MyState LIMITED
ABN 26 133 623 962

Registered Office
Level 2, 137 Harrington Street
Hobart 7000
Tasmania Australia
e: info@mystatelimited.com.au
w: mystatelimited.com.au
p: 1300 487 155
f: (03) 6348 1173

ASX Compliance Pty Ltd
Level 4 North Tower Rialto
525 Collins Street
Melbourne VIC 3000

23 September 2016

MYSTATE LIMITED (MYS) – Corporate Governance Statement and Appendix 4G

In accordance with ASX Listing Rules 4.7.3, 4.7.4 and 4.10.3, attached is the MyState Limited 2016 Corporate Governance Statement and Appendix 4G.

Yours faithfully



Scott Lukianenko
Company Secretary

Rules 4.7.3 and 4.10.3[1]

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

MyState Limited

ABN/ARBN

26 133 623 962

Financial year ended

30 June 2016

Our corporate governance statement[2] for the above period above can be found at:[3]

☐ these pages of our annual report: _____

☒ this URL on our website: http://mystatelimited.com.au/Home/?page=corporate-governance

The Corporate Governance Statement is accurate and up to date as at 30 June 2016 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 23 September 2016

Sign here: 

Company secretary

Print name: Scott Lukianenko

---

[1] Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

[2] "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

[3] Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☒ at http://mystatelimited.com.au/Home/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

[4] If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	… the fact that we have a diversity policy that complies with paragraph (a): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of our diversity policy or a summary of it: ☒ at http://mystatelimited.com.au/Home/?page=corporate-governance … and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and the information referred to in paragraphs (c)(1) or (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	[If the entity complies with paragraph (a):] … the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at http://mystatelimited.com.au/Home/?page=corporate-governance … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement **OR** ☒ at http://mystatelimited.com.au/Home/?page=reports [If the entity complies with paragraph (b):] … the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	… our board skills matrix: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	… the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement **and** ☒ at http://mystatelimited.com.au/Home/?page=board-of-directors … and, where applicable, the information referred to in paragraph (b): ☐ in our Corporate Governance Statement **OR** ☒ n/a … and the length of service of each director: ☐ in our Corporate Governance Statement **OR** ☒ at http://mystatelimited.com.au/Home/?page=board-of-directors	☐ an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	… our code of conduct or a summary of it: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	[If the entity complies with paragraph (a):] … the fact that we have an audit committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at http://mystatelimited.com.au/Home/?page=corporate-governance … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement **OR** ☒ at http://mystatelimited.com.au/Home/?page=reports [If the entity complies with paragraph (b):] … the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	… our continuous disclosure compliance policy or a summary of it: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	… information about us and our governance on our website: ☒ at http://mystatelimited.com.au/Home/?page=corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	… our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] … the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at http://mystatelimited.com.au/Home/?page=corporate-governance … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement **OR** ☒ at http://mystatelimited.com.au/Home/?page=reports [If the entity complies with paragraph (b):] … the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	… the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and that such a review has taken place in the reporting period covered by this Appendix 4G: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] … how our internal audit function is structured and what role it performs: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	… whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] … the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at http://mystatelimited.com.au/Home/?page=corporate-governance … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement **OR** ☒ at http://mystatelimited.com.au/Home/?page=reports [If the entity complies with paragraph (b):] … the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	… separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	… our policy on this issue or a summary of it: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

MyState LIMITED

Corporate Governance Statement

CONTENTS

INTRODUCTION **3**
GOVERNANCE FRAMEWORK **3**
BOARD OF DIRECTORS **5**
Role of the Board 5
Board Structure 5
Director Independence 5
Board Skills, Knowledge and Experience 5
Board, Committee and Director Performance Evaluation 6
Board Renewal and Succession Planning 6
Meetings of Directors 6
Board Committees 6
Group Audit Committee 7
Group Risk Committee 7
Group Remuneration Committee 7
Group Nomination & Corporate Governance Committee 7
Group Technology Committee 7
DIVERSITY **7**
Gender Diversity 7
MyState Limited Diversity Objectives FY15 to FY17 8
Targeted Recruitment Strategy 8
Flexible Workforce 8
Education Program 8
Company Succession Planning 9
Board Succession Planning 9
Return to Work Program 9
CONDUCT AND ETHICS **9**
FINANCIAL REPORTING **9**
REMUNERATION POLICY **10**
RISK MANAGEMENT **10**
EXTERNAL AUDIT GOVERNANCE AND INDEPENDENCE **10**
Appointment of Auditors 10
Independence Declaration 10
Remuneration of External Auditor 11
Attendance of external auditor at Annual General Meeting 11
SHARE TRADING **11**
COMMUNICATIONS WITH SHAREHOLDERS **11**
Annual General Meeting (AGM): 12
ADDITIONAL COMPANY POLICIES **12**

ASX Corporate Governance Council Principles

Lay solid foundations for management and oversight

Establish and disclose the respective roles and responsibilities of Board and Management.

Structure the Board to add value

Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Promote ethical and responsible decision-making

Actively promote ethical and responsible decision-making.

Safeguard integrity in financial reporting

Have a structure to independently verify and safeguard the integrity of the Company's financial reporting.

Make timely and balanced disclosure

Promote timely and balanced disclosure of all material matters concerning the Company.

Respect the rights of Shareholders

Respect the rights of Shareholders and facilitate the effective exercise of those rights.

Recognise and manage risk

Establish a sound system of risk oversight, management and internal control.

Remunerate fairly and responsibly

Ensure the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

INTRODUCTION

The Board of MyState Limited is committed to upholding the highest levels of corporate governance and subscribes to the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council in order to promote investor confidence in the company and within the broader market.

MyState Limited's Corporate Governance policies are available on the Company's website www.mystatelimited.com.au under the About-Us/Corporate-Governance section (*the website*). Unless otherwise stated, all additional documents and policies referred to in this Corporate Governance statement are located on *the website*.

This Corporate Governance Statement has been approved by the Board of MyState Limited and is current as at 30 June 2016. MyState Limited has complied with the principles and the underlying recommendations of ASX Corporate Governance Council for the full year to 30 June 2016.

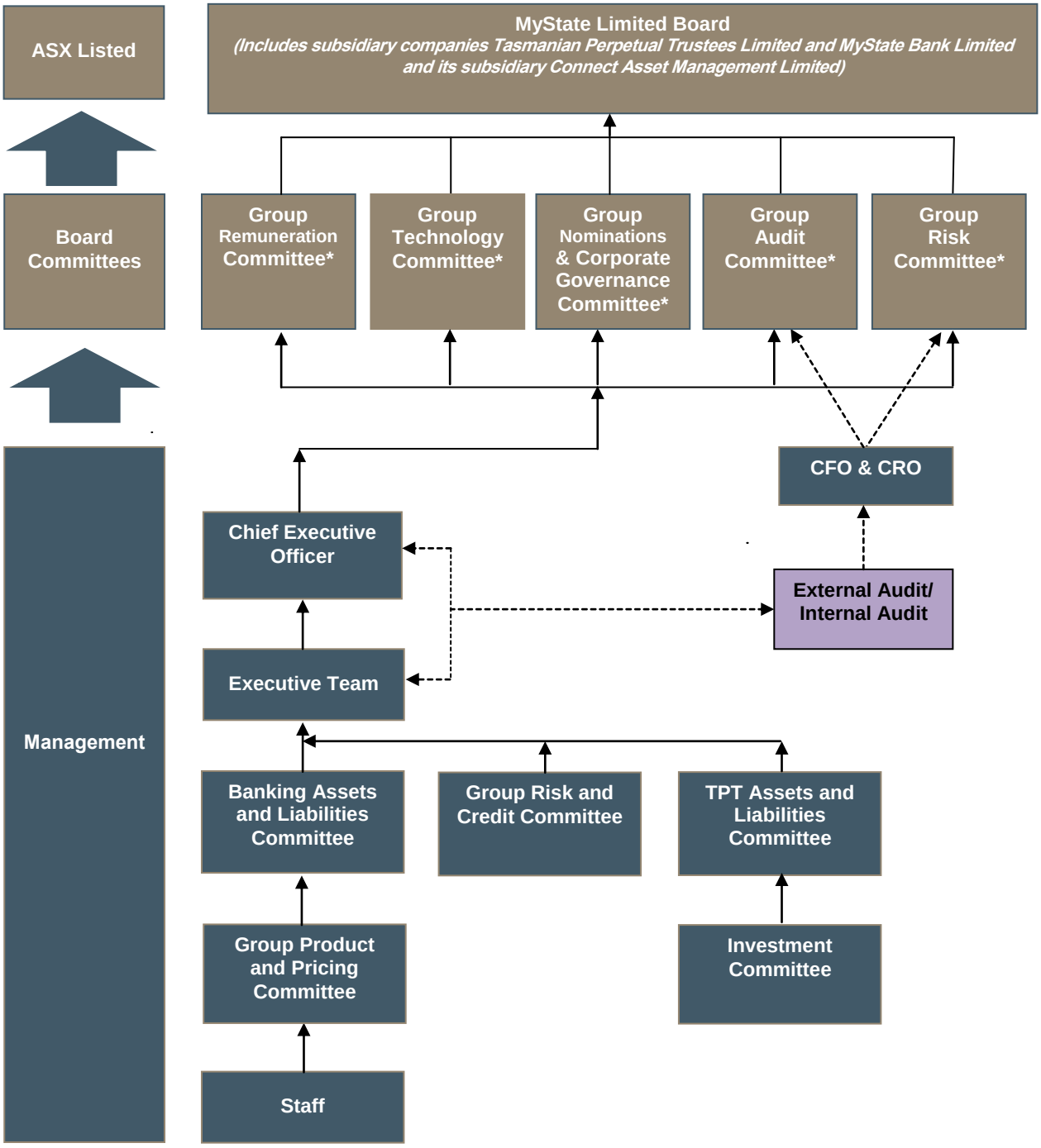
GOVERNANCE FRAMEWORK

The MyState Limited Corporate Governance Framework takes into account the ASX Corporate Governance Council Principles and Recommendations and the Australian Prudential Regulation Authority's (APRA) Prudential Standard CPS 510 *Governance*.

MyState Limited (MYS) is the ASX listed, Non Operating Holding Company (NOHC) of MyState Bank Limited (MyState Bank) and Tasmanian Perpetual Trustees Limited (TPTL) a trustee and wealth management company. MyState Bank also trades as The Rock.

The Australian Prudential Regulation Authority (APRA) requires MYS as NOHC of a bank to comply with the prudential obligations that apply directly to the bank. To this end the Board of MYS has a governance framework whereby the appropriate Board policies, meeting the APRA prudential requirements, apply across the Group.

Governance Structure



* *Includes responsibility for MyState Bank Limited and Tasmanian Perpetual Trustees Limited matters*.

BOARD OF DIRECTORS

Role of the Board

The role of the Board is to:

Provide leadership and set the strategic direction of the Group;

Monitor the performance of the Group on an ongoing basis; and

Act in the best interests of, and be accountable to, shareholders in monitoring the performance of the Group.

The Board also ensures the appropriate integrated control systems and procedures are in place to identify, assess, monitor and manage material business risks and to ensure compliance with all regulatory and prudential requirements.

The Board is responsible for the appointment of the Chief Executive Officer (CEO), setting his/her remuneration and assessing his/her performance annually. The CEO is responsible to the Board for the day-to-day operation of the Company, with all powers, discretions and delegations authorised, from time to time, by the Board.

The Board also reviews and approves the Executive structure of the Company, appointment, succession plan considerations, remuneration and annual performance assessment with recommendations brought forward by the CEO.

Further details regarding the role and responsibilities of the Board and the CEO are contained in the *Board Charter* and the *Role of the Managing Director/Chief Executive Officer* documents on *the website*.

Formal performance evaluations have been undertaken for the CEO and Executives during the current financial year in accordance with the process detailed in the Remuneration Report published within the 2016 Annual Report located in the Reports section of *the website*.

Board Structure

The Board of MyState Limited must comprise a majority of independent Directors and in addition the Chair must also be independent and not the same person as the CEO. The Board currently comprises seven, independent, non-executive Directors, including the Chairman, together with the CEO.

The profile of each Director including name, term of office, skills, experience and expertise are set out in Board of Directors section of *the website* and also in the 2016 Annual Report located in the Reports section of *the website*.

The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the board.

Director Independence

The Board has an 'Independent Director Standards' policy that complies with the ASX Corporate Governance Principles and Recommendations and is available on *the website*.

To qualify as being 'independent', a Director must, in the opinion of the Board, be independent of Management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of his/her unfettered and independent judgement.

The Board has reviewed the position and associations of each of the seven current non-executive Directors and considers that all are independent.

Board Skills, Knowledge and Experience

Each year the Board, through the Group Nominations & Corporate Governance Committee, reviews the key competencies required for the optimal composition of the Board. The Board has assessed its collective skills and experience as being appropriate for effective oversight and guidance of the Group.

Board Skills Matrix – Collective skills, experience and expertise of the Board.	
– Finance Banking	– Trustee and wealth management
– CEO/CFO level experience	– ASX listed company experience
– Strategy & Risk Management	– Governance
– Accounting	– Regulated entity exposure
– Human Resources and executive remuneration	– Marketing & Communications
– Capital markets & securitisation	– Information technology and E-Commerce

The Board provides Directors with the opportunity for professional development to maintain and develop the skills and knowledge required to effectively perform their role. In addition the Group Nominations and Corporate Governance Committee oversees the new Director induction process to ensure that new Directors are provided with the necessary information and support upon commencement of their role.

APRA's Prudential Standard CPS 520 '*Fit and Proper*' also requires Directors, Senior Management and auditors of an authorised deposit-taking institution to be assessed to ensure that they have the appropriate skills, experience and knowledge to perform their role.

The Board approved Fit and Proper policy is located on *the website* and all Directors, as 'responsible persons', have been assessed as meeting the 'fit and proper' criteria.

Board, Committee and Director Performance Evaluation

MyState Limited has adopted the following Board evaluation processes:

- An independent external review by appropriately skilled specialists is conducted at least every three years, which was most recently undertaken in 2016.
- In the intervening years Directors complete an annual questionnaire developed by the Group Nominations & Corporate Governance Committee. The results are collated and discussed by the Board;
- The Chairman holds one-on-one discussions with each Director and reports to the Board on the outcomes from this process; and
- The Board, its respective committees and the individual Directors have completed performance reviews during the reporting period.

Board Renewal and Succession Planning

Board renewal and succession planning is a fundamental part of the Group's corporate governance framework and is conducted in accordance with the Board Renewal and Evaluation Policy located on *the website*.

The Group Nominations & Corporate Governance Committee reviews the composition of the Board in consideration of many factors including, but not limited to:

- The retirement by rotation of Directors in accordance with the Constitution; and
- The collective skills and experience around the Board table.

Meetings of Directors

The Board currently meets formally at least eleven times a year and on other occasions, as required. Management are invited to attend and make presentations at Board meetings as appropriate and respond to questions from Directors.

The Board also conducts separate Non-Executive Director discussions prior to each meeting without Management present.

Strategic planning sessions are held at least annually with Management, to review and re-assess the Company's strategic plan, which focusses on the long term profitable growth of the Company.

The number of Board meetings and each Director's attendance at those meetings for the reporting period is detailed in the 2016 Annual Report located in the Reports section of *the website*.

Directors have access to appropriate and necessary Company records. The Board receives regular detailed financial and operational reports from Senior Management to enable it to carry out its duties.

Each Director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

Board Committees

MyState Limited has five Board Committees to assist the Board in the oversight and control of the Company. These committees are the Group Audit Committee, the Group Risk Committee, the Group Remuneration Committee, the Group Technology Committee and the Group Nominations and Corporate Governance Committee.

Each Committee operates under a formal Charter approved by the Board which sets out matters relevant to the composition, responsibilities and administration of those Committees. The Charters are reviewed at least annually and are available on *the website*.

Membership of each Committee is reviewed by the Board on an annual basis. All Committees are comprised of at least three non-executive Directors, appointed by the Board, the majority being independent. Details of each Committee member's respective skills and qualifications are detailed in the 2016 Annual Report located in the Reports section of *the website*.

The performance of each Committee is reviewed annually by the respective Committee and reported to the Board.

Each Committee develops and maintains an annual 'Programme of Events', which details major items of business to be considered at set points throughout the year, to support both the Committee's and the Board's objectives. Minutes of Committee meetings and Committee recommendations are provided to the Board.

Each Committee is empowered, with the prior approval of the Chairman of the Board, to consult experts at the expense of the Company where the Committee considers it necessary to carry out its duties.

All Directors are entitled to attend the meetings of all Board Committees and have unrestricted access to the papers for each Committee meeting.

The number of Committee meetings that were held over the reporting period and the attendance of Committee members, both current and those retiring during the course of the reporting period, at these meetings, is contained in the 2016 Annual Report located in the Reports section of *the website*.

Group Audit Committee

The Group Audit Committee is comprised of at least three non-executive Directors with at least one member having professional accounting, or professional financial management expertise. The Chairman of the Committee must be an independent non-executive Director. The Chairman of the Board of Directors and the Chairman of the Group Risk Committee are precluded from being the Chairman of the Group Audit Committee.

The Group Audit Committee is comprised of Mr C Hollingsworth (Chairman), Mr S Lonie, Mr M Hampton and Mr B Bissaker.

The Committee meets at least four times per annum and otherwise as required.

The CEO, Chief Financial Officer (CFO), Chief Risk Officer (CRO), Company Secretary, internal auditors and external auditors are invited to attend meetings on a regular basis, as required.

Group Risk Committee

The Group Risk Committee is comprised of at least three non-executive Directors. The Chairman of the Committee must be an independent non-executive Director.

The Group Risk Committee is comprised of Mrs S Merridew (Chairman), Mr B Gordon, Mr C Hollingsworth and Mr B Bissaker.

The Committee meets at least four times per annum and otherwise as required.

The CEO, CRO, CFO and Company Secretary are invited to attend meetings on a regular basis, as required.

Group Remuneration Committee

The Group Remuneration Committee is comprised of at least three non-executive Directors. The Chairman of the Committee must be an independent non-executive Director.

The Group Remuneration Committee is comprised of Mr P Armstrong (Chairman), Mr M Hampton and Mr S Lonie.

The Committee meets at least four times per annum and otherwise as required.

The CEO, General Manager Human Resources & Property and the Company Secretary are invited to attend meetings on a regular basis, as required.

Group Nominations & Corporate Governance Committee

The Group Nominations & Corporate Governance Committee is comprised of at least three non-executive Directors. The Chairman of the Board is the Chairman of the Committee and is an independent non-executive Director.

The Group Nominations & Corporate Governance Committee is comprised of Mr M Hampton (Chairman), Mr P Armstrong and Mr R Gordon.

The CEO and Company Secretary are invited to attend meetings on a regular basis, as required.

The Committee meets at least four times per annum and otherwise as required.

Group Technology Committee

The Group Technology Committee is comprised of at least three non-executive Directors and was created on 16 July 2015.

The Group Technology Committee is comprised of Mr B Gordon (Chairman), Mr S Lonie and Mrs S Merridew.

The CEO, General Manager Technology and Operations and Company Secretary are invited to attend meetings on a regular basis, as required.

The Committee meets at least four times per annum and otherwise as required.

DIVERSITY

MyState Limited considers Workplace Diversity to be a considerable asset that will enhance Company performance. The Company recognises that a healthy workforce should be reflective of our customer base and the greater community, if we are to best meet the needs of existing and prospective customers. Continuing to build Diversity in the workforce will also drive employee engagement through fair and transparent work practices.

The Diversity Policy, which applies to all companies within the Group, is available on *the website*.

Gender Diversity

At the 30 June 2016, women account for 72% of the Group's workforce and gender diversity by role

within the Group sat at the following levels with percentages representative of women placed in all roles available at that job level:

Role Category	% Women Representation (As at 30/6/16)
Non-Executive Directors	14.3%
Executives	16.7
Senior Managers	31.0%
Managers	42.0%
Specialist Roles	33.0%
Generalist Roles	80.1%

MyState Limited Diversity Objectives FY15 to FY17

The Diversity Policy provides that, the Board will establish measurable objectives with a view towards progressing to a healthy and diverse workforce that is reflective of our customer base and the broader community.

Whilst setting objectives to ensure that appropriate action occurs to support Workplace Diversity, it is important to note that other factors will impact the achievement of these goals. These include the requirement to satisfy other organisational Policy and Procedures, including but not limited to the Recruitment and Selection Procedure. The measurable objectives are as follows:

Flexible Workforce

Emphasis is placed on a strong representation of part-time employees in customer facing positions, to ensure that the Company can best serve its customers at peak periods of the day, and employ more people on the whole, without increasing the FTE.

Objective
Group Branches to have a 20% to 30% total representation of part time employees by the conclusion of FY16. This figure is to increase to between 40% and 50% by the conclusion of FY17. This is to be achieved through an increase in employees, without a resulting increase to FTE.

Status
Group Branches currently have a part time employee representation of 40% of the total Branch workforce

Targeted Recruitment Strategy

The recruitment team will work with Management throughout the Company to identify imbalances and structure specific recruitment programs to address identified imbalances. These will be reflected in the agreed measures for any given period.

Objective
Group Branches to have a 25% total representation of employees aged 35 years or older by the conclusion of FY16. This figure is to increase to 40% by the conclusion of FY17.

Status
Focus through FY16 has resulted in Group Branches now having 55% of their workforce over the age of 35.

Objective
All vacant Management or Specialist positions throughout the Group for the periods of FY15 and FY16 to have a representation of 50% of female candidates on the final interviewed shortlist – subject to satisfaction of conditions within the Recruitment and Selection procedure.

Status
Subject to satisfaction of the Recruitment and Selection procedure, this representation has been met in 90% of cases.

Education Program

A dedicated training program will be embedded in both employee induction and ongoing education programs, to ensure that the Company continues to promote a culture of acceptance and inclusion, through employees understanding the value of a diverse workforce.

Objective
By FY16, Workplace Diversity program attendance to be included in scheduled Compliance training with employees required to attend once every two years at a minimum.

Status
This program has been implemented for Managers in FY16.

Objective
A dedicated Workplace Diversity education program to be implemented in FY15, included as a component of induction as well as a standalone program.

Status
An education program has been developed and implemented into Group induction. Continued implementation is scheduled for early FY17.

Company Succession Planning

Underpinning Recruitment Strategy, internal succession planning is conducted for Management and Specialist positions, ensuring dedicated development planning for identified employees – with an equally appropriate focus on addressing diversity imbalances where evident.

Objective
MYS Group Succession Plan to have 50% of identified roles allocated a nominated female successor by the conclusion of FY15.

Status

Of those roles in the Succession Plan which have internal successors nominated, 74% of the nominated successors are female.

Return to Work Program

The Company will partner with a return to work provider to provide both work experience and full time work opportunities where appropriate to disabled individuals looking to enter/re-renter the workforce.

Objective
The Company to have an established partnership in place with identified return to work providers in both Tasmania and Central Queensland by the conclusion of FY15.

Status
Partnerships are in place in both Tasmania and Central Queensland.

Objective
The Company to have provided a minimum of two work experience placements to disabled individuals identified through return to work providers, in each of Tasmania and Central Queensland, in both FY16 and FY17.

Status
This objective remains a work in progress.

Objective
The Company to have appointed 2 disabled individuals identified through return to work providers, to permanent positions within the Group by the conclusion of FY17.

Status
This objective remains a work in progress.

Board Succession Planning

The MyState Limited Board will undertake regular succession planning with a view to ensure a diverse mix of Directors, with a specific focus on gender and skills/experience, through appropriate development and recruitment strategies.

Objective
MYS Board to include 2 female Directors by the AGM following the conclusion of FY17.

Status
The Board currently includes one female Director.

CONDUCT AND ETHICS

The Board expects that Directors will at all times conduct themselves in a manner appropriate to their roles as Directors and maintain the highest of ethical standards. A similar requirement is placed on Management and staff, as is respect for the privacy of customers and observance of the law.

A Code of Conduct is in place for the MyState Limited Group and clarifies the standard of behaviour that is expected of anyone who is employed by or works within the Group, including Directors and employees (both permanent and temporary), contractors and consultants, customers, Shareholders, investors, suppliers and the community. The Code of Conduct is available on *the website*.

FINANCIAL REPORTING

The Company's financial report preparation and approval process for the financial year ended 30 June 2016, involved both the Chief Executive Officer and Chief Financial Officer providing a written statement to the Board, that to the best of their knowledge and belief:

- the financial records of the Company and its controlled entities for the financial year ended 30 June 2016 (Financial Period) have been properly maintained in accordance with section 286 of the Corporations Act;
- the financial statements and the notes referred to in section 295(3)(b) of the Corporations Act for the Financial Period comply with the accounting standards and other mandatory professional reporting requirements; and
- the Company's financial report presents a true and fair view, in all material respects, of the Company's financial condition and operating results.

In addition, the Company has, in place, a process whereby the Chief Executive Officer and the Chief Financial Officer provide a written statement to the Board, that the financial statements are founded on a sound system of risk management and

internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

REMUNERATION POLICY

The Company's remuneration policy is available on *the website* and details the remuneration practices for Executive and Non-Executive Directors and other Key Management Personnel.

In particular it prescribes that Non-Executive Directors receive only fees (including superannuation) for their services. They are not entitled to receive any benefit on retirement or resignation other than superannuation. Unless approved by Shareholders, Non-executive Directors cannot receive any shares, options or other securities in addition to or as part of their remuneration and are not eligible to participate in the Company's Employee Share Plan or any other incentive plan

The Remuneration policy also details the process for reviewing the performance of Senior Executives. A performance review of Senior Executives has been undertaken this year in accordance with the Remuneration Policy.

In addition the 2016 Annual Report, located in the Reports section of *the website*, contains the Remuneration Report which includes details of the remuneration of Executive and Non-Executive Directors and other Key Management Personnel of the Company and details of the Company's Executive Short–Term and Long-Term Incentive Plans.

All Directors and Senior Executives have a written agreement with the Company that sets out the terms of their appointment.

RISK MANAGEMENT

MyState Limited is committed to the identification, monitoring and appropriate management of risks associated with its business activities. Risks are monitored and managed within a Board approved Risk Management Strategy and Framework which is reviewed at least annually.

A review of key risks completed during the year has confirmed no material exposure exists to any economic, environmental and social sustainability risks. The Risk Management Strategy and Framework has been reviewed in the reporting period.

An independent, internal audit function is in place as a key part of the Risk Management Strategy and Framework and is outsourced to Deloitte Touche Tohmatsu. The role of the internal audit function is to provide independent and objective assurance to the Board and Management regarding the effectiveness of risk management, controls, operations, compliance and governance processes within the company.

The Group Audit Committee reviews and approves the 3 year internal audit plan and receives reports from the internal auditor on matters identified during each audit visit and on the progress against the plan.

EXTERNAL AUDIT GOVERNANCE AND INDEPENDENCE

As part of the Company's commitment to safeguarding integrity in financial reporting, the Company has implemented policies and procedures to monitor the independence and competence of the Company's external auditors.

Appointment of Auditors

The Company's external auditor for the financial year was Wise Lord and Ferguson. The effectiveness, performance and independence of the external auditor is assessed annually by the Group Audit Committee and reviewed by the Board. If it becomes necessary to replace the external auditor for performance or independence reasons, the Group Audit Committee will then formalise a procedure for the selection and appointment of a new external auditor.

Independence Declaration

The *Corporations Act* requires external auditors to make an annual independence declaration, addressed to the Board of Directors, confirming that the auditors have maintained their independence in accordance with the *Corporations Act 2001* and the rules of the professional accounting bodies.

In accordance with the *Corporations Act*, prior approval of the Group Audit Committee is required for the provision of any non-audit services to the Company or its businesses by the external auditor. The Group Audit Committee has also adopted guidelines to assist in identifying the types of services that may compromise the independence of the external auditor and regular reviews occur of the independence safeguards put in place by the external auditor.

Examples of services that could potentially compromise independence include valuation services and internal audit services.

The Group Audit Committee has assessed the other services provided by Wise Lord and Ferguson in the financial year and has concluded that the auditor's independence has not been compromised.

Remuneration of External Auditor

Information about the total remuneration of the external auditor, including details of remuneration for any non-audit services, is set out in the financial statements within the 2016 Annual Report located on *the website*.

Attendance of external auditor at Annual General Meeting

The external auditor attends the Company's Annual General Meeting and is available to answer Shareholder questions on;

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by MyState Limited in relation to the preparation of the Financial Report; and,
- the independence of the auditor in relation to the conduct of the audit.

SHARE TRADING

The Board encourages Directors, Senior Executives and employees to own MyState Limited shares, to further align their interests with the interests of Shareholders.

The MyState Limited Share Trading Policy governs share dealings by Directors and employees in accordance with the requirements of the *Corporations Act* and:

- provides a summary of the insider trading prohibition and sets out the specific requirements in relation to the buying, selling or otherwise dealing in the Company's shares, or shares in other companies;
- establishes procedures relating to buying and selling shares that provides protection to the Company, Directors and employees, to ensure they do not abuse, and do not place themselves under suspicion of abusing, inside information that they have or may be thought to have, especially in periods leading up to an announcement of the Company's results; and,
- explains the type of conduct that is prohibited under the Corporations Act.

In addition the Share Trading Policy clearly prohibits the hedging of any economic exposure to MyState Limited shares whether that relates to unvested entitlements under the Executive Long-Term Incentive Plan or to shares owned outright.

A copy of the Share Trading Policy is available on *the website*.

CONTINUOUS DISCLOSURE

MyState Limited understands that timely disclosure of price-sensitive information is central to the efficient operation of the ASX's securities market and accordingly, has a Market Disclosure and Communications policy covering all announcements to the ASX which is located on *the website*.

The Company has an obligation, and is committed, to ensuring full compliance with its continuous disclosure obligations under ASX Listing Rules and the Corporations Act that seek to ensure that all Shareholders and investors have equal and timely access to material information concerning the Company including its financial position, performance, ownership and governance.

The policy attributes accountability at Executive level for compliance and, in particular, it sets out how information will be identified, considered for disclosure and then (if necessary) disclosed by the Company to the market.

The website also contains a direct link to the ASX Company Announcements Platform. It also contains publications such as annual financial reports, half year results, notices of meeting, media releases and analyst and investor presentations, with the latter released prior to or simultaneously with the commencement of the relevant presentation.

The Company Secretary is the nominated disclosure officer and has responsibility for overseeing and coordinating disclosure of information to the ASX and administering the Policy.

COMMUNICATIONS WITH SHAREHOLDERS

MyState Limited understands and is committed to ensuring the provision of relevant information to Shareholders in a timely manner.

The Company recognises the importance of its relationship with investors and analysts and therefore the investor relations program incorporates periodic investor and analyst briefings. In these cases the following protocols apply:

- no information which could be expected to have a material effect on the price or value of the Company's securities will be disclosed at

these briefings unless it has been previously, or is simultaneously, released to the market and, if material information of this kind inadvertently released, it will immediately be released to the market via the ASX and be available on *the website*;

- questions at presentations that deal with material information not previously disclosed will not be answered; and,
- the Company will ensure a copy of the presentation material is available on *the website*.

Where requested to do so, the Company may review analysts' research reports but will confine comments to factual matters and material previously disclosed. The Company may comment on analysts' earnings estimate to the extent of:

- acknowledging the current range of estimates;
- questioning an analyst's assumptions or sensitivities if the analyst's estimate is significantly at variance from current market range estimates; and,
- advising factual errors where data is already in the public domain.

Forecast information will not be provided by the Company unless it has already been disclosed to the market.

Annual General Meeting (AGM)

The Company's AGM is a major forum for Shareholders to ask questions about the performance of the Company and also provides an opportunity for Shareholders to provide feedback to the Company about information provided to Shareholders.

The AGM allows shareholders to vote on the election of Directors. The company will ensure that shareholders are provided with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

The 2016 Notice of Annual General Meeting will be provided to all Shareholders, lodged on the ASX Company Announcements Platform and posted on *the website*. MyState provides the option for shareholders to receive communications from, and send communications electronically to, the company and our share registry manager, Computershare, and takes every opportunity when communicating with shareholders to encourage the use of this service.

For Shareholders unable to attend, an AGM Question Form accompanies the Notice of Meeting, giving Shareholders the opportunity to forward questions and comments to the Company or the external auditor prior to the AGM.

ADDITIONAL COMPANY POLICIES

In addition to the policies and procedures already discussed above, the Company has also implemented a wide range of policies encompassing such areas as safety, health, environment, security, employment and fair trading. These policies form part of the Company's broader governance documentation suite.

Where appropriate, these policies are supplemented by supporting Company procedures for compliance and monitoring effectiveness. Together with guidance releases these methods are all designed to ensure that the requisite standards of operation are maintained. Copies of key policies are available on *the website*.