

FUTURE GENERATION INVESTMENT COMPANY LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2015

The Board of Directors of Future Generation Investment Company Limited (**the Company**) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company, on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

	Corporate Governance Council Recommendation	Compliance	Disclosure
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.	Complies	<p>The Company has a Board but no full time employees. The role of the Board is to set strategic direction, approve capital management initiatives and to be responsible for the overall corporate governance of the Company which includes:</p> <ul style="list-style-type: none"> • Reviewing the investment strategy and the membership of the Investment Committee; • Ensuring adequate internal controls exist and are appropriately monitored for compliance; • Ensuring significant business risks are identified and appropriately managed; • Approving the interim and final financial statements and related reports and generally various other communications to the ASX and shareholders that the Board deems material; and • Setting appropriate business standards and codes for ethical behaviour. <p>The Investment Committee will be primarily responsible for selecting Fund Managers, making and redeeming investments and generally managing the Company's Portfolio.</p>
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 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	Complies	<p>(a) The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance.</p> <p>(b) This will necessarily include undertaking background and other checks before appointing a person or putting them forward to security holders as a candidate for election as a director, as well as providing all material information relevant to a decision for election as a director. The qualifications, experience and special responsibilities of the Board members are set out in the Annual Report.</p>

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	Corporate Governance Council Recommendation	Compliance	Disclosure
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Does not Comply	The Board comprises experienced Company directors and while they have not received a formal letter of engagement, all are fully aware of the terms of their appointment including their roles and responsibilities. Given the charitable nature of the Company, all Directors agreed to forego the payment of fees for their services from 1 July 2014.
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.	Complies	The Board has appointed experienced Company Secretaries who are directly accountable to the Board.
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>(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>	Does not Comply	As the Company has no full time employees and given the size of the Board, a diversity policy has not been established. The Board's composition is reviewed on an annual basis. In the event a vacancy arises, the Board will consider diversity in its nomination process. The Company is not a relevant employer under the Workplace Gender Equality Act.

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	Corporate Governance Council Recommendation	Compliance	Disclosure
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>	Complies	<p>The performance of directors will be assessed and reviewed by the Board. To determine whether it is functioning effectively, the Board shall:</p> <ul style="list-style-type: none"> • review its Corporate Governance Charter annually; and • perform an evaluation of the Board's performance at intervals considered appropriate. <p>The Board is responsible for undertaking an annual performance evaluation of itself and its members in light of the Company's Corporate Governance Charter. While a performance evaluation was not undertaken during the reporting period, the Board has undertaken to complete a review of its performance with the assistance of Mertons Corporate Services.</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>	Complies	<p>The Company does not have any executives. The business of the Company is managed by the Board.</p>

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PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

	Corporate Governance Council Recommendation	Compliance	Disclosure
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose the charter of the committee, the members of the committee; and 3. 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>(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>	Does not comply	<p>The Board as a whole considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise with consideration to the optimal mix of skills and diversity.</p>
2.2	<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>	Does not comply	<p>The Company supports the appointment of Directors who bring a wide range of business, investment and professional skills and experience. While the Company does not have or disclose a formal skills matrix it does consider directors attributes prior to any appointment. The Board has undertaken to complete a review of its capabilities with the assistance of Mertons Corporate Services.</p> <p>The qualifications, skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report and their attendance at Board and Committee meetings is included in the Annual Report.</p>

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	Corporate Governance Council Recommendation	Compliance	Disclosure
2.3	<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 of the ASX Corporate Governance Principles and Recommendations 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>	Complies	<p>The Board is comprised of eight Directors, all of whom are considered Independent and complies with the best practice recommendation that Boards contain a majority of independent Non-executive Directors.</p> <p>Jonathan Trollip – Independent Non-executive Chairman Geoffrey Wilson – Independent Non-executive Director Paul Jensen – Independent Non-executive Director Gabriel Radzynski – Independent Non-executive Director Katherine Thorley – Independent Non-executive Director David Paradice – Independent Non-executive Director David Leeton – Independent Non-executive Director Scott Malcolm – Independent Non-executive Director</p>
2.4	A majority of the board of a listed entity should be independent directors.	Complies	The Board is comprised of eight Directors of which all eight are independent and therefore complies with the best practice recommendation that Boards contain a majority of independent Non-executive Directors.
2.5	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.	Complies	Jonathan Trollip as Chairman of the Board is considered independent.
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.	Does not comply	Due to the relatively uncomplicated nature of the Company's operations, its size, and the fact that directors are chosen for their specialist knowledge of their sector the Board induction process is of an informal nature. New Directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors.

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PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

	Corporate Governance Council Recommendation	Compliance	Disclosure
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Complies	<p>The Company has adopted a formal Code of Conduct. This is incorporated into the Company's Corporate Governance Charter. The Company requires all its directors to comply with the standards of behaviour and business ethics in accordance with the law and the code of conduct. These include acting honestly and with integrity and fairness in all dealings.</p> <p>The Company has made its Corporate Governance Charter publicly available on its website.</p>

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> <ol style="list-style-type: none"> 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 2. is chaired by an independent director, who is not the chair of the board; <p>and disclose:</p> <ol style="list-style-type: none"> 3. the charter of the committee; 4. the relevant qualifications and experience of the members of the committee; and <p>(b) 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>(c) 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>	Complies	<p>The Board has established an Audit & Risk Committee which plays a key role in assisting the Board of Directors with its responsibilities relating to accounting, developing internal control systems, reporting practices, risk management and ensuring the independence of the Company Auditor.</p> <p>The Company intends to adopt a revised Charter for this Committee incorporating policies and procedures to ensuring its effective conduct..</p> <p>Members of the Committee are:</p> <p>Paul Jensen – Independent Non-executive Director Kate Thorley – Independent Non-executive Director Scott Malcolm – Independent Non-executive Director</p> <p>Details of the Directors' qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Directors' Report contained in the Annual Report.</p>
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	Corporate Governance Council Recommendation	Compliance	Disclosure
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.	Complies	The Company's external accountants furnish written confirmation to the Board that the Company's Financial Reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
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.	Complies	The external auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions regarding the conduct of the audit and preparation of the Auditor's Report.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

5.1	A listed entity should: <ul style="list-style-type: none"> (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. 	Complies	<p>The Company's Communications Policy is designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by the Company. The Company is committed to complying with the continuous disclosure obligations contained in the Listing Rules of the Australian Securities Exchange (ASX) and under the Corporations Act, and ensuring that all shareholders and the market have an equal opportunity to obtain and review full and timely information about the Company's securities.</p> <p>Disclosure of such price-sensitive information to the ASX must not be delayed and is disclosed, in the first instance, to the ASX and only after receiving confirmation that a release of this disclosure has been made to the market will it then be placed on the Company's website. Material information must not be selectively disclosed (i.e. to analysts, the media or shareholders) prior to being announced to the ASX, and all media releases must be referred to the Chairman for approval prior to any announcement.</p>
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PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

	Corporate Governance Council Recommendation	Compliance	Disclosure
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company's website has a dedicated News section and endeavours to publish on the website all important company information and relevant announcements made to the market.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Company is committed to: <ul style="list-style-type: none"> • ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, Investor Presentations, ASX releases, general meetings and the Company's website; • complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies	The board encourages full participation of shareholders at the Company's annual general meetings and any other general meetings to ensure a high level of accountability and identification with the Company's strategy. The external auditor will also be invited to attend the annual general meeting of shareholders and will be available to answer any questions concerning the conduct, preparation and content of the auditor's report.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	The Company's registrar, Boardroom Pty Ltd, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at https://www.clientonline.com.au

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PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

	Corporate Governance Council Recommendation	Compliance	Disclosure
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, and disclose the charter of the committee; the members of the committee; and</p> <p>(3) 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;</p> <p>OR</p> <p>(4) 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>	Complies	<p>The Board of the Company takes a proactive approach to the Company's risk management and internal compliance and control system.</p> <p>The Audit and Risk Committee is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified.</p> <p>The Company intends to adopt a revised Charter for this Committee incorporating policies and procedures to ensuring its effective conduct.</p> <p>Members of the Committee are:</p> <p>Paul Jensen – Independent Non-executive Director Kate Thorley – Independent Non-executive Director Scott Malcolm – Independent Non-executive Director</p> <p>Details of the Directors' qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Directors' Report contained in the Annual Report.</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>disclose, in relation to each reporting period, whether such a review has taken place.</p>	Complies	<p>The Board considers risk management in making all of its decisions at Board meetings throughout the year to ensure that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with, and to liaise with the Fund Managers to identify and manage risk.</p>

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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 evaluation and continually improving the effectiveness of its risk management and internal control processes.</p>	Complies	The Company does not have an internal audit function. An Audit and Risk Committee has been established and reviews the internal control processes as necessary. The Board works closely with all of its service providers to identify and manage operational, financial and compliance risks which could prevent the Company from achieving its objectives.
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>	Complies	A summary of risks including interest rate, credit, and liquidity are included in Note 3 in the Annual Report.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

	Corporate Governance Council Recommendation	Compliance	Disclosure
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 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>	Does not comply	Given the charitable nature of the Company, all Directors agreed to forego the payment of fees for their services from 1 July 2014 and in the absence of any employees other than Directors, a Remuneration Committee has not been formed.

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	Corporate Governance Council Recommendation	Compliance	Disclosure
8.2	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.	Complies	The company does not have any executives. The business of the Company is managed by the Board. The non-executive directors are not remunerated for their services.
8.3	A listed entity which has an equity-based remuneration scheme should: (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 (b) disclose that policy or a summary of it.	Not applicable.	The Company does not have an equity based remuneration scheme.

The Company's corporate governance practices were in place for the financial year ended 30 June 2015 and to the date of signing the Directors' Report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, refer to our website: www.futuregeninvest.com.au