

The purpose of Tempo Australia Ltd (“Tempo” or the “Company”) is to deliver to clients in the resources, industrial and commercial sectors specialist multidisciplinary maintenance and construction services, which protect and enhance their investments, without ever compromising on our values. Whilst doing this the Board is committed to providing a satisfactory return to its shareholders and fulfilling its corporate governance obligations and responsibilities in the best interests of the company and its shareholders. Good governance enables Tempo to deliver this purpose whilst meeting the Boards intent.

This Corporate Governance Statement summarises Tempo’s approach to corporate governance over the financial year of 2018. Over this period the corporate governance approach is to be aligned with the third edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council in March 2014 (“Recommendations”). The Appendix 4G lodged with ASX Limited (“ASX”) indicates whether specific Recommendations are dealt with in this Corporate Governance Statement or on our website, or a combination of both.

This Corporate Governance Statement was approved by the Board of Tempo (“Board”) and is current as at 19 April 2018 in accordance with ASX Listing Rule 4.10.3.

## **Principle 1: Lay solid foundations for management and oversight**

### **Role of the Board**

The Board is responsible for, and has the authority to determine, all matters relating to the management and operation of the Company. The Board operates under a Charter, a copy of which is available in the Corporate Governance Section of the Company’s website.

In exercising its responsibilities the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

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

- Board approval of a strategic plan designed to meet stakeholders’ needs and manage business risk;
- ongoing development of the strategic plan and approving initiatives and strategies designed to ensure continued growth and success of the entity; and
- implementation of budgets by management and monitoring progress against budgets – via the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the Board include:

- approval of the annual and half-yearly financial reports;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored; and

- reporting to shareholders.

## Board Committees

In line with the organisations continued growth the Board recognised the need to establish some additional Committees in FY2016 and restructure the roles and responsibilities to align more tightly with the ASX Recommendations. To this end the Board established the following committees:

- Audit Committee (see Principle 4);
- Nomination and Remuneration Committee (see Principles 2 and 8) ; and
- Risk, HSE and Commercial Committee (see Principle 7).

The roles and responsibilities of these committees are discussed in this Corporate Governance Statement in the relevant Principles. All Board Committees have defined Charters all of which can be found in the Corporate Governance Section of the Company's website.

## Role of Management

The responsibility for the operation and administration of the Company is delegated by the Board to the Chief Executive Officer (CEO) and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive management team.

## Role of the Company Secretary

The Company Secretary is responsible for supporting the effectiveness of the Board and is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. Details of Tempo's Company Secretary can be found in the Annual Report.

## Appointment of Directors

Prior to appointing a director, the Board ensures that proper background checks are performed. Directors appointed by the Board, and directors retiring on rotation in accordance with the Company's constitution, are required to be re-elected by shareholders at a General Meeting of the Company. All relevant information relating to the director's appointment, including details of their skills and experience are made available to shareholders in the notice meeting.

The Company has written agreements in place with each director and officer setting out the terms of their appointment and outlining the key roles and responsibilities. Each director and executives must undergo an appropriate induction process to ensure they are familiar with their obligations and Tempo's operations.

## Performance Evaluation

The performance of the Board, Board Committees and key executives is reviewed regularly against both measurable and qualitative indicators. The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of Tempo. A review of the performance of the Board and key executives was performed during the year.

## Diversity

The Company is committed to being an equal opportunity employer, promoting and supporting a diverse workforce at all levels. The Company has a formal People Policy which encompasses diversity. A copy of the policy is available in the Corporate Governance Section of the Company's website. Tempo is a 'Relevant Employer' as per the Workplace Gender Equality Act 2012 (WGEA) and has reported its gender equality indicator reporting for the 2017 year and will report on an ongoing basis as required by the Act. The Board has set an objective to increase the level of gender diversity as recorded in its WGEA reporting, especially in senior levels. This comparison will be performed following the release of the Companies next WGEA report.

The Company also has a formal indigenous participation strategy in our operations to encourage community engagement. This strategy outlines the Company's commitment to providing Indigenous employment opportunities, ongoing support, training and career development.

## Principle 2 – Structure the Board to add value

### Board Composition

Together, the Board members have a broad range of financial and other skills, experience and expertise required to effectively oversee Tempo's business. The members of the Board at the date of this Corporate Governance Statement are as follows:

Name	Role	Tenure
<b>Carmelo (Charlie) Bontempo</b>	Chairman	Appointed: Chairman 31 March 2016 Appointed: Executive Chairman 17 April 2014 Appointed: Chairman 7 February 2014
<b>Guido Belgiorno-Nettis</b>	Non-Executive Director	Appointed: 22 December 2016
<b>Ian Widdicombe</b>	Non-Executive Director (Independent)	Joined: Non-Executive Director 13 June 2017

Details of all directors to have served during the year, their qualifications, and the number of meetings of the Board held during the year and the attendees at those meetings can be found in the Annual Report.

### Independence

The ASX Principles recommend that the majority of the Board of a listed entity and its Chairman should be independent. For the period of this report the organisation does not meet the 'majority' recommendation due to the large shareholdings of a number of directors and due to the Chairman, having previously held an Executive role in the Company and therefore cannot be considered independent under the ASX Recommendations. For the coming year the Board will no longer meet the 'majority' recommendation.

The Board acknowledges these non-compliances but believes that the Board is appropriately sized and structured to operate effectively in the current market environment without compromising its ability to act in the best interests of all shareholders.

## Nomination and Remuneration Committee

Recognising the organisations growth and increasing complexity the Board established a Nomination and Remuneration Committee in 2016 to provide advice, recommendations and assistance to the Board in respect of the composition of the Board and the identification and appointment of directors and senior executives. The members of the Committee at the date of this report are as follows:

Name	Role	Attendance in 2017	
		Eligible to attend	Number attended
<b>Carmelo (Charlie) Bontempo</b>	Chairman	2	2
	Non-Executive Director		
<b>Guido Belgiorino-Nettis</b>	Non-Executive Director	2	2
<b>Ian Widdicombe</b>	Non-Executive Director (Independent)	1	1

Details of all directors to have served on the Committee during the year, their qualifications, the number of meetings of the Committee held during the year and the attendees at those meetings can be found in the Annual Report.

The ASX Principles recommend that the majority of the Nominations and Remuneration committee of a listed entity and its Chairman should be independent. For the period of this report the organisation does not meet the ‘majority’ recommendation with more than 50% being non-executive, but not independent and due to the Chairman, having previously held an Executive role in the Company and therefore cannot be considered independent under the ASX Recommendations. For the coming year the Board will no longer meet the ‘majority’ recommendation.

The Board acknowledges these non-compliances but believes that the committee is appropriately sized and structured to operate effectively in the current market environment without compromising its ability to act in the best interests of all shareholders.

## Board Skills and Experience

The composition of the Board is reviewed regularly to ensure that there is an appropriate balance of skills, experience and diversity to perform the Board’s duties effectively. The table below sets out the key skills and experience of the Board at the current time:

Area	Skills and experience
Leadership	Executive leadership; Strategic thinking; Risk management; Commercial acumen
Finance and Compliance	Finance and accounting; Legal; Corporate governance; Employment compliance
Operations	Operational Project delivery; Health, Safety and Environment; Industrial relations; Human resources; Contract management
Sector and geographical	Maintenance and other contracting; Range of sectors; Domestic and international
Growth	Business development; capital markets; mergers and acquisitions

## Principle 3 – Act ethically and responsibly

The Company has a written Code of Conduct which sets ethical standards for the directors, senior executives and employees of the Company to ensure that their duties and responsibilities to the Company are performed with integrity. The Company also has a range of supporting standards and a reporting line to address any employee concerns about non-ethical behaviour. The Code of Conduct can be found in the Corporate Governance Section of the Company’s website.

The Board Charter sets out the obligations of Directors in dealing with any conflicts of interest. The Code of Conduct provides further guidelines on how directors and executives deal with identified conflicts.

In line with Tempo’s Code of Conduct, Tempo has implemented a Security Trading Standard which covers all dealings in Tempo securities by Directors, executives and other designated employees, as well as their respective associates.

## Principle 4 – Safeguard integrity in corporate reporting

### Audit Committee

The Board has delegated responsibility for monitoring and reviewing the integrity of financial statement and the effectiveness of internal controls to an Audit Committee. The Committee operates under a charter approved by the Board. The members of the Committee at the date of this report are as follows:

Name	Role	Attendance in 2017	
		Eligible to attend	Number attended
Ian Widdicombe	Committee Chair	2	2
	Non-Executive Director (Independent)		
Guido Belgiorino-Nettis	Non-Executive Director	4	4
Carmelo (Charlie) Bontempo	Non-Executive Director	4	3

Details of all directors to have served on the Committee during the year, their qualifications, the number of meetings of the Committee held during the year and the attendees at those meetings can be found in the Annual Report.

All members of the Committee are non-executive directors. The Committee Chairman is an independent director. In 2018 more than 50% of Committee members will be Non-executive-Directors, but not meet the independence requirement. The Board acknowledges this non-compliance (that the majority are independent directors) but believes that the Committee is appropriately structured to operate effectively in the current market environment without compromising its ability to act in the best interests of the shareholders.

A key role of the Audit Committee is to monitor the performance and independence of the external auditor and providing appointment recommendations to the Board. For the period of the report the External Auditor has asserted their independence through their certificate of independence and the Audit Committee have not identified anything that would suggest the external auditor did not meet this assertion.

## CEO and CFO Declaration

Prior to approving the financial statements of the Company the Board receives a declaration from the Chief Executive Officer and Chief Financial Officer 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.

## Auditor Attendance at AGM

The Company's auditor attends the Annual General Meeting and are available to answer questions from shareholders relevant to the audit.

## Principle 5 – Make timely and balanced disclosure

The Company is required to make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price of its securities.

The Company has a written Communications policy that defines the Board's intent towards continuous disclosure and is designed to both ensure compliance with the ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance.

A copy of the Communications policy is available in the Corporate Governance Section of the Company's website.

## Principle 6 – Respect the rights of security holders

The Company has a written Communication Policy aimed at providing a framework for communications with shareholders. This includes providing an opportunity to ask questions of the Board at the Annual General Meeting where shareholder participation is encouraged.

A copy of this policy is available in the Corporate Governance Section of the Company's website.

The Company's ASX releases, Annual and Half Year Reports and key corporate information, including share registry details, are published on the Company's website. Shareholders can register to receive communications electronically.

An investor relations program is implemented annually and in the current year included half year and full year results briefings and meetings with investors and analysts.

## Principle 7 – Recognise and manage risk

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations.

## Risk, HSE and Commercial Committee

The Board has delegated responsibility for monitoring and reviewing the organisations risk management framework and the effectiveness of internal controls to the Risk, HSE and Commercial Committee (“RHSEC”). The Committee operates under a charter approved by the Board. The members of the Committee at the date of this report are as follows:

Name	Role	Attendance in 2017	
		Eligible to attend	Number attended
<b>Guido Belgiorino-Nettis</b>	Committee Chair Non-Executive Director	4	4
<b>Ian Widdicombe</b>	Non-Executive Director (Independent)	2	2
<b>Carmelo (Charlie) Bontempo</b>	Non-Executive Director	4	3

Details of all directors to have served on the Committee during the year, their qualifications, the number of meetings of the Committee held during the year and the attendees at those meetings can be found in the Annual Report.

All members of the RHSEC Committee are currently non-executive directors. The Committee Chairman is an independent director. As at the date of this report 33% of the Committee members are independent and 50% are Non-executive-Directors. The Board acknowledges this non-compliance (that the majority are independent directors) but believes that the Committee is appropriately structured to operate effectively in the current market environment without compromising its ability to act in the best interests of the shareholders.

## Risk Management Framework

The Company’s risk management framework is continually evolving in order to maintain relevance to the businesses operations and risk exposure.

The risk management framework was reviewed in the period covered by this report by the RHSEC Committee. The review considered the risk management framework to be appropriate at the present time.

## Internal Audit

The Company does not currently have a formal internal audit function but compliance with key processes including health, safety and environment management and the risk framework are reviewed periodically by the Company’s quality assurance function. The Board believes that this is sufficient at the present time given the scale and nature of the organisations operations.

## Exposure to Material Risk

The Board acknowledges that there is a major risk around securing additional work in a challenging market environment. The Board has taken a number of steps to mitigate this risk, such as through the acquisition of

KP Electric which has more recurring revenues, plus developing its networks in adjacent markets. Other than this the directors and executives does not have any material exposure to economic, environmental and social sustainability risks other than general market risks as discussed in the Annual Report.

## **Principle 8 – Remunerate fairly and responsibility**

### **Nomination and Remuneration Committee**

The Board is responsible for determining and reviewing compensation arrangements for the Board and the executive team. The Board has established a Nomination and Remuneration Committee to provide advice and recommendations with respect to remuneration matters. Further details of the Committee can be found in Principle 2 above.

### **Remuneration Policies and Practices**

The Company has separate policies and practices for the remuneration of non-executive directors and executive directors and senior management. Full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period is contained within the Remuneration Report in the Annual Report.

The Company has a Code of Conduct which prohibits participants in the company's equity-based long term incentive scheme from entering into transactions (such as the use of derivative products) to limit the economic risk of participating in the scheme. A copy of the Code of Conduct is available in the Corporate Governance Section of the Company's website.

### **Conclusion**

The Board is satisfied with its level of compliance with the Recommendations. However, the Board recognises that processes and procedures require continual monitoring and improvement. Tempo's corporate governance framework is continually reviewed and updated as changes occur in the regulatory environment to ensure that it remains effective and compliant.

Authorised by:



**Charlie Bontempo**

**Chairman**

19 April 2018