



Corporate Governance Statement

Version Adopted: 19 September 2016

Skydive the Beach Group Limited
ACN 167 320 470

CORPORATE GOVERNANCE STATEMENT

The Directors and management of Skydive the Beach Group Limited (**SKB** or the **Group**) are committed to conducting business in an ethical manner and in accordance with the highest standards of corporate governance. The Group has adopted and substantially complies with the *ASX Corporate Governance Principles and Recommendations (Third Edition)* (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Group has prepared this statement which sets out its corporate governance practices that were in operation from 01 July 2015 until the end of the financial year on 30 June 2016. This statement identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.

This statement is current as at 19 September 2016, and has been approved by the Board of the Group.

The Group's corporate governance policies and charters and policies are all available under the Investor Centre section of the Group's website (www.skydive.com.au) (**Website**).

ASX Recommendation	Status	Reference / Comment
Principle 1 – Lay solid foundations for management and oversight		
<p>1.1</p> <p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>Complying</p>	<p>The Board has adopted a charter (Board Charter) which establishes the role of the Board and its relationship with management. The Board Charter clearly articulates the division of responsibilities between the Board and management, in order to manage expectations and avoid misunderstandings about their respective roles and accountabilities.</p> <p>As detailed in the Board Charter, the primary role of the Board is the protection and enhancement of long term shareholder value, and its responsibilities include the overall strategic direction of the Group, establishing goals for management and monitoring the achievement of these goals. The Board is also responsible for the overall corporate governance of SKB.</p> <p>The Board Charter additionally sets out the role and responsibility of the Chairman, and outlines the Board's policy on when and how Directors may seek independent professional advice at the expense of the Group.</p> <p>The Board has delegated to the Chief Executive Officer (CEO) the authority and power to manage SKB and its businesses within levels of authority specified by the Board from time to time. The CEO may sub-delegate aspects of his authority and power but remains accountable to the Board for Group's performance and is required to report regularly to the Board on the progress being made by the Group's business units.</p> <p>In accordance with the Board Charter, the Board will review the Board Charter at least annually, and in doing so will continually review the division of functions between the Board and management to ensure that it continues to be appropriate to the needs of the Group.</p> <p>A copy of the Board Charter is available on the Website.</p>
<p>1.2</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to</p>	<p>Complying</p>	<p>The Board has established and operates a Remuneration and Nomination Committee. The Remuneration and Nomination Committee's functions and powers are formalised in a Remuneration and Nomination Committee Charter, a copy of which is available on the Website.</p>

ASX Recommendation	Status	Reference / Comment
<p>security holders a candidate for election, as a Director; and</p> <p>(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.</p>		<p>The nomination-related function of the Remuneration and Nomination Committee is to, where required:</p> <ul style="list-style-type: none"> ▪ identify suitable candidates with appropriate skills, experience, expertise and diversity to complement the existing Board, in order for the Board to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board; and ▪ undertake appropriate checks on a candidate and seek confirmation from the candidate that he/she will have sufficient time to fulfil his or her responsibilities as a Director; and ▪ subject to the results of such checks and confirmations, make recommendations to the Board on their appointment. <p>Where appropriate, external consultants may be engaged to assist in searching for candidates and undertaking relevant checks.</p> <p>During the financial year, the Group undertook appropriate checks on all Directors, including criminal history checks and insolvency checks, as part of the Group's ASX listing process.</p> <p>The Group will provide information to shareholders about Directors seeking re-election at a general meeting to enable them to make an informed decision on whether or not to re-elect the Director, including their relevant qualifications and experience and the skills they bring to the Board; details of any other listed directorships held by the Director in the preceding 3 years; the term of office already served by the Director; whether the Director is considered to be independent; and a recommendation by the Board in respect of the re-election of the Director.</p> <p>The Group will, in the case of a candidate standing for election as a Director for the first time, provide information to shareholders about the candidate to enable them to make an informed decision on whether or not to elect the candidate, including material adverse information revealed by any checks the Remuneration and Nomination Committee has performed on the candidate; details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence in a material respect the candidate's capacity to exercise independent judgement on board matters or to act in the best interests of the Group and its shareholders generally; the Board's view on whether the candidate will be considered to be an independent Director; and a recommendation by the Board in respect of the election of the candidate.</p>
<p>1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	<p>Complying</p>	<p>All Directors and senior executives have entered into written agreements with the Group setting out the terms of their appointment.</p> <p>Senior executives including the CEO, Chief Financial Officer (CFO) and Chief Operating Officer (COO) have a formal job description and a services agreement with the Group describing their term of office, duties, rights and responsibilities, and entitlements on termination.</p>

ASX Recommendation	Status	Reference / Comment
1.4	<p>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.</p>	<p>Complying</p> <p>The Group Secretary is responsible for the day to day operations of the company secretary's office, including the administration of Board and committee meetings, overseeing the Group's relationship with its share registrar and lodgements with the ASX and other regulators. The Group Secretary is also responsible for communications with the ASX about listing rule matters, including making disclosures to the ASX in accordance with the Group's Continuous Disclosure Policy. The Group Secretary supports the effectiveness of the Board by monitoring compliance with Board policies and procedures, and co-ordinating the completion and despatch of Board agendas and briefing papers.</p> <p>The Group Secretary is accountable to the Board, through the Chair, and all Directors have access to the Group Secretary.</p> <p>The decision to appoint or remove the Group Secretary is made or approved by the Board.</p>
1.5	<p>A listed entity should:</p> <p>(a) 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;</p> <p>(b) disclose that policy or a summary of it; and</p> <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>Part-complying</p> <p>The workforce of SKB is made up of individuals with diverse skills, backgrounds, perspectives and experiences, and this diversity is recognised, valued and respected.</p> <p>The Group does not discriminate on any grounds and determines appointments and reviews solely on merit. Given the stage of development of the Group the Board does not consider it appropriate to establish gender based objectives.</p> <p>Accordingly the Group does not have a diversity policy.</p> <p>The Group advises that as at 30 June 2016, female representation on SKB's workforce at various management levels were as follows:</p> <ul style="list-style-type: none"> ▪ Female non-executive board members – 0% ▪ Female management – 40.0% ▪ Overall female employees – 48.7% <p>For the purposes of determining the number of female management in SKB, the Group has defined "management" in accordance with Workplace Gender Equality Agency standardised manager categories which include CEO, Key Management Personnel, Other Executives/General Managers, Senior Managers and Other Managers.</p> <p>As at 30 June 2016, SKB was an employer of 100 or more employees in Australia, and as such the Group is now a "relevant employer" under the <i>Workplace Gender Equality Act</i> and is obliged and did file during the year ended 30 June 2016 a public report.</p>

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	(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.	
1.6	<p>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>	<p>Complying</p> <p>In accordance with the Board Charter, the Remuneration and Nomination Committee is required to carry out a formal review of the performance of the Board, its committees, and each individual Director, at least annually, using where necessary an external consultant, against appropriate measures. The review assesses, amongst other things:</p> <ul style="list-style-type: none"> ▪ the effectiveness of the Board and each committee in meeting the requirements of its Charter; ▪ whether the Board and each committee has members with the appropriate mix of skills and experience to properly perform their functions; ▪ the contribution made by each Director at meetings and in carrying out their responsibilities as Directors generally, including preparing for meetings; and ▪ whether adequate time is being allocated to the Group’s matters, taking into account each Director’s other commitments. <p>The Remuneration and Nomination Committee and the Audit and Risk Committee are also required to evaluate their own performances at least once every two years to determine whether each committee is functioning effectively by reference to current best practice.</p> <p>Whilst performance evaluations did not take place during the relevant period, it is intended that they will be undertaken in the 2017 financial year.</p>
1.7	<p>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>	<p>Complying</p> <p>In accordance with the Board Charter, the Remuneration and Nomination Committee is required to carry out a formal review of the performance of senior management, at least annually, using where necessary an external consultant, against appropriate measures.</p> <p>In addition, each year, the Remuneration and Nomination Committee is required to review the performance of the CEO and any other executive Directors as may be appointed against guidelines approved by the Board.</p> <p>A performance evaluation of the CEO and senior executives was undertaken by the Board prior to the Group seeking a listing on the ASX. It is intended that subsequent performance evaluations of senior executives will be undertaken after the end of each financial year</p>

Principle 2 – Structure the Board to add value

ASX Recommendation	Status	Reference / Comment
<p>2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination 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 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.</p>	<p>Complying</p>	<p>The Board has established a Remuneration and Nomination Committee comprising three members, Mr William Beerworth (Chair), Mr John Diddams and Mr Colin Hughes. The Remuneration and Nomination Committee's functions and powers are formalised in a Charter, a copy of which is available on the Website.</p> <p>Three (3) Remuneration and Nomination Committee members, (Mr John Diddams and Mr Colin Hughes) including the Committee Chair, William Beerworth, are considered by the Board to be independent Directors.</p> <p>The nomination-related function of the Remuneration and Nomination Committee is, in summary, to review and make recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management).</p> <p>The Remuneration and Nomination Committee will meet as often as is required by the Nomination and Remuneration Committee Charter or other policy approved by the Board to govern the operation of the Remuneration and Nomination Committee. Following each meeting, the Remuneration and Nomination Committee will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Remuneration and Nomination Committee that requires Board approval.</p> <p>During the year, the Remuneration and Nomination Committee held one meeting... The meeting was attended by all eligible committee members.</p> <p>The Group will disclose in its annual reports the number of times the Remuneration and Nomination Committee meets throughout each financial year and the individual attendances of the members at those meetings.</p>
<p>2.2</p> <p>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.</p>	<p>Non-compliant</p>	<p>Whilst the Board has not, at this time, adopted a specific board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership, the Board aims to be composed of Directors who have, at all times, the appropriate mix of skills, experience, expertise and diversity relevant to the Group's businesses and the Board's responsibilities.</p> <p>The Board considers that it currently has an appropriate mix of skills and diversity, and provides in the Group's 2016 Annual Report information about the skills, experience and expertise relevant to the position of Director held by each Director.</p>

ASX Recommendation	Status	Reference / Comment
		Where considered appropriate, the Remuneration and Nomination Committee will develop and implement a specific board skills matrix to identify any 'gaps' in the skills and experience of the Directors on the Board.
<p>2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) 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</p> <p>(c) the length of service of each Director.</p>	<p>Complying</p>	<p>As at 30 June 2016, the Non-Executive and independent Directors of the Board comprised Mr William Beerworth, Mr John Diddams and Mr Colin Hughes. .</p> <p>The Board has considered the circumstances of each Director and determined that three (3) Non-Executive Directors are independent Directors, on the basis that they are free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence the independent exercise of their judgement. In reaching this conclusion, the Board considered the guidelines of materiality for the purpose of determining Director independence set out in the Board Charter and Box 2.3 of the Recommendations.</p> <p>The Board, with the guidance of the Remuneration and Nomination Committee, will continually assesses whether there are any factors or considerations which may mean that a Director's interest, position, association or relationship might influence, or reasonably be perceived to influence, the capacity of the Director to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Group and its security holders generally. The Corporations Act and monthly Board meeting processes require Directors to advise the Board of any interest they have that has the potential to conflict with the interests of the Group, including any development that may impact their perceived or actual independence. If the Board determines that a Director's status as an independent Director has changed, that determination will be disclosed and explained in a timely manner to the market.</p> <p>The length of service of each Director is set out below by reference to each directors date of appointment: 19 December 2013: Mr Anthony Boucaut ; Mr Anthony Ritter; Mr John Diddams; Mr Timothy Radford (resigned 09 June 2016);Mr William Beerworth – 23 December 2014; Dr Nigel Finch – 1 February 2014 (resigned 31 Jan 2016; Mr Colin Hughes 09 June 2016.</p>
<p>2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>Compliant</p>	<p>As at 30 June 2016, the Board comprised Mr Anthony Boucaut, Mr Anthony Ritter, Mr William Beerworth, Mr John Diddams and Mr Colin Hughes.</p> <p>The Board considers Mr William Beerworth, Mr John Diddams and Mr Colin Hughes to be independent Directors.</p>
<p>2.5</p>	<p>Complying</p>	<p>The positions of Chairman and CEO are held by separate persons.</p>

ASX Recommendation		Status	Reference / Comment
	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.		Mr William Beerworth, Chairman of the Board, is an independent non-executive Director and Mr Anthony Boucaut is CEO.
2.6	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.	Complying	<p>The Remuneration and Nomination Committee is tasked with ensuring that an effective induction process is in place for newly appointed Directors, and the review of those induction procedures. In addition, the Remuneration and Nomination Committee is responsible for ensuring that incumbent Directors are provided with appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.</p> <p>As Directors join the Board, they undertake a comprehensive induction program, which includes the provision of information on the Group's core values, key strategies, objectives, as well as its governance framework and operations. New Directors also meet with key senior management to gain a better appreciation of the Group's services and capabilities.</p> <p>The Board receives ongoing governance updates as required, including in relation to recent legislative and regulatory changes and developments in corporate governance. All Directors have ongoing access to information on the Group's operations and to the Group's senior management.</p> <p>Each Director, at any time, is able to seek reasonable independent professional advice on any business-related matter at the expense of the Group. Directors also have access to adequate internal resources to seek any information from any officer or employee of the Group, or to require the attendance of management at meetings to enable them as Directors to fulfil their duties.</p>
Principle 3 – Act ethically and responsibly			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Complying	<p>The Board is committed to observing the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct, a copy of which is available on the Website, and which sets out the way in which SKB seeks to conduct business, namely in an honest and fair manner, acting only in ways that reflect well on SKB in strict compliance with all laws and regulations.</p> <p>The Code of Conduct articulates acceptable practices for Directors, senior executives and employees to guide their behaviour and to demonstrate the commitment of the Group to ethical practices. The Group also seeks to ensure that advisers, consultants and contractors are aware of the Group's expectations as set out in its Code of Conduct.</p> <p>Responsibilities of the Group's personnel under the Code of Conduct include protection of SKB's business, using SKB's resources in an appropriate manner, protecting confidential information and avoiding conflicts of interest.</p>

ASX Recommendation	Status	Reference / Comment
Principle 4 – Safeguard integrity in corporate reporting		
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent Director, who is not the chair of the board,</p> <p>and disclose:</p> <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>Complying</p> <p>The Board has established an Audit and Risk Committee comprising three members, Mr John Diddams (Chair), Mr William Beerworth and Mr Colin Hughes. The audit-related role of the Audit and Risk Committee is to oversee the Group’s financial reporting and its internal and external audit functions. This includes confirming the quality and reliability of the financial information prepared by SKB, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor, to confirm that they are consistent with maintaining external audit independence.</p> <p>All Audit and Risk Committee members, including the Chair of the Committee Mr John Diddams, are Non-Executive Directors and all are independent Directors. The Chair of the Audit and Risk Committee is not the Chair of the Board.</p> <p>The Audit and Risk Committee’s functions and powers are formalised in a Charter, a copy of which is available on the Website.</p> <p>The Audit and Risk Committee will meet as often as is required by the Audit and Risk Management Committee Charter or other policy approved by the Board to govern the operations of the Audit and Risk Management Committee. The Chair of the Committee may invite other Directors, members of senior management and representatives of the external auditor to be present at meetings of the committee and seek advice from external advisers. The Audit and Risk Committee will regularly report to the Board about committee activities, issues and related recommendations.</p> <p>During the year, the Audit and Risk Committee held two meetings. The meetings were attended by all eligible committee members.</p>

ASX Recommendation		Status	Reference / Comment
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.	Complying	<p>The Directors are committed to the preparation of financial statements that present a balanced and clear assessment of the Group's financial position and prospects.</p> <p>The Board, with the guidance of the Audit and Risk Committee, reviews the Group's half year and annual financial statements.</p> <p>The Board has a process to receive written assurances from the CEO and the CFO that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results, and are in accordance with relevant accounting standards, 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> <p>The Board does and will continue to seek these assurances prior to approving the annual financial statements for all half year and full year results.</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.	Complying	<p>In accordance with the Group's Shareholders Communications Policy, a copy of which is available on the Website, shareholders are encouraged to attend the Group's Annual General Meeting, which the Group's auditors will be requested to attend.</p> <p>Shareholders will be given an opportunity to ask questions of the Group's auditors regarding the conduct of the audit and preparation and content of the auditor's report.</p>
Principle 5 – Make timely and balanced disclosure			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Complying	<p>The Board has adopted a Continuous Disclosure Policy which has established procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.</p> <p>The focus of these procedures is on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Group's securities and improving access to information for all investors.</p> <p>The purpose of these procedures is to ensure timely and accurate information is provided equally to all shareholders and market participants.</p> <p>A copy of the Continuous Disclosure Policy is available on the Website.</p>
Principle 6 – Respect the rights of security holders			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complying	<p>The Investor Centre section of the Group's Website is the primary medium of providing information to all shareholders and stakeholders. It has been designed to enable information to be accessed in a clear and readily accessible manner.</p> <p>The Investor Centre section of the Website contains information relevant to shareholders and stakeholders including:</p>

ASX Recommendation	Status	Reference / Comment
		<ul style="list-style-type: none"> ▪ links to the ASX for all relevant announcements made to the market, including annual and half yearly reports; ▪ all corporate governance policies and charters adopted by the Board; ▪ share price information; and ▪ a copy of the Group's constitution.
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>Complying</p> <p>The Board is committed to facilitating effective two way communication with its shareholders, investors and stakeholders, and has adopted a Shareholders Communications Policy to define and support this commitment. A copy of the Shareholders Communications Policy is available on the Website.</p> <p>The Shareholders Communications Policy sets out the Group's investor relations approach, namely by communicating with its shareholders and investors by posting information on the Website, and by encouraging attendance and participation of shareholders at general meetings.</p> <p>Following the release of the Group's half-year and full-year results, the Group conducts a results announcement briefing which the public, including the media, all shareholders, stakeholders and new investors, are invited to attend. In addition, the Group also conducts investor and analyst briefings at which institutional investors and stockbroking analysts are briefed. At both meetings, attendees will be given an opportunity to ask questions of the CEO and CFO.</p>
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>Complying</p> <p>Shareholders are encouraged to attend the Group's general meetings, and notice of such meetings will be given in accordance with the Group's Constitution, the Corporations Act, and the ASX Listing Rules.</p> <p>The Group's annual general meeting in particular is an opportunity for shareholders to receive updates from the CEO and Chairman on Group performance, ask questions of the Board and vote on the various resolutions affecting the Group's business. Shareholders are also given an opportunity at annual general meetings to ask questions of the Group's auditors regarding the conduct of the audit and preparation and content of the auditor's report.</p> <p>The date, time and location of the Group's general meetings will be provided in the notices of meetings, and on the Website. Whilst shareholders are encouraged to attend meetings in person, in the event that they are unable to do so, they are encouraged to participate in the meeting by appointing a proxy, attorney or representative to vote on their behalf.</p>
6.4	<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>Complying</p> <p>Investors are able to communicate with the Group electronically by emailing the Group Secretary via email at companysecretary@skydive.com.au.</p> <p>Investors are also able to communicate with the Group's registry electronically by emailing the registry or via the registry's website.</p> <p>The Group encourages its shareholders to receive company information electronically by registering their email addresses online with SKB's share registry.</p>

ASX Recommendation	Status	Reference / Comment
Principle 7 – Recognise and manage risk		
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of 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 risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Complying</p> <p>The Board has established an Audit and Risk Committee comprising three members, Mr John Diddams (Chair), Mr William Beerworth and Mr Colin Hughes.</p> <p>The risk-related role of the Audit and Risk Committee is to oversee the Group's internal control structure and risk management systems, to provide advice to the Board and to report on the status and management of the risks to the Group. The purpose of the Committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed.</p> <p>All Audit and Risk Committee members, including the Chair of the Committee Mr John Diddams, are Non-Executive Directors and the majority are independent Directors. The Chair of the Audit and Risk Committee is not the Chair of the Board.</p> <p>The Audit and Risk Committee's functions and powers are formalised in a Charter, a copy of which is available on the Website.</p> <p>The Audit and Risk Committee will meet as often as is required by the Audit and Risk Committee Charter or other policy approved by the Board to govern the operations of the Audit and Risk Committee.</p> <p>During the year, the Audit and Risk Committee held two meetings. The meetings were attended by all eligible committee members.</p>
7.2	<p>The board or a committee of the board should:</p> <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>Complying</p> <p>The Group operates various policies and procedures to identify, assess and manage business and operational risks. Responsibility for risk management is shared across the organisation. The Board is responsible for overseeing the establishment of and approving risk management strategy, policies, procedures and systems of the Group. SKB management is responsible for establishing the Group's risk management framework.</p> <p>The Board has delegated to the Audit and Risk Committee responsibility for reviewing and monitoring the Group's risk management framework to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. In addition, the Audit and Risk Committee is required, under its charter, to undertake a review of the Group's risk management framework with management, at least once annually. A review of the Group's exposure to key risks was undertaken</p>

ASX Recommendation	Status	Reference / Comment
		during the period as part of the Board's due diligence process prior to SKB's listing on the ASX.
7.3	<p>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>	<p>Complying</p> <p>The Group does not have an internal audit function. However, as set out in the Audit and Risk Committee Charter, the Committee has responsibility to ensure that the Group has appropriate internal audit systems and controls in place, and for overseeing the effectiveness of these internal controls. The Committee is also responsible for conducting investigations of breaches or potential breaches of these internal controls.</p> <p>The Group's external auditors also provide recommendations to the Board where internal control weaknesses have been identified.</p> <p>The Audit and Risk Committee is responsible for overseeing the implementation of recommendations to improve internal control weaknesses identified by the Group's auditors, as well as to generally oversee reviews and improvements to risk management and internal control processes.</p>
7.4	<p>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>	<p>Complying</p> <p>The Group's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation.</p> <p>Whilst the Group has exposure to elements of risks relevant to the industry in which the Group operates, the Group does not consider, given the nature of its business, that it has any specific extraordinary exposure to economic, environmental and social sustainability risks.</p>
Principle 8 – Remunerate fairly and responsibly		
8.1	<p>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</p>	<p>Complying</p> <p>The Board has established a Remuneration and Nomination Committee comprising three members, Mr William Beerworth (Chair), Mr John Diddams and Mr Colin Hughes.</p> <p>All Remuneration and Nomination Committee members, including the Chair of the Committee Mr William Beerworth, are Non-Executive Directors and the majority are independent Directors. The Chair of the Audit and Risk Committee is an independent Director.</p> <p>The Remuneration and Nomination Committee's functions and powers are formalised in a Remuneration and Nomination Committee Charter, a copy of which is available on the Website.</p> <p>The remuneration-related role of the Remuneration and Nomination Committee is to review and make recommendations to the Board on remuneration packages and policies relating to the Directors, CEO and senior executives and to ensure that the remuneration policies and practices are consistent with the Group's strategic goals and human resources objectives. The Committee is also responsible for administering short term and long term incentive plans.</p> <p>The Remuneration and Nomination Committee will meet as often as is required by the Remuneration and Nomination Committee Charter or other policy approved by the Board to govern the operation of the Remuneration and Nomination Committee.</p>

ASX Recommendation	Status	Reference / Comment
	<p>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 that such remuneration is appropriate and not excessive.</p>	<p>Following each meeting, the Remuneration and Nomination Committee will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Remuneration and Nomination Committee that requires Board approval.</p> <p>During the year, the Remuneration and Nomination Committee held one meeting.</p> <p>The Group will disclose in its annual reports the number of times the Remuneration and Nomination Committee meets throughout each financial year and the individual attendances of the members at those meetings.</p>
8.2	<p>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.</p>	<p>Complying</p> <p>Details of the Directors' and key management personnel's remuneration are set out in the Remuneration Report section of the Group's 2016 Annual Report.</p> <p>The structure of Non-Executive Directors' remuneration is distinct from that of executives and is detailed in the Remuneration Report section of the Group's 2016 Annual Report.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) 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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Complying</p> <p>The Group has adopted a Long Term Incentive (LTI) plan to assist in the motivation, retention and reward of the CEO and certain senior executives. The LTI is designed to align the interests of the CEO and senior executives more closely with the interests of shareholders by providing an opportunity for senior executives to receive an equity interest in the Group through the granting of options, the vesting of which is subject to the Remuneration and Nominations Committee's review of performance.</p> <p>A summary of the LTI is provided in the Group's 2016 Annual Report.</p> <p>Participants in the LTI are not permitted to hedge or otherwise limit the economic risk of participating in the LTI.</p> <p>In addition, the Group has adopted a Securities Trading Policy which prohibits Directors, the CEO and senior executives and other key management personnel and their closely related parties from entering into any arrangement that would have the effect of, directly or indirectly, granting any form of security (whether by way of charge, mortgage, pledge or otherwise) over any SKB securities which are unvested or subject to a holding lock, to secure any obligation or enter into any margin lending arrangement involving SKB securities.</p> <p>A copy of the Group's Securities Trading Policy is available on the Website.</p>