

## Corporate Governance Statement

The Directors and management of Ambertech (“the Company”) are committed to operating the Company’s business ethically and in a manner consistent with high standards of corporate governance. The Directors consider the establishment and implementation of sound corporate governance practices to be a fundamental part of promoting investor confidence and creating value for shareholders, through prudent risk management and a culture which encourages ethical conduct, accountability and sound business practices.

The Corporate Governance Statement has been prepared with reference to the Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition) published by the Australian Securities Exchange Corporate Governance Council. The Corporate Governance Statement outlines the Company’s response as to how and whether it has complied with the Recommendations. The Corporate Governance Statement has been approved by the Board.

### Principle 1 – Lay Solid Foundations for Management and Oversight

#### 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.

We have followed the recommendation in full for the whole of the period. Information about the respective roles and responsibilities of the board and management, including those matters expressly reserved to the board and those delegated to management are outlined in the Ambertech Board Charter. A copy is available from the investor location of the Ambertech website at:

<https://www.ambertech.com.au/documents/Corporate%20Governance/Board%20Charter.pdf?u=1RrElk>

#### 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.

We have followed the recommendation in full for the whole of the period. New directors will be recommended to the Board by the Nomination and Remuneration Committee. The Board will assess the suitability of new directors against criteria which include experience, ability to exercise independent judgment, professional skills, potential conflicts and the requirement for independence. New directors must complete the new director induction program before commencement of duties.

The company provides to shareholders for their consideration information about each candidate standing for election or re-election as a director that the Board considers necessary for shareholders to make a fully

informed decision. Such information includes the person's biography, which include experience and qualifications, details of other directorships, adverse information about the person that the Board is aware of including material that may affect the person's ability to act independently on matters before the Board, and whether the Board supports the appointment or re-election.

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

We have followed the recommendation in full for the whole of the period. The terms of the appointment of a non-executive director are set out in writing and cover matters such as the term of appointment, time commitment envisaged, required committee work and other special duties, requirements to disclose their relevant interests which may affect independence, corporate policies and procedures, indemnities, and remuneration entitlements.

The Managing Director and senior executives are issued with employment agreements which detail the above matters as well as the person or body to whom they report, the circumstances in which their service may be terminated (with or without notice), and any entitlements upon termination.

**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.**

We have followed the recommendation in full for the whole of the period. The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors. The Company Secretary's role, in respect of matters relating to the proper functioning of the Board, is outlined in the Ambertech Board Charter. A copy is available from the investor location of the Ambertech website at:

<https://www.ambertech.com.au/documents/Corporate%20Governance/Board%20Charter.pdf?u=1RrELk>

**1.5 A listed entity should:**

- (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;
- (b) disclose that policy or a summary of it; and
- (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:
  - (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
  - (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.

We have followed the recommendation in full for the whole of the period. The company has a diversity policy which requires the board's Remuneration and Nomination Committee to set measurable objectives for

achieving gender diversity and to assess the objectives and the company's progress towards achieving them on an annual basis.

The Board currently has no measurable objective about gender diversity on the Board. Measurable objectives set for the year are limited to growth in the percentage of women in senior executive positions and across the whole organisation. The proportion of women and in the company including its subsidiaries ('consolidated entity') as at 30 June 2017 is as follows:

Portion of women:

In senior executive positions	25.0% (2017: 25.0%)
Across the whole organisation	22.5% (2017: 22.2%)

For this purpose, the Board defines a senior executive as a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the company's financial standing. This therefore includes all senior management and senior executive designated positions as well as senior specialised professionals.

A copy of the Diversity Policy is available from the investor location of the Ambertech website at:

<https://www.ambertech.com.au/documents/Corporate%20Governance/Diversity%20Policy.pdf?u=1RrnYH>

#### **1.6 A listed entity should:**

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

We have followed the recommendation in full for the whole of the period. The Chairman undertakes a regular performance evaluation for the board, its committees and directors. The Chairman meets privately with each director to discuss assessments. The review of the Chairman's role is conducted by the Chair of the Audit and Risk Management Committee after obtaining feedback from each individual director.

A board performance evaluation was undertaken in October 2017.

#### **1.7 A listed entity should:**

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and**
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

We have followed the recommendation in full for the whole of the period. Performance assessments for senior executives, other than the COO, are the responsibility of the MD. Assessment of the MD, COO and other senior executives occur as part of an annual review process.

Assessments consist of formal meetings to discuss performance against set KPIs which are based on company performance targets, and vary according to the roles and responsibilities of the executive. At the same time, these KPIs are aligned to reflect the common corporate goals such as growth in earnings and shareholders' wealth, and achievement of working capital targets.

A performance evaluation has taken place during the reporting period in accordance with the process described above.

## Principle 2 – Structure the Board to add Value

### 2.1 The board of a listed entity should:

- (a) Have a nomination committee which:
1. Has at least three members, a majority of whom are independent directors; and
  2. Is chaired by an independent director, and disclose:
  3. The charter of the committee;
  4. The members of the committee; and
  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
- (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.

We have NOT followed the recommendation in full for the whole of the period. The Board has established a Remuneration and Nomination Committee; **however, the committee consists of only two members.** The Board considers this to be the most efficient structure for this committee given the current size of the Board. The committee met a total of two times during the reporting period. The members of this committee at the date of this report are Mr Peter Wallace (Chair) Mr David Swift.

A copy of the Remuneration and Nomination Committee Charter is available from the investor location of the Ambertech website at:

<https://www.ambertech.com.au/documents/Corporate%20Governance/Remuneration%20and%20Nomination%20Committee%20Charter.pdf?u=1Rrnri>

### 2.2 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.

We have NOT followed the recommendation in full for the whole of the period. The Board does not maintain a formal skills matrix that sets out the mix of skills and diversity that the Board aims to achieve in its membership. The current Board members represent individuals that have extensive industry experience as well as

professionals that bring to the Board their specific skills in order for the company to achieve its strategic, operational and compliance objectives.

Their suitability to the directorship has therefore been determined primarily on the basis of their ability to deliver outcomes in accordance with the company's short and longer-term objectives and therefore deliver value to shareholders. All Board members are however expected to be able to demonstrate the following attributes:

#### Board Member Attributes

Leadership:	Represents the company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts considered; leads others to action; proactive solution seeker
Ethics and integrity	Awareness of social, professional and legal responsibilities at individual, company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation.
Communication	Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives.
Negotiation	Negotiation skills which engender stakeholder support for implementing Board decisions.
Corporate governance	Experienced director that is familiar with the mechanisms, controls and channels to deliver effective governance and manage risks

#### 2.3 A listed entity should disclose:

- (a) The names of directors considered by the board to be independent directors;
- (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
- (c) the length of service of each director

We have followed the recommendation in full for the whole of the period. At the date of signing the Directors' Report, the Board comprises four non-executive directors, including the Chairman, and one executive director. The Board's view is that independence is extended to those non-executive directors whose interests are less than 10% of issued capital, where that director is not the major shareholder, and where no ongoing services are being provided to the Company by the director or related entities.

At the date of signing the Directors' report, the Board comprises three independent directors, (Mr Peter Wallace, Mr Edwin Goodwin, and Mr David Swift) and two non-independent directors (Mr Thomas Amos and Mr Peter Amos).

The length of service of each director is as follows: Mr Peter Wallace (15 years); Mr Peter Amos (30 years); Mr Thomas Amos (20 years); Mr Edwin Goodwin (20 years); and Mr David Swift (20 years).

**2.4 A majority of the board of a listed entity should be independent directors.**

We have NOT followed the recommendation in full for the whole of the period. The Board has taken a view that independence extends to non-executive directors with less than 10% of issued capital, resulting in 3 out of 5 directors being considered “independent”.

**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.**

We have followed the recommendation in full for the whole of the period. Mr Peter Wallace is the Chair of the board and is considered an independent director. Mr Peter Amos is the Managing Director.

**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.**

We have followed the recommendation in full for the whole of the period. New directors undertake an induction program coordinated by the Company Secretary on behalf of the Remuneration and Nomination Committee. The program includes strategy briefings, explanations of company policies and procedures, governance frameworks, cultures and values, company history, director and executive profiles and other pertinent company information.

A director development program is also available which is coordinated by the Company Secretary to ensure that directors can enhance their skills and remain abreast of important developments to enable them to discharge their director obligations as effectively as possible.

**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.

We have followed the recommendation in full for the whole of the period. The company has developed a broad code of conduct for all staff which operates in conjunction with a strong network of company policies to ensure all personnel act with integrity, objectivity and in compliance with the letter and the spirit of the law and company policies. The code applies to all employees within the company from the Board, through management to all other staff. The code encourages all staff and other stakeholders to report any breaches of the code to the Chairman of the Board, who is required to investigate and report on all such matters.

The Code of Conduct is supported by more detailed policies setting out the philosophy of the company in relation to its various stakeholders. A copy is of the Code of Conduct is available from the investor location of the Ambertech website at:

<https://www.ambertech.com.au/documents/Corporate%20Governance/Code%20of%20Conduct.pdf?u=1RrssO>

#### **Principle 4 – Safeguard Integrity in Corporate Reporting**

##### **4.1 The board of a listed entity should:**

###### **(a) Have an audit committee which:**

- 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, and disclose:**
- 3. The charter of the committee;**
- 4. The relevant qualifications and experience of the members of the committee; and**
- 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**

- (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.**

We have NOT followed the recommendation in full for the whole of the period. The Board has established an Audit and Risk Management Committee responsible for ensuring that:

- reporting on the financial and other performance indicators for the Company meets all applicable legislative and accounting standards;
- the Company's control and accountability systems are robust;
- the Company identifies and monitors major risks as well as reviewing and ratifying systems of risk management, and internal compliance and control; and
- governance policies of the Company comply with all relevant legislation.

Members of the Committee are Ed Goodwin (Chairperson) and Peter Wallace, each of whom is a non-executive director with appropriate financial and business expertise to act effectively as a member of the Audit and Risk Management Committee. **The committee contains only two members as it is would be inefficient for the structure of the board to have three members.**

The Audit and Risk Management Committee meet three times during the reporting period. The Audit and Risk Management Committee has direct access to any employee, the auditors or any other independent experts and advisers, as it considers appropriate in order to ensure that its responsibilities can be carried out effectively.

The Audit and Risk Management Committee has a formal charter which is available from the investor location of the Ambertech website at:

<https://www.ambertech.com.au/documents/Corporate%20Governance/Audit%20and%20Risk%20Management%20Committee%20Charter.pdf?u=1RsCJz>

**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.**

We have followed the recommendation in full for the whole of the period.

**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.**

We have followed the recommendation in full for the whole of the period.

#### **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.**

We have followed the recommendation in full for the whole of the period. The Chairman and Company Secretary are responsible for communications with the ASX, and ensuring compliance with the continuous disclosure requirements in the ASX listing rules. Management are responsible for ensuring that all potential corporate information that could materially affect the price or value of the company's shares is brought to the attention of the Chairman or Company Secretary immediately it becomes known. This information is then assessed in liaison with the Board and management in regard to ASX listing rule requirements of 3.1.

The company has a shareholder communications policy which recognizes the value of providing current and relevant information to shareholders. All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX, and remains available to shareholders for at least two years. The current and historical share price details are also available on the website.

All shareholders have the option to receive a hard copy of the Annual Report. The company does provide the opportunity for shareholders to receive the Annual Report through electronic means. A copy of the Annual Report is made available from the company's website.

The Board has adopted a continuous disclosure and communications policy and a copy is available from the investor location of the Ambertech website at:

<https://www.ambertech.com.au/documents/Corporate%20Governance/Continuous%20Disclosure%20and%20Communications%20Policy.pdf?u=1Rr+ka>

## 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.**

We have followed the recommendation in full for the whole of the period. The company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.

**6.2 A listed entity should provide information about itself and its governance to investors via its website; and**

**6.3 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.**

We have NOT followed the recommendation in full for the whole of the period. The company does not have a formal investor relations program. The Board and Company Secretary engage with investors at the AGM and respond to shareholder enquiry on an ad hoc basis. Material communications are dispatched to investors either via email, surface mail, and/or via market announcement.

**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.**

We have followed the recommendation in full for the whole of the period.

## Principle 7 – Recognise and Manage Risk

**7.1 The board of a listed entity should:**

(a) have a committee or committees to oversee risk, each of which:

1. has at least three members, a majority of whom are independent directors; and
2. is chaired by an independent director,
3. and disclose:
4. the charter of the committee;
5. the members of the committee; and
6. 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

(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.

We have NOT followed the recommendation in full for the whole of the period. The Board has established an Audit and Risk Management Committee responsible for ensuring that:

- reporting on the financial and other performance indicators for the Company meets all applicable legislative and accounting standards;
- the Company's control and accountability systems are robust;
- the Company identifies and monitors major risks as well as reviewing and ratifying systems of risk management, and internal compliance and control; and

- governance policies of the Company comply with all relevant legislation.

Members of the Committee are Ed Goodwin (Chairperson) and Peter Wallace, each of whom is a non-executive director with appropriate financial and business expertise to act effectively as a member of the Audit and Risk Management Committee. **The committee contains only two members as it is would be inefficient for the structure of the board to have three members.**

The Audit and Risk Management Committee meet three times during the reporting period. The Audit and Risk Management Committee has direct access to any employee, the auditors or any other independent experts and advisers, as it considers appropriate in order to ensure that its responsibilities can be carried out effectively.

The Audit and Risk Management Committee has a formal charter which is available from the investor location of the Ambertech website at:

<https://www.ambertech.com.au/documents/Corporate%20Governance/Audit%20and%20Risk%20Management%20Committee%20Charter.pdf?u=1RsCJz>

#### **7.2 The board or a committee of the board should:**

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and**
- (b) disclose, in relation to each reporting period, whether such a review has taken place.**

We have followed the recommendation in full for the whole of the period. The Board reviews the company's risk management framework at least annually to ensure that it is still suitable to the company's operations and objectives and that the company is operating within the risk parameters set by the Board. As a consequence of the last review undertaken for the year ended 30 June 2016, there were no significant recommendations made.

#### **7.3 A listed entity should disclose:**

- (a) if it has an internal audit function, how the function is structured and what role it performs; OR**
- (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.**

We have NOT followed the recommendation in full for the whole of the period. The company does not have a dedicated internal audit function. The responsibility for risk management and internal controls lies with both the Managing Director and COO who continually monitor the company's internal and external risk environment. Necessary action is taken to protect the integrity of the company's books and records including by way of design and implementation of internal controls, and to ensure operational efficiencies, mitigation of risks, and safeguard of company assets.

#### **7.4 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.**

We have followed the recommendation in full for the whole of the period. The management of the company and the execution of its growth strategies are subject to a number of risks which could adversely affect the company's future development. The following is not an exhaustive list or explanation of all risks and uncertainties associated with the company (and its subsidiaries), but those considered by management to be the principal material risks:

Customer base	The company needs to gain market share in some vertical where products are in mature life cycle phase. In order to achieve this the company is appealing to customers who have historically used other suppliers and channels to purchase products. The company's strategy also requires existing customers to make repeat purchases of products. If these strategies fail, the revenue may be reduced which could have an adverse effect on the financial results.
Margin erosion	There has been a squeeze on the margins of consumer technology based products due to strong competition in the market place. Continued squeeze on margins could have an adverse effect on the results.
Inventory	The consumer electronics industry is a fast moving industry and the rate of technological change is high. This results in a risk of inventory management and obsolescence. This risk has been mitigated by an inventory module of the management information system that provides 'real time' information on stock turn and identification of slow moving inventory. This has assisted in clearing inventory before it becomes completely obsolete.
Financial risk	The company is exposed to financial risks such as foreign currency risk and interest rate risk. Refer to the 'Financial Instrument' note to the financial statements for further information on these risks and how they are managed.
Loss of people	The company's senior executive team is instrumental in implementing the company's strategies and executing business plans which support the business operations and growth. The risk of the loss of key personnel is mitigated by regular reviews of remuneration packages (including short and long term incentive schemes) and succession planning within the team.
Equal opportunity	The company is committed to an active equal opportunities policy. It is the company's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of the employees and the needs of the company.
Disabled employees	Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees
Environmental, corporate and social	The company's approach is to make a positive difference to the people, environment and communities in which it works.

responsibilities

Refer to commentary at Recommendations 7.1 and 7.2 for information on the company's risk management framework.

### **Principle 8 – Remunerate Fairly and Responsibly**

**8.1 The board of a listed entity should:**

**(a) have a remuneration committee which:**

1. has at least three members, a majority of whom are independent directors; and
2. is chaired by an independent director, and disclose:
3. the charter of the committee;
4. the members of the committee; and
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

**(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.**

We have NOT followed the recommendation in full for the whole of the period. The Board has established a Remuneration and Nomination Committee; **however, the committee consists of only two members.** The Board considers this to be the most efficient structure for this committee given the current size of the Board. The committee met a total of two times during the reporting period. The members of this committee at the date of this report are Mr Peter Wallace (Chair) Mr David Swift.

A copy is of the Remuneration and Nomination Committee Charter is available from the investor location of the Ambertech website at:

<https://www.ambertech.com.au/documents/Corporate%20Governance/Remuneration%20and%20Nomination%20Committee%20Charter.pdf?u=1Rrri>

**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.**

We have followed the recommendation in full for the whole of the period. Details relating to the company's remuneration policies are contained in the Remuneration Report, within the Directors' Report.

**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.

We have followed the recommendation in full for the whole of the period. The use of derivatives or other hedging arrangements for unvested securities of the company or vested securities of the company which are subject to escrow arrangements is prohibited. Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the company, this will be disclosed.