

# 2020 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 28 September 2020 and has been approved by the board of the Company (**Board**).

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<b>1.</b>		<b>Lay solid foundations for management and oversight</b>
<p>1.1. <i>A listed entity should disclose:</i></p> <p>(a) <i>the respective roles and responsibilities of its board and management; and</i></p> <p>(b) <i>those matters expressly reserved to the board and those delegated to management.</i></p>	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"> <li>(a) maintain and increase Shareholder value;</li> <li>(b) ensure a prudential and ethical basis for the Company's conduct and activities; and</li> <li>(c) ensure compliance with the Company's legal and regulatory objectives.</li> </ul> <p>Consistent with these goals, the Board assumes the following responsibilities:</p> <ul style="list-style-type: none"> <li>(a) developing initiatives for profit and asset growth;</li> <li>(b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;</li> <li>(c) acting on behalf of, and being accountable to, the Shareholders; and</li> <li>(d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.</li> </ul> <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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		balance of responsibilities to ensure that the division of functions remains appropriate.
<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>The Company undertakes background 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>	<p>Yes</p> <p>Yes</p>	<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: <a href="https://australianfamilylawyers.com.au/corporate-governance/">https://australianfamilylawyers.com.au/corporate-governance/</a>.</p>

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<p>(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:</p> <p>(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</p> <p>(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.</p>	Yes	<p>The Board of Directors has set the measurable target that as least 50% of its staff, and 50% of its Senior Management are female.</p> <p>The Company's workforce gender demographics for the year ended 30 June 2020 are as follows:</p> <ol style="list-style-type: none"> <li>1.The proportion of female directors: 0%</li> <li>2.The proportion of female employees who are senior executives: 67%</li> <li>3.The proportion of female employees in the entire organisation: 72%.</li> </ol>
<p>1.6. A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<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>Annual performance reviews in accordance with these processes were conducted for the Board in relation to the reporting period.</p>
<p>1.7. A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<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>Annual performance reviews in accordance with these processes were conducted for senior executives in relation to the reporting period.</p>
<p><b>2. Structure the board to add value</b></p>		
<p>2.1. The board of a listed entity should:</p> <p>(a) have a nomination committee which:</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</p>

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<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;</i></p> <p><i>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>Yes</p> <p>N/A</p>	<p>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: <a href="https://australianfamilylawyers.com.au/corporate-governance/">https://australianfamilylawyers.com.au/corporate-governance/</a>.</p> <p>The number of Remuneration and Nomination Committee meetings held during the period is disclosed in the Company's Annual Report.</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>	<p>No</p>	<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>The Board strives to ensure that it is comprised of Directors with a blend of skills, experience and attributes appropriate for the Company and its business.</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 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>Yes</p>	<p>The Board considers that during the reporting period one of the four directors, Mr Lynch, was independent.</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 2020 Annual Report.</p>

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<i>(c) the length of service of each director.</i>		
2.4. <i>A majority of the board of a listed entity should be independent directors.</i>	No	Due to the current size and structure of the Board, the majority of the Board are not independent.  As the Company develops, the Board intends to review the composition of the Board.
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	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 Chair essential to the success of the Company at this stage of its development. In relation to the reporting period, the CEO of the Company was Mr Edward Finn.
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	The Company has adopted a Board Charter which has provision for an induction program for all new directors.
<b>3. Promote ethical and responsible decision-making</b>		
3.1. <i>A listed entity should:</i> <i>(a) have a code of conduct for its directors, senior executives and employees; and</i> <i>(b) disclose that code or a summary of it.</i>	Yes	The Company has adopted a Code of Conduct which is publicly disclosed on its website at <a href="https://australianfamilylawyers.com.au/corporate-governance/">https://australianfamilylawyers.com.au/corporate-governance/</a> .
<b>4. Safeguard integrity in financial reporting</b>		
4.1. <i>The board of a listed entity should:</i> <i>(a) have an audit committee which:</i> <i>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</i> <i>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</i> <i>(3) the charter of the committee;</i> <i>(4) the relevant qualifications and experience of the members of the committee; and</i> <i>(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</i>	No	Given the size of the Company and its Board, the Board fulfils the roles and responsibilities concerning audit. The Board meets in its capacity as the Audit and Risk Committee when required and consists of all four Board members. Due to the current size and structure of the Board, the majority of the Committee and the Chair are not independent.  A copy of the Charter can be accessed at: <a href="https://australianfamilylawyers.com.au/corporate-governance/">https://australianfamilylawyers.com.au/corporate-governance/</a> .
	No	
	Yes	
	Yes	
	Yes	

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<i>(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.</i>	N/A	
4.2. <i>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.</i>	Yes	The Board receives a declaration from its CEO, CFO or CEO/CFO equivalent before it approves the Company's financial statements.
4.3. <i>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.</i>	Yes	An external auditor will be present at the AGM and be available to answer questions from security holders relevant to the audit.
<b>5. Make timely and balanced disclosure</b>		
5.1. <i>A listed entity should:</i> <i>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</i> <i>(b) disclose that policy or a summary of it.</i>	Yes	The Company is committed to providing timely, complete and accurate disclosure of information to allow a fair, and well-informed market in its securities and compliance with the continuous disclosure requirements imposed by law, including the Corporations Act and the ASX Listing Rules.  The Company has adopted a Continuous Disclosure Policy which is publicly available on its website at: <a href="https://australianfamilylawyers.com.au/corporate-governance/">https://australianfamilylawyers.com.au/corporate-governance/</a> .
<b>6. Respect the rights of shareholders</b>		
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 <a href="http://www.australianfamilylawyers.com.au">www.australianfamilylawyers.com.au</a> 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</i>	Yes	The Company has instituted an investor relations program to actively engage with security holders. The



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<p><i>program to facilitate effective two-way communication with investors.</i></p>		<p>Company conducts regular institutional investor roadshows and the CEO and (where required) members of the Board are available to respond to security holder queries. The program gives security holders an opportunity to gain a greater understanding of the Company's business and financial performance.</p> <p>The Company has a formal Shareholder Communication Policy in place whereby information will be communicated to shareholders through:</p> <ul style="list-style-type: none"> <li>(a) continuous disclosure of all relevant financial and other information to the ASX;</li> <li>(b) publishing information on the Company's website at <a href="http://www.australianfamilylawyers.com.au">www.australianfamilylawyers.com.au</a>;</li> <li>(c) periodic disclosure through the Annual Report and the half year financial report;</li> <li>(d) notice of meetings and explanatory material; and</li> <li>(e) the AGM and other general meetings.</li> </ul> <p>A copy of the Shareholder Communication Policy can be accessed at <a href="https://australianfamilylawyers.com.au/corporate-governance/">https://australianfamilylawyers.com.au/corporate-governance/</a>.</p>
<p>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></p>	<p>Yes</p>	<p>The Board encourages full participation by shareholders at any meeting of security holders to ensure accountability and transparency. Written questions may be put to the external auditor ahead of, and the auditor will attend, the AGM to answer shareholder queries about the Auditor's Report. Further, written questions may be submitted directly to the Company by sending an email ahead of shareholder meeting in accordance with the process set out in a Notice of Meeting and the Company will endeavor to prepare answers to these questions, where appropriate they may be modified and curated to cover common ground.</p> <p>The Company has a formal Shareholder Communication Policy in place through which it encourages participation at meetings of security holders by:</p> <ul style="list-style-type: none"> <li>(a) encouraging attendance;</li> <li>(b) setting aside time specifically for shareholder questions;</li> <li>(c) encouraging shareholders to participate in voting; and</li> <li>(d) also giving the shareholders the opportunity to meet the Board and other members of the management team in person after the meeting.</li> </ul> <p>A copy of the Shareholder Communication Policy can be accessed at</p>

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		<a href="https://australianfamilylawyers.com.au/corporate-governance/">https://australianfamilylawyers.com.au/corporate-governance/</a> .
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 encourages shareholders to register for receipt of announcements and updates electronically.
<b>7. Recognise and manage risk</b>		
7.1. <i>The Board of a listed entity should:</i>		
(a) <i>have a committee or committees to oversee risk, each of which:</i>		
(1) <i>has at least three members, a majority of whom are independent directors; and</i>	No	Given the size of the Company and its Board, the Board fulfils the roles and responsibilities concerning risk. The Board meets in its capacity as the Audit and Risk Committee when required and consists of all four Board members. Due to the current size and structure of the Board, the majority of the Committee and the Chair are not independent.  A copy of the Charter can be accessed at: <a href="https://australianfamilylawyers.com.au/corporate-governance/">https://australianfamilylawyers.com.au/corporate-governance/</a> .
(2) <i>is chaired by an independent director, and disclose:</i>	No	
(3) <i>the charter of the committee;</i>	Yes	
(4) <i>the members of the committee; and</i>	Yes	
(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>	Yes	
(b) <i>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>	N/A	The individual attendances of each director is disclosed in the Company's 2020 Annual Report.
7.2. <i>The board or a committee of the board should:</i>	Yes	
(a) <i>review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</i>		The Company adopted an Audit and Risk Management Committee Charter which stipulates the Committee must review and oversee the operation of risk management policies and procedures.  As part of the review, management include briefings on key risks and risk management activities in their reports to the Audit and Risk Committee. Having conducted such reviews throughout the reporting period the Audit and Risk Management Committee resolved that the Company's risk management framework continues to be sound.
(b) <i>disclose in relation to each reporting period, whether such a review has taken place.</i>		
7.3. <i>A listed entity should disclose:</i>	No	
(a) <i>if it has an internal audit function, how the function is structured and what role it performs; or</i>		The Company does not have an internal audit function due to the size and structure of the Company. The Audit and Risk Management Committee will periodically review the Company's operations to evaluate the effectiveness of risk



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<p><i>(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.</i></p>		<p>management and internal control processes of the Company. In addition, the Audit and Risk Management Committee will directly monitor the potential exposures facing the Company through ongoing reporting by management.</p> <p>For each reporting period the Company's external auditor also conducts a control review to consider and report on the risks facing the Company and the controls the Company has in place to mitigate those risks.</p> <p>As and when required, the Audit and Risk Committee will engage external consultants to also review and evaluate the effectiveness of the Company's risk management and internal control processes.</p>
<p>7.4. <i>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.</i></p>	Yes	<p>All material risks are announced to the market, in accordance with the requirements of the ASX listing rules and otherwise.</p>
<p><b>8. Remunerate fairly and responsibly</b></p>		
<p>8.1. <i>The Board of a listed entity should:</i>            (a) <i>have a remuneration committee which:</i></p>		<p>Given the size of the Company and its Board, the Board fulfils the roles and responsibilities concerning remuneration and nomination. The Board meets in its capacity as the Remuneration and Nomination Committee when required and consists of all four Board members. Due to the current size and structure of the Board, the majority of the Committee and the Chair are not independent.</p>
<p><i>(1) has at least three members, a majority of whom are independent directors; and</i></p>	No	
<p><i>(2) is chaired by an independent director, and disclose:</i></p>	No	<p>A copy of the Charter can be accessed at: <a href="https://australianfamilylawyers.com.au/corporate-governance/">https://australianfamilylawyers.com.au/corporate-governance/</a>.</p>
<p><i>(3) the charter of the committee;</i></p>	Yes	
<p><i>(4) the members of the committee; and</i></p>	Yes	
<p><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></p>	Yes	<p>The individual attendances of each director is disclosed in the Company's 2020 Annual Report.</p>
<p><i>(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 that such remuneration is appropriate and not excessive.</i></p>	N/A	

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<p>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></p>	Yes	<p>The Company disclosed its remuneration policy in the 2020 Annual Report and intends to disclose its updated remuneration policy in the next Annual Report.</p>
<p>8.3. <i>A listed entity which has an equity-based remuneration scheme should:</i></p> <p>(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></p> <p>(b) <i>disclose that policy or a summary of it.</i></p>	Yes	<p>The Company has a Securities Trading Policy that prohibits directors, officers and employees from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.</p> <p>A copy of the Securities Trading Policy is available on the Company's website at the following URL:</p> <p><a href="https://australianfamilylawyers.com.au/corporate-governance/">https://australianfamilylawyers.com.au/corporate-governance/</a>.</p>