

GENTRACK GROUP LIMITED CORPORATE GOVERNANCE STATEMENT

1 Background

Gentrack Group Limited (**Gentrack** or **Company**) seeks admission to the Official List of the Australian Securities Exchange (**ASX**). Under ASX Listing Rule 1.1, the Company is required to satisfy a number of conditions prior to admission. One of those conditions requires the Company to provide a statement disclosing the extent to which the Company will follow, as at the date of its admission to the Official List, the recommendations set by the ASX Corporate Governance Council (**CGC**). These recommendations are set out in the *Corporate Governance Principles and Recommendations* (2nd edition, 2010) (**Guide**).

While compliance with each of the CGC's recommendations is not mandatory, the Company is required to identify any recommendations that will not be followed (if any) and give reasons for not following them.

2 Statement of Compliance

ASX Principles and Recommendations	Compliance
Principle 1 – Lay solid foundations for management and oversight <i>Companies should establish and disclose the respective roles and responsibilities of board and management.</i>	
Recommendation 1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	<u>Satisfied</u> The Board has adopted a formal Board Charter which is available on the Company's website(www.gentrack.com). Clause 2 of the Board Charter details roles and responsibilities of the Board. The delegation of certain Board functions to the Chief Executive Officer is set out in clause 5 of the Board Charter.
Recommendation 1.2 Companies should disclose the process for evaluating the performance of senior executives.	<u>Satisfied</u> The Company has established a Nominations and Remuneration Committee whose function is to assist the Board in the establishment of remuneration policies and practices for, and in discharging the Board's responsibilities relative to remuneration-setting and review of, Gentrack's Chief Executive Officer, other senior executives and directors. The Nominations and Remuneration Committee Charter is available on the Company's website (www.gentrack.com).
Recommendation 1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	Information to be included in each Annual Report of the Company as necessary.

ASX Principles and Recommendations	Compliance
Principle 2 – Structure the Board to add value <i>Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.</i>	
Recommendation 2.1 A majority of the board should be independent directors.	<u>Satisfied</u> The Board consists of 5 Directors, with 3 Directors considered to be independent.
Recommendation 2.2 The chair should be an independent director.	<u>Not satisfied</u> John Clifford is the non-executive Chairman of the Company. The Board does not consider that Mr Clifford is independent due to him being a substantial shareholder of the Company. However, given the nature of the Company, Mr Clifford is considered the most appropriate Director to act as Chairman having held that position since 2007. He has a wealth of experience in the utilities sector having served as Chairman of three businesses involved in utility smart metering including Gentrack.
Recommendation 2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	<u>Satisfied</u> John Clifford is the non-executive Chairman and James Docking is the Chief Executive Officer.
Recommendation 2.4 The board should establish a nomination committee.	<u>Satisfied</u> The Company has established a Nominations and Remuneration Committee whose function is to ensure that Gentrack has a formal and transparent method for the nomination and appointment of directors to the Board, and identify and recommend to the Board individuals for nomination as members of the Board and its Committees. The Nominations and Remuneration Committee Charter is available on the Company's website (www.gentrack.com).
Recommendation 2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	<u>Partially satisfied</u> The Board, led by the Chairman, reviews its performance and Committees annually.
Recommendation 2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	Information to be included in each Annual Report of the Company as necessary.

ASX Principles and Recommendations	Compliance
Principle 3 – Promote ethical and responsible decision making <i>Companies should actively promote ethical and responsible decision making.</i>	
Recommendation 3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: - the practices necessary to maintain confidence in the company's integrity; - the practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders; and - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	<u>Satisfied</u> The Board has adopted a formal Code of Ethics which provides a framework of standards by which the directors, employees, contractors for personal services and advisers of Gentrack and its related companies are expected to conduct their professional lives. The Code of Ethics is available on the Company's website (www.gentrack.com).
Recommendation 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	<u>Partially satisfied</u> The Board has adopted a Diversity and Inclusion Policy which is published on the Company's website (www.gentrack.com) and will establish measurable objectives for achieving Board gender diversity in due course.
Recommendation 3.3 Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Information to be included in each Annual Report of the Company.
Recommendation 3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Information to be included in each Annual Report of the Company.
Recommendation 3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.	Information to be included in each Annual Report of the Company as necessary.

ASX Principles and Recommendations	Compliance
Principle 4 – Safeguard integrity in financial reporting <i>Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.</i>	
Recommendation 4.1 The board should establish an audit committee.	<u>Satisfied</u> The Company has established an Audit and Risk Committee.
Recommendation 4.2 The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members.	<u>Satisfied</u> The Audit and Risk Committee Charter adopted by the Board provides that members of the Audit and Risk Committee shall be appointed by the Board and shall comprise a minimum of three members who are each non-executive directors of Gentrack, a majority of whom are independent directors and at least one director with an accounting or financial background. All members of the Audit and Risk Committee must be financially literate and some members should have an understanding of the technology industry. The members of the Audit and Risk Committee are Graham Shaw (Chairman), Andy Coupe and John Clifford. All Audit and Risk Committee Members are non-executive Directors, with Graham Shaw and Andy Coupe being independent Directors.
Recommendation 4.3 The audit committee should have a formal charter.	The Board has adopted an Audit and Risk Committee Charter which is published on the Company's website (www.gentrack.com).
Recommendation 4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	Information to be included in each Annual Report of the Company as necessary.
Principle 5 – Make timely and balanced disclosure <i>Companies should promote timely and balanced disclosure of all material matters concerning the company.</i>	
Recommendation 5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance.	<u>Satisfied</u> The Company is subject to the disclosure requirements of securities and other laws in New Zealand and Australia and, once listed, will also be required to comply with the NZX Main Board and ASX Listing Rules. The Company is committed to notifying the market through full and fair disclosure to the NZX Main Board and ASX of any material information related to its business that is

ASX Principles and Recommendations	Compliance
	required to be disclosed by the applicable listing rules. The Company is mindful of the need to keep stakeholders informed through a timely, clear and balanced approach which communicates both positive and negative news. Once listed, the Company will also be required to comply with the periodic disclosure requirements under the NZX Main Board and ASX Listing Rules. In accordance with Recommendation 5.1, the Company has adopted a Market Disclosure Policy which establishes procedures that are aimed at ensuring that all Directors, officers, employees, contractors or secondees of Gentrack and any of its subsidiaries are aware of and fulfil their disclosure obligations under the NZX Main Board and ASX Listing Rules. The Market Disclosure Policy is published on the Company's website (www.gentrack.com).
Recommendation 5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	Information to be included in each Annual Report of the Company as necessary.
Principle 6 – Respect the rights of shareholders <i>Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.</i>	
Recommendation 6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Satisfied The Board has adopted a Shareholder Communications Policy which is published on the Company's website (www.gentrack.com).
Recommendation 6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	Information to be included in each Annual Report of the Company as necessary.
Principle 7 – Recognise and manage risk <i>Companies should establish a sound system of risk oversight and management and internal control.</i>	
Recommendation 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	<u>Partially Satisfied</u> The Company has established an Audit and Risk Committee, the responsibilities of which are contained in the Audit and Risk Committee Charter, which is published on the Company's website (www.gentrack.com).

ASX Principles and Recommendations	Compliance
	In addition to monitoring the audit process and reviewing the financial statements of the Company, the Audit and Risk Committee is also responsible for establishing and regularly reviewing a procedure to identify other situations or circumstances in which Gentrack may be materially at risk and initiating appropriate action through the Board or the managing director. To oversee and manage material business risk, the Audit and Risk Committee has established the following policies and procedures. The Company is currently in the process of evaluating a formal risk management policy for adoption by the Board.
Recommendation 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 to report 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.	<u>Partially Satisfied</u> Refer to 7.1 In connection with the Board's adoption of a formal risk management policy described in Recommendation 7.1 above, management will provide the Board with reports regarding the Company's material business risks. The frequency and format of those management reports will be finalised upon the adoption of a formal risk management policy.
Recommendation 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.	Not Applicable Recommendation 7.3 is not applicable as the provisions of Chapter 2M of the Corporations Act do not apply to the Company. Accordingly, the Company will not seek or obtain the assurance from management ordinarily required by section 295A of the Corporations Act and will not be complying with Recommendation 7.3 (or any other related recommendations) on an ongoing basis.
Recommendation 7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	Information to be included in each Annual Report of the Company as necessary.

ASX Principles and Recommendations	Compliance
Principle 8 – Remunerate fairly and responsibly <i>Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.</i>	
Recommendation 8.1 The board should establish a remuneration committee.	<u>Satisfied</u> The Company has established a Nominations and Remuneration Committee, whose responsibilities include: • assisting the Board in the establishment of remuneration policies and practices for, and in discharging the Board's responsibilities relative to remuneration-setting and review of, Gentrack's Chief Executive Officer, other senior executives, and directors (both non-executive and executive); and • recommending remuneration packages for directors to the shareholders of Gentrack.
Recommendation 8.2 The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least 3 members.	<u>Satisfied</u> The Board has adopted the Nominations and Remuneration Committee Charter which is published on the Company's website (www.gentrack.com). The Nominations and Remuneration Committee Charter requires that: • members of the Nominations and Remuneration Committee shall comprise at least three members of the Board appointed by the Board; • a majority of committee members shall be independent directors; and • the Board shall appoint a chairperson from members of the Nominations and Remuneration Committee who is an independent director. The members of the Nominations and Remuneration Committee Charter are John Clifford (Chairman), Leigh Warren and Graham Shaw.

ASX Principles and Recommendations	Compliance
Recommendation 8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	<u>Satisfied</u> John Clifford, as Chairman, receives \$100,000 per annum. The non-executive Directors receive \$60,000 per annum and the Chairman of the Audit and Risk Committee receives an additional \$10,000 per annum. James Docking (the Executive Director) does not receive additional remuneration in his capacity as a Director. The Directors are also entitled to be paid for reasonable travel and other expenses incurred by them in connection with their attendance at Board or Shareholder meetings, or otherwise in connection with Gentrack's business. In addition to a fixed base salary, some executives are also eligible for a short term performance incentive, commission payments, and vehicle allowances or leases. The short term performance incentive is made up of a cash bonus which is a specified percentage of each executive's base salary.
Recommendation 8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.	Information to be included in each Annual Report of the Company as necessary.