



## CORPORATE GOVERNANCE STATEMENT

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### Statement

Quantum Energy is committed to good corporate governance and disclosure and the Company has adopted most of the ASX's "Corporate Governance Principles and Recommendations". Where specific ASX recommendations have not been adopted, the Company provides an explanation which is detailed below.

### Board Composition

The names of the directors of the Company (as at the 30 September 2018) are below:

John Walstab	Managing Director
Alan McCarthy	Non-Executive Director
Drew Townsend	Non-Executive Director

All Directors have been in office since the start of the financial year to the date of this report, unless otherwise stated.

### 1 Lay solid foundations for management and oversight

#### Recommendation 1.1

A listed entity should disclose:

- a) the respective roles and responsibilities of its board and management; and
- b) those matters expressly reserved to the board and those delegated to management.

Disclosure:

The Board is ultimately responsible for the operations, management and performance of the Company as a whole. The key responsibilities of the Board are:

- the oversight of the Company, including its control and accountability systems;
- establishing, monitoring and modifying corporate strategies and performance objectives;
- ensuring that appropriate risk management systems, internal compliance and control, reporting systems, codes of conduct, and legal compliance measures are in place;
- monitoring the performance of management and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring of financial and other reporting;
- approving dividends, major capital expenditure, acquisitions and capital raising;
- appointment and removal of executives, Company secretary and senior management.

#### Recommendation 1.2

A listed entity should:

- a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
- b) 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

Disclosure:

The performance of executives is assessed by the Board and the Board makes decisions on the number and bases of any bonuses and options. The same is applicable when a director offers themselves for re-election. Senior executives are assessed regularly by the Board.

### Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Disclosure:

The Company has a written agreement with each director and all executive staff setting out the terms of their appointment.

### Recommendation 1.4

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.

Disclosure:

The Company Secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. The role of the Company Secretary is outlined in the Board Charter.

### Recommendation 1.5

The Company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to develop a workplace that promotes diversity. The Company's policy is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background.

#### Gender Diversity

	Number / Proportion of Women	Total Number / Proportion
Employees (excluding directors)	71/ 30%	239 / 100%
Senior executive positions	Nil / Nil	2 / 100%
Board	Nil / Nil	3 / 100%

### Recommendation 1.6

The Company should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

Due to the size of the board and the nature of the business it is not deemed necessary to document a formal review process. No formal performance evaluation of the Board and directors was conducted for the financial year ended 30 June 2018. The chair speaks to each director individually regarding their role as director.

### Recommendation 1.7

The Company should have and disclose a process for periodically evaluating the performance of senior executives and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

Due to the nature of the business it is not deemed necessary to document a formal review process. No formal performance evaluation was conducted for the financial year ended 30 June 2018. The chair conducts and informal review where short and long-term objectives of the company are discussed.

## **2. Structure the Board to add value**

### **Recommendation 2.1**

The Board should establish a Nomination Committee of which the majority of the members should be independent directors (including the Chair).

Disclosure:

The Company does not have a nomination committee as the size of the Company and the Board does not warrant such a committee. All Board nomination matters are considered by the whole Board.

### **Recommendation 2.2**

The composition of the Board has been detailed above.

The skills, experience and expertise relevant to the position of each director who was in office at the date of the 2018 Annual Report and their term of office are detailed in the Directors' Report.

Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense. Approval must be obtained from the chairman prior to incurring any expenses on behalf of the Company.

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- Must not be a substantial shareholder or 'associated directly with' a substantial shareholder of the Company (a substantial shareholder holding 5% or more of the shares issued by the Company).
- Must not have been employed as an executive by the Company or a Group member within the previous three years after ceasing to hold such employment.
- Must not be a principal of a 'material professional advisor' or a 'material consultant' to the Company or a Group member.
- Must not be a material supplier or customer of the Company (or a Group member) or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Must not have served on the Board for a period which could be perceived to materially interfere with the director's ability to act in the best interests of the Company.
- Must be free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with director's ability to act in the best interests of the Company.

Details of the skills, experience and expertise of each director are included in the Directors' Report for the year ended 30 June 2018.

### **Recommendation 2.3**

The Company should disclose the names of the directors considered to be independent directors and length of service of each director.

Disclosure:

The names, experience and responsibilities of Directors of the Company in office at the date of this statement are set out in the Directors' Report (including names of the directors considered to be independent directors and length of service of each director)

### **Recommendation 2.4**

A majority of the Board of the Company should be independent directors.

Disclosure:

While none of the Board members are independent directors, the Board believes that the people on the Board can and do make independent judgements in the best interests of the Company at all times.

### **Recommendation 2.5**

The Chair is a non-executive director and not an independent director.

Disclosure:

The Board believes that the chair is able to formulate proper and independent judgement on all relevant issues falling within the scope of the role of a chair.

### **Recommendation 2.6**

The Company 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

Disclosure:

The current directors have significant experience and skill which has helped enhance the performance of the company. The company over time plans to develop, implement and maintain a policy for the induction and evaluation of directors within the company.

## **3. Act ethically and responsibly**

### **Recommendation 3.1**

Companies should have a Code of Conduct for its directors, senior executives and employees.

Disclosure:

The Company recognises the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors and employees are expected to act in accordance with the law and with the highest standard of propriety. The responsibility for reporting and investigating reports of unethical practices rests with the Board including the executive directors. The Company's policy regarding directors and employees trading in its securities is set by the Board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

## **4. Safeguard integrity in financial reporting**

### **Recommendation 4.1**

Disclosure:

The Company has an Audit and Risk Management Committee. Due to the size of the Board the members of the Audit and Risk Management Committee include all three directors with Drew Townsend as the Chairman of the Committee. This Committee provides assistance in fulfilling the corporate governance and oversight responsibilities of the Board to verify and safeguard the integrity of the financial reporting of the Company.

The Directors' Report details meetings held during the financial year.

#### External Auditor

The company requires external auditors to demonstrate quality and independence. Their performance is reviewed and any proposal for non-audit services carefully considered in order to not compromise their independence. It is HLB Mann Judd's policy to rotate the audit engagement partner for listed entities at least every five years.

### **Recommendation 4.2**

The Board of the Company should, before it approves the Company'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

Disclosure:

The Board believes the system of internal financial control which has been established by management is operating effectively in all material respects in relation to financial reporting risk.

The Corporations Act 2001 requires the Managing Director and CFO to state in writing to the Board that the financial reports of the Company present a true and fair view, in all material respects, of the Company's financial position and operational results and are in accordance with relevant accounting standards, that this declaration is founded on a sound system of risk management and internal compliance and control which implement the policies adopted by the Board, and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects

#### **Recommendation 4.3**

The Company should ensure that the external auditor is present at the AGM and be available to answer questions from security holders relevant to the audit.

Disclosure:

The company invites its external auditor to attend its AGMs.

### **5. Make timely and balanced disclosure**

#### **Recommendation 5.1**

Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules.

Disclosure:

Quantum Energy has established procedures to ensure compliance with the ASX Listing Rules so that Company announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions. Established policies also ensure accountability at a senior management level for ASX compliance.

The Board considers all disclosures necessary to ensure compliance with ASX Listing Rule disclosure requirements.

### **6. Respect the rights of shareholders**

#### **Recommendation 6.1**

Companies should provide information about itself and its governance to investors via its website.

Disclosure:

Company information is in the process of being updated on the website. [www.qhealthcare.com.au/cg](http://www.qhealthcare.com.au/cg)

#### **Recommendation 6.2, 6.3 & 6.4**

Companies should design and implement an investor relations program to facilitate two-way communication with investors.

Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Disclosure:

The Managing Director makes himself available to meet shareholders.

The Board encourages full participation of shareholders at the Annual General Meeting. The Company drafts the notice of meeting and related explanatory information so that shareholders are provided with all of the information that is relevant to shareholders in making decisions on matters to be voted on by them at the meeting. The external auditor of the Company is asked to attend each Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. The shareholders are also responsible for voting on the appointment of Directors.

The Company's constitution permits the Company to serve notices on its members electronically if that member has provided its electronic mail address to the Company. The Company provides its electronic contact details on the company website. Quantum Energy has a communications strategy and an established policy on stakeholder communication and continuous disclosure to promote effective communication with shareholders, subject to privacy laws and the need to act in the best interests of the Company by protecting commercial information.

## **7. Recognise and manage risk**

### **Recommendation 7.1**

The Board should have a committee or committees to oversee risk

Disclosure:

The executive directors continually monitor areas of significant business risk. Once particular risks are identified it is the responsibility of the whole Board to ensure that management takes such action as is required to manage the risk.

To carry out the risk oversight and management function the Audit and Risk Management Committee:

- reviews the financial reporting process of the Company including financial reports;
- discusses with management and the external auditors the adequacy and effectiveness of the accounting and financial controls, including the policies and procedures of the Company to assess, monitor and manage business risk;
- reviews with the external auditor any audit problems and the Company's critical policies and practices;
- reviews and assesses the independence of the external auditor.

### **Recommendation 7.2**

The Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose whether such a review has taken place.

Disclosure:

The Board requires management to:

- design and implement the risk management and internal control system to manage the Company's material business risks.
- report to it on whether those risks are being managed effectively.

Management has reported to the Board in relation to risk management, and the Board considers that the major business risks are being managed effectively.

The systems are designed to provide reasonable, but not absolute, protection against fraud and material misstatement. These controls are intended to identify, in a timely manner, control issues that require attention by the Board or Audit and Risk Management Committee.

### **Recommendation 7.3**

The Company should disclose if it has an internal audit function.

Disclosure:

The Company does not have an internal audit function. Over time the Company will continually implement and improve internal control procedures. The Risk Management and Audit Committee will review the procedures.

### **Recommendation 7.4**

The Company 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.

Disclosure:

The Board does not consider it has any material exposure to economic, environmental and social sustainability risks.

## **8. Remunerate fairly and responsibly**

### **Recommendation 8.1**

The Board should have a Remuneration Committee.

Disclosure:

Due to the size of the Board the Company does not have a remuneration committee. Details of these contracts are included in the Remuneration Report in the Directors' Report for the year ended 30 June 2018. The Board reviews executive packages annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed companies.

### **Recommendation 8.2**

A company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives

Disclosure:

The amount of remuneration of all directors and executives, including all monetary and non-monetary components, is detailed in the Directors' Report. Payment of equity-based executive remuneration is within thresholds approved by shareholders. The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the businesses. It will also provide executives with necessary incentives to work to grow long-term shareholder value. The current Board policy is to not to pay remuneration to non-executive directors. The board does, however reserve the right to change its current policy at any time and pay the non-executive Directors. Any such payments will be based on market practice, duties and accountability and the maximum aggregate amount of fees to be paid will be subject to approval by shareholders at the Annual General Meeting. Further, to align Directors' interests with shareholder interests, the Directors will be encouraged to hold shares in the Company. Non-executive Directors are may also receive incentive options (subject to shareholder approval). The value of shares and incentive options where granted to non-executive directors would be calculated using the Black-Scholes-Merton option pricing model.

### **Recommendation 8.3**

A Company which has an equity based remuneration scheme should 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 disclose that policy or summary of it.

Disclosure:

The company does not have an equity based remuneration scheme.