



4 July 2018

Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000
Via Electronic Lodgement

Governance Statement

xTV Networks Limited (ASX: xTV) is pleased to provide its Governance Statement which is attached to this announcement.

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XTV NETWORKS LIMITED

ACN 16 124 251 396

(COMPANY)

CORPORATE GOVERNANCE STATEMENT

The Board recognises the importance of establishing a comprehensive system of control and accountability as the basis for the administration of corporate governance.

To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council ("**Recommendations**").

The Board has adopted the following suite of corporate governance policies and procedures which are contained within the Company's **Corporate Governance Plan**, a copy of which is available on the Company's website at <https://www.xtv.net/>

- Board Charter
- Corporate Code of Conduct
- Public Sector Code of Conduct
- Audit and Risk Committee Charter
- Remuneration Committee Charter
- Nomination Committee Charter
- Continuous Disclosure Policy
- Risk Management Policy
- Remuneration Policy
- Trading Policy
- Diversity Policy
- Shareholder Communications Strategy
- Performance Evaluation Procedures

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The Company is pleased to report that its practices are largely consistent with the Recommendations of the ASX Corporate Governance Council and sets out below its compliance and departures from the Recommendations for the financial year ended 30 June 2017.

In light of the Company's size and nature, the Board considers that the current corporate governance regime is a fit-for-purpose, efficient, practical and cost-effective method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance policies and structures will be reviewed.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
<p>Recommendation 1.1</p> <p>A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management.</p>	YES	<p>The Company has adopted a Board Charter which complies with the guidelines prescribed by the ASX Corporate Governance Council.</p> <p>A copy of the Company's Board Charter is available on the Company's website.</p>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	YES	<p>(a) The Company's Corporate Governance Plan requires the Nomination Committee (the function of which is currently performed by the full Board) to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>During the most recent Financial Year (2017), the Company did not put forward any new candidates for election as director of the Company.</p> <p>(b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders including information relating to their qualifications, experiences, lengths of service and roles within the Board, prior to any general meeting at which a resolution to elect or re-elect a Director will be voted on.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	<p>Each Director and senior executive of the Company is party to a written agreement with the Company which sets out the terms and conditions of that Director's or senior executive's appointment.</p>
<p>Recommendation 1.4</p> <p>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.</p>	YES	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>
<p>Recommendation 1.5</p> <p>A listed entity should:</p>	PARTIALLY	<p>(a) The Company has adopted a Diversity Policy however, given the current size of the Company, the Board has</p>

<p>(a) have a diversity policy which includes requirements for the board:</p> <ul style="list-style-type: none"> (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; 		<p>determined that the benefits of the initiatives recommended by the ASX Corporate Governance Council in this regard are disproportionate to the costs involved in the implementation of such strategies. Accordingly, the Board has elected to adopt a tiered approach to the implementation of its Diversity Policy which is relative to the size of the Company and its workforce. The Company's policy provides:</p> <ul style="list-style-type: none"> - Where the Company employs 100 or more employees, the Board undertakes to adopt practices in line with the Recommendations of the ASX Corporate Governance Council, including compliance with the requirement for the Company to set and report against measurable objectives for achieving gender diversity. - Whilst the Company's workforce remains below this threshold, the Board will continue to drive the Company's diversity strategies on an informal basis and will apply the initiatives contained in its Diversity Policy to the extent that the Board considers relevant and necessary.
<p>(b) disclose that policy or a summary or it; and</p>		<p>(b) The Diversity Policy is available on the Company's website.</p>
<p>(c) disclose as at the end of each reporting period:</p> <ul style="list-style-type: none"> (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: <ul style="list-style-type: none"> (A) 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 		<p>(c)</p> <ul style="list-style-type: none"> (i) As the Company did not employ 100 or more employees during the 2018 Financial Year, the Company did not formally define a set of measurable diversity objectives; (ii) As at 30 June 2017 (and at present), the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out below. The Company defines senior executives as those employees whose direct report is to the Managing Director or the Board. <ul style="list-style-type: none"> - 1/3 of the Company's board were female; - 1/3 of the Company's senior executives were female;

<p>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>		<p>- 1/3 of the Company's entire workforce of 3 people were female.</p>
<p>Recommendation 1.6 A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>YES</p>	<p>(a) The Nomination Committee (the function of which is currently performed by the full Board) is responsible for evaluating the performance of the Board and individual Directors on an annual basis. The process for this is set out in the Company's Performance Evaluation Procedures policy which is available on the Company's website.</p> <p>(b) The Company is did not undertake a formal performance evaluation during the 2017 financial year but did undertake formal evaluations in June 2018.</p>
<p>Recommendation 1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>YES</p>	<p>(a) The Remuneration Committee (the function of which is currently performed by the full Board) is responsible for evaluating the performance of senior executives on an annual basis in accordance with the Company's Performance Evaluation Procedures policy.</p> <p>(b) The Company is did not undertake a formal performance evaluation during the 2017 financial year but did undertake formal evaluations in June 2018.</p>
<p>Principle 2: Structure the board to add value</p>		
<p>Recommendation 2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the</p>	<p>PARTIALLY</p>	<p>(a) The Board has determined that the function of the Nomination Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Nomination Committee at this stage.</p> <p>As a result, the duties that would ordinarily be assigned to the Nomination Committee under the Nomination Committee Charter are carried out by the full board.</p> <p>A copy of the Nomination Committee Charter is available on the Company's website.</p>

<p>number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<p>(b) The Board devotes time to consider Board succession issues. Where appropriate, all members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</p> <p>The Board recently conducted an annual review of the Company's Board skills matrix (in accordance with Recommendation 2.2) to ensure the Board maintains an appropriate balance of skills, experience, independence and knowledge to discharge its duties and responsibilities effectively.</p>
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>YES</p>	<p>The Board of the Company is comprised of directors with a broad range of technical, commercial, financial and other skills, experience and knowledge relevant to overseeing the business of the Company.</p> <p>The Company has developed a skills matrix which is used as a tool to assess the appropriate and ideal balance of skills, experience, independence and diversity necessary for the Board to discharge its duties and responsibilities effectively.</p> <p>A summary of the collective skills, experience, independence and diversity of the Board is set in Annexure C of the Company's Corporate Governance Plan which is available on the Company's website.</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p>	<p>YES</p>	<p>(a) The Independent Directors of the Company are:</p> <ul style="list-style-type: none"> - Harry Hill (Non-Executive Director); - Erlyn Dale (Non-Executive Director); <p>Winton Willesee, Executive Chairman, is not considered to be independent due to his executive role as Chairman of the Company.</p>

<p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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</p> <p>(c) the length of service of each director</p>		<p>(b) The Board has determined the independence of each of the Company's directors in line with the guidance set out by the ASX's Corporate Governance Council and have not formed an opinion contrary to those guidelines.</p> <p>(c) The Directors in office at the date of this Statement have served continuously since their respective dates of appointment which are as follows:</p> <ul style="list-style-type: none"> - Winton Willesee: appointed 7 July 2016; - Erlyn Dale: appointed 7 July 2016; - Harry Hill: appointed 10 August 2016.
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>YES</p>	<p>The Board Charter requires that where practical the majority of the Board will be independent.</p> <p>As at the date of this Statement, the following two of the Company's three directors are considered to be independent directors:</p> <ul style="list-style-type: none"> - Erlyn Dale (Non-Executive Director) - Harry Hill (Non-Executive Director)
<p>Recommendation 2.5</p> <p>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.</p>	<p>NO</p>	<p>The Board has formed the view that, given the size and situation of the Company, Mr Willesee is the most appropriate person to hold the position of Chairman of the Company.</p> <p>The Company's Chairman is the same person as the CEO of the Company.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge</p>	<p>YES</p>	<p>Whilst the Company does not have a formal induction process, all Directors are encouraged to undergo continual professional development and, subject to prior approval by the Chairman, all Directors have access to numerous</p>

needed to perform their role as a director effectively.		resources and professional development training to address any skills gaps.
Principle 3: Act ethically and responsibly		
<p>Recommendation 3.1 A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	YES	<p>(a) The Company has a Corporate Code of Conduct that applies to its Directors, employees and contractors (all of whom are referred to as "employees" under the Code).</p> <p>(b) The Company's Corporate Code of Conduct is available on the Company's website.</p>
Principle 4: Safeguard integrity in financial reporting		
<p>Recommendation 4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) 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</p> <p>(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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	YES	<p>(a) The Board has determined that the function of the Audit and Risk Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Audit and Risk Committee at this stage.</p> <p>As a result, the duties that would ordinarily be assigned to the Audit and Risk Committee under the Audit and Risk Committee Charter are carried out by the full board.</p> <p>The Audit and Risk Committee Charter is available on the Company's website.</p> <p>(b) The Board devotes time to consider the robustness of the various internal control systems it has in place to safeguard the integrity of the Company's financial reporting.</p>

<p>Recommendation 4.2</p> <p>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 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.</p>	<p>YES</p>	<p>Prior to the execution of the financial statements of the Company, the Company's Board received the relevant written assurances that the declarations provided in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control which is operating effectively in all material aspects in relation to the Company's financial reporting risks.</p>
<p>Recommendation 4.3</p> <p>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.</p>	<p>YES</p>	<p>The Company's external auditor will attend each of its AGM (in person or by telephone) and is available to answer questions from security holders relevant to the audit.</p>
<p>Principle 5: Make timely and balanced disclosure</p>		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>YES</p>	<p>(a) The Company has adopted a Continuous Disclosure Policy which details the processes and procedures which have been adopted by the Company to ensure that it complies with its continuous disclosure obligations as required under the ASX Listing Rules and other relevant legislation.</p> <p>(b) The Continuous Disclosure Policy is available on the Company's website.</p>
<p>Principle 6: Respect the rights of security holders</p>		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>YES</p>	<p>Shareholders can access information about the Company and its governance (including its Constitution and adopted governance policies) from the Company's website on the "Corporate Governance" page.</p>
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>YES</p>	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders.</p>

		A copy of the Company's Shareholder Communications Strategy policy is available on the Company's website.
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	<p>Shareholders will be encouraged to participate at all general meetings of the Company by written statement contained in every notice of meeting sent to shareholder prior to each meeting.</p> <p>The Company intends to accommodate shareholders who are unable to attend general meetings in person by accepting votes by proxy.</p> <p>Further, any material presented to shareholders at the meeting will be released to the ASX immediately prior to the commencement of the meeting for the benefit of those shareholders who are unable to attend in person. The Company will also announce to the ASX the outcome of each meeting immediately following its conclusion.</p> <p>At each general meeting, shareholders will be given an opportunity to ask questions in relation to the resolutions put to shareholders at that meeting, and in respect of the Company's business and operations generally.</p> <p>At each annual general meeting, shareholders will also be invited by the Chairman to ask questions of the Company's external auditor and the Board in relation to the annual financial report of the Company and the conduct of the audit.</p>
<p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	<p>Shareholders have the option of electing to receive all shareholder communications by e-mail and can update their communication preferences with the Company's registrar, Security Transfer Australia, at any time.</p>
Principle 7: Recognise and manage risk		
<p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p>	YES	<p>(a) Due to its size, the Board has determined that the function of the Audit and Risk Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Audit and Risk Committee at this stage.</p>

<p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>		<p>As a result, the duties that would ordinarily be assigned to the Audit and Risk Committee under the Audit and Risk Committee Charter are carried out by the full board.</p> <p>The Audit and Risk Committee Charter is contained in the Company's Corporate Governance Plan which is available on the Company's website.</p> <p>(b) The Board devotes time to fulfil the roles and responsibilities associated with overseeing risk and maintaining the Company's risk management framework and associated internal compliance and control procedures.</p>
<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	NO	<p>During the 2018 Financial Year, the Board, in carrying out the duties typically assigned to the Audit & Risk Committee under the Audit & Risk Committee Charter, did not undertake a formal review the Company's risk management framework in line with its <i>Risk Management Policy</i>.</p> <p>The Company has been in distress and following the liquidation of its subsidiary the Board will review the existing framework once the nature and scale of the Company's future ongoing operations are more accurately known.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	YES	<p>Due to the current size of the Company and the manageable scale of its operations, the Board, in carrying out the duties typically assigned to the Audit & Risk Committee under the Audit & Risk Committee Charter, have determined that the Company's existing risk management processes and internal controls are sufficiently robust and as such, no internal audit committee is required at this stage.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it</p>	YES	<p>Economic, environmental and social sustainability risks are managed as part of the Company's risk management framework as set out in its <i>Risk Management Policy</i>.</p>

manages or intends to manage those risks.		
Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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</p> <p>(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.</p>	YES	<p>a) Due to its size, the Board has determined that the function of the Remuneration Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Remuneration Committee at this stage.</p> <p>As a result, the duties that would ordinarily be assigned to the Remuneration Committee under the Remuneration Committee Charter are carried out by the full board.</p> <p>The Remuneration Committee Charter is available on the Company's website.</p> <p>b) The Board devotes time to fulfil the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>
<p>Recommendation 8.2</p> <p>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 and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	<p>Disclosure of the Company's policies and practices regarding the remuneration of non-executive and executive directors and other senior employees is set out in the Remuneration Report section of the Company's annual report.</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or</p>	YES	<p>(a) The Company's Remuneration Committee (the function of which is currently performed by the full Board) is responsible for the review and approval of any equity-based remuneration schemes offered to</p>

<p>otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>		<p>Directors and Employees of the Company. Further, in accordance with the Remuneration Committee Charter, the Remuneration Committee is also responsible for granting permission, on a case by case basis, for scheme participants to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Scheme.</p> <p>(b) The Company's policy in this regard is set out the Company's Remuneration Committee Charter, a copy of which is available on the Company's website.</p>
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