

# AUSTRALIAN VINTAGE LIMITED

## CORPORATE GOVERNANCE STATEMENT

The Directors are responsible for the corporate governance practices of the Company. This statement sets out the main corporate governance practices of the Company which the Directors, Management and Employees of the Company are required to follow.

As at the date of this report, and following a full review of its corporate governance systems and policies, the Company's corporate governance practices have, in the opinion of the Board, complied with the third edition of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council.

Each of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council ("ASX Principles") are referred to consecutively below and the information provided under each Principle is done so in accordance with recommendations made by the ASX Corporate Governance Council.

### Introduction

Corporate Governance is the system or process by which a company is directed or controlled. It is concerned with the manner in which the Directors ensure that an organisation's systems and processes are properly controlled and functioning effectively and that management is complying with the policies and directives of the Board. Corporate Governance structures provide a controlled process for risks taken by a company to be subjected to accountability and control systems commensurate with the risks involved.

*ASX Principle 1: Lay Solid Foundations for Management and Oversight*

#### Recommendation 1.1 - Roles and Responsibilities of the Board of Directors and Management

Board information contained in this Corporate Governance Statement and the Board Charter can be found at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance".

Responsibility for the overall direction and management of the Company, the Company's corporate governance and the internal workings, including establishing goals for management and monitoring the attainment of these goals, of the Company will rest with its board of Directors ("Board").

#### The Primary Responsibilities of the Board include:

- the establishment of the long-term goals of the Company and strategic plans to achieve those goals;
- ensuring that the Company has implemented adequate systems of internal controls and codes of conduct together with appropriate monitoring of compliance activities;
- provision of strategic guidance for the Company and oversight of management of the Company including ensuring that systems are in place to facilitate the effective management of the principal risks of the Company;
- appointing and overseeing the Chief Executive Officer and ratifying the appointments of the Chief Financial Officer and the Company Secretary;
- the review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a monthly basis; and
- establishment of proper succession plans for management of the Company.

The Company's management has authority to implement all other aspects of the management of the Company which are not reserved to the Board or Board committees (including the implementation of Board strategies). The management of the Company is conducted by the Chief Executive Officer. The Chief Executive Officer is accountable to the Board for all authority delegated to executive management. The roles of Chairman and Chief Executive Officer are separate. A further detailed list of Board responsibilities can be found in the Board Charter available at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance".

## Recommendation 1.2 - Checks and Information

In relation to appointing a new person, or putting forward to shareholders a candidate for election as a Director, the Company will verify via appropriate independent checks that any new proposed Director is capable of holding a position as a director and is a fit and proper person for that purpose as per the requirements of the Corporations Act and other relevant legislative requirements.

In addition, the Company will continue to provide Shareholders with all material information in its possession relevant to a decision whether or not to elect or re-elect a director.

## Recommendation 1.3 - Written Agreements

The Company has written agreements in place with each Director and all Senior Executives setting out the terms of their appointment.

## Recommendation 1.4 - 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.

## Recommendation 1.5 - Workplace Diversity

At Australian Vintage we recognise that an inclusive culture which embraces diversity is integral to our continuing success. The Company is committed to diversity in the workplace and has implemented a group-wide Diversity Policy. The details of the Policy are available at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance".

In accordance with its Diversity Policy, the Board has adopted measurable objectives for achieving gender diversity. All levels of management are required under the Company's Diversity Policy to monitor and report annually to the Remuneration and Nomination Committee of the Board on the progress and effectiveness of these objectives.

In relation to the constitution of the Board the Company has a number of initiatives in place to meet its strategic imperative of ensuring the Company has a diverse Board and to achieve its measurable objective regarding Board diversity. These include:

- ensuring a diverse range of qualified candidates is considered for Board appointments;
- evolving a Board skills matrix and using the matrix to identify any gaps in the experience, skills and background, including gender and diversity generally, of Directors on the Board;
- participating in programs to assist in the development of a broader pool of skilled and experienced Board candidates;
- including diversity as a regular agenda item for Committee meetings; and
- reporting on the use of professional intermediaries (such as external search firms) to identify and assess qualified candidates.

The Board will continue to review its structure and membership to ensure that it meets operational requirements and will endeavour to continue to maintain Board diversity in the future.

Similar initiatives are in place to meet the objective of a diverse management team.

The objectives for diversity for FY16, along with outcomes achieved are as follows:

Workplace Diversity Objectives FY16	Workplace Diversity Outcomes FY16
<p>Strategy</p> <ul style="list-style-type: none"><li>• Continue to drive and bring to life the gender objectives and strategies outlined in the Company's Diversity Policy.</li><li>• Communicate the Company's diversity agenda to the business and actively promote its benefits.</li></ul>	<ul style="list-style-type: none"><li>• The Company has published its Diversity policy; and along with other key employee communications supports and advocates for diversity and other workplace initiatives throughout the year.</li></ul>

Workplace Diversity Objectives FY16	Workplace Diversity Outcomes FY16
<b>Stakeholder Management</b> <ul style="list-style-type: none"> <li>Actively promote the Company's diversity agenda in day- to-day activities with management to achieve buy in and to integrate into the Company's culture.</li> </ul>	<ul style="list-style-type: none"> <li>Improved workplace flexibility with increased job share and part-time arrangements.</li> </ul>
<b>Gender Composition</b> <ul style="list-style-type: none"> <li>Maintain female representation of 20% on the Board.</li> <li>Maintain female representation in management roles in line with national benchmarks.</li> </ul>	<ul style="list-style-type: none"> <li>Naseema Sparks continues in her role as a non-Executive Director on the Board, with female representation maintained at 20%.</li> <li>The senior management team size increased overall by one member during the period; with a simultaneous change in the mix increasing female representation from one to two members. Despite the increased female member representation, representation did decline from 12.5% to 11.11%.</li> </ul>
<b>Talent Pipeline</b> <ul style="list-style-type: none"> <li>Ensure that the Company's recruitment and selection procedure reflects candidate and interview panel diversity along with equal gender candidate split where possible.</li> <li>Analyse talent matrix to identify female talent for mentoring/succession planning.</li> </ul>	<ul style="list-style-type: none"> <li>The Company's recruitment and selection processes resulted in 48% of all permanent appointments within FY16 being female.</li> <li>The Company's succession planning was undertaken at senior management level in FY16, with 20% of potential successors identified being female. The Company is targeting an equitable ratio for succession by FY20.</li> </ul>
<b>Benefits</b> <ul style="list-style-type: none"> <li>Promote the Company's parental leave procedures and flexible work arrangements policy to retain talent.</li> </ul>	<ul style="list-style-type: none"> <li>10 Employees enjoyed the benefits of either Parental Leave or Paternity Leave during FY16, with: <ul style="list-style-type: none"> <li>8 females accessing a period of Parental Leave (with an 87.5% return to work rate in either full or part-time capacity);</li> <li>2 males accessing their Paternity Leave provisions.</li> </ul> </li> </ul>

The above objectives remain in place for FY17 and the Company commits to continuing progress with respect to workplace diversity.

The following tables show the proportional representation of men and women at various levels within the Company's workforce as at 30 June 2016.

#### Workforce Gender Profile

All staff		Total females	Total males	% of females	% of males
Total Employees	425	147	278	34.59%	65.41%
Non-Executive Directors	4	1	3	25.00%	75.00%
Senior Executives	8	1	7	12.50%	87.50%
Other (Non Production) (inc UK / HK)	165	79	86	47.88%	52.12%
Other (Production)	260	68	192	26.15%	73.85%

## Recommendations 1.6 and 1.7 - Board and Executive Performance Evaluation

The Board undertakes a peer assessment review of the performance of the Chief Executive Officer each year. Numerous performance indicators have been developed to assist in the assessment.

The Board also conducts an annual review of Board performance in accordance with the Company's Board Performance Measurement policy, which is available at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance".

The Chief Executive Officer reviews performance of key executives continuously on an informal basis (by assessing achievements against budgets and other goals and key performance indicators) and at least once in each year on a formal basis with a face-to-face performance review.

All of these reviews have been conducted in relation to FY16 in accordance with the relevant processes.

### *ASX Principle 2: Structure the Board to Add Value*

#### Recommendation 2.1 - Remuneration and Nomination Committee

The Company's aim in determining Board membership is to create a balanced and informed Board to assist the Company in making decisions relating to all corporate matters.

New Directors are nominated by existing Board Members (following a search process undertaken by an independent service provider to identify suitably qualified candidates) through the delegated functions of the Remuneration and Nomination Committee. New Directors are invited to become members of the Board on the basis of a majority vote of Directors. Consideration is given to Director's experience and qualifications with a view to ensuring effectiveness and an appropriate balance of skills.

Details of membership of the Remuneration and Nomination Committee and its function are provided below under the heading "ASX Principle 8: Remunerate Responsibly and Fairly".

#### Recommendation 2.2 - Mix of Skills

Members of the Board have been brought together to provide a blend of qualifications, skills and experience required for managing a company operating in the wine industry. The skills of each Director are detailed in the matrix below. The experience, expertise and period in office of each Director are detailed in this Annual Report.

BOARD SKILLS MATRIX					
	BUSINESS MANAGEMENT	INDUSTRY	ACCOUNTING/ FINANCE	MARKETING/ DIGITAL	INTERNATIONAL BUSINESS
Richard Davis	x		x		x
Perry Gunner	x	x		x	x
Naseema Sparks	x	x		x	
John Davies	x	x	x		
Neil McGuigan	x	x			x

#### Recommendations 2.3, 2.4 and 2.5 - Independent Directors

The Board is to comprise a majority of Non-Executive Directors where the Chairman of the Board is also a Non-Executive, independent Director and hence not the Chief Executive Officer (Managing Director). With the exception of the Chairman all Non- Executive Directors are appointed on the same terms and conditions. No Director, other than the Chief Executive Officer (Managing Director), shall hold office for any longer than three years without submitting themselves for re-election.

The Board currently consists of:

Richard Davis	Chairman	Independent, Non-Executive
Neil McGuigan	Chief Executive Officer	Non-Independent, Executive
Perry Gunner *		Independent, Non-Executive
Naseema Sparks		Independent, Non-Executive
John Davies		Independent, Non-Executive
Peter Perrin		Independent, Non-Executive

\* Whilst Perry Gunner has been a Director of Australian Vintage Limited for more than 10 years, the other Directors have determined on balance that his independence remains uncompromised.

The terms of office held by each Director are detailed in the Directors' Report included in the Annual Report. The Board has adopted the definition of independence set out in the ASX Principles.

There are several tests that are applied in determining the independence of each Director. An independent Director must:

- not be a substantial shareholder of the Company (or be associated with a substantial shareholder of the Company);
- not have been employed in an executive capacity within the Company (or a member of the Company's group) and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- not have acted as a material professional adviser or consultant, or a material supplier, customer or contractor to the Company within the last three years;
- not have a material contractual relationship with the Company (other than his or her relationship as Director of the Company). A material contractual relationship between the Company and another entity that a Director is associated with or employed by is based by the Company on a 5% materiality level;
- be free from any interest or business which could be perceived as having a material effect on the Company, or the best interests of the Company. The Company entered into an arrangement with Neil McGuigan at the time he was appointed Chief Executive Officer which allows him to sell wine under the 'Neil McGuigan' label through direct marketing channels only subject to certain conditions which include not using the Company's reputation in its brands and awards in promoting the sale of those products. The Company considers this arrangement to be immaterial and does not create a conflict with the best interests of the Company;
- not have close family ties with any person who falls within the categories described above;
- not have been a Director of the Company for such a period that his or her independence may have been compromised.

Having regard to the criteria above, the Board generally considers a Director to be independent if he or she is not a member of management and is free of any interest and any other business relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Each Director's independence is assessed by the Board on an individual basis, having regard to the materiality guidelines detailed above and focussing on an assessment of each Director's capacity to bring independence of judgment to Board decisions. In this context, Directors are required to promptly disclose to the Board their interests in contracts, family ties and cross- directorships which may be relevant in considering their independence.

Each non-executive Director was considered to be free of any relationship that could possibly interfere with the Director acting in the best interests of the Company.

## Recommendation 2.6 - Induction Program

The Company has established a program for inducting new Directors and will continue to provide Directors with

appropriate professional development opportunities for them to develop and maintain their skills and knowledge needed to perform their role as Directors effectively.

#### *ASX Principle 3: Promote Ethical and Responsible Decision Making*

##### **Recommendation 3.1 - Ethics and Code of Conduct**

The Board and management ensure that the business processes of the Company are at all times conducted according to sound ethical and legal principles. The Board has established a formal Ethics and General Conduct Code. Compliance with the Code is mandatory for each Director and key executives of the Company. This code is available at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance".

The Code has been established to define the practices necessary to maintain confidence in the Company's integrity and comply with the Company's legal obligations and other obligations to legitimate stakeholders. The Code deals with numerous issues including confidentiality, conflicts of interest, compliance with the law, fair dealing, unethical behaviour, corporate fiduciary duties, care and diligence as well as the reporting requirements and action to be taken in the event of failure to comply with the Code.

The Company has also implemented a confidentiality policy relating to matters including amongst others the non-disclosure of business affairs, trade secrets and customer information. This policy is available at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance".

#### *ASX Principle 4: Safeguard Integrity in Financial Reporting*

##### **Recommendation 4.1 - Audit Committee**

The Audit Committee consists of three independent Non-Executive Directors. The current members of the Audit Committee are:

- John Davies (Chairman)
- Richard Davis
- Naseema Sparks

Details of the qualifications of Audit Committee members and their attendance at committee meetings throughout the financial year are detailed in the Directors' Report enclosed in this Annual Report.

The nomination and review of existing audit arrangements is undertaken by the Audit Committee. The Audit Committee addresses issues surrounding the integrity of financial information presented to the Board and shareholders, including the review of external auditor engagements and internal financial reporting policies and controls.

The Audit Committee is responsible for reviewing the consistency of the Company's internal accounting policies on a year-to-year basis as well as compliance with relevant accounting standards and legislation. The Audit Committee is also responsible for reviewing the processes and controls for the identification and management of financial risks.

The Audit Committee also advises the Board and makes recommendations in relation to policy and procedures and application of principles of Corporate Governance. The Committee addresses issues of proper Corporate Governance procedures and practices in order to ensure that the Company maintains the highest integrity and best practice with respect to such matters.

The Audit Committee generally invites the Chief Financial Officer and (on suitable occasions) external auditors to attend Audit Committee meetings.

The Audit Committee or its Chairperson meets formally with the Board at least twice a year to discuss the relationship with external auditors, the Company's financial reporting and any other matters of relevance called upon by the Board or the Chairperson of the Audit Committee for discussion.

The Chairperson of the Audit Committee, who is not the Chair of the Board, attends the Annual General Meeting of the Company in order to respond to any questions which may be raised by shareholders in relation to accounting / financial management, information, control or the contents of any financial reports.

The Audit Committee's Terms of Reference and Charter can be viewed at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance".

#### **Recommendation 4.2 - CEO and CFO Declaration**

The Company has implemented a process where the Chief Financial Officer and Chief Executive Officer declare in writing to the Board, prior to approval of the Company's financial statements for a financial period, that:

- the Company's financial records have been properly maintained;
- the financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and
- their opinion has been formed on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

#### **Recommendation 4.3 - External Auditor at AGM**

The Company's external auditor attends the Annual General Meeting of the Company and is available to answer questions from shareholders about the conduct of the audit and the preparation and content of the Audit Report.

#### *ASX Principle 5: Make Timely and Balanced Disclosure*

#### **Recommendation 5.1 - Continuous Disclosure**

The Company has a written policy in place for complying with its continuous disclosure obligations under the Australian Securities Exchange Listing Rules and the Corporations Act, which is available at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance".

This policy establishes procedures to ensure that the Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. When the Company makes an announcement the announcement is released to the ASX and the Company Secretary is responsible for communications with the ASX. All material information released to the ASX is published on the Company's website at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Investors Dashboard". This includes ASX announcements, annual reports, notices of meetings, media releases etc. The policy sets out the type of information which requires disclosure as well as the internal policies governing the method and timing of disclosure.

#### *ASX Principle 6: Respect the Rights of Shareholders*

#### **Recommendation 6.1 - Information Available via Website**

The Company, in addition to providing shareholders and the market generally information about the Company through distribution of the Annual Report, the Half Yearly Report, the Chairman's and Chief Executive Officer's addresses to the Annual General Meeting, provides information about the Company and its corporate governance on the Company's website.

All Company Corporate Governance charters, policies and procedures are publicly available. These include:

- the division of responsibilities between the Board and management as set out in the Board Charter;
- the Company's share trading policy; and
- the Audit Committee, the Risk Committee and Remuneration and Nomination Committee Terms of Reference and Charters.

This corporate governance information can be located on the Australian Vintage Limited website at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance".

#### **Recommendation 6.2 - Investor Relations**

The Company has also implemented an Investor Relations Strategy to facilitate effective two-way communication with investors, which is available at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance". Shareholders and other stakeholders are also encouraged to contact the Company directly regarding any enquiries they may have.

### Recommendation 6.3 - Shareholder Meetings

The Company allows Shareholders who are unable to attend the Annual General Meeting the opportunity to ask questions of, or make comments on, the management of the Company ahead of that meeting. Where appropriate such questions are answered at the Annual General Meeting.

The Company does not consider that it is necessary to use technology such as webcasting to facilitate participation of Shareholders at its Annual General Meeting, taking into consideration its size, the number of Shareholders and the location at which the Annual General Meeting is held each year.

### Recommendation 6.4 - Electronic Communications

The Company provides shareholders with the option to receive communications from, and send communications to, the Company and its share registry (currently Computershare) electronically.

#### *ASX Principle 7: Recognise and Manage Risk*

### Recommendation 7.1 - Risk Management

The Board, through the Risk Committee and Audit Committee, reviews and oversees the Company's risk management systems.

The Risk Committee determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Risk Committee does not have responsibility for strategic (Board responsibility) or financial risk management, which is the focus of the Company's Audit Committee.

The Risk Committee comprises at least three members, with at least two members being independent Non-Executive Directors. The current members of the Risk Committee are:

- Perry Gunner (Chairman)
- Richard Davis
- John Davies

The Risk Committee Charter is available on the Company's website at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance".

The attendance of committee members at each committee meeting during the financial year is detailed in the Directors' Report enclosed in this Annual Report.

The Board identifies and discusses areas of significant business risk. The Board ensures, together with management, that processes are in place to manage those risks and reviews those arrangements annually. The Board has reviewed the Group's risk management framework during the year and confirmed that it remains sound.

The Board has delegated to the Audit Committee the responsibility to oversee financial risk and to the Risk Committee all other risks associated with the business.

The Board, committees and management ensure that appropriate insurance programs for the Company are also in place to provide insurance cover in areas of the business assessed as appropriate for cover having regard to all of the relevant circumstances.

Comprehensive practices are established such that:

- capital expenditure and revenue commitments above a certain size require prior Board approval;
- financial exposures are controlled, including the use of derivatives;
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations; and
- business transactions are properly authorised and executed.

All reports to the Board on strategic and operational issues incorporate an assessment by management of the associated risks, which ensures that the Board is in a position to make fully-informed business judgments on these issues. In addition, the committees receive risk management updates which address the material business risks facing the Company and the systems and policies in place to manage those risks.

### **Recommendation 7.2 - Risk Review**

As part of the Board delegation of the oversight of risk to the committees referred to above, each committee will be required to review the Company's risk management framework (as it applies to the relevant risks) annually to satisfy themselves that it continues to be sound.

These reviews have commenced in relation to FY16 in accordance with the relevant processes.

### **Recommendation 7.3 - Internal Audit**

The Company does not have an internal audit function but has implemented the following processes to evaluate and continually improve the effectiveness of its risk management and internal control processes.

The Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

The Board has instigated the following internal control framework:

- Financial reporting – Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly.
- Continuous disclosure – A comprehensive policy and process is in place to identify matters that may have a material effect on the price of the Company's securities and notify them to the ASX and post them on the Company's website.  
The Board of Directors and the Chief Financial Officer/Company Secretary are responsible for all communications with the ASX.
- Quality and integrity of personnel – Formal appraisals are conducted at least annually for all employees.
- Operating units control – The Chief Executive Officer and Chief Financial Officer ensure compliance with financial controls and procedures including information systems controls detailed in procedures manuals.
- Investment appraisal – Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested.

### **Recommendation 7.4 - Material Risks**

Each senior executive, with input and assistance from their direct reports, identifies key risks for their areas of responsibility and function which are in turn aggregated into an overall corporate risk register. Each risk is assessed and assigned an inherent risk rating and risk mitigation strategies are developed by senior executives designed to reduce the inherent risk profile to an acceptable level consistent with the requirements of the Risk Committee and the Board.

The risk register is continuously reviewed and maintained as new risks are identified or incidents occur, or mitigating controls change. Extracts of the risk register are provided to the Risk Committee (or Audit Committee in the case of financial risks), together with specific commentary or information on significant changes to the risks or the ratings.

Specific major risks or incidents are reported, as and when they occur, to the CEO and other key management personnel who are responsible for escalating these to the Risk Committee (or Audit Committee in the case of financial risks) and Board, where necessary, if the event occurs outside the regular cycle of Committee meetings. The Risk or Audit Committee (as the case requires) is informed of the effectiveness of actions to mitigate the impact of risk events. In addition, the Risk Committee considers developments or improvements in risk management and controls, including the adequacy of insurance programs.

Separate records and registers are maintained for other more common or recurring risks; for example, arising from customer complaints or occupational health and safety issues. These are managed and reported to the Committee by relevant managers.

## *ASX Principle 8: Remunerate Fairly and Responsibly*

### **Recommendation 8.1 - Remuneration and Nomination Committee**

The Remuneration and Nomination Committee consists of three independent Non-Executive Directors. The current members of the Remuneration and Nomination Committee are:

- Naseema Sparks (Chairman)
- Richard Davis
- Perry Gunner

The attendance of committee members at each committee meeting during the financial year is detailed in the Directors' Report enclosed in this Annual Report.

The procedure for establishing and reviewing remuneration for senior executives and Non-Executive members of the Board is undertaken by the Remuneration and Nomination Committee. The shareholders at a general meeting approve the aggregate remuneration for Non-Executive Directors.

Particulars concerning Directors' and Executives' remuneration and the Company's performance rights and option plan are set out in notes to the financial statements and the Remuneration Report.

For further details on the roles and responsibilities of the Remuneration and Nomination Committee see the Committee's Charter and Terms of Reference available at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance".

For more information on the Company's remuneration, see the Remuneration Report within this Annual Report.

### **Recommendation 8.2 - Policies and Procedures**

The Company has developed a Remuneration Policy which describes the Company's remuneration policies and the rationale behind them. The Remuneration Policy is available at [www.australianvintage.com.au](http://www.australianvintage.com.au) in the "Investors" section under "Corporate Governance".

Non-Executive Directors will be paid in cash in line with a resolution passed at the Company's Annual General Meeting dated 25 November 2009. Non-Executive Directors do not receive any performance-based remuneration and are not paid any retirement benefits other than superannuation.

Executives are paid primarily by cash salary (but also, in some cases as to part, with performance rights and options). The Company's Remuneration Policy is reviewed annually by the Remuneration and Nomination Committee.

In determining Executive remuneration, regard is had to the Executive's level of responsibility, skills, experience, reputation, efforts and results and the ability to retain executives having regard to the competitive nature of hiring key staff.

### **Recommendation 8.3 - Equity Based Remuneration**

The Company issued performance rights and/or options pursuant to the AVG Performance Rights and Option Plan ("Plan") which received approval of shareholders of the Company at the Annual General Meetings held on 28 November 2012 and 17 November 2015.

For further information regarding Executive remuneration through options see the Remuneration Report in this Annual Report at [www.australianvintage.com.au](http://www.australianvintage.com.au)