

# Statement of Corporate Governance

**As at: 25 August 2015**

**Indoor Skydive Australia Group Limited**  
ACN 154 103 607



## Corporate Governance Statement

This statement reports on the main corporate governance practices of Indoor Skydive Australia Group Limited (**ISA Group** or the **Company**) as at 25 August 2015 and has been approved by the ISA Group Board of Directors.

This statement has been prepared with reference to the 3<sup>rd</sup> edition of the ASX Corporate Governance Council's Corporate Governance Principals and Recommendations. Where ISA Group's compliance with the Recommendations is reflected in a separate document or policy, a reference to the location of that document or policy is included in this statement. References in this statement to "reporting period" are to the financial year ended 30 June 2015.

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

Recommendation	ISA Group's Compliance with the Recommendation
1.1 Role of Board and Management	<p>The ISA Group Board has adopted a charter which sets out the specific roles and responsibilities of the Board, the matters expressly reserved to the Board and the matters delegated to management. The Board Charter operates in conjunction with the charters for the Remuneration and Nomination Committee and the Audit and Risk Committee.</p> <p>A copy of each of the Charters is available in the Corporate Governance Section of ISA Group's website: <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a></p>
1.2 Information regarding election and re-election of director candidates	<p>ISA Group carefully considers the character, experience, education and skillset, as well as interest and associations of potential candidates for appointment to the Board and conducts appropriate checks to verify the suitability of the candidate prior to their appointment.</p> <p>ISA Group ensures that all material information in its possession relevant to a shareholder's decision whether or not to elect or re-elect a director is provided to shareholders in the ISA Group's Notice of Annual General Meeting.</p>
1.3 Written contracts of appointment	<p>Each director and senior executive of ISA Group has an agreement in writing with the Company which sets out the terms and conditions of their appointment including their duties, roles and responsibilities, remuneration and rights on termination, amongst other things.</p> <p>Contract details of senior executives who are KMP are summarised in the Remuneration Report on page 21 of the 2015 Annual Report which is available at <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a>.</p>
1.4 Company Secretary	<p>The Company Secretary is responsible to the Board, through the Chairman, on all corporate governance matters. Each Director is entitled to access the advice and services of the Company Secretary.</p> <p>In accordance with ISA Group's Constitution, the appointment and removal of the Company Secretary is a matter for the Board. Details of the Company Secretary's experience and qualifications are set out on page 9 of the 2015 Annual Report.</p>

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Recommendation	ISA Group's Compliance with the Recommendation
1.5 Diversity Policy	<p>ISA Group does not discriminate on any grounds and determines all appointments and reviews solely on merit. Given ISA Group's stage of development and its size, the Board does not consider it appropriate to set measurable objectives based on gender.</p> <p>As at 25 August 2015, ISA Group had a total of:</p> <ul style="list-style-type: none"> <li>• 20 female employees out of a total of 49 employees;</li> <li>• 1 female senior executives out of a total of 5 senior executives; and</li> <li>• No female directors on the Board.</li> </ul> <p>For the purpose of the above senior executive has been defined as those roles reporting directly to the Chief Executive Officer and the Chief Executive Officer.</p>
1.6 Board Reviews	<p>ISA Group reviews the performance of executive directors annually as part of the annual review of employee's performance and remuneration. Review of the performance of the Board, its committees and the individual non-executive directors has been undertaken on an ad hoc basis.</p> <p>As the Company continues to develop a more formal process of Board assessment will be considered.</p>
1.7 Management Reviews	<p>ISA Group has a formal process for the annual evaluation of the performance of its senior executives taking to account criteria such as the achievement of individual and company goals, individual performance and adherence to key company values. The evaluation process includes a self-assessment process and an agreed goals and development plan which forms part of the criteria of assessment in the following year. Any recommendations relating to the remuneration of senior executives is submitted to the Nomination and Remuneration Committee for review and approval before being submitted to the Board.</p>

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

Recommendation	ISA Group's Compliance with the Recommendation
2.1 Nominations Committee	<p>ISA Group has a Nomination and Remuneration Committee which comprises 2 non-executive directors; Ken Gillespie and Stephen Baxter. Mr Gillespie is the Committee Chairman and is also independent. Mr Baxter is not independent.</p> <p>The Nomination and Remuneration Committee Charter is available in the Corporate Governance Section of ISA Group's website: <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a>. Details of the number of committee meetings and the attendance of committee members at those meetings is set out on page 9 of the 2015 Annual Report which is available at <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a>.</p>

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Recommendation	ISA Group's Compliance with the Recommendation
2.2 Board skills matrix	<p>The ISA Group Board has a diverse mix of skills including:</p> <ul style="list-style-type: none"> <li>• experience in dealing with high levels of government including the defence force;</li> <li>• experience in strategic leadership;</li> <li>• high level of business acumen including entrepreneurial experience;</li> <li>• financial services skills including reporting requirements;</li> <li>• International indoor skydiving experience and freefall qualifications.</li> </ul> <p>ISA Group aspires to maintain a board comprised of individuals with diverse experience and expertise. We anticipate making an additional appointment to the Board when an appropriately qualified individual is identified and our circumstances make it appropriate.</p> <p>Further details regarding the skills and experience of each Director are included on pages 8 and 9 of the Directors' Report within the 2015 Annual Report which is available at <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a>.</p>
2.3 Disclose Independence and length of service	<p>ISA Group considers a director to be independent if the director is independent of management and free from any business or other relationship which could materially interfere or could reasonably be perceived to interfere materially with the director's exercise of their judgement.</p> <p>Ken Gillespie (appointed October 2012) and David Murray (appointed February 2014) are both considered by the Board to be independent. Stephen Baxter (appointed August 2012), Wayne Jones (appointed November 2011) and Danny Hogan (appointed November 2011) are not considered by the Board to be independent.</p>
2.4 Majority of Directors Independent	<p>ISA Group does not have a majority of independent directors on its Board. The Board considers this to be appropriate taking into account the developmental stage of the company and the diverse skill set of the current directors.</p>
2.5 Chair Independent	<p>Ken Gillespie, the Chairman of the Board, is an independent non-executive director and is not the CEO of the Company.</p>
2.6 Induction and Professional Development	<p>New directors are provided with detailed information on the Company including policies and charters and meet with members of senior management and the Board as part of their induction process.</p> <p>All Directors are expected to maintain the skills required to discharge their obligations to ISA Group. Directors are encouraged to undertake continuing professional education. Where appropriate approved continuing professional education is paid for by ISA Group.</p>

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### PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation	ISA Group's Compliance with the Recommendation
3.1 Code of Conduct	<p>ISA Group has adopted a Code of Conduct which has been fully endorsed by the Board and applies to all ISA Group employees and directors. The Code is regularly reviewed and updated as necessary to incorporate the practices necessary to maintain confidence in the Company's integrity and to reflect the highest ethical standards.</p> <p>A copy of the Code of Conduct is available in the Corporate Governance Section of ISA Group's website: <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a>.</p>

### PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation	ISA Group's Compliance with the Recommendation
4.1 Audit Committee	<p>ISA Group has an Audit and Risk Committee which is comprised of Stephen Baxter (Committee Chairman) and Ken Gillespie who is independent. The Committee is responsible for risk management and oversight of ISA Group's financial reporting policies and other operational risk areas.</p> <p>The Audit and Risk Committee Charter is available in the Corporate Governance Section of ISA Group's website: <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a>. Details of the relevant qualifications and experience of members, the number of committee meetings and the attendance of committee members at those meetings is set out on page 9 of the 2015 Annual Report which is available at <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a>.</p>
4.2 CEO and CFO Certification of Financial Statements	<p>The Board has received a declaration in the form set out in Recommendation 4.2 (and provided under s295A of the Corporations Act) from its CEO and CFO in relation to the financial statements for the financial period ended 30 June 2015.</p>
4.3 External Auditor at AGM	<p>ISA Group's external auditor attends each AGM and a formal opportunity to ask questions of the auditor relevant to the audit is included in the AGM proceedings.</p>

### PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation	ISA Group's Compliance with the Recommendation
5.1 Policy for Continuous Disclosure	<p>ISA Group has a Continuous Disclosure Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations under the Listing Rules.</p> <p>A copy of the Continuous Disclosure Policy is available in the Corporate Governance Section of ISA Group's website: <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a></p>

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### PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation	ISA Group's Compliance with the Recommendation
6.1 Information on website	Information about ISA Group and its operations is located on the ISA Group website at <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a> . The Corporate Governance page provides information on ISA Group's governance practices and included links to the relevant policies and charters.
6.2 Investor Relations Program	ISA Group has adopted a Communications Policy which should be read in conjunction with the Continuous Disclosure Policy referred to above. The Communications Policy sets out how ISA Group will keep all shareholders and potential shareholders up to date about the affairs of ISA Group.  A copy of the Communications Policy is available in the Corporate Governance Section of ISA Group's website: <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a> .
6.3 Facilitate participation at meetings of security holders	The ISA Group Communications Policy sets out the policies and processes ISA Group has in place to facilitate and encourage participation at shareholder meetings. Shareholders are encouraged to participate in general meetings and are given an opportunity to ask questions of the Company and its auditors at the AGM.  A copy of the Communications Policy is available in the Corporate Governance Section of ISA Group's website: <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a> .
6.4 Facilitate electronic communications	ISA Group gives its security holders the option to receive communications from, and send communications to, the Company and its registry (Boardroom Pty Ltd) electronically.

### PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation	ISA Group's Compliance with the Recommendation
7.1 Risk Committee	As noted above, ISA Group has an Audit and Risk Committee which is comprised of Stephen Baxter (Committee Chairman) and Ken Gillespie who is independent. The Committee is responsible for overseeing risk management.  The Audit and Risk Committee Charter is available in the Corporate Governance Section of ISA Group's website: <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a> . Details of the number of committee meetings and the attendance of committee members at those meetings is set out on page 9 of the 2015 Annual Report which is available at <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a> .
7.2 Annual Risk Review	ISA Group has adopted a risk management framework which includes a risk management policy, procedure and register. At least annually the Audit and Risk Committee reviews ISA Group's risk management framework to satisfy itself that it continues to be sound. The ISA Group Audit and Risk Committee undertook such a review during the reporting period.

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Recommendation	ISA Group's Compliance with the Recommendation
7.3 Internal Audit	<p>ISA Group does not have a formal internal audit function however it employs appropriate process for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p> <p>ISA Group has a formal risk management framework which is aimed at the systematic identification, assessment, treatment, communication and monitoring of risk within all areas of the Company. Each of ISA Group's managers is directly responsible for risk management in their respective area of accountability.</p>
7.4 Sustainability Risks	<p>ISA Group identifies and manages material exposures to economic risks in accordance with its risk management framework, incorporating the Board approved risk appetited. ISA Group does not have any material exposure to environmental or social sustainability risks.</p>

### PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation	ISA Group's Compliance with the Recommendation
8.1 Remuneration Committee	<p>ISA Group has a Nomination and Remuneration Committee which comprises 2 non-executive directors; Ken Gillespie (independent Committee Chairman) and Stephen Baxter.</p> <p>The Nomination and Remuneration Committee Charter is available in the Corporate Governance Section of ISA Group's website: <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a>. Details of the number of committee meetings and the attendance of committee members at those meetings is set out on page 9 of the 2015 Annual Report which is available at <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a>.</p>
8.2 Disclosure of Executive and Non-Executive Director Remuneration policy	<p>ISA Group's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives is set out in the Remuneration Report commencing at page 13 of the 2015 Annual Report which is available at <a href="http://www.indoorskydive.com.au">www.indoorskydive.com.au</a>.</p>
8.3 Policy on hedging equity incentive securities	<p>Holders of any ISA Group equity based incentives (e.g. performance rights) are prohibited from entering into any hedging arrangement prior to exercising those rights. This prohibition is set out in the Securities Trading Policy and is a condition of the issue of performance rights under the ISA Group Performance Rights Plan.</p>