, and holds additional meetings whenever necessary to deal with specific matters requiring attention. Directors' Circulatory Resolutions are also utilised where appropriate either in place of or in addition to formal Board meetings. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

It is recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or non-executive capacity, provided that these commitments do not materially interfere with their ability to serve as a Director of the Company.



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## 2.10. Conflicts of Interest

To ensure that Directors are at all times acting in the interests of the Company, Directors must:

- (a) disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director or his duties to any other parties and the interests of the Company in carrying out the activities of the Company; and
- (b) if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters to which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

In appropriate matters, a Director affected by such a conflict may also be excluded from the circulation of information provided to other Directors in relation to that matter. Such an 'information barrier' is monitored by the Company Secretary.

## 2.11. Related-Party Transactions

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholders' approval for the related party transaction, the Board may not approve the transaction. The Company also discloses related party transactions in its Annual Report as required under the Corporations Act and relevant Accounting Standards.

## 2.12. Share Dealings and Disclosures

The Company has adopted a Share Trading Policy (dated 31 December 2010), which applies to Directors and employees of the Group and contractors who have agreed to be bound by the policy. The policy is designed to:

- (a) explain the type of conduct in relation to dealings in the Company's securities that is prohibited under the relevant law and by the Group, including insider trading; and
- (b) establish a procedure for buying, selling or otherwise dealing in the Company's securities (generally and during specified prohibited periods) which requires (in the case of 'Executive Personnel') the prior approval from the Chairman of the Board or the Chairman of the Audit Committee Board, as appropriate. Approval during prohibited periods will only be granted where there is severe financial hardship or exceptional circumstances.

A copy of the Company's Share Trading Policy may be viewed and downloaded from the Company's website.

## 2.13. Independent Professional Advice

Subject to prior approval by the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as a Director.

## 2.14. Company Information and Confidentiality

All Directors have the right of access to all relevant Company books and to Senior Executives, except where a conflict of interest affecting that Director leads means that an information barrier affecting him is established, in which case the relevant access is denied until that conflict of interest ceases to operate. In accordance with legal requirements and agreed ethical standards, Directors and employees of the Company have agreed to keep confidential all information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

## 2.15. Directors' and Officer's Deeds

The Company has also entered into a deed with each of the current Directors and the Company Secretary to regulate certain matters between the Company and each officer, both during the time the officer holds office and after the officer ceases to be an officer of the Company (or of any of its wholly-owned subsidiaries).

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A summary of the terms of such deeds is contained within the Remuneration Report in the Company's latest 2020 Annual Report and also in the 2009 Notice of AGM dated 13 October 2009.

## PRINCIPLE 3 - ACT ETHICALLY AND RESPONSIBLY

### 3.1. Code of Conduct

The Company has developed a formal Code of Conduct, which may be viewed and downloaded from the Company's website. The Code sets and creates awareness of the standard of conduct expected of Directors, officers, employees and contractors in carrying out their roles.

The Company seeks to encourage and develop a culture which will maintain and enhance its reputation as a valued corporate citizen of the countries where it operates and an employer which personnel enjoy working for. The Code sets out policies in relation to various corporate and personal behaviour including safety, discrimination, the environment, communities and heritage issues, respecting the law, anti-corruption, interpersonal conduct, conflict of interest and alcohol and drugs.

While the Code seeks to prescribe standards of behaviour for all Group personnel to observe, it does not, and understandably cannot, identify every ethical issue that an individual might face. The Code's objective is to provide a benchmark for professional and personal behaviour throughout the Group, to safeguard the Group's reputation and to make clear the consequences of breaching the Code.

All Group personnel receive a copy of the Code when they start with the Group and can access the Code from the Company's website or request a copy from their reporting manager or the Office Manager.

## PRINCIPLE 4 - SAFEGUARD INTEGRITY IN CORPORATE REPORTING

### 4.1. Audit Committee

The Audit Committee (established in October 2009) currently comprises independent Non-Executive Director, Simon Cato (who is the Audit Committee Chairman and also the Chairman of the Remuneration Committee) and Executive Director, William Johnson. Their qualifications, experience and positions in other listed companies are stated in the Company's latest 2020 Annual Report.

As a consequence of the size and composition of the Company's Board (comprising the Executive Chairman and one Executive and one Non-Executive Director) the Audit Committee only has two members (being the two Directors other than the Chairman of the Company) instead of at least three members and does not have an independent majority of members, as per the ASX Recommendations.

The Audit Committee has a formal charter to prescribe its objectives, duties and responsibilities, access and authority, composition, membership requirements of the Committee and other administrative matters. It has an audit oversight function, with key responsibilities being to review and approve the audited annual and auditor reviewed half-yearly financial reports, to review reports from management and matters related to the external auditor and a risk management function (refer Section 7.1 for further details).

The Audit Committee Charter may be viewed and downloaded from the Company's website.

The number of times that the Audit Committee met during the Reporting Period, and the individual attendances of Committee members at those meetings, are disclosed in the Company's latest 2020 Annual Report.

During the Reporting Period, the Board reviewed the performance, structure and composition of the Audit Committee, pursuant to the Charter of the Committee.

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## 4.2. CEO and CFO Declarations

The Board receives, prior to their approval of the Company's financial statements for a financial year end, written assurances from the Executive Chairman (being the CEO equivalent) and the Company Secretary (being the CFO equivalent) that, in their respective opinions, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively, as required under section 295A of the Corporations Act and as per the ASX Recommendations.

## 4.3. External Auditor

The Company's external auditor (**Auditor**) is selected for its professional competence, reputation and the provision of value for professional fees. Within the audit firm, the partner responsible for the conduct of the Company's audits is rotated every five years. The external Auditor attends the Company's AGMs (in person or by teleconference) and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

The Company's Auditor is Rothsay Auditing (a firm of Chartered Accountants with offices in Perth and Sydney), who were appointed by the Board and commenced with effect on 12 February 2016<sup>4</sup>, and were re-appointed at the Company's 2016 AGM<sup>5</sup>.

## PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE

### 5.1. Continuous Disclosure to ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to ASX as well as communicating with ASX.

In accordance with the Corporations Act and ASX Listing Rule 3.1, the Company immediately notifies ASX of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities, subject to exceptions permitted by that rule. A reasonable person is taken to expect information to have a material effect on the price or value of the Company's securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

All staff are required to inform their reporting manager of any potentially price-sensitive information concerning the Company as soon as they become aware of it. Reporting managers are in turn required to inform the Executive Chairman of any potentially price-sensitive information.

In general, the Company will not respond to market speculation or rumours unless required to do so by law or by the ASX Listing Rules.

The Company may request a trading halt from ASX to prevent trading in its securities if the market appears to be uninformed. The Executive Chairman and, where the Executive Chairman is not available, the Company Secretary (in consultation with the Board) are authorised to determine whether to seek a trading halt.

## PRINCIPLE 6 - RESPECT THE RIGHTS OF SECURITY HOLDERS

### 6.1. Website Information

All public information about the Company and its governance is available to investors on the Company's website ([www.bel.com.au](http://www.bel.com.au)). The website includes an easily located link to a "Corporate Governance" page, from which all relevant governance information can be accessed (<http://bel.com.au/corporate-governance>).

4 Refer Bentley's ASX announcement dated 12 February 2016: Change of Auditors.

5 Refer Bentley's ASX announcement dated 18 November 2016: Results of 2016 Annual General Meeting

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The Company's website contains all announcements and financial and other reports lodged on ASX; notices of shareholder meetings, explanatory statements and meeting results; Director biographies, Company and share registry contact information, shareholder forms and a range of other information about the Company's affairs.

The Company's announcements and reports lodged on ASX may also be viewed and downloaded from the ASX website: [www.asx.com.au](http://www.asx.com.au) under ASX code "BEL".

## 6.2. Investor Relations Programme

The Company is owned by its shareholders. Increasing shareholder value is the Company's key mission. Shareholders require an understanding of the Company's operations and performance to enable them to be aware of how that mission is being fulfilled. The Directors are the shareholders' representatives. In order to properly perform their role, the Directors must be able to ascertain the shareholders' views on matters affecting the Company.

The Board therefore considers it paramount to ensure that shareholders are informed of all major developments affecting the Company and have the opportunity to communicate their views on the Company to the Board. The Board has designed and implemented an Investor Relations Programme to meet these objectives. The Investor Relations Programme involves the communication of information to shareholders and the market through various means including:

- (a) monthly net tangible asset (NTA) backing announcements released to ASX, which are posted on the Company's website
- (b) the Annual Report which is distributed to shareholders if they have elected to receive a printed version and is otherwise available for viewing and downloading from the Company's website;
- (c) the AGM and other general meetings (the notices for which are available for viewing and downloading from the Company's website) called in accordance with the Corporations Act and to obtain shareholder approvals as appropriate. The Chairman gives an address at the AGM updating shareholders on the Company's activities;
- (d) Half-Yearly Directors' and Financial Reports, which are available for viewing and downloading from the Company's website; and
- (e) other announcements released to ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders, which are available for viewing and downloading from the Company's website.

The Executive Chairman (and/or the Company Secretary, where appropriate) has general responsibility to speak to the media, investors and analysts on the Company's behalf. Other Directors or Senior Executives may be given a brief to do so on particular occasions (where appropriate).

The Company actively promotes communication with shareholders through a variety of measures, including the use of the Company's website and email. The Company's reports and ASX announcements lodged on ASX may be viewed and downloaded from its website: [www.bel.com.au](http://www.bel.com.au) or the ASX website: [www.asx.com.au](http://www.asx.com.au) under ASX code "BEL".

## 6.3. Shareholder Meeting Participation

The AGM facilitates investor communications, by means which include:

- (a) shareholders having the opportunity to ask questions of Directors at all general meetings;
- (b) the presence of the Auditor at AGMs (in person or by teleconference, as practicable and appropriate) to take shareholder questions on any issue relevant to their capacity as Auditor;
- (c) the Company's policy of expecting Directors to be available to meet shareholders at the AGM; and
- (d) the Company making Directors and Senior Executives available to answer shareholder questions submitted by telephone, email and other means (where appropriate).

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The Board encourages shareholder participation at the Company's AGM and other general meetings of shareholders - questions and or comments are welcomed from shareholders and the Chairman seeks to ensure that shareholders are given ample opportunity to participate. Shareholders who are unable to attend the AGM or a general meeting may submit questions and comments before the meeting to the Company or to the Auditor (in the case of the AGM).

## 6.4. Electronic Communication

Shareholders may send communications to and receive communications from the Company and its Share Registry electronically. The contact email addresses for the Company and its Share Registry are [info@bel.com.au](mailto:info@bel.com.au) and [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au) respectively (also available on the Company's website).

Shareholders may elect to receive Annual Reports electronically. The Company also maintains an email list for the distribution of the Company's announcements on ASX via email in a timely manner.

## PRINCIPLE 7 - RECOGNISE AND MANAGE RISK

### 7.1. Risk Committee

As a consequence of the size and composition of the Company's Board (comprising the Executive Chairman and one Executive and one Non-Executive Director) the Board does not have a stand-alone Risk Committee. However, the Company's Audit Committee (refer Section 4.1 for further details) has an important risk management and compliance function, with key responsibilities being to ensure that an appropriate risk management framework is in place and is operating properly and reviewing and monitoring legal and policy compliance systems and issues. The Audit Committee Charter may be viewed and downloaded from the Company's website.

During the Reporting Period, the Board/Audit Committee relied on the Company's existing risk management framework - a review of the same is proposed for the current financial year so that the Board/Audit Committee can satisfy themselves that the Company's risk management framework remains sound, and make any changes that may be required.

The number of times that the Audit Committee met during the Reporting Period, and the individual attendances of Committee members at those meetings, are disclosed in the Company's latest 2020 Annual Report.

### 7.2. Internal Control and Risk Management

The Board of Directors is responsible for (but takes advice from the Audit Committee in relation thereto) the overall internal control framework (which includes risk management) and oversight of the Company's policies on and management of risks that have the potential to impact significantly on operations, financial performance or reputation.

The Board recognises that no cost-effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably qualified and experienced service providers and suitably-qualified and experienced management personnel. The effectiveness of the system is monitored and continually reviewed by management on an on-going basis and at least annually by the Board. On a day-to-day basis, managing the various risks inherent in the Company's operations is the responsibility of the Executive Chairman in conjunction with the Company Secretary. Risks facing the Company can be divided into the broad categories of operations, compliance and market risks.

Operations risk refers to risks arising from day-to-day operational activities which may result in direct or indirect loss from inadequate or failed internal processes, decision-making, exercise of judgment, people or systems or external events. The Executive Chairman and the Company Secretary have delegated responsibility from the Board for identification of operations risks generally, for putting processes in place to mitigate them and monitoring compliance with those processes.

The Company has clear accounting and internal control systems to manage risks to the accuracy of financial information and other financial risks.

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Compliance risk is the risk of failure to comply with all applicable legal and regulatory requirements and industry standards and the corresponding impact on the Company's business, reputation and financial condition. The Company's compliance risk management strategy ensures compliance with key legislation affecting the Company's activities. A key principle of the Company's compliance risk management strategy is to foster an integrated approach where line managers are responsible and accountable for compliance, within their job descriptions and within overall guidance developed by the Executive Chairman (assisted by relevant Senior Executives (as appropriate and applicable)). The Company's compliance strategy is kept current with advice from the General Counsel, senior external professionals and the ongoing training of Senior Executives and other senior personnel involved in compliance management. The Company Secretary has oversight responsibility for managing the Company's compliance risk.

The Company has policies on responsible business practices and ethical behaviour, including conflict of interest and share trading policies, to maintain confidence in the Company's integrity and ensure legal compliance.

The material economic risks to which the Company is exposed principally consist of market risks. Market risk encompasses risks to the Company's performance from changes in equity prices, interest rates, currency exchange rates, capital markets and economic conditions generally. The Investment Committee acts as the first line in managing this risk, under the supervision of its Chairman (also the Executive Chairman of the Board). The Audit Committee regularly assesses the Company's exposure to these risks and the Board (taking advice from the Audit Committee) sets the strategic direction for managing them. Further details are in the Financial Risk Management Note to the financial statements in the Company's latest 2020 Annual Report.

As a Listed Investment Company (LIC), the Company has no direct material exposure to environmental or social sustainability risks. There is potential for indirect material exposure to environmental, social sustainability and economic risks through the entities in which the Company invests. The Investment Committee regularly reviews existing and proposed material investments. These reviews include assessing whether entities in which the Company has, or is considering making, material investments have exposure to material environmental, social sustainability, economic and other risks. These risks are taken into account as part of the process of determining whether to make, maintain or dispose of any given material investment.

The Company's approach to risk management is not stationary; it evolves constantly in response to developments in operations and changing market conditions. The Executive Chairman and Company Secretary have reported to the Board as to the effectiveness of the Company's management of its material business risks and internal controls.

## 7.3. Internal Audit

The Company does not have an independent internal audit function. Due to the nature and size of the Company's operations, and the Company's ability to derive substantially all of the benefits of an independent internal audit function in the manner disclosed below, the expense of an independent internal auditor is not considered to be appropriate.

The Audit Committee performs all key elements of an internal audit function, including:

- (a) evaluating and seeking and obtaining reasonable assurance that risk management, control, and governance systems are functioning as intended and will enable the Company's objectives and goals to be met;
- (b) evaluating information security and associated risk exposures;
- (c) evaluating regulatory compliance programmes with consultation from internal and external legal counsel;
- (d) evaluating the Company's preparedness in case of business interruption; and
- (e) providing oversight of the Company's anti-fraud programmes.

The Audit Committee delegates to one or more Senior Executives (as appropriate and applicable) the authority to implement any non-strategic amendments to risk management systems required as a result of changed circumstances, or where the potential for improvement has been identified; reporting all such matters to the Executive Chairman promptly, and to the Audit Committee/Board for consideration at its next meeting. The Audit Committee may also seek recommendations from appropriate Senior Executives where strategic changes to risk management and internal control processes are required.

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## PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

### 8.1. Remuneration Committee

The Board has a Remuneration Committee with a remuneration and a nomination function (established 9 December 2010), which currently comprises independent Non-Executive Director, Simon Cato (who is the Chairman of the Remuneration Committee and also the Chairman of the Audit Committee) and Executive Director, William Johnson. Their qualifications, experience and positions in other listed companies are stated in the Company's latest 2020 Annual Report.

As a consequence of the size and composition of the Company's Board (comprising the Executive Chairman and one Executive and one Non-Executive Director) the Board does not have a stand-alone Nomination Committee and the Remuneration Committee only has two members (being the two Directors other than the Chairman of the Company) instead of at least three members and does not have an independent majority of members, as per the ASX Recommendations.

The Remuneration Committee has a formal charter to prescribe its purpose, key responsibilities, composition, membership requirements, powers and other administrative matters, which includes a remuneration function, with key responsibilities to make recommendations to the Board on policy governing the remuneration benefits of Executive Directors, including equity-based remuneration, and to assist the Executive Chairman to determine the remuneration benefits of Senior Management and advise on those determinations. The Remuneration Committee Charter may be viewed and downloaded from the Company's website.

The number of times the Remuneration Committee met during the Reporting Period, and the individual attendances of Committee members at those meetings, is disclosed in the Company's latest 2020 Annual Report.

During the Reporting Period the Board reviewed the performance, structure and composition of the Remuneration Committee, pursuant to the Charter of the Committee.

### 8.2. Remuneration Policies

Details of the Company's remuneration policy are contained in the Remuneration Report within the Company's latest 2020 Annual Report.

The Company has implemented a Performance Bonus Scheme (**PBS**) (effective from 1 May 2010) with the conditions for payment being related to the Company's financial performance. If the conditions for payment under the PBS have been satisfied, the Company will pay cash bonuses to members of the Investment Committee (refer Section 1.8 above). During the Reporting Period, there were no entitlements arising under the PBS in relation to the half years ended 31 December 2019 or 30 June 2020. The key elements of the PBS applicable for the Reporting Period, and the entitlements arising under it referred to above, are summarised in the Remuneration Report within the Company's 2018 Annual Report and latest 2020 Annual Report.

Independent, Non-Executive Director Simon Cato (the only Director who is a non-member of the Investment Committee) has responsibility, *inter alia*, in relation to approving PBS-related calculations and the review (at least annually) of the terms of the PBS.

### 8.3. Equity Based Remuneration Scheme

The Company does not have an Employee Share Option Plan (**ESOP**) and has not issued equity-based remuneration (including shares and options) to Directors or Senior Management.

If options are proposed to be issued to Directors, Senior Management or employees, the Company's policy would require option holders not to enter into transactions in associated products which limit the economic risk of holding unvested options. Also, under the Company's Share Trading Policy, Director and employee option-holders may not:

- (a) hedge or limit their exposure to risk in any unvested options in the Company; or
- (b) use any securities in the Company held by them as security for borrowing or other obligations (including a margin lending facility) without the written consent of the Trading Officer.

The Company's Share Trading Policy may be viewed and downloaded from the Company's website.