

**Future
Generation
Australia**

INVESTMENT & SOCIAL RETURNS

Corporate 
Governance
Statement

For the year ended 31 December 2021

Future Generation Investment Company Limited

ABN: 97 063 935 553

CORPORATE GOVERNANCE STATEMENT

The Future Generation Investment Company Limited (Future Generation Australia or the Company) Board of Directors is responsible for the corporate governance of the Company. The Board has followed the principles and best practice recommendations established by the ASX Corporate Governance Council with regard to the nature of the Company's activities and its size. The Company has adopted the ASX Corporate Governance Council's Principles and Recommendations with 2019 Amendments (4th Edition) for the 2021 financial year, subject to the exceptions noted below.

Principle 1: Lay solid foundations for management and oversight (Recommendations 1.1 to 1.7)

The Company has a Board of Directors, Audit & Risk Committee, Investment Committee and a Chief Executive Officer (CEO).

The Company's Board Charter sets out the specific responsibilities of the Board and of the CEO of Future Generation Australia.

The role of the Board is to set and monitor the Company's strategic direction. The Board is also responsible for the overall corporate governance of the Company including:

- Defining the Company's corporate purpose and setting its strategic objectives;
- Defining the Company's values which underpin Future Generation Australia's culture;
- Appointing and removing the CEO of Future Generation Australia and the Company Secretary;
- Approving the Company's strategy following the Board's oversight and input into its development;
- Capital management;
- Risk management and reporting;
- Approving the interim and final financial statements and related reports and various other communications to the ASX and shareholders that the Board deems material;
- Monitoring the performance of the Audit & Risk Committee and the Investment Committee;
- Monitoring and assessing the performance of the CEO of Future Generation Australia and/or senior executives;
- Ensuring an appropriate framework exists for relevant information to be reported by the CEO of Future Generation Australia whenever required, challenging the CEO and holding the CEO to account; and
- Setting appropriate business standards and codes for ethical behaviour.

The Audit & Risk Committee and the Investment Committee Charters provide details of responsibilities delegated to the Audit & Risk Committee and the Investment Committee. The Audit & Risk Committee assists the Board in fulfilling its responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems and the external audit function.

The Investment Committee manages the Company's investment portfolio and is responsible for selecting fund managers with whom the Company will invest capital as well as any occasional direct investments made by the Company.

The CEO of Future Generation Australia is responsible for developing and executing the Company's strategic objectives and direction approved by the Board and operating within the risk appetite set by the Board. The Board delegates to the CEO the authority and power to manage the Company and its daily operations within levels of authority specified by the Board from time to time.

Further details on the roles and responsibilities of the Board, the CEO of Future Generation Australia, the Audit & Risk Committee and the Investment Committee are set out in the Company's Board Charter, the Audit & Risk

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Committee Charter and the Investment Committee Charter. These are contained in the Company's Corporate Governance Charter which is available at futuregeninvest.com.au.

The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of Directors through having regard to the law and the best standards of governance. This includes undertaking background and other checks before appointing a person or putting them forward to security holders as a candidate for election as a Director, together with providing all material information relevant to a decision for election as a director.

The Board ensures that security holders are provided with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director. The terms of a Director appointment are recorded in a letter of appointment and are in accordance with the Company's Constitution, the *Corporations Act 2001* and ASX Listing Rules.

On the appointment of a CEO of Future Generation Australia, the Board will provide advice and counsel to the appointee including formal reviews and feedback on performance and oversee the development or removal of the appointee where necessary. Appropriate checks are undertaken before an appointment is ratified by the Board and the terms of appointment are recorded in a letter of appointment.

The Joint Company Secretaries, Jesse Hamilton and Mark Licciardo, who are directly accountable to the Board through the Chair.

The Company has a Diversity Policy designed to support its commitment to fair and equitable representation. The Board is required to develop measurable objectives and strategies to meet the objectives of the Company's Diversity Policy, including aspiring to reach 40% male, 40% female and 20% unreserved Board composition. The Board currently has 71% male and 29% female representation. The Board's composition is reviewed on an annual basis. In the event a vacancy arises, the Board considers diversity in its nomination process. The Company's Diversity Policy is contained in the Company's Corporate Governance Charter which is available at futuregeninvest.com.au.

The Company is not a relevant employer under the Workplace Gender Equality Act.

To determine whether it is functioning effectively, the Board:

- Reviews its Corporate Governance Charter annually; and
- Performs an evaluation of the Board's performance at intervals considered appropriate.

The Board is responsible for undertaking a performance evaluation of itself and its members. During the year, the Board reviewed its performance by reference to generally accepted board performance standards and in accordance with the Company's Board Charter which is available at futuregeninvest.com.au.

The performance of the CEO of Future Generation Australia is evaluated annually by the Board. The process for periodically evaluating the performance of the CEO is set out in the Company's Corporate Governance Charter. Caroline Gurney commenced as CEO in September 2021, and a performance evaluation of the CEO will be undertaken by the Board within 12 months of appointment.

Principle 2: Structure the Board to be effective and add value (Recommendations 2.1 to 2.6)

A nomination committee has not been formed under Recommendation 2.1. The Board as a whole considers the composition of the Board and appointment of new Directors. The Company's Directors provide their services on a pro bono basis and it is intended to continue to operate in that manner.

The Board identifies suitable candidates to fill vacancies as they arise with consideration to the optimal mix of skills, independence and diversity. The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience. The mix of skills and diversity represented on the Board as at 31 December 2021 is as follows:

| CATEGORY | SKILL/QUALITY | LEVEL |
|---------------------|---|-------------|
| Professional skills | Leading and managing | Strong |
| | Corporate governance | Very Strong |
| | Strategy | Strong |
| | Finance | Very Strong |
| | Audit, risk and compliance management | Very Strong |
| | Investment management | Strong |
| | Marketing and/or investor shareholder relations | Strong |
| | Financial services | Strong |
| Gender diversity | Female | 29% |
| | Male | 71% |

The Board skills matrix is based on the average ratings received from each Director as part of a reasonable self-assessment process whereby each Board member rates their individual skills and qualities across the above-mentioned categories. Each skill and quality is based on a range from no knowledge or experience in this area, to very strong experience and demonstrated capability in this area. The qualifications, skills, experience and expertise relevant to each Director in office at the date of the Annual Report and their attendance at Board and Committee meetings are shown in the Directors' Report in the Company's 2021 Annual Report.

The Board is comprised of seven members, five of whom are considered to be independent and therefore it complies with the best practice recommendation that Boards contain a majority of independent non-executive Directors:

- Jonathan Trollip (Chair) - Independent
- Stephanie Lai – Independent
- David Leeton – Independent
- David Paradise AO – Independent
- Gabriel Radzysinski – Independent
- Kate Thorley – Non-Independent
- Geoff Wilson AO – Non-Independent

The Company has disclosed the interests of the current Directors and their appointment date and length of service in the Directors' Report in the Company's 2021 Annual Report. Jonathan Trollip is the Chair of the Board and is considered independent. Caroline Gurney is the CEO of Future Generation Australia.

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Under the Company's Board Charter, the CEO is responsible for arranging each new Director to undertake an induction program, including ensuring that they gain an understanding of their rights, duties and responsibilities as a Director. Furthermore, the Company's Director Professional Development Policy supports the Board's commitment to assessing the professional development needs for existing Directors semi-annually.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly (Recommendations 3.1 to 3.4)

The Company acknowledges the importance of values and pursues the Company's purpose and investment and charitable objectives in a manner that is consistent with its values, as outlined in the Company's Board Charter. A copy of the Board Charter is contained in the Company's Corporate Governance Charter which is available on the Company's website at futuregeninvest.com.au.

The Company has adopted a formal Code of Conduct which sets out the Company's key values and how they should be applied. The Code of Conduct is contained in the Company's Corporate Governance Charter which is available on the Company's [website](#). All material breaches of the Code of Conduct are reported to the Board.

The Company has adopted a Whistleblower Policy which outlines the Company's policy for reporting actual or suspected behaviours that has breached the Company's values, policies or the law, without fear of reprisal or dismissal. The Whistleblower Policy is available on the Company's [website](#). Material incidents reported under the Whistleblower Policy are also reported to the Board.

The Company has adopted an Anti-Bribery and Corruption Policy which sets out the Company's zero tolerance for any bribery or corruption in its business dealings. The Anti-Bribery and Corruption Policy is available on the Company's [website](#). The Board of Directors will be informed of all incidents of bribery, corruption or fraud.

Principle 4: Safeguard the integrity of corporate reports (Recommendations 4.1 to 4.3)

The Company has an Audit & Risk Committee to provide assistance to the Board in fulfilling its responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems, and the external audit function. The members of the Audit & Risk Committee are:

- Stephanie Lai (Chair) – Independent
- David Leeton – Independent
- Kate Thorley – Non-Independent

The Chair of the Audit & Risk Committee is independent.

The Committee formally reports to the Board after each meeting. The qualifications of these Committee members and their membership and attendance at Audit & Risk Committee meetings are set out in the Directors' Report in the Company's 2021 Annual Report.

The Audit & Risk Committee Charter is included in the Company's Corporate Governance Charter and is available at futuregeninvest.com.au.

The external auditors attend each Annual General Meeting and are available to answer Shareholders' questions regarding the conduct of the audit, auditor independence and preparation of the Auditor's Report.

The CEO of Future Generation Australia, the Chief Financial Officer (CFO) of Wilson Asset Management and the Company's external administrator, Link Fund Solutions, provide 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 position and financial performance and are in accordance with relevant accounting standards. Furthermore, the CEO of Future Generation Australia, Wilson Asset Management and the Company's external administrator, Link

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Fund Solutions, provide written confirmation to the Board that the integrity of the financial statements are founded on a sound system of risk management and internal compliance and control and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Company's external auditor audits the Company's year to 31 December annual financial report (which comprises the statement of financial position, statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes) and reviews the Company's half year to 30 June interim financial report. Any periodic reports not subject to audit or review by external auditors, including the monthly investment updates, are subject to a rigorous internal review process coordinated by the CEO of Future Generation Australia and Wilson Asset Management, in conjunction with Link Fund Solutions. Individual sign offs are provided by the CEO of Future Generation Australia and the CFO of Wilson Asset Management prior to its release to the market.

Principle 5: Make timely and balanced disclosure (Recommendations 5.1 to 5.3)

The Company reviewed the Continuous Disclosure Policy during the year to ensure compliance with the continuous disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001*. The Continuous Disclosure 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's Continuous Disclosure Policy is contained in the Company's Corporate Governance Charter which is available at futuregeninvest.com.au.

The Company uses various measures to ensure that it communicates effectively with its Board, Shareholders and investors throughout the year, including:

- An email alert system allowing members of the Board to receive a notification email following the lodgement of an ASX market announcement, along with a copy of the announcement; and
- Ensuring that copies of presentation materials are available via the ASX Market Announcements Platform in advance of any presentation to new and substantive investors and analysts.

Principle 6: Respect the rights of security holders (Recommendations 6.1 to 6.5)

The Company's website has a dedicated news section and endeavours to ensure all important company information and relevant announcements made to the market are available on the website.

The Company is committed to:

- ensuring that shareholders and financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the monthly investment updates, annual and half yearly reports, semi-annual shareholder presentations, investment forums, investor conference calls, ASX announcements, monthly investor newsletters, Annual General Meetings and the Company's website;
- complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the *Corporations Act 2001*, and;
- encouraging shareholder participation at Annual General Meetings and at presentations which offer an opportunity to meet with the Board, the founder Geoff Wilson, the CEO of Future Generation Australia and the fund managers and charities.

The Board encourages full participation of shareholders at the Company's Annual General Meeting and any other general meetings to ensure a high level of accountability and understanding of the Company's strategy. All substantive resolutions at the 2021 Annual General Meeting held in May, were decided by a poll.

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The external auditor attends each Annual General Meeting and is available to answer any questions concerning the conduct, preparation and content of the Auditor's Report in the Annual Report.

The Company's registry, Boardroom Pty Limited, provides the option for shareholders to receive and send communication electronically. Shareholders are encouraged to create an online account at clientonline.com.au.

Principle 7: Recognise and manage risk (Recommendations 7.1 to 7.4)

The Board of Directors takes a proactive approach to the Company's risk management and internal compliance and control system. The Audit & 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 and that the Company is operating with due regard to the risk appetite set by the Board. The Audit & Risk Committee Charter is contained in the Company's Corporate Governance Charter which is available at futuregeninvest.com.au.

The Audit & Risk Committee consists of two independent Directors being Stephanie Lai (Chair) and David Leeton and one non-independent director Kate Thorley. The qualifications of these Committee members and their membership and attendance at Audit & Risk Committee meetings are set out in the Directors' Report in the Company's 2021 Annual Report. The Audit & Risk Committee reviews the adequacy and effectiveness of the Company's risk management framework by gaining assurances that major risks have been identified and are appropriately managed.

The Audit & Risk Committee reviewed the Company's risk management framework during the year and is satisfied that adequate controls are in place for existing and emerging risks, such as cyber security, privacy and data breaches, and that the Company is operating with due regard to the risk appetite set by the Board.

The Company does not have an internal audit function. Due to the size and nature of its administrative and financial operations, the Board considers that an internal audit function is not necessary or efficient. The Audit & Risk Committee monitor the effectiveness of the accounting and internal control systems and reporting of the Company.

The Company does not currently have any material exposure to environmental and social risks. As an investment company with no employees, the Company itself does not impact the environment significantly.

The Investment Committee of the Company considers Environmental, Social and Corporate Governance (ESG) factors as part of the Company's investment process and monitor the underlying fund manager ESG policies and disclosures on ESG issues as part of their ongoing due diligence assessment of the fund managers and the investments of the Company.

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Principle 8: Remunerate fairly and responsibly (Recommendations 8.1 to 8.3)

The Company does not have a need for a remuneration committee. Given the charitable nature of the Company, the Directors have chosen not to receive Director fees.

The Company does not have an equity based remuneration scheme, as the Company has no employees and the Directors have chosen not to receive fees due to the charitable nature of Future Generation Australia.

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