

**PREMIER INVESTMENTS LIMITED**  
**CORPORATE GOVERNANCE STATEMENT FOR THE 52 WEEKS ENDED 28 JULY 2018**

The Board of Directors of Premier Investments Limited (“Premier”) is responsible for the corporate governance practices of the Group. The Board guides and monitors the business of Premier and its subsidiaries on behalf of its shareholders.

Premier and its Board continue to be fully committed to achieving and demonstrating the highest standards of accountability and transparency in their reporting and see the continued development of a cohesive set of corporate governance policies and practices as fundamental to Premier’s successful growth.

The Board has included in its corporate governance policies those matters contained in the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (Third Edition) (“ASX Principles and Recommendations”) where applicable. However, the Board also recognises that full adoption of the ASX Principles and Recommendations may not be practical or provide the optimal result given the particular circumstances of Premier.

This corporate governance statement outlines Premier’s corporate governance policies and practices for the financial year ended 28 July 2018. The corporate governance statement should be read in conjunction with Premier’s Annual Report for the financial year ended 28 July 2018. A copy of the Annual Report is available on Premier’s website.

In addition to the policies set out in this statement, Premier’s wholly-owned subsidiary, Just Group Limited, has in place its own stringent corporate governance practices.

A summary of the ASX Principles and Recommendations are provided in the table below, together with Premier’s compliance with these recommendations for the financial year ended 28 July 2018.

<b>ASX PRINCIPLES AND RECOMMENDATIONS</b>	<b>COMPLY</b>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>	
1.1 Disclose respective roles and responsibilities of its board and management	Yes
1.2 Undertake appropriate checks and provide necessary information to elect or re-elect directors	Yes
1.3 Written agreement with directors and senior executives setting out terms of engagement	Yes
1.4 Company secretary accountable to the board	Yes
1.5 Diversity policy in place	Yes
1.6 Periodically evaluate the performance of the board, its committees and directors	Yes
1.7 Periodically evaluate the performance of senior executives	Yes
<b>PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE</b>	
2.1 Existence of a nomination committee, consisting of majority independent directors	Yes
2.2 Board skills matrix and regular assessment of mix of skills	Yes
2.3 Board composition, including assessment of director independence	Yes
2.4 Majority of independent directors on the board	Yes
2.5 Independent chairman of the board, and separation of duties between chairman and CEO	In part
2.6 Induction process for new directors and provide professional development opportunities	Yes
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>	
3.1 Existence and disclosure of a code of conduct	Yes

ASX PRINCIPLES AND RECOMMENDATIONS	COMPLY
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>	
4.1 Existence of an audit committee, consisting of majority independent directors	Yes
4.2 Obtain CEO and CFO certification regarding proper maintenance of financial records	Yes
4.3 Attendance of external auditor at annual general meeting	Yes
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>	
5.1 Continuous disclosure policy in place	Yes
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS</b>	
6.1 Provide relevant information to investors via website	Yes
6.2 Investor relations program that promotes two-way communication	Yes
6.3 Encourage shareholder participation at annual general meetings	Yes
6.4 Shareholder option to send and receive communications electronically	Yes
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>	
7.1 Existence of a committee overseeing risk, consisting of majority independent directors	Yes
7.2 Regular reviews of the entity’s risk management framework	Yes
7.3 Existence of an internal audit function	Yes
7.4 Management of environmental and social sustainability risks	Yes
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>	
8.1 Existence of a remuneration committee, consisting of majority independent directors	Yes
8.2 Remuneration policies of executive and non-executive directors and senior executives	Yes
8.3 Equity-based remuneration scheme and hedging arrangements	Yes

**1 PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

*1.1 Role of the Board*

The Directors are responsible for protecting the rights and interests of Premier, its shareholders and other stakeholders, including creditors and employees.

The Board’s key responsibilities are set out in its Board Charter, a summary of which is disclosed on Premier’s website, and include:

- protecting and enhancing the value of the assets of Premier;
- setting strategies, directions and monitoring and reviewing against these strategic objectives;
- overseeing the conduct of Premier’s business in order to evaluate whether Premier is adequately managed;
- identifying, assessing, monitoring and managing risk and identifying material changes in Premier’s risk profile to ensure it can take advantage of potential opportunities while managing potential adverse effects;
- reviewing and ratifying internal controls, codes of conduct and legal compliance;
- monitoring Premier’s financial results;

## 1 PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

### 1.1 *Role of the Board (continued)*

- ensuring the significant risks facing Premier have been identified and adequate control monitoring and reporting mechanisms are in place;
- approval of transactions relating to acquisitions, divestments and capital expenditure above delegated authority limits;
- determining Premier's investment policy;
- approval of financial statements and dividend policy; and
- ensuring responsible corporate governance.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved, including:

- Board approval of strategic plans designed to meet stakeholders' needs and manage business risk; and
- ongoing development of the strategic plans and approving initiatives and strategies designed to ensure continued growth.

To assist in the execution of the above responsibilities, the Board had in place, throughout the financial year, an Audit and Risk Committee and a Remuneration and Nomination Committee. Both Committees have direct access to significant internal and external resources, including direct access to Premier's advisers, both internal and external, and are authorised to seek independent professional or other advice if required. The roles and responsibilities of these committees are discussed throughout this corporate governance statement.

Until such time that a CEO is appointed, the Board will continue to delegate the responsibilities allocated to the CEO to other persons, such as:

- the Chief Executive Officer of Premier Retail, Mark McInnes;
- the Chairman;
- external service providers including, without limitation, Century Plaza Trading Pty Ltd; and
- the existing management team at Just Group.

Under the Premier Board Charter, the CEO's responsibilities are:

- the day-to-day leadership and management of Premier;
- assisting the Board with the strategy and long-term direction of Premier;
- managing and overseeing the interfaces between Premier and the public and to act as the principal representative for Premier; and
- to report annually to the Board on succession planning and management development.

As such, these responsibilities have been delegated to the above people by the Board of Premier.

The Board has delegated the responsibility for compliance with the ASX's disclosure requirements and for shareholder communication to the Company Secretary. The Company Secretary uses information provided by the ASX and consults Premier's professional legal advisers in ensuring compliance with Premier's obligations with respect to the ASX Listing Rules and Corporate Governance Principles. Premier communicates with shareholders through announcements to the ASX (which are also posted on Premier's website), general meetings of shareholders, the annual report, and through written and electronic correspondence from the Company Secretary from time to time.

## 1 PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

### 1.2 *Appointment of New Directors and Re-Election of Directors*

Premier had in place a Remuneration and Nomination Committee during the 2018 financial year. The Remuneration and Nomination Committee regularly reviews the structure, size and balance of the Board to ensure that the Board continues to have a mix of skills and experience necessary to conduct the business of Premier.

The responsibilities of Premier's Remuneration and Nomination Committee include advising the Board on:

- criteria for appointment and identification of candidates for appointment as a Director;
- the candidates it considers appropriate for appointment as a Director;
- conducting of appropriate inquiries into the backgrounds and qualifications of Director nominees, including character, education, experience and financial history checks; and
- the re-appointment of any Non-Executive Director at the conclusion of their term of office.

Premier's Constitution specifies that all Directors must retire from the office at no later than the third Annual General Meeting following their last election.

All material information relevant to whether or not to appoint or re-elect a Director is provided to the Company's shareholders as part of the Notice of Meeting and Explanatory Statement for the relevant meeting of shareholders addressing the appointment or re-election.

### 1.3 *Terms of appointment of Directors and Senior Executives*

The appointment of Directors and Senior Executives are made by, and in accordance with, a formal letter of appointment setting out the key terms and conditions relevant to the appointment.

The Group has an induction process for all Senior Executives and Directors. All new Directors are provided with the key policies and procedures affecting the Group, which include:

- a copy of the Company's Constitution;
- a copy of the Company's Code of Conduct;
- a copy of the Company's Board Charter,
- the most recent Annual Report of the Company; and
- where appropriate, a summary of the most recent strategic plan of the Company.

### 1.4 *Accountability of Company Secretary*

The Company Secretary is accountable directly to the Board, through the Chairman, and provides support to the Board and its committees on all matters to do with the proper functioning of the Board. The role of the Company Secretary includes:

- advising the Board and its committees on governance matters;
- monitoring that board and committee policy and procedures are followed;
- coordinating the timely completion and dispatch of board and committee papers;
- ensuring that the business at board and committee meetings are accurately captured in the minutes; and
- helping to organise and facilitate the induction of Directors.

Each Director is able to communicate directly with the Company Secretary. The decision to appoint or remove the Company Secretary is made by the Board.

## 1 PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

### 1.5 *Diversity Policy*

The Group is an equal opportunity employer, and recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, gender, ethnicity and experience. Premier believes its diverse workforce is the key to its continued growth, improved productivity and performance.

We actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated. We aim to maintain appropriate standards of behaviour throughout the organisation, to create a safe workplace free from harassment and discrimination of any kind, to treat all team members fairly and equitably, and to evaluate employees based on their performance, skills and abilities.

For the 2018 financial year, 90% of our workforce are women and hold 77% of the positions at management level. The Group continuously focuses on the development and career trajectory of a very strong team of female executives. During the 2018 financial year, female leaders spearheaded internet and marketing, people and culture, and five out of our seven brands. As at 28 July 2018, women represented 18% of Premier's Board (22% female representation subsequent to 28 July 2018). For the year, women represented 53% of senior executives and 67% at senior management level.

For this purpose, "senior executive" is defined as a key management executive who represents at least one of the major functions of the organisation and participates in organisation-wide decisions with the CEO of Premier Retail. The term "senior management level" refers to general managers and senior managers tasked with influencing organisation-wide decision making forums to provide expertise or project development, or likely to be involved in a balance of strategic and operational aspects of management.

In accordance with the requirements of the Workplace Gender Equality Act 2012, a subsidiary company of Premier Investments Limited, Just Group Limited lodged its annual compliance report with the Workplace Gender Equality Agency. A copy this report is available via the Workplace Gender Equality Agency website.

Given the high proportion of senior executives, senior managers and employees of the Group that are women, the Board has determined not to impose measurable objectives relating to diversity at this stage.

### 1.6 *Evaluating the Performance of the Board and its committees*

The Board shall undertake regular performance evaluation of itself that:

- evaluates the effectiveness of the Board as a whole, its committees and that of individual Directors;
- compares the performance of the Board with the requirements of its Charter;
- sets the goals and objectives of the Board for the upcoming year; and
- effects any improvements to the Board Charter deemed necessary or desirable.

The performance evaluation shall be conducted in such a manner as the Board deems appropriate and may involve the use of an external consultant. The Remuneration and Nomination Committee may assist in evaluating the performance and effectiveness of the Board and each Director before recommending to the Board his or her nomination for an additional term as a Director.

For the 2018 financial year no formal performance evaluations of the Board were undertaken.

**1 PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)**

*1.7 Evaluating the Performance of Senior Executives*

The performance of senior executives is reviewed against specific measurable and qualitative indicators, which include:

- financial measure of the Company's performance;
- achievement of strategic objectives; and
- achievement of key operational targets.

The CEO of Premier Retail and the Board of the relevant subsidiary are responsible for the review of the performance of senior executives, in line with their respective key performance indicators. The evaluation is based on criteria that include the performance of the business, the accomplishment of long-term strategic objectives and other non-quantitative objectives established at the beginning of each year. A performance evaluation was undertaken on senior executives during the 2018 financial year in accordance with the process disclosed above.

**2 PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE**

*2.1 Nomination Committee*

During the 2018 financial year, Premier maintained a Nomination Committee.

The Remuneration and Nomination Committee supports and advises the Board on the nomination policies and practices of Premier. The roles and responsibilities of the Remuneration and Nomination Committee are set out in Premier's Board Charter, a summary of which is provided on Premier's website.

The Remuneration and Nomination Committee currently consists of the following three members:

<b>Name</b>	<b>Appointed</b>	<b>Position in Committee</b>
Terrence McCartney	September 2016	Chairperson
Henry Lanzer	September 2008	Non-Executive Director
Timothy Antonie	September 2016	Non-Executive Director

The committee consists of a majority of independent Directors. Mr. Terrence McCartney, an independent Non-Executive Director, was appointed as Chairperson of the Committee in August 2017, thus adhering with ASX Recommendation 2.1 that the committee should be chaired by an independent Director.

The nomination purposes of the committee include:

- reviewing and providing recommendations of plans of succession for executives, Non-Executive Directors and Premier's Chief Executive Officer (when appointed);
- establishing and maintaining a formal procedure for the selection and appointment of Directors to the Board;
- undertaking regular reviews of the structure and size of the Board to ensure that the Board continues to have a mix of skills and experience necessary to conduct Premier's business and to make any consequential recommendations to the Board; and
- identifying, assessing the suitability of, and investigating the backgrounds of, individuals qualified to become Directors and making recommendations to the Board about potential nominees.

## 2 PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE (CONTINUED)

### 2.1 *Nomination Committee (continued)*

The Remuneration and Nomination Committee intends to maintain the diversity of knowledge, skills and experience on the Premier Board across the areas of retailing and manufacturing, accounting, finance, transport, government and law.

The Remuneration and Nomination Committee met on three occasions during the year. The meetings were attended by all three members. Further information on attendance at Board and committee meetings are set out in the Directors' Report in the 2018 Annual Report.

ASX Recommendation 2.1 suggests that a nomination committee should consist of a majority of independent Directors and be chaired by an independent Director. Premier's Nomination Committee consists of a majority of independent Directors, and the Nomination Committee is chaired by an independent Director.

A copy of the charter of the Remuneration and Nomination Committee is contained in the Summary of the Board Charter available on Premier's website.

### 2.2 *Board skills assessment*

The Board Charter provides that the Remuneration and Nomination Committee will undertake regular reviews of the structure and size of the Board to ensure that the Board continues to have a mix of skills and experience necessary to conduct Premier's business. The Remuneration and Nomination Committee intends to maintain the diversity of knowledge, skills and experience on the Board across the areas of retailing and manufacturing, accounting, finance, transport, government and law.

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of this report are sufficiently set out in the Directors' Report which forms part of the 2018 Annual Report.

### 2.3 *Board composition*

As at 28 July 2018, the Board comprised eleven Directors. The members of the Board and their positions in office during the 2018 financial year were:

Director	Appointed	Non-Executive	Independent
Solomon Lew ( <i>Chairman</i> )	March 2008	Yes	No
David Crean ( <i>Deputy Chairman</i> )	December 2009	Yes	Yes
Timothy Antonie ( <i>Lead Independent Director</i> )	December 2009	Yes	Yes
Sylvia Falzon	March 2018	Yes	Yes
Lindsay Fox*	April 1987	Yes	Yes
Sally Herman	December 2011	Yes	Yes
Henry Lanzer	March 2008	Yes	No
Terrence McCartney	April 2016	Yes	Yes
Mark McInnes	December 2012	No	No
Michael McLeod	August 2002	Yes	Yes
Gary Weiss*	March 1994	Yes	Yes

\* Mr. Lindsay Fox and Dr. Gary Weiss retired from the Board on 28 July 2018.

## 2 PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE (CONTINUED)

### 2.4 *Director Independence*

ASX Recommendation 2.4 recommends that the Board comprise a majority of independent directors. Premier has adopted the definition of independence set out in the commentary to ASX Recommendation 2.3 as disclosed in the Director Independence Policy on Premier's website. Directors are assessed as independent where they are independent of management and free of any business or other relationship that could materially interfere, or be perceived to materially interfere, with the exercise of their unfettered and independent judgement.

As at 28 July 2018, the Board considers that eight of its eleven Directors were independent. With the retirement of Mr. Lindsay Fox and Dr. Gary Weiss on 28 July 2018, six of the nine Directors are now considered independent.

The Board is confident that proper processes are in place, as outlined in its Board Charter, to address needs and expectations with respect to decision-making and the management of conflicts of interest. The Directors on the Board of Premier all add significant value and expertise in a variety of fields. Regardless of whether Directors are defined as independent, all Directors are expected to bring independent judgements and views to board deliberations.

Premier permits individual Directors to engage separate independent counsel or advisors at the expense of the Group in appropriate circumstances, with the approval of the Chairman or by resolution of the Board.

### 2.5 *Chairman of the Board*

Premier does not comply with ASX Recommendation 2.5 as Mr. Lew, the Chairman of the Board, is not an independent Director. The Board believes that Mr. Lew's position as a Director of Premier's major shareholder, Century Plaza Investments Pty Ltd, does not prevent him from carrying out his responsibilities as Chairman of the Board. Given Mr. Lew's industry experience, skills, expertise and reputation, and his relationship with Premier as its founder, the Board considers that Mr. Lew adds the most value to the Board as its Chairman and that he is the most appropriate person for the position.

In October 2014, the Board appointed Mr. Antonie as Lead Independent Director. The Board considers the appointment of a Lead Independent Director as an important step in providing support to the Chairman in facilitating effective contributions of all Directors, and to promote constructive relations between Directors, and between the Board and management.

Dr. Crean, an independent Non-Executive Director, was appointed as Deputy Chairman as of 25 July 2015. The Board considers the appointment of an independent Deputy Chairman as another important step in promoting a culture of openness and constructive challenge that allows for diversity of views to be considered by the Board.

The Board supports the separation of the role of the Chairman from that of the Chief Executive Officer ("CEO") in accordance with ASX Recommendation 2.5. The Board Charter provides that the Chairman must be a Non-Executive Director, and defines the key roles of the Chairman as:

- managing the Board effectively;
- providing leadership to the Board; and
- interfacing with the CEO.

## **2 PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE (CONTINUED)**

### *2.6 New Director Induction and Professional Development*

The Group has an induction process for all new Directors. All new Directors are provided with the key policies and procedures affecting the Group. The Board Charter provides for processes to ensure that new Directors are acquainted with knowledge of the industry within which the Group operates, and briefings with key executives where appropriate.

In order for Directors to act in the best interest of the Group, Premier permits individual Directors to engage separate independent counsel or advisors at the expense of the Group in appropriate circumstances, with the approval of the Chairman or by resolution of the Board.

## **3 PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING**

### *3.1 Code of Conduct*

The Board insists on the highest ethical standards from all officers and employees of Premier and is vigilant to ensure appropriate corporate professional conduct at all times. As such, the Board has adopted a Code of Conduct to provide a set of guiding principles which are to be observed by all Directors, senior executives and employees of Premier. The Code of Conduct is based on five principles that define the responsibility of Premier and all Directors and employees. These principles require that all directors and employees:

- foster a culture in which all stakeholders are treated with respect;
- act to ensure there is no conflict of interest between work and private affairs;
- provide a safe workplace for employees and visitors;
- are honest, legal, fair and trustworthy in dealings and relationships; and
- develop a culture where professional integrity and ethical behaviour is valued and rewarded.

Premier is committed to the safe and ethical manufacture, sourcing and supply of goods and services. As such, Premier is committed to sourcing merchandise that is produced according to the Group's strict principles of safe working conditions, where human rights are respected, and people have free right of association. Premier will only deal with vendors who at least provide the working conditions and benefits stipulated by law and whose workers (employees and contractors) are treated and compensated fairly and not exposed to physical harm. A copy of the Group's Ethical Sourcing Statement is available on Premier's website.

A copy of the Code of Conduct is provided to all new Directors and employees upon joining Premier.

Additionally, standards by which all officers, employees and Directors are expected to act are contained in the Board Charter and in Premier's Share Trading Policy. These include standards and expectations relating to:

- insider trading and employee security trading;
- conflicts of interest;
- confidentiality; and
- privacy.

Under the Group's Share Trading Policy, an officer or executive must not trade in securities of Premier at any time while in possession of unpublished, price-sensitive information in relation to those securities. Before commencing to trade, an executive or officer must first obtain the approval of the Company Secretary or the Chairman.

### **3 PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING (CONTINUED)**

#### *3.1 Code of Conduct (continued)*

During the 2018 financial year, Premier's Share Trading Policy permits key management personnel and their associates to trade in the Company's securities during the following window periods:

- within six weeks after the release of the Company's half year results to the ASX;
- within six weeks after the release of the Company's preliminary final report to the ASX; and
- the rights trading period when the Company has issued a prospectus for those rights.

As required by the ASX listing rules, the Company notifies the ASX of any transactions conducted by Directors in the securities of the Company.

Consistent with the Corporations Act, Premier's conflict of interest policy requires that where an item of business is proposed to be discussed at any meeting of Directors, and discussion of that matter may give rise to a conflict of interest on the part of a Director, that Director must not be present while the matter is being considered and must not vote on that matter (unless the other directors pass a resolution permitting that director to be present or vote). The Board Charter permits Directors who may be in a position of conflict to request that the meeting be postponed or temporarily adjourned to enable him or her to seek legal advice on whether he or she can be present while the matter in question is being considered and vote on the matter in question.

ASX Recommendation 3.1 recommends that a company disclose its Code of Conduct or a summary of that code. Premier has implemented a formal Code of Conduct and this code, as well as Premier's Share Trading Policy, is available on Premier's website.

### **4 PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

#### *4.1 Audit Committee*

In accordance with ASX Recommendation 4.1, the Board has established an Audit and Risk Committee. This committee's role and responsibilities, as well as composition, structure and membership requirements, are set out in a formal Charter approved by the Board, in accordance with ASX Recommendation 4.1. A summary of this Charter can be found on Premier's website.

Premier's Audit and Risk Committee supports and advises the Board in fulfilling its corporate governance and oversight responsibilities in relation to Premier's financial reporting, internal control structures, ethical standards and risk management framework and systems.

The Audit and Risk Committee's prime responsibilities include:

- reviewing the appropriateness of the accounting policies and principles, any changes to those policies and principles and the methods of applying them to ensure that they are in accordance with Premier's stated financial reporting framework;
- reviewing the nomination, performance, independence and competence of the external auditor;
- meeting periodically with key management, external auditors and compliance staff to understand Premier's control environment; and
- examining and evaluating the effectiveness of the internal control system with management and external auditors.

The composition of the Audit and Risk Committee satisfies ASX Recommendation 4.1 as the committee comprises only independent Directors.

**4 PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING (CONTINUED)**

**4.1 Audit Committee (continued)**

During the 2018 financial year, the committee consisted of three members:

<b>Name</b>	<b>Appointed</b>	<b>Position in Committee</b>
David Crean	August 2010	Chairperson
Timothy Antonie	October 2014	Non-Executive Director
Sylvia Falzon	March 2018	Non-Executive Director
Sally Herman	October 2014	Non-Executive Director

The Audit and Risk Committee Charter requires the committee to be structured so that:

- all members are financially literate, that is, are able to read and understand financial statements;
- at least one member has financial expertise, that is, is an accountant or financial professional with experience of financial and accounting matters; and
- some members have an understanding of the industry in which the Group operates.

The Audit and Risk Committee met on four occasions during the year. Each of the meetings were attended by Dr. Crean, Mr. Antonie and Ms. Herman, and Ms. Falzon attended all committee meetings subsequent to her appointment as Director and committee member. Further information on attendance at Board and committee meetings are set out in the Directors' Report in the 2018 Annual Report.

The Audit and Risk Committee will meet as frequently as required to undertake its role effectively. The CEO (when appointed) will have a standing invitation to attend each scheduled meeting of the Audit and Risk Committee and a standing invitation has also been extended to Premier's external auditors.

Directors who are not members of the Audit and Risk Committee are notified of all meetings and may attend if they wish. Other senior managers and external advisers may also be invited to attend meetings of the Audit and Risk Committee. The Audit and Risk Committee may request management and/or others to provide such input and advice as required.

Under the Audit and Risk Committee Charter, the committee is responsible for establishing procedures and making Board recommendations regarding external auditors, monitoring the effectiveness and independence of the external auditor, reviewing the scope of the external audit, discussing with the external auditor any significant disagreements with management, and meeting with the external auditor without management present at least twice a year.

In accordance with the Corporations Act, the external audit engagement partner is required to rotate at least once every five financial years. Ernst & Young was appointed as Premier's external auditor in May 2002.

#### 4 PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING (CONTINUED)

##### 4.2 CEO and CFO certification

In accordance with section 295A of the Corporations Act, the Company Secretary, who performs the CFO functions, has provided a written statement to the Board that, in the Company Secretary's opinion:

- Premier's financial records for the 2018 financial year have been maintained in accordance with section 286 of the Corporations Act;
- Premier's financial statements, and the notes referred to in the financial statements, for the 2018 financial year comply with the accounting standards; and
- Premier's financial statements and notes for the 2018 financial year give a true and fair view of Premier's financial position and performance.

In addition, the Company Secretary has provided a written statement to the Board that:

- the view provided on the Group's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- the Group's risk management and internal compliance and control system is operating effectively in all material aspects.

The Board notes that due to its nature, internal control assurance from the Company Secretary can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

In response to this, an internal control questionnaire is required to be completed by key management personnel of all significant business units in support of these written statements.

##### 4.3 External auditor attendance at annual general meetings

The external auditor, Ernst & Young, attends Premier's annual general meetings and is available to respond to questions from Premier's members about its independence as auditor, the preparation and content of the Auditor's Report and Premier's accounting policies adopted in relation to the financial statements.

#### 5 PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

##### 5.1 Continuous disclosure obligations

During the 2018 financial year, Premier maintained a policy to ensure that it complied with its continuous disclosure obligations under the ASX Listing Rules, the ASX Recommendations and the Corporations Act, and to ensure that all investors have equal and timely access to material and price sensitive information. A copy of Premier's Continuous Disclosure Policy has been disclosed on Premier's website.

Under this policy, the Board will, as soon as it becomes aware of information concerning Premier that would be likely to have a material effect on the price or value of Premier's securities, ensure that information is notified to the ASX.

Premier has appointed a Compliance Officer to accept reports from personnel relating to price sensitive information. The Compliance Officer is primarily responsible for ensuring that Premier complies with its disclosure obligations under the Corporations Act and the ASX Listing Rules, and for deciding what information will be disclosed. Additionally, all managers are required to keep up to date with all matters within their responsibility which may be or become material to Premier in this respect.

## 6 PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

### 6.1 *Provide information about itself and its governance via website*

Premier provides information about itself and its governance via its website. Shareholders, regulators and the wider investment community are able to view Premier's constitution, corporate governance policies and other materials through its website. Premier also provides convenient access to all ASX announcements, market disclosures, annual and half yearly reports and full text of notices and accompanying materials via the Premier website.

### 6.2 *Promoting two-way communication with investors*

Premier endeavours to encourage and promote effective communication with its shareholders. Premier's Constitution sets out the procedures to be followed regarding:

- the convening of meetings;
- the form and requirements of the notice;
- the chairperson and quorums; and
- the voting procedures, proxies, representations and polls.

Premier's strategy is to ensure that shareholders, regulators and the wider investment community are informed of all major developments affecting Premier in a timely and effective manner. Information is communicated in a number of ways including:

- annual and half yearly reports;
- market disclosures in accordance with the continuous disclosure protocol;
- updates on operations and developments;
- announcements on Premier's website; and
- market briefings and presentations at general meetings.

Furthermore, Premier acknowledges the importance of an investor relations program which facilitates effective two-way communication between Premier, its Board and its investors, including the wider investment community. To achieve this, Premier engages with major shareholders and investment groups on a regular basis. Furthermore, general contact information is provided on Premier's website to assist the public, including shareholders, potential shareholders and the media with general enquiries.

### 6.3 *Encourage participation at annual general meetings*

Shareholders are encouraged to attend and participate at general meetings. To facilitate this, meetings are held during normal business hours and at a place convenient for the greatest possible number of shareholders to attend. The full text of notices and accompanying materials are included on Premier's website. Information is presented in a clear and concise manner designed to provide shareholders and the market with full and accurate information. Shareholders are then given a reasonable opportunity to comment and ask questions at general meetings.

### 6.4 *Send and receive communication electronically*

Premier's share registry provides shareholders with the option to receive communications electronically.

## 7 PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Board has overall responsibility to ensure that there is a sound system of risk management and internal controls across the business. One of the primary responsibilities of the Board is to identify, assess, monitor and manage risk. Additionally, the Board is responsible for identifying material changes in Premier's risk profile to ensure that Premier can take advantage of potential opportunities while managing potential adverse effects.

## 7 PRINCIPLE 7 – RECOGNISE AND MANAGE RISK (CONTINUED)

### 7.1 *Audit and Risk Committee*

The Board has delegated responsibility for the identification, assessment and management of risks relating to both Premier's internal and external controls to Premier's Audit and Risk Committee. The risk management functions of the Audit and Risk Committee include:

- examining and evaluating the effectiveness of the internal control system with management and external auditors;
- assessing existing controls that management has in place for unusual transactions or transactions that may carry more than an accepted level of risk;
- meeting periodically with key management, external auditors and compliance staff to understand Premier's control environment;
- receiving reports concerning all suspected and actual frauds, thefts, breaches of the law and key risk areas; and
- assessing and ensuring that there are internal processes for determining and managing key areas, such as important judgments and accounting estimates.

The Audit and Risk Committee has the authority to:

- request management or others to attend meetings and to provide any information or advice that the Committee requires;
- access the Company's documents and records;
- obtain the advice of special or independent counsel, accountants or other experts, without seeking approval of the Board or management; and
- approach management and external auditors for information.

As outlined in section 4.1 of this corporate governance statement, a summary of Premier's Audit and Risk Committee Charter can be found on Premier's website. This summary addresses Premier's policies for the oversight and management of material business risks.

The composition of the Audit and Risk Committee satisfies ASX Recommendation 7.1 as the committee comprises only independent Directors. Full details of the committee are listed in section 4.1 above.

### 7.2 *Risk management framework*

The responsibility for managing risk on a day-to-day basis lies with the management of each business operation. Additionally, independent risk management audits of site operations are carried out regularly and a quarterly report is prepared for the Board which reviews the risk management and insurances of the Group. The Board received four of these reports during the 2018 financial year. The evaluation of the Group's risk management framework is an on-going process, rather than a formal annual review.

### 7.3 *Internal audit function*

During the 2018 year, the Audit and Risk Committee met with an external consultant to independently evaluate the risk management and internal control processes throughout the Group. The external consultant reports directly to the Audit and Risk Committee and provides the committee with quarterly reports on the risk management and internal control processes of the Group.

## **7 PRINCIPLE 7 – RECOGNISE AND MANAGE RISK (CONTINUED)**

### *7.4 Economic, environmental and social sustainability risks*

As evidenced from its Code of Conduct, the Premier Board is committed to conducting business in an environmentally responsible and ethical manner. The Board recognises the importance of respecting its stakeholders, including employees, shareholders, customers and suppliers. To this extent, a subsidiary company of Premier Investments Limited, Just Group Limited is a signatory to the Australian Packaging Covenant, a voluntary, industry-regulated formal agreement between government and industry which provides companies with the tools to be more involved in reducing the impact on the environment through sustainable packaging design, recycling and product stewardship. Refer to the 2018 Annual Report for the Group's Commitment to Business Sustainability and Commitment to the Environment.

The Premier Board also recognises its commitment to the safe and ethical manufacture and supply of goods and services. Just Group Limited is a member of the Accord on Fire and Building Safety in Bangladesh (the Accord). Prior to joining the Accord, the group was a signatory to the Alliance for Bangladesh Worker Safety (the Alliance), a binding five year commitment which ceased in June 2018, to work with some of the world's largest apparel retailers to invest in worker safety, improved conditions and transparent reporting in a measurable and verifiable way. The Accord, and the Alliance before it, share common priorities including the relentless focus on workers generally, as well as building integrity and safety, all supported by financial commitments and good governance. Refer to Premier's website for a summary of the Group's Ethical Sourcing Statement.

## **8 PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

### *8.1 Remuneration Committee*

During the 2018 financial year, Premier maintained a formal remuneration committee in accordance with ASX Recommendation 8.1. The Remuneration and Nomination Committee supports and advises the Board on the remuneration policies and practices of Premier. The remuneration purposes of the committee include:

- review and make recommendations to the Board on remuneration packages and policies applicable to senior executives and Directors;
- define levels at which the CEO must make recommendations to the committee on proposed changes to remuneration and employee benefit policies;
- ensure that remuneration packages and policies attract, retain and motivate high calibre executives; and
- ensure that remuneration policies demonstrate a clear relationship between key executive performance and remuneration.

The roles and responsibilities of the Remuneration and Nomination Committee are set out in Premier's Board Charter, a summary of which is provided on Premier's website.

The Remuneration and Nomination Committee consists of three members, all of whom are Non-Executive Directors and a majority of those members are independent Directors. The composition and number of meetings held and attended by members of the Remuneration and Nomination Committee are outlined in section 2.1 of this corporate governance statement.

ASX Recommendation 8.1 suggests that a remuneration committee should be chaired by an independent Director. Mr. Terrence McCartney, a Non-Executive independent Director is the chairperson of the Remuneration and Nomination Committee.

**8 PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY (CONTINUED)**

**8.2 *Remuneration policy***

Premier's remuneration policies are both reasonable and responsible, and they establish a link between remuneration and performance. Further details regarding Premier's remuneration practices are set out in the Remuneration Report of the 2018 Annual Report.

Premier clearly distinguishes the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives. Non-Executive Directors' aggregate remuneration is capped at a maximum of \$1,500,000 per annum. During the 2018 financial year a total of \$1,117,634 was paid by way of remuneration to Premier's Non-Executive Directors.

Premier has not established any schemes for retirement benefits for Non-Executive Directors (other than superannuation).

**8.3 *Equity-based Remuneration Schemes***

The Group's equity-based remuneration scheme is governed by the Performance Rights Plan (approved by shareholders during the 2014 annual general meeting). A summary of the Performance Rights Plan is available on the Premier website.

Executives are prohibited from entering into transactions to hedge or limit the economic risk of the securities allocated to them under the Performance Rights Plan, either before vesting or after vesting while the securities are held subject to restriction. Executives are only able to hedge securities that have vested and continue to be subject to a trading restriction and a seven-year lock, with the prior consent of the Board.

No employees have any hedging arrangements in place.