

2019 CORPORATE GOVERNANCE STATEMENT

This corporate governance statement sets out AF Legal Group Ltd's (**Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, this corporate governance statement discloses the extent to which the Company has followed the ASX Principles and Recommendations. This corporate governance statement is current as at the date of reinstatement to the Official List of ASX and has been approved by the board of the Company (**Board**).

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
1.		Lay solid foundations for management and oversight
1.1. <i>A listed entity should disclose:</i> (a) <i>the respective roles and responsibilities of its board and management; and</i> (b) <i>those matters expressly reserved to the board and those delegated to management.</i>	Yes	<p>The Company has adopted a Board Charter and the Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:</p> <ul style="list-style-type: none"> (a) maintain and increase Shareholder value; (b) ensure a prudential and ethical basis for the Company's conduct and activities; and (c) ensure compliance with the Company's legal and regulatory objectives. <p>Consistent with these goals, the Board assumes the following responsibilities:</p> <ul style="list-style-type: none"> (a) developing initiatives for profit and asset growth; (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis; (c) acting on behalf of, and being accountable to, the Shareholders; and (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality. <p>The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully-informed basis.</p> <p>It is expected that the division of responsibility of the Board and senior executives will vary with the evolution of the Company. The Company intends to regularly review the</p>

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<p>1.2. <i>A listed entity should:</i></p> <p>(a) <i>undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and</i></p> <p>(b) <i>provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</i></p>	Yes	<p>balance of responsibilities to ensure that the division of functions remains appropriate.</p> <p>The Company undertakes backgrounds checks with regards to the person's character, experience and education prior to nomination for election as a director. Any material adverse information revealed by these checks is released to securityholders prior to the General Meeting at which they are able to be elected.</p> <p>When an individual is nominated to be a Director, their curriculum vitae with their relevant professional history and qualifications is circulated to the securityholders in the Company.</p>
<p>1.3. <i>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</i></p>	Yes	<p>Directors are provided with letters of appointment and/or service agreements, and senior executives are given employment contracts, prior to their engagement with the Company, setting out the terms of their appointment. These set out the relevant terms by which they will be involved in the Company.</p>
<p>1.4. <i>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</i></p>	Yes	<p>The Company Secretary is directly accountable to the Board (through the Chairman) on all matters to do with the proper functioning of the Board.</p>
<p>1.5. <i>A listed entity should:</i></p> <p>(a) <i>have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</i></p> <p>(b) <i>disclose that policy or a summary of it; and</i></p>	Yes	<p>The Company has adopted a Diversity Policy and is committed to promoting a workplace that recognises and embraces the skills, characteristics and experiences that people bring to the Company through their age, gender, disability, ethnicity, cultural background, religion and sexual orientation. Each year the Board will set measurable objectives for achieving positive diversity outcomes.</p> <p>A copy of the policy can be accessed at: https://australianfamilylawyers.com.au/corporate-governance/.</p>

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<p><i>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</i></p> <p><i>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</i></p> <p><i>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</i></p>	N/A	<p>The Company is not yet at the end of a reporting period, accordingly, it is not yet known whether recommendation 1.5 (c) will be complied with.</p>
<p>1.6. <i>A listed entity should:</i></p> <p><i>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</i></p> <p><i>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</i></p>	No	<p>The Company has adopted a Board Charter and a Remuneration and Nomination Committee Charter.</p> <p>The Board Charter states that the performance of the Board as a group and each individual Director is to be assessed each year and the Remuneration and Nomination Committee Charter states that one of the Committee's purposes is to establish processes for the review of the performance of individual directors.</p> <p>The Company did not undertake a performance appraisal during the reporting period, due to its size and stage of development, however, the Company, via the Remuneration and Nomination Committee, may develop a performance evaluation process following reinstatement of the Company's securities to quotation.</p>
<p>1.7. <i>A listed entity should:</i></p> <p><i>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</i></p> <p><i>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</i></p>	No	<p>The Company has adopted a Remuneration and Nomination Committee Charter which establishes a committee of the Board with responsibility for, amongst other matters, ensuring the Company's remuneration policies demonstrate a clear relationship between key executive performance and remuneration.</p> <p>The Remuneration and Nomination Committee Charter states that one of the Committee's purposes is to ensure that remuneration policies demonstrate a clear relationship between key executive performance and remuneration.</p> <p>The Company did not undertake a performance appraisal during the reporting period, due to its current size and stage of development, however, the Company, via the Remuneration and Nomination Committee, may develop a</p>

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		performance evaluation process following reinstatement of the Company's securities to quotation.
2. Structure the board to add value		
<p>2.1. <i>The board of a listed entity should:</i></p> <p>(a) <i>have a nomination committee which:</i></p> <p>(1) <i>has at least three members, a majority of whom are independent directors; and</i></p> <p>(2) <i>is chaired by an independent director,</i></p> <p><i>and disclose:</i></p> <p>(3) <i>the charter of the committee;</i></p> <p>(4) <i>the members of the committee; and</i></p> <p>(5) <i>as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</i></p> <p>(b) <i>if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</i></p>	<p>No</p> <p>No</p> <p>Yes</p> <p>Yes</p> <p>N/A</p> <p>N/A</p>	<p>The Company has a separately appointed Remuneration and Nomination Committee, which consists of three members being Mr Grant Dearlove (Executive Chairman), Mr Glen Dobbie (Non-Executive Director), and Mr Edward Finn (Managing Director). Due to the current size and structure of the Board, the majority of the Committee and the Chairman are not independent.</p> <p>A copy of the Charter can be accessed at: https://australianfamilylawyers.com.au/corporate-governance/.</p> <p>The Company is not yet at the end of a reporting period, accordingly, an answer to recommendation 2.1 (a)(5) cannot be completed at this stage.</p>
<p>2.2. <i>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</i></p>	No	<p>The Company has adopted a Remuneration and Nomination Committee Charter which provides for the development of criteria for Board membership. The Board strives to ensure that it is comprised of directors with a blend of skills, experience and attributes appropriate to the Company and its business. The principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.</p> <p>Following reinstatement of the Company's securities to quotation, the Company may develop a formal document outlining the particular skills of the existing Board and any additional skills it may require.</p>
<p>2.3. <i>A listed entity should disclose:</i></p> <p>(a) <i>the names of the directors considered by the board to be independent directors;</i></p> <p>(b) <i>if a director has an interest, position, association or relationship</i></p>	Yes	<p>The Board has reviewed the position and associations of each of the three directors as at reinstatement of the Company's securities to quotation and has determined that none of the directors are independent.</p>

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<p><i>of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</i></p> <p>(c) <i>the length of service of each director.</i></p>		<p>The Company will continually evaluate whether it will be appropriate to consider additional independent directors as the business evolves and expands.</p> <p>The length of services (appointment dates) of each director will be disclosed in the Company's 2019 Annual Report.</p>
2.4. <i>A majority of the board of a listed entity should be independent directors.</i>	No	<p>Due to the current size and structure of the Board, the majority of the Board are not independent.</p> <p>As the Company develops, the Board intends to review the composition of the Board.</p>
2.5. <i>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</i>	No	<p>As at the date of reinstatement of the Company's securities to quotation, the Company's Executive Chairman, Mr Grant Dearlove, does not satisfy the ASX Corporate Governance Principles and Recommendations definition of an independent director. However, the Board considers Mr Dearlove's role as Executive Chairman essential to the success of the Company at this stage of its development. Mr Dearlove will not exercise the role of CEO.</p>
2.6. <i>A 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 role as directors effectively.</i>	Yes	<p>The Company has adopted a Board Charter which has provision for an induction program for all new directors.</p>
3. Promote ethical and responsible decision-making		
3.1. <i>A listed entity should:</i>	Yes	<p>The Company has adopted a Code of Conduct which is publicly disclosed on its website at https://australianfamilylawyers.com.au/corporate-governance/.</p>
(a) <i>have a code of conduct for its directors, senior executives and employees; and</i>		
(b) <i>disclose that code or a summary of it.</i>		
4. Safeguard integrity in financial reporting		
4.1. <i>The board of a listed entity should:</i>		<p>The Company has a separately appointed Audit and Risk Committee, which consists of three members being Mr Grant Dearlove (Executive Chairman), Mr Glen Dobbie (Non-Executive Director), and Mr Edward Finn (Managing Director). Due to the current size and structure of the Board, the majority of the Committee and the Chairman are not independent.</p>
(a) <i>have an audit committee which:</i>	No	
(1) <i>has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</i>	No	<p>A copy of the Charter can be accessed at: https://australianfamilylawyers.com.au/corporate-governance/.</p>
(2) <i>is chaired by an independent director, who is not the chair of the board, and disclose:</i>		

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<p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>N/A</p>	<p>The Company disclosed the relevant qualifications and experience of the members in the Company's prospectus dated 29 March 2019.</p> <p>The Company is not yet at the end of a reporting period, accordingly, an answer to recommendation 4.1 (a)(5) cannot be completed at this stage.</p>
<p>4.2. The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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 entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	The Board receives a declaration from its CEO, CFO or CEO/CFO equivalent before it approves the Company's financial statements.
<p>4.3. A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	An external auditor will be present at the AGM and be available to answer questions from security holders relevant to the audit.
<p>5. Make timely and balanced disclosure</p>		
<p>5.1. A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	The Company has adopted a Continuous Disclosure Policy which is publicly available on its website at: https://australianfamilylawyers.com.au/corporate-governance/ .
<p>6. Respect the rights of shareholders</p>		

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6.1. <i>A listed entity should provide information about itself and its governance to investors via its website.</i>	Yes	The Company provides information about itself and its investors via its website www.australianfamilylawyers.com.au which contains all relevant information about the Company. The Company will regularly update the website and contents therein as deemed necessary.
6.2. <i>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</i>	Yes	The Company has adopted a Shareholder Communications Policy to ensure shareholders are provided with sufficient information to assess the Company's performance and to inform them of the major developments affecting the Company's affairs. A copy of the policy can be accessed at https://australianfamilylawyers.com.au/corporate-governance/ .
6.3. <i>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</i>	Yes	The Company has adopted a Shareholder Communications Policy which is publicly available on its website at https://australianfamilylawyers.com.au/corporate-governance/ .
6.4. <i>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</i>	Yes	The Company engages its share registry to manage the majority of communications with Shareholders.
7. Recognise and manage risk		
7.1. <i>The Board of a listed entity should:</i> <i>(a) have a committee or committees to oversee risk, each of which:</i> <i>(1) has at least three members, a majority of whom are independent directors; and</i> <i>(2) is chaired by an independent director, and disclose:</i> <i>(3) the charter of the committee;</i> <i>(4) the members of the committee; and</i> <i>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</i> <i>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</i>	No No Yes Yes N/A N/A	The Company has a separately appointed Audit and Risk Committee, which consists of three members being Mr Grant Dearlove (Executive Chairman), Mr Glen Dobbie (Non-Executive Director), and Mr Edward Finn (Managing Director). Due to the current size and structure of the Board, the majority of the Committee and the Chairman are not independent. A copy of the Charter can be accessed at: https://australianfamilylawyers.com.au/corporate-governance/ . The Company is not yet at the end of a reporting period, accordingly, an answer to recommendation 7.1 (a)(5) cannot be completed at this stage.
7.2. <i>The board or a committee of the board should:</i>	Yes	The Company adopted an Audit and Risk Management Committee Charter which stipulates the Committee must

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<p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>		<p>review and oversee the operation of risk management policies and procedures.</p> <p>The Company did undertake a review of the risk management and oversight policies of the Company.</p>
<p>7.3. A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	No	The Company adopted an Audit and Risk Management Committee Charter which outlines the internal audit function and is publicly available on the Company's website. However, the internal audit function has not been implemented due to the size and structure of the Company.
<p>7.4. A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	All material risks are announced to the market, in accordance with the requirements of the ASX listing rules and otherwise.
8. Remunerate fairly and responsibly		
<p>8.1. The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring</p>		
	No	The Company has a separately appointed Remuneration and Nomination Committee, which consists of three members being Mr Grant Dearlove (Executive Chairman), Mr Glen Dobbie (Non-Executive Director), and Mr Edward Finn (Managing Director). Due to the current size and structure of the Board, the majority of the Committee and the Chairman are not independent.
	No	
	Yes	A copy of the Charter can be accessed at: https://australianfamilylawyers.com.au/corporate-governance/ .
	Yes	
	N/A	The Company is not yet at the end of a reporting period, accordingly, an answer to recommendation 8.1 (a)(5) cannot be completed at this stage.
	N/A	

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<i>that such remuneration is appropriate and not excessive.</i>		
8.2. <i>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</i>	Yes	The Company will disclose its remuneration policies in its 2019 Annual Report.
8.3. <i>A listed entity which has an equity-based remuneration scheme should:</i> (a) <i>have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</i> (b) <i>disclose that policy or a summary of it.</i>	No	Although the Company did not have a formal policy during the reporting period, the Company had a securities trading policy that restricted the trading of the Company's securities by those who have interests in equity-based remuneration.

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