

OrotonGroup Limited
Corporate Governance Statement
25 July 2015

The Corporate Governance principles that guide the operations of OrotonGroup (the “Consolidated Entity”) are detailed in this statement. OrotonGroup and the board are committed to achieving and demonstrating the highest standards of corporate governance. These standards are based on the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations.

The ASX principles that have been adopted are outlined below. Where an alternative approach has been adopted, this is outlined within the relevant section. All these practices unless otherwise stated, were in place for the entire year.

Principle 1 – Lay solid foundations for management and oversight

The ASX Corporate Governance Council states that a company should “establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.”

The Board of Directors

The Board of Directors (the “Board”) is elected by the shareholders to represent the interests of all shareholders, collectively. In this regard, its primary purpose is to safeguard the financial security of OrotonGroup and to act in good faith and in a way most likely to promote the success of the Consolidated Entity for the benefit of its members as a whole.

Role and Responsibility of the Board

Although responsibility for the operation of the OrotonGroup business is delegated to key management personnel, the Board remains responsible for, amongst other things:

- The election of the Chairman from amongst its members whose primary role is to manage the affairs of the Board and to represent the Board;
- Selection, monitoring and evaluation of the Managing Director and senior executives;
- Ensuring the adequacy of the OrotonGroup risk management policies and internal compliance (including relevant systems and controls in place) to ensure that the assets of the Consolidated Entity are adequately safeguarded;
- Providing strategic guidance to the OrotonGroup through regular and careful consultation with key management personnel and ensuring appropriate resources are available to achieve strategic objectives;
- Approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- Approving and monitoring statutory financial reporting to shareholders and also internal management reporting provided to the Board;
- Enhancing and protecting the reputation of the organisation;
- Ensuring that OrotonGroup acts responsibly and ethically in meeting all internal codes of conduct and meets all relevant legal and regulatory requirements.

Role and Responsibility of Management

The Senior Executive team is responsible for implementing the strategic objectives and operating within the risk appetite set by the board and for all other aspects of the day-to-day running of the entity.

It is also responsible for providing the board with accurate, timely and clear information to enable the board to perform its responsibilities.

A written agreement setting out the terms of appointment are in existence for the Senior Executive team.

Role of the Company Secretary

The role of the Company Secretary is to:

- Provide support to the Board by monitoring Board policy and procedures;
- Be accountable directly to the Board on all matters to do with the proper functioning of the Board;
- In consultation with the Managing Director, be responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

OrotonGroup Diversity Policy Objectives

OrotonGroup believes in the value and benefit of attracting and retaining a diverse workforce and as such are committed to actively supporting diversity across all levels of the organisation. We view diversity as recognising and valuing the unique contribution people can make due to their individual background and the different skills, experiences and perspectives they bring to the team and the Group as a whole, enabling a well rounded work environment and customer experience. We recognise that individuals differ not only due to their race and gender; however they differ across various dimensions including lifestyle, educational background, physical ability, age and carer responsibility.

At OrotonGroup, we value diversity and we encourage and welcome individuals from all backgrounds to join our Group and enjoy a rewarding career with us. To support and promote this, we have several initiatives, activities and programs in place to drive diversity and inclusion, including:

- Equal Employment Opportunity Policies and Programs based on ability, performance and potential;
- Awareness and education on the areas of discrimination, sexual harassment, bullying, stereotyping and unconscious bias;
- Recruitment and selection practices (at all levels of the organisation) that are focused on measureable criteria, with an intent to consider a diverse range of candidates and for decisions to be based on merit, performance and potential;
- Implementation and support of flexible work arrangements to enable our employees to meet family, carer and personal responsibilities;
- Remuneration practices and decisions that are based on clear, measurable and fair principles at all levels of the organisation;
- Decisions affecting our employees to be made factoring in individual needs and differences;
- Promotion of our Group core values of passionate, creative, courageous, innovative, curious and determined, to drive an inclusive workplace culture which is fair, equitable and desirable for all our current and future employees;
- Provide a safe and healthy workplace free of harassment of any kind with no tolerance for inappropriate behaviours or conduct;
- 12 week paid parental leave scheme offered across the organisation with the recent introduction of superannuation contributions for such leave

The Board is committed to gender diversity and have directed management to ensure a culture of diversity is ingrained in the Directors, Officers and Employees of OrotonGroup via internal policies and programs set out above.

The respective portion of men and women across the organisation are disclosed below.

OrotonGroup Diversity Facts as at 2015

OrotonGroup remains proud of our strong female participation rates across the organisation as a whole and specifically in senior executive and management positions. We remain focused on increasing representation at the senior management and board level. As a measure of gender diversity, the following table discloses the organisation figures as at 25 July 2015:

Positions	% of women	% of men
Directors	17	83
Senior Executives *	60	40
Management **	72	28
Total Group	86	14

*includes direct reports of the CEO

**includes all employees in a management position across retail and head office

These achievements in diversity have meant the Board has not considered it necessary to set specific and measurable objectives, other than the diversification of the Board. The Board achieved the objective of ensuring women are represented on the Board with the appointment of Maria Martin on 19th March 2015.

Selection, Appointment process and Re-election of directors

With guidance from the People and Organisation Committee and, where necessary, external consultants, the Board is responsible for identifying candidates with appropriate skills, experience, expertise and diversity in order to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board. This includes undertaking appropriate checks before Directors are appointed, and providing information to security holders prior to re-election of any Directors. All material information on the directors are contained in the Directors' Report and under Principle 2 of this statement.

The Group has entered into a written agreement with new directors appointed during the period. All Directors are individually briefed on appointment, on their rights and the duties they owe as Directors to the Company in accordance with the OrotonGroup Constitution, Board charters and policies, the Corporations Act (2001) and the listing Rules of the Australian Stock Exchange. Written agreements for all directors specifically setting out terms of their appointment are currently under recalibration to ensure they reflect best practice and will be finalised in the 2016 financial year.

Director and Management Performance Evaluation

Performance reviews of the Board and its subcommittees and Senior Executives are undertaken on a periodic basis. The Board and the People and Organisation Committee have implemented a process to:

- Evaluate the performance of the Board, committees, individual Directors and key executives;
- The Board assesses reviews and discusses its overall performance against set objectives;
- The Chairman assesses the performance of individual Directors;
- The Chairman in consultation with the CEO assesses the performance of key executives;
- The composition of each subcommittee is reviewed. This exercise takes into consideration each Director's competency, skills, experience and expertise.

The results and any action plans are documented together with specific performance goals. The last assessment of the Board and Senior Executive performance was conducted by the Board during the financial year.

Where necessary, OrotonGroup will provide the required resources to assist Directors and Senior Management in improving their performance.

The People and Organisation Committee are involved in the performance review of key management. The Charter, referred to in the People and Organisation Committee section of this Corporate Governance Statement, outlines their responsibility in this area.

Principle 2 – Structure the board to add value

The ASX Corporate Governance Council states that a company should “have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.”

Board Membership

The members of the Board and details regarding their appointment, removal, term of office, attendance at Board meetings and other Committee meetings, skills and experience are detailed in the Directors’ Report section of this Annual Report.

Board Composition

Guidance on the composition of the Board states that:

- The Board should be comprised of not less than three Directors (and not more than seven in accordance with the current Constitution of OrotonGroup);
- The Board should be comprised of Directors with a broad range of expertise and proven ability to make a contribution to strategy and policy, and be able to participate fully in the oversight and guidance of management;
- The term of any appointment is subject to continuing shareholder approval;
- The board is required to undertake an annual board performance review and consider the appropriate mix of skills required by the board to maximise its effectiveness and its contribution to the Consolidated Entity.

Details of the Board’s approach to Selection and re-appointment of directors is included under Principle 1 above.

Following the receipt of Mr Chieng’s intention to resign, the Board undertook a review of its skills and diversity mix, and as a result appointed Maria Martin as an Independent Non-Executive Director and Chair of the Audit Committee on the 19th March 2015. The Board is committed to continuously assess the appropriateness of the mix of its skills. The table below provides a summary overview of the key skills and experience of the Board on a collective basis.

Skill/Experience/Knowledge/Expertise	Number of Directors
Leadership (including Executive and Non-Executive roles in listed and Non-listed Companies)	6
Governance including membership or Chair of Audit, Risk Management, Remuneration and Nomination Committee's of listed and Non-listed companies	6
International experience or knowledge or expertise in Asia region and global markets	5
Strategy experience or Knowledge or Expertise in: 1) Retail 2) Growth and Business diversification 3) Mergers, Acquisitions 4) Strategic Development and implementation	6
Possessing experience, expertise, knowledge in the broad aspects of business acumen incorporating the following:	
Financial, Risk, Workplace Health and Safety	6
Legal, Compliance	5
Ecommerce and Marketing	5
Production and Distribution	5
HR, Remuneration, Diversity and Corporate Social Responsibility	6
Investor Relations	6

The Board of OrotonGroup:

- Comprises five Non-Executive Directors and one Executive Director (including the Chairman);
- Has appointed Mr Samuel S Weiss as Lead Independent Director.

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The following table shows the detail of the recent election of each of the Directors of OrotonGroup.

Director	Year Appointed to OrotonGroup Limited	Term in Office	Non-executive	Independent	Last Elected	Seeking Election or Re-election in 2015
John P Schmoll (Non-Executive Chairman)	2005	10 years	Yes	Yes	2011	No
Mark Newman	2013	2 years	No	No	Not Required	No
Ross B Lane	1993	22 years	Yes	No	2013	No
Maria Martin	2015	Note ¹	Yes	Yes	N/A	Yes
J Will Vicars	2001	14 years	Yes	No	2012	Yes
Samuel S Weiss	2003	12 years	Yes	Yes	2012	No

Chairman of the Board

The Chairman is responsible for the management of the affairs of the Board and represents the Board in periods between Board Meetings. The Non-Executive Chairman of the Board is an Independent Director, and is elected by the Board.

Term of office

The Directors believe that limits on tenure may cause loss of experience and expertise that are important contributors to the efficient working of the Board. As a consequence, the Board does not support arbitrary limits on tenure and regards nominations for re-election as not being automatic but is based on the needs of OrotonGroup.

The Constitution sets out the rules to which OrotonGroup must adhere and which include rules as to the nomination, appointment and re-election of Directors. The Constitution provides for one third of the Directors (excluding the Managing Director) to retire and stand for re-election each year at the Annual General Meeting. Directors appointed during the year by the Board stand for re-election at the next Annual General Meeting.

Director Independence

OrotonGroup acknowledges that the ASX Corporate Governance Council's best practice recommendation 2.4 require the majority of the Board to be independent. In assessing the criteria for independence the board has adopted specific principles in relation to Directors' independence. These state that when determining independence, a Director must be a Non-Executive and the Board should consider whether the Director:

- Is a substantial shareholder of the Consolidated Entity or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- Is or has been employed in an executive capacity by the Consolidated Entity within three years before commencing to serve on the board;
- Within the last three years has been a principal of a material professional adviser or a material consultant to the Consolidated Entity member, or an employee materially associated with the service provided;
- Is a material supplier or customer of the Consolidated Entity, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has a material contractual relationship with the Consolidated Entity other than as a Director;
- Is free from any business or other relationship which could, or could reasonably be perceived to materially interfere with the Director's independent exercise of their judgement.

¹ Maria Martin was appointed as an Independent Non-Executive Director of the Board of Directors on Thursday 19th March 2015.

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Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the company or Consolidated Entity or 5% of the individual Directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Director's performance.

Independent Directors of OrotonGroup are those not involved in the day to day management of the company and are free from any real or reasonably perceived business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement.

In accordance with the definition of independence and the materiality thresholds above, it is the Board's view that Mr Samuel S Weiss, Mr John P Schmolle and Ms Maria Martin are all independent Directors, free from any business or any other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the independent exercise of the Directors' judgement and each is able to fulfil the role of an independent Director for the purposes of the ASX recommendation.

Maria Martin was a partner of PwC until March 2013. PwC has been the audit firm for OrotonGroup since 2000, although Maria was never involved in the audit of OrotonGroup. The Board is of the opinion that this former relationship does not compromise Maria's independence, as it does not meet the definition of a material business relationship as defined above. In addition the Board has considered the length of time since Maria was a partner of PwC.

The following Directors are not independent:

- Mr Ross B Lane (Non-Executive Director) due to substantial shareholdings;
- Mr J Will Vicars (Non-Executive Director) due to substantial shareholdings;
- Mr Mark Newman (Chief Executive Officer and Managing Director) due to role in OrotonGroup Limited.

Regardless of whether directors are defined as independent, all Directors are expected to bring independent views and judgement to Board deliberations. The Board regularly assesses the independence of each Director.

Majority independence and commitment of Board

Currently, three of the six Directors are not independent and therefore the Group is not compliant with recommendation 2.4. These interests have been disclosed in the Directors' Report.

Notwithstanding this, the board supports the comments made by the ASX Implementation Review Group ("IRG") that:

"Other board structures which do not include a majority of independent Directors may also provide an acceptable level of objectivity. The IRG does not believe that an individual Director will necessarily be unwilling or unable to safeguard shareholders' interests or will necessarily lack objectivity or independence of mind, simply because they are not deemed to be 'independent'. Safeguarding shareholder interests is a fundamental duty of all Directors."

In respect of the Board of OrotonGroup:

- Non-Executive Directors spend approximately 30 days each year on Board business and activities including, Board and Committee meetings, visits to operations and meeting employees, customers, business associates and other stakeholders;
- The Chairman regularly meets with the Managing Director to review key issues and performance trends affecting the business of OrotonGroup;
- The number of meetings of the company's board of Directors and of each board committee held during the year ended 27 July 2015, and the number of meetings attended by each Director is disclosed in the Directors' report;
- The commitments of non-executive Directors are considered by the nomination committee prior to the Directors' appointment to the board of the company and are reviewed each year as part of the annual performance assessment;
- The Chairmen on the 2 Board committees, being the Audit Committee and the People and Organisation Committee, are both independent non-executive Directors.
- Each Board meeting includes some discussion of issues by the Non Executive Directors without the Executive Director

Board Induction

Newly appointed Directors undergo a practical induction in the form of meetings with the Chairman, the Board, the CEO and senior management and are provided with relevant Company information.

Conflict of Interest

In accordance with the *Corporations Act 2001 (Clth)* and OrotonGroup's Constitution, Directors must keep the Board advised on an ongoing basis, of any interest that could potentially conflict with those of OrotonGroup. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting while the item is considered.

Access to information

Management supplies the Board with information that enables them to effectively and efficiently fulfill their responsibilities. The Board has access to OrotonGroup's Company Secretary and independent professional advice.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the expense of OrotonGroup. Prior written approval of the Chairman is required, which will not be unreasonably withheld. All Directors are made aware of the professional advice sought and obtained.

Board Committees

The board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the board are:

- The People and Organisation Committee (as detailed below);
- The Audit Committee (the details of this committee are discussed in Principle 4- Safeguard Integrity in Corporate Reporting).

Minutes of committee meetings are tabled at the subsequent board meeting for review and approval.

People and Organisation Committee

The People and Organisation Committee provide additional support for the human resources strategy of OrotonGroup. It assists the Board by ensuring that the appropriate people, people related strategies, policies and procedures are in place to support OrotonGroup's vision and values, and its strategic and financial goals.

People and Organisation Committee Charter

The Charter ensures that OrotonGroup:

- Has an appropriate human resources strategy that is aligned to the overall business strategy and which supports OrotonGroup's vision and values;
- Has remuneration policies and practices that are observed, and that enable OrotonGroup to attract and retain people at all levels who will create value for shareholders;
- Fairly and responsibly rewards Directors, management and staff, taking into consideration the performance of OrotonGroup, the creation of value for shareholders, the performance of the individual and the external remuneration environment;
- Plans and implements the development and succession of Board members, management and staff.

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Members of the People and Organisation Committee:

- Samuel S Weiss - Lead Independent Non-Executive Director and Chairman of the People and Organisation Committee;
- John P Schmoll - Independent Non-Executive Chairman of the Board;
- Ross B Lane - Non-Executive Director;
- Eddy Chieng – Independent Non-Executive Director (resigned 19th March 2015);
- Maria Martin – Independent Non-Executive Director (appointed 19th March 2015);
- J Will Vicars - Non-Executive Director.

Details of membership, member qualifications and attendance are contained in the Directors' Report.

The Committee seeks advice and guidance, as appropriate, from the Managing Director. It may also seek advice from external experts, as appropriate.

Principle 3 – Act ethically and responsibly

The ASX Corporate Governance Council states that OrotonGroup should “act ethically and responsibly”.

Ethical Standards

All Directors, Officers and Employees are expected to perform their duties professionally and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of OrotonGroup and its brands.

The Board oversees the identification, implementation of procedures and development of policies in respect of the maintenance of appropriate ethical standards. OrotonGroup has a Code of Conduct, which sets out the standards as to how Directors and Employees of OrotonGroup are expected to act. Employees are required to read the updated Employee Code of Conduct in the performance of their duties and to sign an acknowledgement stating that they have read and understood this document. The intention of this Code of Conduct is to provide stakeholders with the opportunity to communicate any areas of concern over potential acts of misconduct.

Dealings in OrotonGroup shares by Directors, Officers and Employees

The Constitution permits Directors to acquire shares in OrotonGroup. OrotonGroup's policy prohibits Directors, officers and certain employees, who might be aware of price sensitive information about OrotonGroup from dealing in OrotonGroup shares 6 weeks before each annual and half year financial period ends and 24 hours after the release of the annual or half year results announcement, provided that outside of these periods they are not in possession of price sensitive information.

Directors must notify the Company Secretary and Chairman before they sell or buy shares in OrotonGroup. In accordance with provisions of the *Corporations Act 2001 (Clth)* and the Listing Rules of the Australian Securities Exchange (ASX), Directors or their related entities advise the ASX of any transaction conducted by them in buying or selling any shares in OrotonGroup.

Ethical Compliance

OrotonGroup is dedicated to ensuring that all its products are manufactured in accordance with local and internationally accepted labour, environmental and employment laws. OrotonGroup is also dedicated to ensuring that manufacturing occurs under working conditions that meet legal standards and without the use of child, forced or prison labour.

Principle 4 – Safeguard integrity in corporate reporting

The ASX Corporate Governance Council states that a company should “have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.”

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Audit Committee

Members of the Audit Committee:

- Maria Martin - Independent Non-Executive Director and Chairman of the Audit Committee;
- John P Schmoll - Independent Non-Executive Chairman of the Board;
- Samuel S Weiss - Lead Independent Non-Executive Director.

Details of membership, member qualifications and attendance are contained in the Directors' Report.

Audit Committee Charter and Responsibilities

The purpose, importance and responsibilities of the Audit Committee are to assist the Board in its oversight responsibilities. It has the following functions:

- To ensure the OrotonGroup accounting policies and practices are in accordance with current and emerging accounting standards promulgated by the Australian Accounting Standards Board (AASB);
- Reviewing the scope of the audit through discussion with the external auditors of the Consolidated Entity;
- To ensure adherence to the External Auditors' independence requirements, including reviewing and approving the level of non-audit services provided by the External Auditors and ensure it does not adversely impact on auditor independence;
- To monitor and approve the selection, appointment and continued engagement of the External Auditor and for the rotation of External Audit Engagement Partners;
- Review any significant disagreements between the auditors and management, irrespective of whether they have been resolved;
- Provide external auditors with a clear line of direct communication at any time to either the Chairman of the Audit Committee or the Chairman of the Board;
- To ensure compliance with legal and regulatory requirements and policies in this regard;
- To oversee the adequacy of internal controls and the overall efficiency and effectiveness of financial operations;
- Oversee the effective operation of the risk management framework.

Meetings of the Audit Committee

The Audit Committee may have in attendance or by invitation such members of management or others as it may deem necessary to provide appropriate information or explanations.

The Audit Committee meets each quarter and more frequently if required.

External Auditor

PricewaterhouseCoopers was appointed as the external auditor on 14 December 2000 following the completion of a tender process. PricewaterhouseCooper's policy is to rotate audit engagement partners on listed companies at least every five years. The performance of the external auditor is reviewed annually by the Audit Committee and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in note 34 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence. This declaration is included in the 2015 Annual Report on page 8.

The External Auditor attends Audit Committee meetings and attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Managing Director and Chief Financial Officer Certification

A management certification process is conducted prior to the Board's approval of the Group's financial statements.

The key steps in the certification process are the completion of a questionnaire by key management covering information that is critical to the financial statements, risk management and internal controls;

The certification process carried out by the Managing Director and Chief Financial Officer and reported to the Board provides that:

- The financial statements provide a true and fair view, in all material respects of OrotonGroup's financial condition and operating results (in accordance with ASX Corporate Governance best practice recommendation 4.2);
- A sound system of risk management and internal compliance and control is in place;
- There is compliance with relevant laws and regulations;
- OrotonGroup's risk management, internal compliance and control systems are operating efficiently and effectively in all material respects.

The process of certification serves the following purposes:

- Provide assurance to the Board to support their approval of the Annual Report and other financial reports;
- Formalises the process by which the Executive Team signs-off on those areas of risk responsibility delegated to them by the Board;
- Ensures a true and fair view of OrotonGroup's financial statements.

Principle 5 – Make timely and balanced disclosure

The ASX Corporate Governance Council states that OrotonGroup should “make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.”

ASX Listing Rule 3.1 requires OrotonGroup once it is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of OrotonGroup securities, to immediately advise the ASX of that information. OrotonGroup has a policy that all shareholders and investors have equal access to OrotonGroup information and has procedures to ensure that all price sensitive information is disclosed to the ASX in accordance with the disclosure requirements of the *Corporations Act 2001 (Clth)* and ASX Listing Rules.

OrotonGroup is committed to the provision of timely, full and accurate disclosure of material information and has this publicly available on its website at www.oroiongroup.com.

Financial information is contained in the Annual Report under the Financial Report. This information is also publicly available on its website at www.oroiongroup.com.

Principle 6 – Respect the rights of security holders

The ASX Corporate Governance Council states that a company should “respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.”

Communications with Shareholders

OrotonGroup has adopted a Shareholder Communications Policy which requires OrotonGroup to communicate information effectively, to facilitate participation in shareholder meetings and deal with shareholders' inquiries in an open and helpful manner, within the constraints of its continuous disclosure obligations. Details of the Shareholder Communications Policy can be found on the OrotonGroup website at www.oroiongroup.com.

Information is communicated to shareholders through:

- The OrotonGroup Annual Report;
- The Annual General Meeting;

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- The Interim Report (6 months results report);
- Results announcements and press releases;
- OrotonGroup website, which has a dedicated investor relations section.

The Board's strategy to promote effective communication with shareholders is as follows:

- All announcements made to the market and all related information (such as information provided to analysts or media during briefings) are placed on the OrotonGroup website at www.orotongroup.com immediately after they have been released to the ASX;
- The full text of all Notices of Meetings and explanatory material are placed on the OrotonGroup website at www.orotongroup.com.
- Investors are invited to the Annual General Meeting and participation is encouraged.
- Investors are able to communicate with OrotonGroup via our website www.orotongroup.com.au/about-us/contact-us, including posing questions for consideration at the Annual General Meeting.
- Investors are encouraged to opt to receive communications from OrotonGroup and its share registry electronically.

The OrotonGroup website, www.orotongroup.com includes the financial reports for the last 12 years and major announcements from January 2006.

Principle 7 – Recognise and manage risk

The ASX Corporate Governance Council states that a company should “establish a sound risk management framework and periodically review the effectiveness of that framework.”

Risk Management

It is the role of the Board to set the risk appetite for the entity, to oversee its risk management framework and to satisfy itself that the framework is sound. The assessment of the effectiveness of the risk management framework is delegated to the Audit Committee and management is required to:

- Identify the risk profile from a company-wide perspective and prioritise such risks;
- Develop, implement, monitor, assess and review risk management, risk compliance and risk control strategies with an emphasis on continuous improvement;
- Attend formal strategic planning sessions;
- Prepare and review periodic reports to the Board and Audit Committee identifying and prioritising issues that represent risk and the manner in which these are being responded to.

During the current reporting period, a new Audit Committee Chair and Chief Financial Officer were appointed and accordingly the formal review of the Group's risk management framework has been deferred until the 2016 financial year.

Risk Policies

For the 2015 year, the Risk Management function implemented the appropriate compliance and control elements by way of the management certification process (see below). OrotonGroup will continue to enhance its policies and processes around oversight, risk profile and risk management across all areas of the business.

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Policy areas continuously under development include:

- Business Risk – focusing on principles and policies to manage OrotonGroup’s strategic planning, decision making and execution risks;
- Financial Risk – focusing on principles and policies to manage OrotonGroup’s exposures to foreign currencies and interest rates;
- Legal Compliance Risk – focusing on principles and policies to manage compliance with all major legal requirements in the conduct of OrotonGroup business;
- Safety, Health and Environment – focusing on principles and policies to manage OrotonGroup’s safety, health and environmental liabilities and legal responsibilities.

Risk Profile

Business risks are included in the Operating and Financial Review of the Annual Report. Significant changes to OrotonGroup’s risk profile are communicated to investors by way of its continuous disclosure obligations. This is particularly so in cases where the change is likely to have a material impact on the value of OrotonGroup’s shares.

As noted in Principle 3, the Group is committed to compliance with local and internationally accepted labour, environmental and employment laws. There is however an inherent risk that third party manufacturers’ practices may result in environmental, unethical labour or workplace practices in the factories from which the Group sources products, which could adversely impact Group reputation and brand equity.

Except as otherwise noted, the board does not consider that it has any material exposure to economic, environmental and social responsibility risks, however, acknowledges that material exposure outside of its control may arise.

Internal Audit Function

The Board is currently of the view that a formal internal audit function is not required as internal procedures and processes can be relied on to ensure ongoing compliance obligations are met. Given the size of the operations, considerable importance is placed on maintaining a strong control environment in the Consolidated Entity.

There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Internal control reviews are undertaken on a periodic basis and the results are reported to OrotonGroup’s Audit Committee. The Board receives and reviews the minutes of the meetings of all Board committees.

The Board is also regularly provided with reports from management on the financial performance of OrotonGroup including details of all key financial results reported against budgets approved by the Board, and updates on forecasts for the year.

The external audit function is separate and independent of the above processes.

Principle 8 – Remunerate fairly and responsibly

The ASX Corporate Governance Council states that a company should “pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.”

Remuneration Committee

The People and Organisation Committee review OrotonGroup remuneration policies and strategies including specific remuneration structures, levels and performance criteria for the Managing Director and Executive Team. For more details in respect of the Remuneration Committee, see Principle 2 of this Corporate Governance Statement.

Remuneration Disclosure

The Remuneration Report discloses the Directors’, Non-Executive Directors’ and Key Management Personnel remuneration, benefits, incentives and allowances where relevant.