

DataDot Technology Limited

Corporate Governance Statement

Introduction

This Corporate Governance Statement discloses the extent to which in 2015 DataDot Technology Limited adopted the 29 recommendations published in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd edition). It is current as at 19 October 2015 and has been approved by the Board of Directors.

Recommendation 1.1

A listed entity should disclose:

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

The Board's authority, including its power to delegate to management, is derived from the *Corporations Act* and Company's *Constitution*. The respective roles and responsibilities of the Board and Management are set out in the Company's *Board Charter*. Both the *Constitution* and *Board Charter* are published on the Company's website at http://www.datadotdna.com/corporate_governance.php.

The roles of the Board are to provide strategic guidance for the Company and controlled entities, provide effective oversight of management and to protect and promote growth in shareholder value. In fulfilling these roles, the Board is responsible for the overall corporate governance of the consolidated entity including strategic direction, approving and monitoring capital expenditure, setting remuneration and succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals, the integrity of internal control and management information systems, setting risk limits, approving and monitoring financial budgets and keeping the market informed with timely and balanced disclosure of all material information concerning the Company.

Under the Company's constitution the board may confer upon the Managing Director any of the powers exercisable by them on such terms and conditions and with such restrictions as they think fit. The board has delegated responsibility for day-to-day operation of the Company's business and administration of the Company's affairs to management.

Recommendation 1.2

A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and***
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.***

It is Company policy that the Remuneration and Nomination Committee is required to make background checks on all candidates for election as director and to make full disclosure to shareholders of candidates' experience and independent status. The *Remuneration and Nomination Committee Charter* is published on the Company's website at http://www.datadotdna.com/corporate_governance.php.

Recommendation 1.3

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

Under the *Director Conduct Policy* directors are required to enter into a written agreement with the Company, in the form of a letter of appointment, setting out:

- the term of appointment;
- the time commitment envisaged;
- remuneration, including superannuation entitlements;
- the requirement to disclose directors' interests and any matter affecting independence;
- the requirement to comply with Company policy, including the *Code of Conduct* and *Share Trading Policy*;
- the terms of director access to independent professional advice;
- the circumstances in which their office becomes vacant;
- indemnity, insurance and continuing access to information arrangements; and
- confidentiality obligations.

Under the *Board Charter*, senior executives, including executive directors, are also required to enter into a written agreement with the Company setting out their position description, duties, responsibilities, remuneration, reporting line and entitlements on termination.

The *Director Conduct Policy* and *Board Charter* are published on the Company's website at http://www.datadotdna.com/corporate_governance.php.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The responsibilities and duties of Company Secretary are set out in the Company's *Board Charter*, published on the Company's website at http://www.datadotdna.com/corporate_governance.php. In a material respect they differ from the ASX Corporate Governance Council recommendation that the Company Secretary should be directly accountable to the Board, through the Chair, *on all matters to do with the proper functioning of the Board*. Under the Company's policy the Company Secretary's role is to *support the Chairman and directors in the proper functioning of the Board*. Specific duties include:

- maintaining and updating, in consultation with the Board, the Company's Corporate Governance policies, disclosures and materials;
- providing or obtaining advice on Governance related matters;
- preparing the annual Corporate Governance Statement and submitting it to the Board for approval;
- publishing the Corporate Governance Statement and Appendix 4G; and
- managing Board and Committee meetings and General Meetings, including timetables, agendas, papers and Minutes.

Recommendation 1.5

A listed entity should:

- 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;***
- disclose that policy or a summary of it; and***
- 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 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.**

The Board has adopted a *Diversity Policy* that is a statement of commitment to cultural and gender diversity in the Company and of the benefits derived from workplace diversity. It is published on the Company's website at www.datadotdna.com/corporate_governance.php. Under the policy the Board has set a single measurable objective of attaining equal gender representation in each of the four categories of personnel that together make up the company's complement of directors and staff. They are:

- Directors;
- Staff who report directly to the CEO;
- Staff who report to managers who report to the CEO;
- Other staff.

Attainment and maintenance of this objective is contingent upon other variable and uncertain factors, in particular the rate of company growth and the number and frequency of staff resignations. In a small company, minor changes in these factors may cause significant volatility in the proportion of gender representation.

The table below shows the number and proportion of female personnel in each category and the total personnel numbers at 30 June 2014 and 2015.

	30 June 2014			30 June 2015		
	Number of Females	Total Personnel Number	% Female	Number of Females	Total Personnel Number	% Female
Directors	1	3	33	1	3	33
First Level Reports	0	3	0	0	5	0
Second Level Reports	0	2	0	9	17	53
Other Staff	14	23	61	7	16	44
Total	15	31	48	17	41	41

Note: Owing to a corporate restructure, first and second levels are not directly comparable year on year.

Recommendation 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.***

It is the Company's policy periodically to review performance of the Board, Board Committees and individual directors. The *Board and Director Evaluation Policy* specifies criteria for performance review but otherwise leaves it to the Board to determine the frequency and method of review. This policy is published on the Company's website at http://www.datadotdna.com/corporate_governance.php.

The Board conducted a performance review in the reporting period, with particular reference to near-term appointment of a CEO and re-balancing the independence of all non-executive directors. The method of evaluation relied on confidential discussions between the Chairman and each of the other directors, followed by a plenary board discussion.

Recommendation 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.***

It is the Company's policy to review senior executive performance annually. Each review assesses the degree to which both individual and Group Key Performance Indicators have been achieved in the reporting period, and this assessment bears directly on the amount of variable remuneration payable to senior executives for the reporting period.

A performance evaluation of all senior executives was conducted in the reporting period.

Recommendation 2.1

The board of a listed entity should:

- (a) have a nominations 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.***

The Board has a Remuneration and Nomination Committee whose Board renewal responsibilities include director recruitment, appointment and re-election. All three directors are members of the Remuneration and Nomination Committee, which is chaired by the Chairman of the Board. The Committee met twice in the reporting period with all Members attending both meetings. The *Remuneration and Nomination Committee Charter* is published on the Company's website at http://www.datadotdna.com/corporate_governance.php.

Recommendation 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.

In accordance with the *Board Charter*, directors must display a broad range of expertise, skills, experience and diverse backgrounds. In 2015 the Board took this general requirement for expertise, skill, experience and diversity to a higher level by developing a skills matrix which defined the collective skill set needed on the Board and compared it with the individual skills and experience of directors. Essential skills of the Board as a whole included competence of a high order in:

Strategy and Risk Management
Capital Markets; M&A
Finance and Accounting
Governance and Legal
Business Judgment and Policy Development
Professional/Industry Leadership at Senior Management Level
Innovation and Research
Global Operations

In the Board's assessment the Company's three directors collectively rank highly against these skills, having led successful careers across a number of professions and industries including investment banking, commercial law, engineering, health and consulting. The directors and their professional experience are:

Mr Bruce Rathie B.Com., LL.B., MBA, Grad Dip CSP, SA Fin., FAICD, FAIM

Mr Rathie has held several senior positions in investment banking and commercial law including: Managing Director, Jardine Fleming Australia Capital Ltd; Director Corporate Finance, Ord Minnett Inc; and Director, Investment Banking, Salomon Brothers/Salomon Smith Barney Australia. Mr Rathie is also Chairman of eftpos Payments Australia Limited and a Director of PolyNovo Limited and Capricorn Society Limited.

Mr Gary Flowers B.Com., LL.B., FAICD

Mr Flowers has been National Managing Partner of Sparke Helmore Lawyers, Managing Director and CEO of Australian Rugby Union, CEO of SANZAR and a Council Member of the International Rugby Board. He is currently Chairman of the NSW Institute of Sport, Chairman of SkyFii Limited, Chairman of Mainbrace Constructions Pty Limited, Chairman of Northern Star Investments Pty Limited, Director of Sparke Helmore Lawyers and Member of the Investment Committee of Propertylink Australian Industrial Partnership.

Ms Alison Coutts B.E (Chem), MBA, Grad Dip Biotech

Ms Coutts has degrees in Chemical Engineering and Business Administration, a Graduate Diploma in Biotechnology and extensive experience across a number of industry sectors and disciplines. This includes international engineering project management with Bechtel Corporation in the UK, USA and NZ, strategy consulting, management training and organisational structuring with Boston Consulting Group, and executive search with Egon Zehnder. Ms Coutts is Executive Chairman of NuSep Holdings Limited and an independent, non-executive director of Lanka Graphite Limited and formerly Chair of CSIRO's Health Sector Advisory Council.

Recommendations 2.3 – 2.5

A listed entity should disclose:

- (a) the names of the 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.*

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

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.

The age, tenure, equity interest and executive and independent standing of the Company's directors is as follows:

Mr Bruce Rathie B.Comm., LL.B., MBA, Grad Dip CSP, SA Fin., FAICD, FAIM

Age: 59

Length of Continuous Service: 6 years

Shareholding Interest in Company: 30,565,854 ordinary shares and 2,000,000 share options.

Mr Rathie, formerly the independent, non-executive Chairman, assumed the temporary role of Executive Chairman between January 2012 and August 2015, on which later date Mr Temogen Field was appointed CEO. The Board considers that this temporary appointment was in the best interests of shareholders as it provided executive leadership of a high standard at a discount to the cost of appointing a CEO.

Mr Gary Flowers B.Comm., LL.B., FAICD

Age: 59

Length of Service: 7 years

Shareholding Interest in Company: 5,487,265 ordinary shares and 1,000,000 share options.

Mr Flowers has been an independent, non-executive director since 2007. From January to November 2014 he accepted a temporary part-time consultancy in the company, in which capacity he exercised executive responsibilities and executive authority. The Board considered that this temporary appointment for a limited period was in the best interests of shareholders as it provided experienced operations management at a discounted cost to the company. As Mr Flowers' part-time consultancy occupied less than six months of the reporting period, he is described in this report as an independent, non-executive director.

Ms Alison Coutts B.E.(Chem), MBA, Grad.Dip.Biotech

Age: 59

Length of Service: 5 years

Shareholding Interest in Company: 0 ordinary shares and 1,000,000 share options.

Ms Coutts is an independent non-executive director.

The composition of the board is reviewed periodically by the Remuneration and Nomination Committee to ensure that the range of expertise and experience of board members is appropriate for the activities and operations of the consolidated entity. Where it is considered that the board would benefit from the services of a new director with particular skills, the board may appoint the most suitable candidate whose appointment must be confirmed by shareholders at the next general meeting.

While at three the number of directors is at the lower end of the scale, directors consider that the Board's present composition serves the interests of shareholders. The combined knowledge, skills and experience of directors is adequate and the cost is kept to a minimum.

Recommendation 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.

All new employees, including directors, are required to complete an induction program and directors may undertake additional training at the Company's expenses where performance evaluation discloses a need for it.

Recommendation 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.***

The Company's *Code of Ethical Conduct* is published on the Company website at http://www.datadotdna.com/corporate_governance.php. It sets out the Company's responsibilities to shareholders, customers, suppliers, employees, other stakeholders and the wider community. It prescribes minimum principles and standards of conduct that the Company expects of directors, employees, contractors and consultants engaged in its service.

Recommendation 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 these meetings.***

The Board has an Audit and Risk Management Committee, which has both audit and risk management responsibilities. In relation to audit, the Committee oversees the financial reporting process to ensure balance, transparency and integrity of published financial information and monitors the effectiveness of internal financial controls. All three Directors are members of the Committee, which is chaired by Mr Gary Flowers. The Committee met twice in the reporting period with all Members attending both meetings. *The Audit and Risk Management Committee Charter* is published on the Company's website at http://www.datadotdna.com/corporate_governance.php.

Recommendation 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.

In the reporting period the Board received from both the Executive Chairman and CFO a declaration that, in their opinion, the financial records of the Company at 31st December 2014 had been properly maintained; that the half-year financial statements at that date comply with the appropriate

accounting standards and give a true and fair view of the financial position and performance of the Company; and that their opinion had been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 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.

Without fail the Company's auditor is invited to attend and does attend the Company's AGM. As a matter of course shareholders attending the AGM are invited to ask questions of the auditor relevant to the audit.

Recommendation 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.***

The Company's *Continuous Disclosure Compliance Policy* sets out the roles of Directors and the Company Secretary in meeting the Company's disclosure obligations, safeguarding against premature disclosure, and avoiding or responding to a false market in the Company's securities. It is published on the Company's website at http://www.datadotdna.com/corporate_governance.php.

Recommendation 6.1

A listed entity should provide information about itself and its governance to its investors via its website.

In 2015 the Company's website has been extensively re-designed to provide additional relevant and timely data to shareholders and to assist smooth navigation across all companies in the Group. The *Shareholder Communications Policy* is published on the Company's website at http://www.datadotdna.com/corporate_governance.php.

Recommendation 6.2

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

The Company maintains an investor relations program commensurate with its size and concentration in its security holdings. Under the *Shareholder Communications Policy*:

- periodic disclosure of financial results is achieved by announcing them to the ASX then posting them on the Company's website and issuing media releases;
- continuous disclosure of all material matters that may affect the price of the Company's securities is achieved by announcing them to the ASX then posting them on the Company's website and issuing media releases;
- the Company's Annual Report is available to all shareholders either in electronic format or hard copy and is posted on the Company's website. The board ensures that the Annual Report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001.
- the half-yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period. Half-year financial statements prepared in accordance with the requirements of Accounting Standards in Australia and the Corporations Act 2001 are lodged with the ASX and ASIC and posted on the Company's website. The financial statements are sent to any shareholder who requests them.

Recommendation 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.

The Board encourages full participation of shareholders at the annual general meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals;

Recommendation 6.4

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

Both the Company and its share registry promote the use of electronic communications from and to shareholders and the majority of shareholder communications are received as electronic communications.

Recommendation 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;***
- 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.***

The Board has an Audit and Risk Management Committee, which has both audit and risk management responsibilities. In relation to risk management, the Committee's role is to identify and assess business risks, both strategic and operational, establish risk mitigation strategies and monitor the effectiveness of control and reporting systems. In relation to compliance, the Committee monitors the Company's compliance obligations arising under the law, ASX Listing Rules, contracts and internal policies. All three Directors are members of the Committee, which is chaired by Mr Gary Flowers. The Committee met twice in the reporting period with all Members attending both meetings. *The Audit and Risk Management Committee Charter* is published on the Company's website at http://www.datadotdna.com/corporate_governance.php.

Recommendation 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.***

The Audit and Risk Management Committee annually reviews the Company's risk management framework, which includes a review of the range of strategic and operational risks to the Company, a review of the adequacy, continuing relevance and effectiveness of the Company's risk control measures, and a review of the Company's inherent and residual risk profile. The risk management framework was reviewed in the reporting period.

Recommendation 7.3

A listed entity should disclose:

- (c) if it has an internal audit function, how the function is structured and what role does it perform; or***
- (d) 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.***

The Company does not have an internal audit function. Management has implemented a risk management and internal control system for assessing, monitoring and managing strategic, operational, financial reporting and compliance risks for the consolidated entity. The system is based upon policies, guidelines, delegations and reporting as well as the selection and training of qualified personnel. The Board believes the current control framework to be suitable for the Company's current operations taking into account the consolidated entity's stage of development. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the consolidated entity.

Recommendation 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.

The Company does not have a material exposure to economic, environmental and social sustainability risks.

Recommendation 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;***
 - (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.***

The Board has a Remuneration and Nomination Committee whose responsibilities include director and executive remuneration policy. All three directors are members of the Committee, which is chaired by the Chairman of the Board. The Committee met twice in the reporting period with all Members attending both meetings. The *Remuneration and Nomination Committee Charter* is published on the Company's website at http://www.datadotdna.com/corporate_governance.php.

Recommendation 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.

Non-executive and executive directors are remunerated by way of cash fees, superannuation contributions and a non-cash benefit by way of salary sacrifice into superannuation. In the reporting period non-executive and executive directors also received share options, in lieu of a cash increase. The terms of issue of these director share options require an uplift in the Company's share price of 143% within 3 years before the options may be exercised at 5 cents. Directors do not receive

termination payments.

Senior executives are remunerated by way of fixed remuneration and performance-based remuneration, both short-term and long-term, which is tied to the Company's annual budget target and longer term increase in shareholder value respectively. Performance-based remuneration is subject to the Company's capacity to pay and takes the form of share rights grants in an equity-based remuneration plan approved by shareholders every three years.

The full details of all directors' and senior executives' remuneration is disclosed in the Remuneration Report, which is published in the Annual Report and is the subject of a shareholder resolution at the AGM.

Recommendation 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.***

It is Company policy that directors and senior executives are prohibited from hedging share rights or share options granted as equity-based remuneration.