

migme Limited
Corporate Governance Statement
31 December 2015

This Corporate Governance Statement of migme Limited (the 'company') has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations') and is included in the company's website pursuant to ASX Listing Rule 4.10.3. This listing rule requires the company to disclose the extent to which it has followed the recommendations during the financial year, including reasons where the company has not followed a recommendation and any related alternative governance practice adopted.

The company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, our website or Annual Report, is contained on our website at www.company.mig.me

Both this Corporate Governance Statement and the ASX Appendix 4G have been lodged with the ASX. This statement has been approved by the company's Board of Directors ('Board') and is current as at 23 March 2016.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

Principle 1: Lay solid foundations for management and oversight

Recommendation 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 company's Board maintains the following roles and responsibilities:

- being accountable for the performance of the company;
- providing leadership and setting the strategic objectives of the company;
- appointing the Chair and, if the company has one, the Deputy Chair and/or the "senior independent director";
- appointing, and when necessary (if the company has one) replacing, the Chief Executive Officer ('CEO') and other senior executives including the Company Secretary;
- if the company has one, assessing the performance of the Managing Director and/or CEO and overseeing succession plans for senior executives;
- overseeing management's implementation of the company's strategic objectives;
- approving operating budgets and major capital expenditure;
- overseeing the integrity of the company's accounting and corporate reporting systems, including the external audit;
- overseeing the company's process for market disclosure of all material information concerning the company that a reasonable person would expect to have a material effect on the price or value of the company's securities;
- ensuring that the company has in place an appropriate risk management framework and setting the risk parameters within which the Board expects management to operate;
- approving the company's remuneration framework;
- monitoring the effectiveness of the company's governance practices; and
- overseeing the reporting to and communications with shareholders.

The Board has delegated the day-to-day management of the company to the CEO and other senior executives ('management'). The company's management is responsible for the following:

- implementing the strategic objectives set by the Board;
- operating within the risk parameters set by the Board;
- operational and business management of the company;
- managing the company's reputation and operating performance in accordance parameters set by the Board;
- day-to-day running of the company;
- providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities; and
- approving capital expenditure (except acquisitions) within delegated authority levels.

Senior executives have their roles and responsibilities defined in specific position descriptions.

Recommendation 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.

Before appointing a director, or putting forward to shareholders a director for appointment, the company undertakes comprehensive reference checks that cover elements such as the person's character, experience, employment history, qualifications, criminal history, bankruptcy history and disqualified officer status. Directors are required to declare each year that they have not been disqualified from holding the office of director by the Australian Securities and Investments Commission ('ASIC').

An election of directors is held each year. A director that has been appointed during the year must stand for election at the next Annual General Meeting ('AGM'). Directors are generally appointed for a term of three years. Retiring directors are not automatically re-appointed.

The company provides to shareholders for their consideration information about each candidate standing for election or re-election as a director that the Board considers necessary for shareholders to make a fully informed decision. Such information includes the person's biography, which include experience and qualifications, details of other directorships, adverse information about the person that the Board is aware of including material that may affect the person's ability to act independently on matters before the Board and whether the Board supports the appointment or re-election.

Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company has written agreements with its senior executives outlining their respective roles, duties, obligations and remuneration, but does not have written agreements with each director.

The Board has determined the required committee work and other special duties for each non-executive director, the remuneration of each non-executive director, their reporting obligations and the required disclosure of their relevant interests, which may affect their independence.

The independent company secretary does not have a written agreement.

Recommendation 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 Company Secretary reports directly to the Board through the Chairman and is accessible to all directors. The Company Secretary's role, in respect of matters relating to the proper functioning of the Board, includes:

- advising the Board and its committees (if applicable) on governance matters;
- monitoring compliance of the Board and associated committees with policies and procedures;
- coordinating all Board business;
- retaining independent professional advisors;
- ensuring that the business at Board and committee meetings is accurately minuted;
- assisting with the induction and development of directors; and
- assisting with the preparation and thereafter the timely lodgement of all ASX announcements and ASIC compliance .

Recommendation 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 company has a policy that provides the framework to achieve a skilled and diverse workforce where persons are employed on merit, It is considered that this policy serves the Company, its shareholders, current and future employees and the company's geographic diversity well. The board's policy is to appoint, as directors, the best possible candidates for the role and the board is consistently reviewing, without bias, potential candidates.

The Board has determined that no specific measurable objectives and strategies will be established to meet the objectives of the Diversity Policy until after the rapid expansion that the company is currently experiencing subsides, which will enable meaningful and achievable objectives to be developed.

The company's policy aims to provide a work environment where employees have equal access to career opportunities, training and benefits. It also aims to ensure that employees are treated with fairness and respect, and are not judged by unlawful or irrelevant reference to gender, age, ethnicity, race, cultural background, disability, religion, sexual orientation or caring responsibilities. This commitment will enable the company to attract and retain employees with the best skills and abilities.

The respective proportion of women and men in the company including its subsidiaries ('consolidated entity') as at 31 December 2015 are as follows:

	Portion of women	Proportion of men
On the Board	0%	100%
In senior executive positions	50%	50%
Other	39%	61%
Across the whole organisation	38%	62%

For this purpose, the Board defines a senior executive as a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the company's financial standing. This therefore includes all senior management and senior executive designated positions as well as senior specialised professionals.

As no entity within the consolidated entity is a 'relevant employer' for the purposes of the Workplace Gender Equality Act 2012 on the basis that no entity employs 100 or more employees in Australia, there are no Gender Equality Indicators to be disclosed.

Recommendation 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 Board reviews its performance, as well as the performance of individual committees (if applicable) and individual directors (including the performance of the Chairman as Chairman of the Board). The use of an external facilitator may be utilised periodically to assist in the review process.

The review for the current financial year occurred in December 2015 and was led by the Chairman. The process included collective discussions with senior executives to capture observations for where improvements could be made and where processes worked well, individual interviews with directors conducted by the Chairman, and provision of anonymous feedback collected from individual Board members. The Board and senior executives work very closely and regular feedback, as to the respective effectiveness and contributions made by all parties, is discussed in a frank and forthright manner as a part of the Board and management undertakings. This practice provides contemporary feedback as to

individual performance and is likely to continue.

Recommendation 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 Board conducts an annual performance assessment of the CEO against agreed performance measures. The CEO undertakes assessments of senior executives throughout the year. In assessing the performance of the individuals, the reviews include consideration of the senior executive's function, individual targets, group targets and the overall performance of the company.

The CEO provides feedback to the Board on the performance of senior executives together with remuneration recommendations, which must be approved by the Remuneration Committee. The last review of senior executives in accordance with this process was undertaken during November 2015.

Refer also to the processes adopted in Recommendation 1.6 above.

Principle 2: Structure the board to add value

Recommendation 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.**

Given the level of activity of the company throughout the year, the Board assumed the duties and responsibilities typically delegated to a nomination committee.

A description of the procedures for the selection and appointment of new Directors and the re-election of incumbents is contained with the Board Charter which is maintained at the company's website.

The roles and responsibilities of the Board include the following:

- identification of skills and competencies required for the Board and related committees;
- nomination, selection and performance evaluation of directors and senior executives; and
- designing of succession plans and induction programs for directors.

Recommendation 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.

The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. It is therefore used when recruiting new directors and assessing which skills need to be outsourced based on the attributes of the current Board members. The existence of each attribute is assessed by the Board as either, High, Medium or Low.

Skill category	Description of attributes required	Level of importance	Existence in current Board
Risk and compliance	Identification of key risks to the company related to each key area of operations. Monitoring of risks, satisfy compliance issues and knowledge of legal and regulatory requirements.	High	High
Financial and audit	Analysis and interpretation of accounting and finance issues including assessment and resolution of audit and financial reporting risks, contribution to budgeting and financial management of projects and company, assessing and supervising capital management.	High	High
Strategic	Development of strategies to achieve business objectives, oversee implementation and maintenance of strategies, and identification and critical assessment of strategic opportunities and threats to the company.	High	High
Operating policies	Key issue identification representing operational and reputational risks and development of policy responses and parameters within which the company should operate.	Medium	Medium
Information technology	Knowledge of IT governance including privacy, data management and security.	Medium	Medium
Executive management	Performance assessments of senior executives, succession planning for key executives, setting of key performance hurdles, experience in industrial relations and organisational change management programmes.	Low	Low
Age and gender	Board aims for equal gender representation and range of experienced individuals to contribute towards better Board outcomes.	Low	Low

The Board currently believes that its membership adequately represents the required skills as set out in the matrix and therefore does not intend to seek any new or alternative candidates. External consultants may be brought in with specialist knowledge to address areas where this is an attribute deficiency in the Board.

In addition to the specific areas that are required at Board level identified in the matrix above, all members of the Board are assessed for the following attributes before they are considered an appropriate candidate.

Board Member Attributes

Leadership	Represents the company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts considered; leads others to action; proactive solution seeker.
Ethics and integrity	Awareness of social, professional and legal responsibilities at individual, company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation.
Communication	Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives.
Negotiation	Negotiation skills which engender stakeholder support for implementing Board decisions.
Corporate governance	Experienced director that is familiar with the mechanisms, controls and channels to deliver effective governance and manage risks.

Recommendation 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 Board assesses annually the independence of each director to ensure that those designated as independent do not have any alliance to the interests of management, substantial shareholders or other relevant stakeholders. They must be free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the company and its security holders generally.

Details of the Board of directors, their appointment date, length of service and independence status is as follows:

Director's name	Appointment date	Length of service at reporting date	Independence status
Howard Dawson	12 December 2003	13 years 3 months	Independent non-executive
Steven Goh	8 August 2014	1 year 8 months	Not-independent executive
Charles Pan	8 August 2014	1 year 8 months	Not-Independent executive
Andi Zain	8 August 2014	1 year 8 months	Independent non-executive
Dmitry Levit	8 August 2014	1 year 8 months	Independent non-executive
John Lee	8 August 2014	1 year 8 months	Independent non-executive
Yichin Lee	8 August 2014	1 year 8 months	Independent non-executive
Stephen Llanwarne	2 October 2014	1 year 6 months	Independent non-executive

The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.

There are no directors that the Board has declared as independent but which maintain an interest or relationship that could be perceived as impairing independence.

As part of its independence assessment, the Board considers the length of time that the director has been on the Board, as a prolonged service period may also be seen to impair independence. The Board concludes that, other than Mr Dawson, no non-executive director has been on the Board for a period which could be seen to compromise their independence. Such a period is generally considered to be in excess of 10 years. Being on the Board for a period in excess of 10 years does not however constitute an automatic deeming of non-independence. As a result of the substantial change in the nature and scale of the Company's activities that took place following the merger of the Company with Project Goth Inc in August 2014, Mr Dawson is considered independent.

Where it is determined that a non-executive director should no longer be considered independent, the company shall make an announcement to the market.

Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.

A majority of the Board are independent directors.

Recommendation 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.

Mr Dawson is the chair of the Board and is considered to be an independent director of the company. Mr Goh is the CEO of the company.

Recommendation 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 Board reviews whether the directors as a group have the skills, knowledge and familiarity with the company and its operating environment required to fulfil their role on the board and on board committees effectively.

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It is intended that any new director complete an induction program coordinated by the Company Secretary and/or the CFO on behalf of the Board. The program would an explanation of company policies and procedures, governance frameworks, cultures and values, company history, director and executive profiles and other pertinent company information. The company has a procedure in place that enables directors to take independent professional advice at the expense of the company.

Principle 3: Act ethically and responsibly

Recommendation 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.

The company maintains a code of conduct for its directors, senior executives and employees. In summary, the code requires the following of each relevant person:

- act honestly, in good faith and in the best interests of the company as a whole;
- exercise a duty to use care and diligence in fulfilling the functions of office or position and exercising the powers attached to that office or position;
- use the powers of office for a proper purpose and in the best interests of the company as a whole;
- recognise that the primary responsibility is to the company as a whole but may, where appropriate, have regard for the interest of other stakeholders of the company;
- not to make improper use of information acquired as a director or employee;
- not take improper advantage of their position as a member of the Board or employee;
- properly manage and declare any conflict of interest with the company;
- directors to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board;
- confidential information received in the course of the exercise of their duties remains the property of the company and, unless appropriate authority granted, it is improper to disclose it, or allow it to be disclosed;
- not to engage in conduct likely to affect the reputation of company; and
- to comply with the spirit, as well as the letter, of the law and with the principles of this code.

That code is available on the company's website.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 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.**

The Board has established an audit committee that comprises three non-executive independent directors and the company secretary. The committee is chaired by an independent director, who is not the chair of the board.

Each Board member has free and open access to the external auditor, the company secretary, CFO and the company's accounting personnel.

The removal of the external auditor and the appointment of a new auditor requires the approval of members.

Details of the qualifications and experience of each member of the audit committee is set out in the Directors' report.

The Board has delegated to the audit committee all the necessary powers to undertake the role and in conjunction with the Company Secretary achieves this objective by ensuring that the following functions are undertaken:

- reviewing and monitoring the integrity of the Annual Report, including the financial statements;

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- reviewing and overseeing systems of risk management, internal control and legal compliance;
- reviewing the adequacy of the corporate reporting processes;
- reviewing the scope and adequacy of the external audit;
- overseeing the processes for identifying significant risks facing the Company and implementing appropriate and adequate control, monitoring and reporting mechanisms; and
- liaising with and monitoring the performance and independence of the external auditor and the rotation of the engagement partner.

Recommendation 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.

In relation to the financial statements for the financial year ended 31 December 2015, the company's CEO and CFO have provided the Board with declarations, that in their opinion:

- the financial records of the company have been properly maintained;
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company; and
- has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 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 engagement partner (or a representative) from the company's auditor attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 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.

Listing Rule 3.1 requires a listed entity, subject to certain exceptions, to disclose to ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. The company is committed to providing the market with complete and timely information about disclosure events in compliance with its continuous disclosure obligations and the Corporations Act 2001.

The company maintains a written policy that outlines the responsibilities relating to the directors, officers and employees in complying with the company's disclosure obligations. Where any such person is of any doubt as to whether they possess information that could be classified as market sensitive, they are required to notify the Company Secretary immediately, in the first instance, so that appropriate analysis and internal consultation can be conducted. Legal advice may also be sought from the company's external counsel.

The Company Secretary is required to consult with the CEO in relation to matters brought to his/her attention for potential announcement. Where the matter is urgent and the CEO is not contactable, the Chairman is contacted. Where Chairman or another Director is not contactable, the Company Secretary may decide whether an announcement is made, or whether a trading halt is warranted.

Generally, the CEO is ultimately responsible for decisions relating to the making of market announcements. The Company Secretary is responsible for ensuring that the Board is aware of items of business that could result in an announcement. The Board is required to authorise announcements of significance to the company such as significant acquisitions, disposals and closures, dividend declarations and buybacks, and any other transaction flagged by the Chairman as being fundamentally significant.

The Company Secretary is responsible for advising when announcements are not required due to either circumstances such as where the information relates to matters of supposition or is insufficiently definite, it concerns an incomplete proposal or negotiation, the information is confidential or would represent a breach of law if disclosed, and where a reasonable person would not expect the disclosure of the information.

No member of the company shall disclose market sensitive information to any person unless they have received acknowledgement from the ASX that the information has been released to the market.

Principle 6: Respect the rights of security holders

Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.

The company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.

Recommendations 6.2 and 6.3

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).

In order for the investors to gain a greater understanding of the company's business, governance practices, financial performance and future prospects, the company remains open and available to receive any interactions during the year from interested institutional and private investors, analysts and the financial media.

Meetings and discussions with analysts are generally conducted by the CEO. The discussions are restricted to explanations of information already within the market or which deal with non-price sensitive information. The company's investor relations program allows investors and other financial market participants to gain a greater understanding of the company's business, governance, financial performance and prospects.

The company encourages shareholders to attend the company's AGM and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to.

Recommendation 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 company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Advanced Share Registry Limited at www.advancedshare.com.au.

Principle 7: Recognise and manage risk

Recommendations 7.1 and 7.2

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 (7.1).**

**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 (7.2).**

The Board has established a risk committee that comprises three independent directors and the company secretary. The committee is chaired by an independent director.

The committee's responsibilities include reviewing and making recommendations to the Board in relation to procedures for general risk oversight, monitoring risk, internal controls, risk management, risk transfer and insurance and other responsibilities.

The Board determines policy and the monitoring of corporate activity in order to understand risks which may:

- impede the company from achieving its goals and objectives;
- impact on the company's performance;
- affect the health, safety or welfare of employees, visitors and others in relation to the company's operations;
- threaten compliance with the company's regulatory and legal obligations;
- impact on the community and the environment in which the company operates;
- impact on the company's reputation, or that of its people; and
- result in personal liability for company officers arising from the company's operations.

The Board's responsibilities include review of the following elements:

- company risk appetite and risk tolerance, across the company and within specific operational/regional segments;
- the likelihood of occurrence, severity of impact, and any mitigating measures affecting those risks;
- responsibility for risk oversight and management of specific risks to ensure a common understanding of accountabilities and roles;
- procedures for periodic and critical reporting of matters;
- communication of risk management policies and strategies throughout the company to ensure it is embedded as part of the company's corporate culture;
- internal communication and control systems to encourage the timely flow of risk-related information;
- reports from management, external auditors, legal counsel, regulators, and consultants as appropriate, regarding risks the company faces and the company's management of those risks;
- assessment of the internal processes for determining and managing key risk areas, with particular focus on compliance with laws, regulations, standards and best practice guidelines, important judgments and accounting estimates, litigation and claims, and fraud and theft;
- assessment of effectiveness of the internal controls, risk management and performance management systems after consultation with management and the internal and external auditors;
- assessment of effectiveness of, and compliance with, the corporate code of ethical conduct and compliance with internal plans, policies and procedures;
- obtaining regular updates from management and company lawyers about compliance matters;
- ensuring the CEO and CFO are reasonably able to state that their declarations under section 295A of the Corporations Act 2001 relating to financial statements and reports of the company are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects, in relation to the financial reporting risks;
- how certain risks of the company have been mitigated by risk transfer strategies;
- the scope, adequacy and cost of the company's insurance arrangements;

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- ensure appropriate corporate governance is in place within the scope of its remit; and
- confirm annually that all responsibilities have been carried out.

The Board reviews the company's risk management framework at least annually to ensure that it is still suitable to the company's operations and objectives and that the company is operating within the risk parameters agreed by the Board. As a consequence of the last review undertaken for the year ended 31 December 2015, there were no significant recommendations made.

Recommendation 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.

The company does not maintain a separate internal audit function. The CFO oversees the accounting and reporting process (along with the imbedded systems and controls) and reports to the Board, which determines the adequacy of these systems and approves any recommendations for implementation. The CFO also works closely with the accounting personnel and is given unrestricted access to the books and records of the company. This overview function is operated completely independently of the external audit.

Recommendation 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.

The management of the company and the execution of its operational strategies are subject to a number of risks which could adversely affect the company's future development. The following is not an exhaustive list or explanation of all risks and uncertainties associated with the company (and its subsidiaries), but those considered by management to be the principal material risks:

Cash and other financial risk	The management of cash is of fundamental importance. The company is also exposed to financial risks such as foreign currency risk, interest rate risk and commodity price risk. Refer to the 'Financial Risk Management' note to the financial statements for further information on these risks and how they are managed.
Loss of people	The company's executive team is instrumental in implementing the company's strategies and plans which support the business. The risk of the loss of the CEO is currently considered high. The risk of the loss of other key personnel is currently considered low and is mitigated by regular feedback and reviews to all parties. Given the current nature and level of the company's activities, the Board is presently of the view that additional qualified key personnel are to be recruited to bolster the executive team and/or replace any incumbent management.
Equal opportunity	The company is committed to an active equal opportunities policy. It is the company's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of the employees and the needs of the company.
Environmental responsibilities	The company's approach is to make a positive difference to the people, environment and communities in which it works.

Refer to commentary at Recommendations 7.1 and 7.2 for information on the company's risk management framework.

Principle 8: Remunerate fairly and responsibly

Recommendation 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.

The Board has established a remuneration committee that comprises three independent directors. The committee is chaired by an independent director.

The remuneration committee oversees remuneration policy and monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees.

The remuneration committee monitors and advises the Board on the following matters:

- the company's remuneration structure including long term incentives and superannuation arrangements;
- remuneration and incentives of the CFO, CEO and key management personnel;
- performance and remuneration of senior management;
- remuneration strategies, practices and disclosures generally;
- workplace health and safety;
- workplace diversity;
- employee share payment plans;
- recruitment, retention and termination strategies;
- management succession, capability and talent development; and
- the Remuneration Report, contained within the Directors' Report.

When considered necessary, the remuneration committee can obtain external advice from independent consultants in determining the company's remuneration practices including remuneration levels.

Shareholders determine the maximum quantum of remuneration (in aggregate) that can be payable to non-executive directors.

Recommendation 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.

Non-executive directors are remunerated by way of a cash fee together with the reimbursement of any out of pocket costs necessarily incurred in the performance of their duties. The fee stipendiary and any expense reimbursements are paid on a monthly basis. The level of remuneration reflects the anticipated time commitments and responsibilities of the position, given the existing nature of the company's activities. Non-executive directors are also entitled to be paid for any additional time and services rendered (including for committee representation) or for any specialist services they may provide, at an agreed rate, and which are deemed by the board to be over and above the commitments reasonably expected.

Directors and officers are also entitled to have an appropriate insurance policy for their respective roles - where the cost of the D&O insurance is born by the company.

Executive directors and other executives can be remunerated using a combination of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates having regard to the individual's skillset, responsibilities and performance relative to the nature and level of the company's business activities. Performance based remuneration (if applicable) is linked directly to specific performance targets that are aligned to both short and long term objectives. Share options and rights (if applicable) are aligned to longer term performance hurdles. Termination payments are detailed in individual contracts (if applicable) and payable on early termination with the exclusion of termination in the event of misconduct.

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Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' Report.

Recommendation 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***

Where a director or other senior executive or other officer of the company uses derivatives or other hedging arrangements over securities of the company, this must be disclosed to the Chairman or CFO.