

RUNGE LIMITED
CORPORATE GOVERNANCE STATEMENT



This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Principles & Recommendations (**Recommendations**). The Recommendations are not mandatory however, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Recommendations.

The Company currently has in place corporate governance policies which are posted or summarised on the Company's website at www.runge.com.

	RECOMMENDATION	COMMENT
1.	Lay solid foundations for management and oversight	
1.1	Formalise and disclose the functions reserved to the board and those delegated to senior executives.	The Company's corporate governance policy includes a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board may delegate responsibility for the day-to-day operations and administration of the Company.
1.2	Disclose the process for evaluating the performance of senior executives.	The Company's Board Charter sets out the role of the Board in evaluating Board members and senior executive.
1.3	Provide the information indicated in <i>Guide to Reporting on Principle 1</i> .	<p>The Company's annual report will set out:</p> <ul style="list-style-type: none"> • any departures from recommendations 1.1, 1.2 or 1.3, • whether a performance evaluation for the senior executives has taken place in the reporting period; and • whether it was in accordance with the process disclosed. <p>The Company's Board Charter, or a summary, will remain posted on the Company's website in the Corporate Governance section.</p>
2.	Structure the board to add value	
2.1	A majority of the Board should be independent directors.	<p>The Board currently comprises three independent directors including the Chairperson, one additional non-executive director and two executive directors. The Company may consider appointing an additional independent director if and when the scale of its operations justify such an appointment and an appropriate candidate becomes available.</p> <p>The Board believes that the individuals on the Board are able to make quality and independent judgments in the best interests of the Company on all relevant issues.</p>

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	RECOMMENDATION	COMMENT
2.2	The Chairperson should be an independent director.	The Chairperson, Mr Vince Gauci, is an independent director.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	The roles of chairperson and chief executive officer are not exercised by the same individual.
2.4	The Board should establish a nominations committee.	The Board has established a nominations committee comprising the two independent and one other non-executive director.
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	<p>The Chairperson or his nominee must attend the annual general meeting and be available to respond to any shareholder on questions on the committee's activities and areas of responsibilities.</p> <p>The process for the evaluation of the performance of senior executives and Board members will be disclosed in the annual report.</p>
2.6	Provide the information indicated in <i>Guide to Reporting on Principle 2</i> .	<p>The annual report will set out</p> <ul style="list-style-type: none"> • the skills and experience relevant to the position of each director; • the names of the directors considered to be independent and the Company's materiality thresholds; • the existence of any relevant relationships and why notwithstanding this the Company considers the director to be independent; • a statement as to whether there is a procedure for directors to take independent advice; • the period of office of each director; • the names of members of the nomination committee and their attendance at meeting; • whether a performance evaluation of the board and its committees has taken place; • any departures from recommendations 2.1 to 2.6.
3.	Promote ethical and responsible decision-making	

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	RECOMMENDATION	COMMENT
3.1	<p>Establish a code of conduct and disclose the code or a summary as to:</p> <ul style="list-style-type: none"> the practices necessary to maintain confidence in the Company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	<p>The Company has established a Code of Conduct which addresses the matters in items 3.1. The Code provides that it is the responsibility of the Managing Director to ensure that all employees are made aware of the requirements of the code.</p>
3.2	<p>Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.</p>	<p>The Company has established a Securities Trading Policy.</p>
3.3	<p>Provide the information indicated in <i>Guide to Reporting on Principle 3</i>.</p>	<p>The Company will explain any departures from Recommendations 3.1, 3.2 and 3.3 in its annual reports.</p> <p>The Company's Code of Conduct and Securities Trading Policy, or summaries, will remain posted on its website.</p>
4.	Safeguard integrity in financial reporting	
4.1	<p>The Board should establish an audit committee.</p>	<p>The Board has established an audit committee,.</p>
4.2	<p>Structure the Audit Committee to consist of:</p> <ul style="list-style-type: none"> only non-executive directors; a majority of independent directors; an independent chairperson, who is not chairperson of the board; and at least three members. 	<p>The Audit Committee comprises two independent and one additional non executive director. The Chairperson of the Committee is an independent director and is not the Chairman of the Board.</p> <p>The Board considers that composition of the Committee comprises Board members with the most appropriate background and expertise for discharging the duties of the Audit Committee.</p>
4.3	<p>The Audit Committee should have a formal charter.</p>	<p>The Company's corporate governance policies include a formal charter for the conduct and operation of the Audit Committee.</p>

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	RECOMMENDATION	COMMENT
4.4	Provide the information indicated in <i>Guide to Reporting on Principle 4</i> .	<p>The annual report will contain details of the members of the Audit Committee, the number of meetings of the Audit committee and the names of the attendees and any departures from recommendations 4.1 to 4.4.</p> <p>The Audit Committee Charter, or a summary will remain posted on the Company's website.</p>
5.	Make timely and balanced disclosure	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those proposals.	The Company has a Continuous Disclosure Policy designed to ensure compliance with the ASX Listing Rules disclosure regime.
5.2	Provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	<p>The Company will provide an explanation of any departures from Recommendations 5.1 and 5.2 in its future annual reports.</p> <p>The Continuous Disclosure Policy, or a summary will remain posted to the Company's website.</p>
6.	Respect the rights of shareholders	
6.1	Design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary.	The Company has adopted a Shareholder Communications Policy.
6.2	Provide the information indicated in <i>Guide to Reporting on Principle 6</i> .	<p>The Company will provide an explanation of any departures from Recommendations 6.1 and 6.2 in its future annual reports.</p> <p>The Company's Shareholder Communication Policy, or a summary, will remain posted to the Company's website.</p>
7.	Recognise and manage risk	
7.1	Establish policies on the oversight and management of material business risks and disclose a summary of those policies.	The Board has established an Audit and Risk Committee Charter. The Audit and Risk Committee determines the Company's "risk profile" and is responsible for overseeing and approving risk management and policies, internal compliance and internal control.

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	RECOMMENDATION	COMMENT
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The Committee reviews the system of control which management has established, processes in place to ensure records are properly maintained and processes to reasonably guarantee that financial information provided to investors and the Board is accurate and reliable.
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is 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 financial reporting risks.	This will be reported in the annual report.
7.4	Provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	The Company will provide an explanation of any departures from Recommendations 7.1, 7.2, 7.3 and 7.4 (if any) in its future annual reports. The Company's Audit and Risk Committee Charter, or a summary, will remain posted to the company's website.
8.	Remunerate fairly and responsibly	
8.1	The Board should establish a remuneration committee.	The Board has established a Remuneration Committee
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Non-executive directors are paid a set fee as agreed by the board annually. Non-executive directors do not receive performance based fees nor are they entitled to retirement allowances. The Company's Constitution provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting. The Remuneration Committee's responsibilities include assisting the Board in setting senior executives remuneration and incentive arrangements and making recommendations to the Board for reviewing and approving the remuneration of executive directors.

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	RECOMMENDATION	COMMENT
8.3	Provide the information indicated in <i>Guide to Reporting on Principle 8</i> .	<p>The annual report will explain any departures from Recommendations 8.1, 8.2 and 8.3 in its future annual reports.</p> <p>The annual report will contain the names of members of the Remuneration Committee and their attendance at meetings.</p> <p>The Company's Remuneration Committee Charter or a summary will be posted to the Company's website.</p>

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