

**CORPORATE GOVERNANCE POLICIES**  
**AUSTRALIAN LEADERS FUND LIMITED**

*Approved by the Board on 20 June 2019*

## BOARD CHARTER

### **BOARD ROLE AND COMPANY OBJECTIVES**

The Board is responsible for monitoring of the overall operation, managing contracts with Managers, strategic direction, leadership and integrity of the Company and in particular, is responsible for monitoring the Company's growth and profitability.

### **RESPONSIBILITIES**

Specifically, the Board is responsible for:

- Ensuring that Australian Leaders Fund Limited operates in accordance with the Company's Constitution, Corporations Act 2001 and ASX listing rules;
- Validating and approving corporate strategy and policies;
- Monitoring and reviewing business results, outsourced service providers and the Board itself;
- Monitoring and assessing the Investment Manager's performance ensuring this is consistent with corporate strategy;
- Confirming that the Investment Manager has operated in accordance with the Board approved investment process (as disclosed in the company's Annual Report);
- Reviewing internal controls for effectiveness and external audit reports;
- Approving financial reports and other public documents for disclosure to shareholders and the market;
- Ensuring adequate risk management processes;
- Monitoring the reputation and ethical standards of the company;
- Ratifying the appointment of the Company Secretary.
- Establishing Corporate Governance and Codes of Conduct, legal and accounting compliance systems, as well as monitoring compliance with those systems;
- Communicating with and protecting the rights and interests of all Shareholders
- Ensuring appropriate resources are available for the Company in the pursuit of its objectives;
- Conducting an annual review of the Board membership with regard to the present and future requirements of the Company and make recommendations as to composition and appointments;
- Ensuring that appropriate and effective remuneration packages and policies are implemented;
- Review of Board succession plans to maintain an appropriate balance of skills, experience, expertise and diversity;
- Conducting an annual review of the time required from non-executive directors, and whether the directors are meeting this; and
- Conducting an annual review of the independence of directors.

### **COMPOSITION OF THE BOARD**

The composition of the Board is required to have a minimum of three directors (two of which will be Australian residents) and a majority of non-executive directors.

The Board is 50% independent. Whilst the Company agrees with the benefits of a majority of independent Directors, it believes that it can better achieve the results of the Company with the current

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Board's level of expertise and without burdening shareholders with the additional costs associated with adding further independent directors.

In addition, the Chairman is not independent. The Company believes that an independent Chairman does not necessarily improve the function of the Board. The Company believes that when the Chairman is a significant driver behind the business and is a shareholder, it adds value to the Company.

**BOARD COMMITTEES**

The Board has established an Audit Committee. This committee has a written mandate and operating procedures which are reviewed on a regular basis. The Board has also established a range of policies which govern its operation.

The Audit Committee, consisting of Julian Gosse (Chairman), John Abernethy and Geoffrey Wilson is responsible for considering the effectiveness of the systems and standard of internal control, financial reporting, risk management and any other matters at the request of the Board.

**OPERATION OF THE BOARD**

The Board currently holds four scheduled meetings each year plus any other strategic meetings as and when necessitated by the company's operations. The agenda for meetings is prepared through the input of the Chairman and the Company Secretary. Standing items include matters of Compliance and Reporting, Financials, Shareholder Communications and Investment Strategy and Outcomes. Submissions are circulated in advance.

Each director has the right of access to all relevant company information and subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of advice received by the director is made available to all other members of the Board.

**BOARD POLICIES**

The Board has adopted the following policies:

- Code of Conduct and Ethics
- Trading Policy
- Disclosure Policy
- Communication Policy
- Risk Management Policy
- Performance Evaluation Policy

The Board reviews each of these policies at least annually.

## ASSESSMENT OF INDEPENDENCE OF DIRECTORS

### J. BRAITLING (Appointed October 2003)

(ASX Recommendation 2.5 – The chairperson should be an independent director.)

TEST	FINDINGS	RESULT
1. Substantial shareholder of the Company	No	Independent
2. Within the last 3 years employed in an executive capacity by the company or another group member	No	Independent
3. Within last 3 years has been a principal of a material professional adviser or consultant to the company	Yes	Not independent
4. Material supplier or customer of the company or other group member	Yes	Not independent
5. Material contractual relationship with the company or another group member other than as director of the company	Yes	Not independent
6. Has the Director served on the Board for longer than 10 years? (this is not considered to impair their independence where all other criteria are met).	Yes	Not independent

**Conclusion** – Not an independent Director.

### G. WILSON (Appointed October 2003)

TEST	FINDINGS	RESULT
1. Substantial shareholder of the Company	No	Independent
2. Within the last 3 years employed in an executive capacity by the company or another group member	No	Independent
3. Within last 3 years has been a principal of a material professional adviser or consultant to the company	Yes	Not independent
4. Material supplier or customer of the company or other group member	Yes	Not independent
5. Material contractual relationship with the company or another group member other than as director of the company	Yes	Not independent
6. Has the Director served on the Board for longer than 10 years? (this is not considered to impair their independence where all other criteria are met).	Yes	Not independent

**Conclusion** – Not an independent Director.

**J. ABERNETHY (Appointed November 2003)**

TEST	FINDINGS	RESULT
1. Substantial shareholder of the Company	No	Independent
2. Within the last 3 years employed in an executive capacity by the company or another group member	No	Independent
3. Within last 3 years has been a principal of a material professional adviser or consultant to the company	No	Independent
4. Material supplier or customer of the company or other group member	No	Independent
5. Material contractual relationship with the company or another group member other than as director of the company	No	Independent
6. Has the Director served on the Board for longer than 10 years? (this is not considered to impair their independence where all other criteria are met).	Yes	Independent (no other findings)

**Conclusion** – Independent Director**J. GOSSE (Appointed October 2003)**

TEST	FINDINGS	RESULT
1. Substantial shareholder of the Company	No	Independent
2. Within the last 3 years employed in an executive capacity by the company or another group member	No	Independent
3. Within last 3 years has been a principal of a material professional adviser or consultant to the company	No	Independent
4. Material supplier or customer of the company or other group member	No	Independent
5. Material contractual relationship with the company or another group member other than as director of the company	No	Independent
6. Has the Director served on the Board for longer than 10 years? (this is not considered to impair their independence where all other criteria are met).	Yes	Independent (no other findings)

**Conclusion** – Independent Director**SUMMARY**

The Board of Australian Leaders Fund Limited is well structured to add value, comprising of two Independent Directors. There has been no loss of independence that requires disclosure with the ASX.

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## APPOINTMENT AND SELECTION OF NON-EXECUTIVE DIRECTORS

### POLICY

To ensure the Board consists of members with the range of skills and qualities to ensure that the interests of shareholders and stakeholders are promoted and protected.

The Board's target is to ensure that (as a minimum) directors collectively have investment accounting, general business experience and shareholder representation.

#### ***Board skills matrix***

The Board seeks to ensure as a minimum the Board's skills matrix includes:

- (a) Each Director must be capable of making a valuable contribution to the effective and prudential operation of the Company and Board deliberations and processes;
- (b) Directors must collectively have the necessary skills, knowledge and experience to understand the risks of the Company, including its legal and prudential obligations and to ensure that the Company is managed in an appropriate way taking into account these risks;
- (c) All Directors must be able to read and understand fundamental financial statements and if required, may seek guidance from an independent professional advisor who is appropriately qualified in the area of finance and accounting.

The Board believes it has adequate representation of the necessary skills and requirements noted above.

The Directors possess a range of skills. Every Director has had considerable exposure to current corporate governance practices and all Directors possess significant financial acumen.

The following table summarises the key skills and experience of the Directors:

Skills and experience	No. of Directors
Financial acumen	4
Expert experience in portfolio management	4
General management exposure to domestic and international operations	4
Experience as a non-executive director of at least one other listed entity	4
Held CEO of similar position in a non-financial organisation	4

The Board believes it has adequate representation of the necessary skills and requirements noted above.

At every annual general meeting a minimum of one-third of directors (or the nearest number to one third), shall retire from office. No director shall hold office for a period in excess of three years, or until the third annual general meeting following his appointment without submitting himself for re-election. The Board assesses annually the term of office of all Directors, in particular those who have served on the

Board for longer than 10 years, to ensure the length of service does not compromise their independence. Although Directors have served in office for over 10 years this is not considered to impair their independence where all other criteria are met and where Directors are not associated with the Investment Manager or its related entities.

The terms and conditions of the appointment and retirement of non-executive directors are set out in a letter of appointment. A director may resign from office by giving the Company notice in writing.

#### **PROCEDURE FOR THE SELECTION AND APPOINTMENT OF DIRECTORS TO FILL A VACANCY**

- Assess the current Board's skills and qualities;
- Assess the needs of the Company's operations currently and going forward;
- Develop selection criteria for potential Board candidate(s).

The composition of the Board is monitored (both in respect of size, diversity and membership) to ensure that the Board has a balance of skill and experience appropriate to the needs of the Company. When a vacancy arises, the Board will identify candidates with appropriate expertise and experience and appoint the most suitable person taking into account the need for diversity in gender, age, ethnicity and cultural background;
- Generate a list of potential candidates who may fill the stated criteria;
- The Board examines the final list of candidate(s) and agrees an order of preference;
- Chairman approaches desired candidate(s);
- Company Secretary to undertake appropriate checks before the Board appoint a person or put forward a candidate for election as a Director. All appropriate checks are undertaken by the entity for new and re-elected candidates. In addition, the Board will continue to provide security holders with all material information in its possession relevant to any decision to elect or re-elect a Director by inclusion in any Notice of Meeting
- Candidate is appointed to the Board in accordance with the Constitution, Listing Rules and the Corporations Act.

#### **PROCEDURE FOR RE-APPOINTING DIRECTORS**

- Assess the current Board's skills and qualities;
- Assess the needs of the Company's operations currently and going forward;
- Develop selection criteria for potential Board candidate(s).

The composition of the Board is monitored (both in respect of size, diversity and membership) to ensure that the Board has a balance of skill and experience appropriate to the needs of the Company. When a vacancy arises, the Board will identify candidates with appropriate expertise and experience and appoint the most suitable person taking into account the need for diversity in gender, age, ethnicity and cultural background;
- Measure the retiring director's skills against the criteria;
- Directors discuss and agree whether the retiring director should stand for re-election at the next annual general meeting;

- Company Secretary to undertake appropriate checks before the Board appoint a person or put forward a candidate for election as a Director. All appropriate checks are undertaken by the entity for new and re-elected candidates. In addition, the Board will continue to provide security holders with all material information in its possession relevant to any decision to elect or re-elect a Director by inclusion in any Notice of Meeting;
- If recommended for re-appointment, the retiring director stands for re-election at the shareholder meeting in accordance with the Constitution, Listing Rules and the Corporations Act. Otherwise the new director selection process commences.

#### **INDUCTION PROGRAM AND PROFESSIONAL DEVELOPMENT**

Recommendation 2.6 states the listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively. Due to the small size of the Board an induction program or formal professional development program is not considered necessary for new and existing directors. The Chairman is best suited to address any queries a new Director may present on induction to the Board. Directors are expected to maintain their industry knowledge, however, directors may also enquire of the Investment Manager, Administration Manager and External Auditors as is necessary should technical queries arise.

Each director has the right of access to all relevant Company information subject to prior consultation with the Chairman and may seek independent professional advice at the Company's expense. A copy of advice received by the director is made available to all other members of the Board.

A Director will cease to be a Director if the Director:

- Becomes of unsound mind or a person whose property is liable to be dealt with under law about mental health;
- Resigns or is removed under the Constitution; or
- Becomes insolvent under administration; or the Corporations Act 2001 so provides.

## **NOMINATION COMMITTEE**

ASX Recommendation 2.1 – The board should establish a nomination committee.

Based on ASX recommendations, the nomination committee should consist of a minimum of 3 members, the majority being independent directors, and chaired by an independent director.

Due to the size of the Company it has not established a formal Nomination Committee and the functions of the Nomination Committee are undertaken by the full Board.

The Company does not employ staff directly, therefore, the Board do not consider a diversity policy incorporating gender, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity is relevant. The Board recognize that diversity of gender and background are two important criteria take these into account in developing Board succession plans and appointment. However, other selection criteria, in particular business acumen and industry experience, are also fundamentally important. When a vacancy arises, the Board will identify candidates with appropriate expertise and experience and appoint the most suitable person taking into account the need for diversity in gender, age, ethnicity and cultural background. Given the Company has no employees,

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consideration of diversity does not extend beyond the Board and further disclosures in relation to policies are not considered relevant.

The Company considers the impact of size in the practical implementation of its diversity policy, and accordingly does not believe it would be practical to set measurable objectives to achieve diversity.

## **CODE OF CONDUCT AND ETHICS**

### **CODE OF CONDUCT**

The Board expects all executive and non-executive directors to act professionally in their conduct.

The Company is committed to increasing shareholder value in a manner consistent with its responsibilities to all stakeholders.

Australian Leaders Fund Limited is committed to conducting its business in a way that is open, ensuring that the Company acts with integrity and objectivity.

Adherence to this code of conduct will ensure that Australian Leader's reputation is maintained, and help promote investor understanding and confidence in the Company's disclosure, reporting and compliance activities.

Public statements have the potential to breach the Company's obligations in respect to confidential information, share trading and continuous disclosure. Executives and Directors should not make public statements unless authorized by the Chairman.

### **ETHICAL STANDARDS**

The directors in acting professionally in their conduct means that they will:

- Act with high standards of honesty, integrity, fairness and equity in all aspects, avoiding actual or potential conflicts of interest;
- Not do anything which would be likely to negatively affect Australian Leaders Fund's reputation;
- Provide shareholders with timely and accurate information;
- Act lawfully and comply with the Constitution, Listing Rules, the Corporations Act 2001 and applicable Accounting Standards;
- Ensure confidential information is held, used and disclosed consistently with the Company's Privacy Policy (policy can be found on [www.wfunds.com.au](http://www.wfunds.com.au));
- Protect and ensure efficient use of assets for legitimate business purposes;
- Promote ethical behaviour and fair dealing in all areas of the Company's operations.

Executive and non-executive directors are encouraged to consult with their peers if in doubt as to an appropriate course of action. Any instance of unethical practice is required to be reported to the Chairman without delay.

The Board expects all Directors to adhere to the Company's Code of Conduct and Ethics at all times. Any subsequent amendment to the Code will be advised to the Directors, as such no formal training on the Code is considered necessary.

The Board monitors its outsourced service providers compliance with the Company's Code of Conduct and Ethics, which is accessible to outside parties via the Company's website.

## TRADING POLICY

### **1. Scope of this policy**

- 1.1 This policy applies to private dealings in Australian Leaders Fund's issued securities by Key Management Personnel (KMP).
- 1.2 Key Management Personnel (KMP) comprise the Directors and Company Secretary of the Company.
- 1.3 Each KMP has a personal responsibility to ensure that his or her "associated parties" (being immediate family (including a spouse (or equivalent) or dependent, family company or trust) complies with the same respective restrictions as apply to KMP.
- 1.4 KMP are required to notify the Company of intended dealings in shares, by themselves or their associated parties, of the Company prior to such intended dealings. This should be done by written notice to the Company Secretary of the Company outlining:
  - (a) name of shareholder;
  - (b) type of proposed transaction (purchase, sale, etc.); and
  - (c) number of shares involved.
- 1.5 The Company Secretary will confer with the Chairman of the Board in relation to any proposed dealing. The Chairman and the Company Secretary must keep a record of any information received from a KMP in connection with this policy and any clearance or refusal to grant clearance given under this policy.
- 1.6 The Directors are required to complete, or request that the Company Secretary complete necessary forms to the Company to be filed with the ASX in respect of their shareholding in the Company for the purposes of section 205G of the Corporations Act and the Listing Rules.

### **2. Prohibitions on dealing in the Company's securities**

- 2.1 KMPs must not deal in the Company's securities when they possess information which if disclosed might have a material effect on the market price of the Company's securities.
- 2.2 KMPs must not deal in the Company's securities during prohibited periods (closed periods) unless exceptional circumstances apply and written approval is given to a transaction in advance.
- 2.3 KMPs must not engage in short term dealing in the Company's securities.

**3. Prohibited (Closed) Periods**

- 3.1 Subject to 3.2 and KMP not being in possession of undisclosed price sensitive information with adequate time being given for this to be reflected in the security's price, KMPs may deal in shares of the Company at any time. As Australian Leaders Fund Limited is an investment company announcing its Net Tangible Assets and preliminary gross portfolio movement monthly, the Board believes the shareholders are generally fully informed.
- 3.2 The Board has nominated that a KMP may not deal in shares of the Company the 5 business days before the announcement of half year results, full year results, a dividend or any other capital management initiative that might have a material impact on the share price.
- 3.3 The Company may from time to time designate a period of time as a prohibited period under this Policy.

**4. Exclusions to the General Policy**

- 4.1 The following circumstances are excluded from the application of Section 2 of this Policy.
- (a) Transfers of securities where there is no change in relevant interest;
  - (b) An investment in an entity where the assets of the entity are invested at the discretion of a third party;
  - (c) Responding to a corporate action or offer which has been made to all the Company's security holders of the same class;
  - (d) Transactions conducted between a KMP and a close family member;
  - (e) Transactions which are outside the control of the KMP, including those which result from the application of law.

**5. Exceptional circumstances**

- 5.1 A KMP may be given approval to transact on the Company's securities if application is made in writing in advance to the Board, and only if the Board considers there to be a sufficiently exceptional circumstance that the implementation of the general Policy would produce an inappropriate outcome, and where the KMP is not in possession of any price sensitive information.
- 5.2 Approval provided by the Board will be provided in writing, including via email, and will specify the scope and timing of the transaction approved.

**6. Insider trading policy**

The Board of the Company has established the following Insider Trading Policy to apply to trading in the Company's shares on the ASX.

This policy applies to all KMP who must not deal in the Company's shares while in possession of price sensitive information. In addition, the General Share Trading Policy (see above) sets out additional restrictions which apply to KMP of the Company. The law imposes a number of significant restrictions on KMP when they deal in their Company's shares. As fiduciaries, these persons must not utilise their position for their own gain or for the gain of any person other than the Company.

The Corporations Act 2001 imposes severe penalties (both criminal and civil) on persons who conduct insider trading activities. Any perception of improper conduct by employees of the Company also has the potential to substantially damage the Company's reputation. The Company has established the policy set out in this document in an effort to prevent the incidence of insider trading in the Company's shares. The policy provides a general summary of the law in Australia in relation to insider trading, and as such operates in addition to the legal requirements. It is the personal responsibility of each KMP to comply with this policy.

### **6.1 Overview of the insider trading provisions in the Corporations Act 2001**

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

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

This prohibition extends to procuring another person to deal, and, in the case of shares of listed corporations, extends to communicating the inside information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in the shares in question or procure another person to do so. To communicate Inside Information to another person is also an offence which carries both civil and criminal penalties. A KMP in possession of Inside Information about the Company has a duty to keep that information confidential and must not in any way disclose or communicate that information to any person.

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

A KMP may be exposed to others outside the Company such as security analysts, institutional investors and journalists. It is important that all KMP be aware that selective disclosure of non-public information may result in a breach of the insider trading rules. It is important to emphasise that it is the mere fact of conveyance of the material non-public information that gives rise to liability, not the manner in which it is conveyed.

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

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

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

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

## AUDIT COMMITTEE

ASX Recommendation 4.1 – The board should establish an audit committee.

Based on ASX recommendations, the audit committee should consist of:

- Only non-executive directors
- A majority of independent directors
- An independent chairperson, who is not the chairperson of the Board
- At least three members

### AUDIT COMMITTEE MEMBERS

Committee Position	Member	Independent
Chairman	J. Gosse	Yes
Member	G. Wilson	No
Member	J. Abernethy	Yes

## AUDIT COMMITTEE CHARTER

### ROLE

The Audit Committee is responsible for considering the effectiveness of the systems and standards of internal control, financial reporting and any other matters at the request of the Board.

The committee will report to the Board on matters relevant to its role and responsibilities.

### RESPONSIBILITIES

The responsibilities of the Audit Committee are to ensure:

- Relevant, reliable and timely information is available to the Board to monitor the performance of the Company;
- External reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;
- Management processes support external reporting in a format which facilitates ease of understanding by shareholders and institutions;
- The external audit arrangements are adequate to ensure the maintenance of an effective and efficient external audit. This involves:
  - Reviewing the terms of engagement, scope and auditor's independence;

- Recommendations as to the appointment, removal and remuneration of an auditor;
- Reviewing the provision of any non-audit services provided by the external auditor, ensuring it does not adversely impact on audit independence.
- Review the Company's risk profile and assess the operation of the Company's internal control system (via an annual risk management review). Watermark Funds Management Pty Limited (Investment Manager) and Link Fund Solutions Limited (Administration Manager) are required to table their half-yearly compliance sign off's at each audit committee meeting held prior to the Board meeting at which annual and half year accounts are signed.
- The Audit Committee also makes recommendations on the Company's insurance program having regard to the Company's business and the insurable risks associated with its business. In respect of the current financial year no additional recommendations were made to the Board regarding the Company's insurance.

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 and economic sustainability risks through the entities in which the Company invests. Overall risk within the investment portfolio is part of the Company's investment process and is reviewed regularly by the Investment Manager. The Company does not consider it has any material exposure to environmental or social sustainability risks under Recommendation 7.4

#### **COMPOSITION OF THE COMMITTEE**

The Audit Committee will be comprised of the two independent non-executive directors on the Board and a third non-executive director. The Chairman of the Audit Committee will be an independent director who is not Chairman of the Board.

#### **MEETINGS**

As a minimum, the Audit Committee meets two times per annum. An agenda will be prepared and issued prior to each meeting. Minutes of each meeting will be taken by the Company Secretary and copies of Minutes will be issued to each member of the Board.

The Audit Committee may have in attendance at their meeting such members of outsourced service providers as may be deemed necessary to provide information and explanations. The external auditors attend meetings by invitation to report to the Committee.

#### **AUDIT**

The Board monitors the performance of the annual & half-yearly audit performed by the External Auditor. If the Board consider that the external auditor of the Company should be changed a special resolution will be put to a shareholder vote at the following Annual General Meeting. External audit engagement partners are required by legislation to rotate their appointment every five years. The external auditor is required to attend the Annual General Meeting and is available to answer shareholder questions.

## DISCLOSURE POLICY

### OBJECTIVE

The objective of this policy is to ensure compliance with the ASX Listing Rules and the Corporations Act 2001 and to ensure accountability at a Board level for that compliance.

### INFORMATION TO BE DISCLOSED

The ASX Listing Rule 3.1 requires Australian Leaders Fund Limited to inform the ASX immediately the Company becomes aware of any information that a reasonable person would expect to have a material effect on the Company's share price or value.

The Company will ensure compliance with this Policy and will disclose:

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

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

Chapter 4 of the ASX Listing Rules details the periodic reporting requirements, which include:

- Half yearly reporting;
- Annual reporting, and
- Monthly net asset backing per share within 14 days of the end of the month.

In addition, Australian Leaders Fund Limited releases preliminary gross performance at the beginning of each month. All Australian Stock Exchange releases are available on the ASX website.

### RESPONSIBILITY

The Company Secretary is responsible for ensuring Australian Leaders Fund Limited complies with its continuous disclosure obligations.

All staff of the Investment Manager and the Administration Manager are made aware of these obligations and are required to report any price sensitive information to the Company Secretary immediately they become aware of it. The Company Secretary in conjunction with the Chairman will decide whether the information should be disclosed to the ASX.

The Board delegates authority to Tim Bolger and/or Justin Braitling to approve all continuous disclosure releases to the ASX on behalf of the Board. The monthly net asset backing per share is prepared and approved by the Administration Manager and reviewed by the Investment Manager.

All ASX releases are available on the Company's website [www.wfunds.com.au](http://www.wfunds.com.au).

## **NO COMMENTS POLICY**

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

Where a Director is approached by the media or any analysts or other external parties with respect to providing any information about the Company the general policy to be observed is a “no comments” policy and will notify the Company Secretary as soon as possible

## **RESPONDING TO ANALYST REPORTS AND FORECASTS**

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

## **TRADING HALTS**

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

## **ADVISORS**

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

## **CONTRAVENTION OF POLICY**

Non-compliance with the continuous disclosure obligations may constitute a breach of the Corporations Act 2001 and the ASX Listing Rules. This may result in fines for the Company, personal liabilities for Directors and other officers and damage to the Company’s reputation. The Company takes continuous disclosure very seriously and will not tolerate any deviation from this policy by any Director or advisor and will take disciplinary action where a contravention arises. Disciplinary action may include dismissal.

## COMMUNICATION POLICY

### OBJECTIVE

The communications policy is designed to promote effective communication with shareholders and encourage effective participation at general meetings.

The Company seeks to keep its shareholders fully informed on all matters that affect their investment.

### STRATEGY

Australian Leaders' internet website can be accessed at [www.wfunds.com.au](http://www.wfunds.com.au). The objective of the website is to provide shareholders and potential investors with information that will assist them to assess the Company's performance as well as general information about Company and its governance.

All announcements to the ASX are available from the website via a direct link to the ASX website. These include:

- Release of preliminary gross performance at the beginning of each month;
- Monthly Net Asset Backing per share;
- Quarterly, Half year and Annual reports (released at approximately three month intervals)
- Notice of Annual General Meeting and Explanatory Memorandum; and
- The Chairman's Address to the Annual General Meeting.

In addition;

- Half yearly investor updates are generally held each year,
- Quarterly reports will be sent via email to shareholders who register their interest and by surface mail to all other shareholders; and
- A hard copy Annual Report will be mailed to shareholders at the close of the financial year, where requested.

Should Shareholders be unable to obtain this information by electronic means a hard-copy of the documents requested can be obtained by contacting the Company on (02) 9252 0225 or [info@wfunds.com.au](mailto:info@wfunds.com.au).

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of Directors, changes to the Constitution and are able to receive the annual and interim financial statements if requested. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Australian Leaders Fund Limited, to lodge questions to be responded by the Board, and are able to appoint proxies.

Shareholders queries outside of the Annual General Meeting are welcomed by the Company via telephone on (02) 92520225 or via email on [info@wfunds.com.au](mailto:info@wfunds.com.au). Any shareholding related enquiries should be directed to the Share Registrar, Boardroom Pty Limited on (02) 92909600 or via email on [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au).

## **RISK MANAGEMENT POLICY**

### **MISSION STATEMENT**

Risk includes anything that hinders the sustainable achievement of company objectives and the protection of shareholders capital.

### **OBJECTIVE**

To identify Australian Leaders' material risks and analyse the risk management, internal compliance and control systems in place, and of the effectiveness of their implementation.

### **FUNCTIONS**

The Board is responsible for ensuring the existence of an efficient and effective system of internal control and that the portfolio has been managed in accordance with the Board approved investment process (as disclosed in the company's Annual Report). The Board has delegated the role of reviewing the risk profile and reporting on the operation of the internal control system to the Audit Committee. The Company does not have a designated internal audit function. The Audit Committee is responsible for evaluating and continually improving the effectiveness of its risk management and internal control processes. The external auditor is required to attend the Annual General Meeting and is available to answer shareholder questions.

The Audit Committee:

- (a) requires the Administration Manager to report on the operation of internal controls, and for the Investment Manager to report on compliance with the Board approved investment process on a half yearly basis;
- (b) reviews the external audit of internal controls and liaises with the external auditor;
- (c) conducts any other investigations and obtains any other information it requires in order to report to the Board on the effectiveness of the internal control system; and
- (d) makes recommendations on the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business. In respect of the current financial year all necessary declarations have been submitted to the Board.

### **MATERIAL BUSINESS RISKS**

The following economic sustainability<sup>1</sup> risks have been identified by the Board as having the potential to significantly or materially impact the Company's performance:

- a. Administrative risks including operational, compliance and financial reporting; and
- b. Market related risks

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<sup>1</sup> The term "economic sustainability risks" is defined as the ability of a listed entity to continue operating at a particular level of economic production over the long term (ASX Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition, ASX Corporate Governance Council).

**Administrative risks**

The Board is primarily responsible for recognising and managing administrative risks including (a) operational, (b) compliance and (c) financial reporting. The Company has outsourced its administrative functions to service providers accordingly risk issues associated with these activities are handled in accordance with the service providers policies and procedures.

The Board relies on representations by the Fund Manager who holds quarterly compliance meetings any urgent items/breaches are brought to the attention of the committee immediately as obtaining certificates of currency of insurance cover which each service provider has in place.

Any deficiencies identified in internal control policies or the financial affairs of the Company by the external auditor are tabled for discussion at Audit Committee meetings.

Both the Administration Manager and Investment Manager are required to be audited on internal controls and required to submit a copy of their reports to the Audit and Risk Committee to confirm compliance with the requirements of Australian Standard on Assurance Engagement ASAE3402 and the Auditing and Assurance Standards Board GS007.

In accordance with section 295A of the Corporations Act 2001, the Administration Manager, Link Fund Solutions Limited, will confirm half-yearly in writing to the Board that in all material respects:

- The financial records of the Company have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- The financial statements and notes comply with the Accounting Standards; and
- The financial statements and notes give a true and fair view.

In addition, the Administration Manager will confirm half-yearly in writing to the Board that the declaration provided above:

- is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks; and
- all material business risks have been effectively managed.

**Market related risks**

The Company seeks to reduce this investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market. The Investment Manager, is required to act in accordance with the Board approved investment management agreement and reports to the Board quarterly on the portfolio's performance, material actions of the Investment Manager during that quarter and an explanation of the Investment Manager's material proposed actions for the upcoming quarter. In addition, the Investment Manager is required to report half-yearly that it has invested the Company's assets in accordance with the approved investment mandate and complied with the Investment Management Agreement requirements during the reporting period. In respect of the current financial year all necessary declarations have been submitted to the Board. In assessing the Company's risk tolerance level the Board considers any instance which materially affects the Company's monthly Net Tangible Asset backing announcement released to the ASX.

The Board relies on representations by the Fund Manager who holds quarterly compliance meetings any urgent items/breaches are brought to the attention of the committee immediately items include to ensure that adequate controls are in place to mitigate risk associated with Investment Manager performance, market risk, fraud, transaction reporting errors, material reporting risks and compliance risk. In relation to the current reporting period ended all reviews have taken place. These reviews are scheduled to be undertaken quarterly.

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 and economic sustainability risks through the entities in which the Company invests. Overall risk within the investment portfolio is part of the Company's investment process and is reviewed regularly by the Investment Manager. The Company does not consider it has any material exposure to, environmental or social sustainability risks under Recommendation 7.4.

## **PERFORMANCE EVALUATION POLICY**

### **OBJECTIVE**

To formally assess the performance of the Board, its committees and service providers, whereby feedback is given to individuals to assist in the enhancement of their performance.

### **FUNCTIONS**

In order for a specific opportunity for performance matters to be discussed with each Director, each year the Chairman of the Board conducts a formal review process. The Chairman meets with each Director individually to discuss issues including performance and discusses with each Director the effectiveness of the Board as a whole, its Committees, individual Directors and the Chairman with the intention of providing mutual feedback. The Chairman reports on the general outcome of the meetings to the Board annually. Directors whose performance is unsatisfactory are asked to retire. In respect of the current financial year all assessments under this process have taken place in accordance with the process disclosed. Individual directors are subject to continuous review by the Chairman. The Chair of the Audit Committee is responsible for review of the Chairman on an annual basis and reporting to the full Board.

The performance of service providers (the Investment Manager and the Administration Manager) is the subject of continuous oversight by the Chairman and the Board as a whole.

## **REMUNERATION COMMITTEE**

ASX Recommendation 8.1 – The board should establish a remuneration committee.

Due to the size of the Company it has not established a formal Remuneration Committee and the functions of the Remuneration Committee are undertaken by the full Board. The Board reviews the Remuneration Report to be included in the Annual Report to shareholders each year.

Directors' base fees are set at a maximum of \$140,000 per annum. Non-Executive Directors do not receive bonuses nor are they issued options on securities and are remunerated by way of director fees and superannuation contributions. Directors' fees cover all main Board activities and membership of committees. Under the ASX Listing Rules, the maximum fees paid to non-executive Directors may not be

increased without approval from the Company at a general meeting. Directors will seek approval from time to time as appropriate.

## BOARD & COMMITTEE MEMBERS

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### BOARD OF DIRECTORS

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J. Braitling (Chairman)  
G. Wilson  
J. Abernethy  
J. Gosse

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### AUDIT COMMITTEE

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J. Gosse (Chairman)  
G. Wilson  
J. Abernethy

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## WHISTLEBLOWER POLICY

### OBJECTIVE

The communications policy is designed to promote effective communication with shareholders and encourage effective participation at general meetings.

### 1. BACKGROUND

Australian Leaders Fund Limited (ALF or the Company) is committed to encouraging and supporting a culture of ethical behaviour and good corporate governance, underpinned by our shared values.

The Company is committed to creating and maintaining a culture in which individuals are able to raise concerns regarding misconduct, including an improper state of affairs, non-compliance with the Company's policies or a contravention of laws. The Company encourages individuals to report such misconduct through a system that protects their confidentiality and provides support without fear of reprisal, dismissal or discriminatory treatment.

### 2. PURPOSE

The purpose of this Policy is

- (i) to facilitate the reporting by individuals who have reasonable grounds to suspect misconduct or an improper state of affairs, non-compliance with the Company's policies or a contravention of Federal or State laws has occurred,
- (ii) to protect such individuals from actual or threatened reprisal, dismissal or detrimental treatment,
- (iii) to ensure reported matters are investigated and dealt with appropriately; and
- (iv) to help ensure that the Company maintains the highest standards of lawful and ethical behaviour and integrity, and supports a culture underpinned by its values.

### 3. DEFINITIONS

In this Policy:

**"Eligible Whistleblower"** means a current or former

- (i) employee or officer (e.g. director, company secretary) of the Company,
- (ii) individual who supplies goods or services or goods to the Company (whether paid or unpaid); or an employee of such an individual,
- (iii) associate of the Company,
- (iv) relative of an individual referred to in paragraph (i), (ii) or (iii); or
- (v) dependant of an individual referred to in any of paragraphs (i), (ii) or (iii), or of such an individual's spouse.

**"Disclosable Matters"**

A Disclosable Matter is one where the discloser has reasonable grounds to suspect there is

- (i) misconduct or an improper state of affairs or circumstances in relation to the Company,
- (ii) conduct which constitutes a contravention of or an offence against any State or Federal law, or
- (iii) conduct which represents a danger to the public or to the financial system.

Examples of Disclosable Matters include:

- fraud, negligence, default, bribery, corruption, unethical behaviour, breach of trust or breach of duty in relation to the Company;
- conduct in breach of a Company Policy or procedure such as falsifying accounting records or an abuse of the Company's property or resources;
- Conduct that is potentially damaging to the Company, a Company employee or a third party, such as unsafe work practices or environmental damage;
- Conduct that may cause reputational damage to the Company

**"Protected Disclosures"** means disclosures of Disclosable Matters by Eligible Whistleblowers, which are made in accordance with this Policy and protected under this Policy.

**"Protected Disclosure Officer"** means a designated Company representative tasked with the following responsibilities

- (i) co-ordinating a preliminary investigation into any report received from a Eligible Whistleblower,
- (ii) documenting and handling all matters and escalating all legitimate matters as appropriate,
- (iii) assembling a Eligible Whistleblower investigations team when required, and
- (iv) finalising all investigations and producing a report on the outcome.

Protected Disclosure Officers are identified in Paragraph 4 of this Policy

#### **4. HOW AND TO WHOM, AN INDIVIDUAL CAN MAKE A DISCLOSURE**

If an Eligible Whistleblower becomes aware of any issue or behaviour which he/she considers to be a Disclosable Matter, there are several channels available for making a report. He/she may discuss the matter informally with his/her direct manager in the first instance. However, where this is not appropriate, or where the Eligible Whistleblower does not feel comfortable in doing so, or where he/she has previously done so and believes no action has been taken, the Eligible Whistleblower may report the matter to the following Protected Disclosure Officers to ensure appropriate escalation and timely investigation:

- (i) Chief Executive or
- (ii) Head of Finance, IT and Corporate Services

An individual may also raise the matter with a director or other officer of the company, or an auditor, actuary or other senior manager of the Company.

Before making a disclosure under this Policy Eligible Whistleblower must have reasonable grounds to suspect the conduct or circumstances concerned has occurred or is occurring.

#### **5. INVESTIGATION OF PROTECTED DISCLOSURES**

The Company will investigate all matters reported under this Policy as soon as practicable after the matter has been disclosed.

The exact investigation process and enquiries adopted will be determined by the nature and substance of the disclosure. In certain circumstances (for example where the Disclosable Matter involves allegations of

fraud) external investigators may be appointed by the Protected Disclosure Officer. If the suspected Disclosable Matter is of a specific technical nature, appropriate technical experts may be involved.

Persons will only be asked to investigate a matter if they can do so without conflict of interest arising. In general and as soon as practicable after, if the report is not anonymous, a Protected Disclosure Officer or investigator will contact you to discuss the investigation process including who may be contacted and such other matters as are relevant to the investigation.

The investigation will be conducted in an objective and fair manner, and otherwise as is reasonable and appropriate having regard to the nature of the matter disclosed and all surrounding circumstances. Where a report is submitted anonymously, the Company will conduct the investigation and its enquiries based on the information provided to it.

Where appropriate, The Company will provide feedback to the Eligible Whistleblower regarding the investigation's progress and/or outcome

#### **6. FAIR TREATMENT OF INDIVIDUALS MENTIONED IN PROTECTED DISCLOSURES**

An employee who is mentioned in a Protected Disclosure has the right, subject to compliance with any legal requirements, to be

- (i) informed as to the substance of the allegations;
- (ii) given a reasonable opportunity to respond to the allegations (either orally or in writing) to the Protected Disclosure Officer; and
- (iii) informed of the findings in respect of the Protected Disclosure.

#### **7. SUPPORT FOR ELIGIBLE WHISTLEBLOWERS, CONFIDENTIALITY AND PROTECTION FROM DETRIMENT**

The Company is committed to protecting Eligible Whistleblowers, ensuring that they do not suffer detriment and ensuring confidentiality in respect of all matters raised pursuant to this Policy.

##### **7.1 Confidentiality:**

An Eligible Whistleblower making a Protected Disclosure may advise that they wish to remain anonymous or place restrictions on who knows their identity. All reasonable steps will be taken by the Company to maintain the confidentiality of an Eligible Whistleblower except in so far as it may be overridden by law. The Company will make best endeavours to investigate an anonymous disclosure, however, there may be limitations in investigating a disclosure where an Eligible Whistleblower does not consent to disclosure of their identity.

The Company will take disciplinary action, which may include dismissal, against any person who makes an unauthorised disclosure of the identity of a person who makes a Protected Disclosure under this Policy or of information that is likely to lead to the identification of that person.

It is an offence under the Corporations Act 2001 (Cth) (the Act) for a person who has directly or indirectly obtained information about the identity of a person who has made a protected disclosure, to disclose the identity of that person or information that is likely to lead to the identification of that person, without their authorisation.

**7.2 Protection from Detriment:**

Detrimental treatment includes harassment, discrimination dismissal, demotion, disciplinary action, bias, threats or other unfavourable treatment. All individuals must abstain from any activity or behaviour that is or could be perceived to be detrimental treatment of persons making disclosures under this Policy. The Company will take disciplinary action, which may include dismissal, against any person who engages in such activity or behaviour. Any individual subjected to detrimental treatment as a result of making a disclosure pursuant to this Policy should inform a Protected Disclosure Officer listed in Paragraph 4 or other person mentioned in that Paragraph.

**7.3 Protection of files and records:**

All information relating to a Protected Disclosure and its investigation will be retained under strict security and confidentiality. Unauthorised release of information to someone not involved in the investigation, without the consent of an Eligible Whistleblower will be a breach of this Policy and dealt with under the Company's disciplinary procedures except where

- (i) the disclosure is required by law or
- (ii) it is appropriate to make the disclosure to a regulator; or
- (iii) it is appropriate to make a disclosure to an officer, senior manager or director who may need to know to facilitate appropriate action

**7.4 Protection under Legislation:**

Section 1317AA of the Corporations Act provides special protection to disclosures made by Eligible Whistleblowers where the conditions detailed in the Act are satisfied. This Policy seeks to encapsulate those conditions. The protections provided under the Corporations Act include:

- (i) that the Eligible Whistleblower is immune from any civil, criminal or administrative legal action for making the disclosure;
- (ii) that no contractual or other right may be exercised, and no contractual or other remedy may be enforced, against the Eligible Whistleblower for making the report;
- (iii) that any individual who causes or threatens to cause detriment to a whistleblower or another person in the belief or suspicion that a report has been made, or may have been made, proposes to or could be made, may be guilty of an offence and may be liable to pay the Eligible Whistleblower compensation in respect of any loss or damage suffered
- (iv) that in some circumstances, the disclosed information is not admissible against the Eligible Whistleblower in criminal proceedings or proceedings for the imposition of a penalty in circumstances; where for example the disclosure has been made to ASIC or APRA, or where the disclosure qualifies as a public interest or emergency disclosure;
- (v) that the person receiving the report commits an offence if they disclose the substance of the report or the whistleblower's identity, without the whistleblower's consent, to anyone except ASIC, APRA, the AFP or a lawyer for the purpose of obtaining legal advice or representation in relation to the report.
- (vi) that a whistleblower's identity cannot be disclosed to a Court or tribunal except where considered necessary; and

The Taxation Administration Act 1953 (Cth) ("Taxation Administration Act") provides similar protection to disclosures about breaches of any Australian tax law, again in instances where the conditions detailed are met.

**8. BREACH OF THIS POLICY**

Any breach of confidentiality of information provided by an Eligible Whistleblower, including their identity, and any retaliation (or threatened retaliation) against an Eligible Whistleblower will be taken seriously and if appropriate will be investigated separately. An individual may be exposed to summary dismissal, and criminal or civil liability for a breach of relevant legislation.

**9. WORK RELATED GRIEVANCES**

A disclosure will not be protected to the extent that it

- (i) concerns a personal work-related grievance of the Discloser, and
- (ii) does not concern detriment or a threat to cause detriment by the discloser because the person has made a disclosure that otherwise qualifies for protection.

Examples of a work related grievance include

- a decision to discipline a discloser or to suspend or terminate their employment,
- an interpersonal conflict between a discloser and another employee, or
- a decision relating to the disclosers position or terms of employment, including the transfer or promotion of a discloser.

**10. FALSE REPORTS**

In the event that it is established that a false report has been made, including where the notification has been made maliciously, vexatiously or without any reasonable grounds), the discloser will be subjected to disciplinary proceedings, which may include summary dismissal.

Whilst not intending to discourage the reporting of matters of genuine concern, Eligible Whistleblowers must ensure as far as possible, that reports are factually accurate, complete, from firsthand knowledge, presented in an unbiased fashion and without material omission.

**11. ACCESS TO THIS POLICY**

This Policy will be made available in the Corporate Governance section of the Company's website.

**12. TRAINING**

The Company will provide training to employees and officers of the Company in respect of their rights and obligations under this Policy. Training shall also be provided for Protected Disclosure Officers, other senior managers and company officers who may receive disclosures made under this Policy, on how to respond to them.

**13. REVIEW**

This Policy shall be reviewed periodically by the Board to review whether Eligible Whistleblower reports are being appropriately recorded, investigated and responded to and to consider whether any changes are required to the Policy.

**14. RELATED POLICIES AND PROCEDURES**

Code of Conduct