



Corporate Governance Statement

Asset Resolution Limited and its subsidiary undertakings (“Company”, “ARL”, NSX Code: ASS) and the Board of Directors are responsible for the Corporate Governance of the Company and are committed to achieving the highest standard of Corporate Governance, business integrity and professionalism with due regard to the interests of all stakeholders. The Board guides and monitors the business and affairs of the Company on behalf of the security holders by whom they are elected and to whom they are accountable. The Company is listed on the NSX.

Company culture and values

Company values underpin the Board’s desired culture to maximise shareholder value while nurturing the needs of the environment and community. The values at the core of the Company’s ethos are:

- ✓ Transparency
- ✓ Honesty
- ✓ Integrity
- ✓ Resilience
- ✓ Quality
- ✓ Trust
- ✓ Accountability

As the Company evolves, so too do its values.

Purpose

The Company’s purpose is to identify potential distressed assets and other investments to increase Company growth and shareholder value. In addition, the Company plans to realise the value on the existing distressed assets. Current Company investments are comprised of unlisted investments, a mortgage loan and a distressed asset,

Corporate Governance Principles

The Board has used its best endeavours to follow the Principles and Recommendations set out by the ASX Corporate Governance Council.

The ASX Corporate Governance Council released revised Corporate Governance Principles and Best Practice Recommendations 4th Edition on 27 February 2019 to take effect for the first full financial year commencing on or after 1 January 2020. Companies are encouraged to adopt the revised Principles and Recommendations earlier if they wish. The Company has adopted the revised Principles and Recommendations and accordingly this Statement complies with the 4th edition Principles and Recommendations, except where otherwise noted.

ARL’s corporate governance practices were in place from 1 July 2019, except where noted; having considered the Company’s size and nature it is considered that it complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council’s Principles and Recommendations, unless otherwise stated in this Statement. This statement was reviewed by the Board on 30 September 2020.

The Corporate Governance Statement and all corporate governance documents noted in this Statement are available on the Company’s website www.arlimited.com.au

This Statement summarises the Company’s primary corporate governance practices and its compliance with the ASX Corporate Governance Council’s Principles and Recommendations as appropriate.

Summary of Compliance

3rd. Edition Recommendations	Comply	Reference
1.1 Role of board and management	Yes	1.1
1.2 (a) Background checks on directors and (b) information to be given for election of directors	Yes	1.2
1.3 Written contracts of appointment	Yes	1.3
1.4 Company secretary	Yes	1.4
1.5 Diversity	Yes	1.5

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3rd rd Edition Recommendations	Comply	Reference
1.6 Board reviews	Yes	1.6
1.7 Management reviews	Yes	1.7
2.1 Nomination committee	No	2.1
2.2 Board skills matrix	Yes	2.2
2.3 Disclose independence and length of service of directors	Yes	2.3
2.4 Majority of directors independent	Yes	2.4
2.5 Chair independent and not CEO	Yes	2.5
2.6 Induction and professional development	Yes	2.6
3.1 Statement of values	Yes	3.1
3.2 Code of conduct	Yes	3.2
3.3 Whistleblower policy	Yes	3.3
3.4 Anti-bribery and corruption policy	No	3.4
4.1 Audit and risk committee	Yes	4.1
4.2 Chair and CFO certification of financial statements	Yes	4.2
4.3 Chair and CFO certification of periodic corporate reports	Yes	4.3
4.3 External auditor available at AGM	Yes	4.3
5.1 Continuous Disclosure Policy	Yes	5.1
5.2 Substantive investor or analyst presentation	Yes	5.2
6.1 Information on website	Yes	6.1
6.2 Investor relations program	Yes	6.2
6.3 Facilitate participation at meetings of security holders	Yes	6.3
6.4 Substantive resolutions voted on a poll	Yes	6.4
6.5 Facilitate electronic communications	Yes	6.5
7.1 Risk committee (part of is Audit and Risk Committee, refer to 4.1 above)	Yes	7.1
7.2 Annual risk review	Yes	7.2
7.3 Internal audit	No	7.3
7.4 Material environmental or social risks disclosed	Yes	7.4
8.1 Remuneration committee	No	8.1
8.2 Disclosure of executive and non-executive director remuneration policy	Yes	8.2
8.3 Policy on hedging equity incentive schemes	Yes	8.3
9.1 to 9.3 Not applicable		

ASX CORPORATE GOVERNANCE PRINCIPLES

The following is a summary of the 9 Corporate Governance Principles, including comments where applicable on the Recommendations, and extracts from the policies adopted by the Company which demonstrate how compliance has been achieved.

Corporate Governance Statement

PRINCIPLE 1: Lay solid foundations for management and oversight

1.1 CHARTER FOR THE BOARD OF DIRECTORS

An important and basic corporate governance policy is the Charter for the Board of Directors, which is regularly reviewed. The Charter is a composite document which deals with all of the ASX principles of good corporate governance and is available on the Company's website.

The Charter, as supported by the Directors' Code of Conduct detailed at Principle 3, sets out the following requirements:

- The role of the Board;
- The responsibilities of the Board;
- The Board structure;
- The skills required on the Board; and
- The Directors' general roles.

The Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals and responsibilities for management and monitoring the achievement of these goals.

The goals of the corporate governance processes are to:

- (i) maintain and increase shareholder value;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (iii) ensure compliance with the Company's legal and regulatory objectives.

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

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board. To assist in the execution of its responsibilities, the Board has established an Audit and Risk Committee. The Company currently has three committee members, all are non-executive directors and two are independent directors.

The responsibility for the operation and administration of the Company is delegated, by the Board, to the Managing Director ("MD") (where appointed) and executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the MD and the executive management team, which will be undertaken annually.

Whilst there is ongoing interaction between the Board and management, the Board functions independently of management to establish the policy framework of the Company from which management works to perform the daily functions of the business.

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

The Board's roles and responsibilities

The primary responsibilities of the Board include:

- Demonstrating leadership;
- Approving strategic objectives designed to meet stakeholders' needs and manage business risk;
- Defining the Company's purpose and setting the strategic objectives and approving initiatives and strategies designed to ensure the continued growth and success of the entity;
- Approving the Company's statement of values and code of conduct to underpin the desired culture within the Company;
- Overseeing management develop strategic and business plans to achieve those strategic objectives, instilling the Company's values and performance generally;
- Implementing budgets by management and monitoring progress against budget – via the establishment and reporting of both financial and non-financial key performance indicators;
- Appointing the Chair of the Board;

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- Appointing and reviewing the performance, remuneration of, and succession plans of the Executive/Managing Director (if appointed) and Company Secretary;
- Setting the criteria for Board membership, continuity, succession plans and reviewing the composition of the Board;
- Conducting an annual review of the Board Charter;
- Establishing the long-term goals of the Company, and working with management to implement strategic and business plans to achieve those goals;
- Monitoring implementation of the Company's strategic and business plans and its financial performance;
- Appointing, and reviewing the performance and remuneration of, the senior management team, ensuring a clear relationship between performance and remuneration policies;
- Ensuring remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- Satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;
- Whenever required, challenging management and holding it to account;
- Approving major corporate initiatives;
- Enhancing and protecting the reputation of the organisation;
- Approving the annual and interim financial reports;
- Approving the operational budget, including major capital expenditure, acquisitions and divestitures;
- Monitoring the progress of capital management, acquisitions and divestitures;
- Setting the risk appetite within which the Board expects management to operate;
- Ensuring that any significant business financial and non-financial risks that arise are identified, assessed, appropriately managed and monitored;
- Overseeing the Company's process for making timely and balanced disclosures 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;
- Overseeing the Company's relationship and communications with security holders;
- Establishing and monitoring the Company's capital management strategy, including any dividend payments;
- Overseeing the integrity of the Company's accounting and corporate reporting systems, including appointing or removing the Company's external auditor;
- Approving and monitoring the effectiveness of the Company's system of corporate governance;
- Assessing the Company's funding requirements; and
- Monitoring borrowings from financial institutions.

At all times the Board retains full responsibility for guiding and monitoring the Company. Due to the size of the Board and Company, apart from an Audit and Risk committee, there are no other separate committees of the Board; the Board maintains full responsibility on matters of finance and treasury with assistance from the CFO.

Board Meetings

The Board holds 10 to 12 formal meetings a year. Additional meetings are held as required. A meeting is held each year to review and approve the strategy and financial plan for the next financial year.

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Senior Management Team's Responsibilities

The senior management team is responsible for providing the Board with accurate, timely and clear information on the Company's operations to enable the board to perform its responsibilities. This is not limited to information on the financial performance of the Company, but also its compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the Company.

Due to the Company's size and nature there is currently no Executive Director. The Board will review the need for an Executive Director annually. The Chief Financial Officer "CFO" and Key Executives (if appointed) ("senior management team") are responsible for running the affairs of the Company under delegated authority from the Board and for implementing the policies and strategy set by the Board. In carrying out their responsibilities, the senior management team must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operational results. Clear lines of communication between the Chair and the senior management team are established and both consult with the Chair, in the first place, on matters which are sensitive, extraordinary or of a strategic nature.

The role of the senior management team is to implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. The senior management team is responsible for the implementation of the Company's strategic and business plans, and instilling and reinforcing its values, all the while operating within the values, code of conduct, budget and risk appetite set by the board. The senior management team are not involved in the setting of the Company's strategic and business plans.

Independent professional advice

In fulfilling their duties, the Directors may obtain independent professional advice at the Company's expense.

1.2 APPOINTMENT OF DIRECTORS

The full Board is responsible for establishing criteria for Board membership, reviewing Board membership and identifying and nominating directors. Board membership is reviewed annually to ensure the Board has an appropriate mix of qualifications, skills and experience. External advisors may be used to assist in this process.

The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director of the Company. The Company endeavours to provide the following information on a potential director to shareholders to enable the shareholders to make an informed decision as to the candidate's character, experience, education, criminal record and bankruptcy history:

- biographical details, including their relevant qualifications and experience and the skills they bring to the Board;
- details of any other material directorships currently held by the candidate;
- in the case of a candidate standing for election as a director for the first time:
 - any material adverse information revealed by the checks the Company has undertaken on the candidate;
 - details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to act in the best interests of the Company and its shareholders; and
 - if the Board considers that the candidate will, if elected, qualify as an independent Director, a statement to that effect;
- in the case of a candidate standing for re-election as a director:
 - the term of office currently served by the director; and
 - if the Board considers the director to be an independent director, a statement to that effect; and
- a statement by the Board as to whether it supports the election or re-election of the candidate.

The Company has also developed an informal induction program suitable for new directors and senior management.

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1.3 WRITTEN AGREEMENTS WITH DIRECTORS AND SENIOR EXECUTIVES

The Company has written agreements with directors. The terms and conditions of appointment and retirement of non-executive directors are set out in a letter of appointment which includes the recommendations outlined in Principle 1.

There has been an agreement with the CFO and Company Secretary since her appointment on 1 October 2015.

1.4 COMPANY SECRETARY

The Company Secretary is accountable to the Board for facilitating the Company's corporate governance processes and the proper functioning of the Board. Each Director is entitled to access to advice and services of the Company Secretary.

In accordance with the Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole. Details of the Company Secretary's experience and qualifications are set out in the Annual Report.

The responsibilities of the Company Secretary include:

- advising the Board and its committees on governance matters;
- ensuring Board and committee policy and procedures are followed;
- coordinating the timely completion and dispatch of Board and committee papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes;
- helping organise and facilitate the induction and professional development of Directors; and
- attending to NSX and statutory filings.

Any decision to appoint or remove a Company Secretary will be made or approved by the Board.

Each Director of the Company is able to communicate directly with the Company Secretary and vice versa.

1.5 DIVERSITY POLICY

The Board has always been aware of the advantages that may flow from diversity in respect to gender, age, ethnicity and cultural background and has taken those factors into account when considering new appointments at all levels within the Company.

At present there is an aggregate of 5 staff including directors, employees and contractors (full and part time); these include 4 females including 2 Non-Executive Directors and the Company Secretary, and 2 employees are of differing ethnic or cultural background. Consequently it could be said that the Company is already harnessing the benefits of a diverse workforce.

The Diversity Policy adopted by the Board is as follows:

1. General Purposes and Principles

- (a) The Company respects and values the competitive advantage of diversity, and the benefits of its integration throughout the Company, in order to enrich the Company's perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Company's objectives ("Principle").
- (b) This Principle will manifest itself in the following areas:
 - (i) strategic and operational:
 - (A) being attuned to diverse strategies to deliver the Company's objectives;
 - (B) being attuned to diverse corporate, business and market opportunities; and
 - (C) being attuned to diverse tactics and means to achieve those strategies in (A) and to take advantage of those opportunities in (B).
 - (ii) management:
 - (A) adding to, nurturing and developing the collective relevant skills, and diverse experience and attributes of personnel within the Company;

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- (B) ensuring the Company's culture and management systems are aligned with and promote the attainment of the Principle, including having regard for domestic responsibilities.

Note: in the context of this paragraph 1(b)(ii) "Diversity" constitutes people at relevant levels within the Company (including board, senior executive, management and otherwise) with a diverse blend of skills, experiences, perspectives, styles and attributes gained from life's journey, including on account of their culture, gender, age or otherwise.

- (c) The Company will develop strategies, initiatives and programs to promote the Principle, including the achievement of gender diversity with respect to the matters referred to in paragraph 1(b)(ii).
- (d) In particular, the Company will set measurable objectives, and targets or key performance indicators (KPIs), for the strategies, initiatives and programs to achieve gender diversity with respect to the matters referred to in paragraph 1(b)(ii).
- (e) The Company will implement the strategies, initiatives, programs and measurable objectives referred to in (c) and (d).
- (f) Management will monitor, review and report to the Board (including via the Remuneration Committee if established) on the achievement of gender diversity with respect to the matters referred to in paragraph 1(b)(ii), and the Company's progress under this policy.

2. Responsibility for the Policy

- (a) Although the Board retains ultimate accountability for this Policy, the Board delegates responsibility for Policy implementation to the Executive Director or in the absence of an Executive Director, the Company Secretary.
- (b) In turn, the Executive Director (if appointed) may delegate to the Company Secretary responsibility for administration of this Policy, including its reporting to the Board, or its relevant sub-committee, as appropriate.

3. Measurable Objectives, targets and Key Performance Indicators (KPIs) - Gender Diversity

With respect to gender diversity, management will:

- (a) develop, for approval by the Board or its relevant sub-committee, as appropriate:
 - (i) measurable objectives concerning the strategies, initiatives and programs referred to in paragraph 1(c);
 - (ii) targets or KPIs to verify progress towards attainment of those measurable objectives.
- (b) measure performance against those targets and KPIs;
- (c) report from time to time on the progress of the matters referred to in (a) and (b).

4. Compliance Requirements

- (a) The Company will meet its obligations with respect to the issue of diversity, as may be required under the ASX Corporate Governance Principles and Recommendations ("ASX Principles") and other regulatory requirements (if any) including by:
 - (i) establishing this Policy as a compliant policy by:
 - (A) establishing measurable objectives for achieving gender diversity; and
 - (B) the Board assessing annually the measurable objectives for achieving gender diversity and the progress in achieving them.
 - (ii) disclosing this policy or a summary of it under ASX Recommendation 1.5(a).
 - (iii) disclosing the processes the Board adopts and the criteria the Board takes into consideration in its selection of prospective new Board members;
 - (iv) disclosing:
 - (A) the measurable objectives for achieving gender diversity set by the Board in the terms of this Policy;
 - (B) the progress from time to time towards achieving them;

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- (C) the proportions in the Company (relative to their male counterparts) of:
 - female employees;
 - females in senior executive positions; and
 - females on the Board.
- (v) incorporating in the corporate governance statement details as to the mix of skills and diversity that the Board is looking to achieve in membership of the Board.
- (b) The Company Secretary will assume line responsibility to ensure the Company meets its compliance and reporting obligations referred to in (a), including by collecting and collating all relevant data and ensuring that management processes and systems are adequate and effective for such reporting obligations to be met.

5. Communication

The Company commits to the communication of this policy within the Company, to its security holders and the market, including via its website:

- (i) by way of transparency and accountability; and
- (ii) to better promote the prospects of attainment of the Principle.

6. Accountability

- (a) Reporting and accountability in the terms of this Policy will be a periodic item on the Board agenda.
- (b) At least annually the Board reviews progress towards attainment of the Principle with respect to the matters referred to in paragraph 1(b)(ii), and otherwise to facilitate the Board in meeting its Compliance requirements under paragraph 4.

7. Addenda to this Policy

The following shall constitute addenda to this Policy as if set out in this Policy:

- (a) approved strategies, initiatives and programs and measurable objectives, targets and KPIs referred to in paragraph 1(c); and
- (b) approved measurable objectives, targets and KPIs referred to in paragraph 1(d); as may apply from time to time.

8. Overriding Caveat

Nothing in this policy shall be taken, interpreted or construed so as to endorse:

- (a) the principle criteria for selection and promotion of people to work within the Company, other than their overall relative prospect of adding value to the Company and enhancing the probability of achievement of the Company's objectives;
- (b) any discriminatory behaviour by or within the Company contrary to the law or any applicable codes of conduct or behaviour for the Company or its personnel;
- (c) any existing person within the Company in any way feeling threatened or prejudiced by this policy in their career development or otherwise, merely because their diversity attributes at any time may be more, rather than less, common than others.

Diversity Strategy

The Diversity Strategy lists the strategies, initiatives and programs, measurable objectives, targets and KPIs adopted by the Board. Most of the strategies, initiatives and programs have already been achieved or put in place, and the necessary amendments have been made to the Charter for the Board of Directors and to the Terms of Reference for the Remuneration Committee (if formed, otherwise by the Board Charter). The amended documents may be viewed on the Company's web site.



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The Strategy includes initiatives and programs designed to foster diversity at Board level, at executive and management level and generally, commensurate with the nature and size of the Company. Progress with achievement of the Diversity Strategy will be reviewed by the Remuneration Committee (if formed, otherwise by the Board) on an annual basis and the result reported to the Board. Progress will also be reported each year in the Directors' Report section of the Annual Report.

1.6 PERFORMANCE OF BOARD

The performance of the Company's Board has been assessed this year in accordance with the process adopted by the Board. As a result of the Board size, director performance reviews are in the form of informal annual self-review and discussion with the other directors.

Further information on performance evaluation and remuneration is set out in the Remuneration Report contained within the Annual Report.

1.7 PERFORMANCE OF KEY EXECUTIVES

The performance of the Company's senior executives is assessed annually in accordance with the process adopted by the Board.

Further information on performance evaluation and remuneration is set out in the Remuneration Report contained within future Annual Reports.

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PRINCIPLE 2: Structure the Board to add value

2.1 NOMINATION AND REMUNERATION COMMITTEE

In view of the size of the Company, the directors have considered that establishing a nomination and remuneration committee would contribute little to its effective management and accordingly all directors participate in decisions regarding the nomination and election of new Board members.

2.2 BOARD'S SKILL MATRIX

The below skills and diversity attributes have been identified as the optimum skills and diversity attributes the Company seeks to achieve across its Board membership. The Board currently possesses an effective blend of these skills and diversity attributes. However, the Board is conscious that recently announced developments will require some dimensions to be supplemented in the near future, particularly having regard to the Company's involvement with specific investments and projects. The Board reviews the skill matrix mix annually or as required to ensure the Board has the required skills to:

- address the existing and emerging business and governance issues relevant to the entity;
- discharge its obligation efficiently and to add value; and
- address successor planning.

General

- > Other Board experience
- > Management expertise

Technical

- > Investments
- > Communication
- > Analytical
- > Strategic Technical
- > Financial qualifications
- > Legal
- > Government
- > Local knowledge and networks

Governance

- > Understanding of legal, ethical and fiduciary duties
- > Governance committee experience
- > Risk management

Diversity

- > Female
- > Male
- > Non-Caucasian ethnicity
- > Language other than English

The Company reviews its Board membership and skill matrix annually and considers if any gaps in the Board's collective skills should be address by

- providing professional development of existing directors; or
- taking on a new director.

Further details regarding the skills and experience of each Director are included on the website www.arlimited.com.au and in future Directors' Report within the Annual Report.

2.3 DIRECTORS' INDEPENDENCE AND LENGTH OF SERVICE

Best practice recommends that the majority of the non-executive Board members should be independent.

The Board has adopted specific principles in relation to directors' independence. These state that to be independent, a director must be a non-executive director and:

- not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years, not have been employed in an executive capacity by the Company or any other Group member, or been a director after ceasing to hold any such employment;
- not receive performance-based remuneration including options or performance rights or participate in an employee incentive scheme of the Company;
- within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided;

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- not be a material supplier or customer of the Company or any other Group member or an officer of, or otherwise associated directly or indirectly with, a material supplier or customer;
- must have no material contractual relationship with the Company or a controlled entity other than as a director of the Group;
- be free from any interest and any business or other 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; and
- must not have any close family ties or close personal tie with any person who falls within any of the categories described above.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or Group, or 5% of the individual director's net worth is considered material for these purposes.

In addition, a transaction of any amount or a specific relationship, is deemed material if knowledge of it may impact the shareholders' understanding of the director's independence.

The Board comprises three non-executive directors: Giles Craig, Sarina Roppolo and Therese Cochrane. Therese Cochrane is not deemed independent due to her substantial indirect interest in the Company.

The names and details of the Company's directors in office are as follows:

Director	Position	Appointed	Last elected or re-elected at AGM	Resigned
Giles Craig	Independent Non-Executive Chair	11 September 2015	24 October 2018	-
Sarina Roppolo⁽¹⁾	Independent Non-Executive	28 February 2018	24 October 2018	-
Therese Cochrane	Non-Executive	20 April 2020	-	-
Graham Holdaway	Independent Non-Executive	1 April 2017	23 October 2019	20 April 2020

⁽¹⁾ To stand for re-election at 2020 AGM.

The Company's website (and future Annual Reports) sets out the details of their experience and qualifications in the Directors' Report. Giles Craig is deemed independent from February 2017 when his interest in the Company reduced significantly and his interest was below best practice recommendations.

2.4 MAJORITY OF DIRECTORS INDEPENDENT

Best practice recommends that the majority of the non-executive Board members, and in particular the Chair, should be independent.

The Board is comprised of a majority of independent non-executive directors. Therese Cochrane is not deemed independent due to her substantial indirect interest in the Company. The directors' fees may be paid in shares; this is not performance based and does not affect the directors' independence.

The Board believes that the current Board membership is effective in the current strategic development stage of the Company. The Board membership is reviewed annually and a further independent non-executive director could be recruited once the Company's investment portfolio grows, in order to expand the Board's experience and qualifications as the Company transitions into the next development stage.

2.5 CHAIR IS INDEPENDENT

Best practice recommends that the Chair of the Board is independent and not be the same person as the Managing Director. The Chair, Mr Craig, is an independent non-executive director.

2.6 INDUCTION AND PROFESSIONAL DEVELOPMENT

The Company has also developed an informal induction program suitable for new directors and senior management. The Company encourages all directors to attend Australian Institute of Directors' courses at the Company's expense.

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PRINCIPLE 3: Instil a culture of acting ethically, lawfully and responsibly

Ethical standards

The Board acknowledges the importance of instilling and continually reinforcing a culture across the organisation of acting lawfully, ethically and responsibly. The Board's policy is for the directors, officers, management and employees to conduct themselves with the highest ethical standards and the best practices of corporate governance.

3.1 STATEMENT OF VALUES

The Company's values are aligned with the Code of Conduct, which acts as a meaningful guide for the way in which the Company and associated individuals conduct business. The Code of Conduct articulates the Company's culture and values. The Code of Conduct creates a link between the Company's purpose and its strategic goals by expressing the standards and behaviours expected of Company officers to fulfil the Company's goals and meet its purpose.

Company culture and values

Company values underpin the Board's desired culture to maximise shareholder value while nurturing the needs of the environment and community. The values at the core of the Company's ethos are:

- ✓ Transparency
- ✓ Honesty
- ✓ Integrity
- ✓ Resilience
- ✓ Quality
- ✓ Trust
- ✓ Accountability

As the Company evolves, so too do its values.

Purpose

The Company's purpose is to identify potential distressed assets and other investments to increase Company growth and shareholder value. In addition, the Company plans to realise the value on the existing distressed asset. Current Company investments are comprised of unlisted investments, a mortgage loan and a distressed asset,

3.2 CODE OF CONDUCT

The Board reviews the Code of Conduct annually; the latest review occurred on 30 September 2020. This code articulates the standards of ethical behaviours expected of directors, officers, management and employees (designated persons). The code is available on the Company's website.

ARL aims to deliver superior long-term total shareholder return, taking proper account of employees and others with whom we do business, as well as the communities and environments in which the Company operates. In striving to achieve this, we should not compromise our ethics or principles. ARL places great importance on the Company's culture and values.

This Code of Conduct sets ethical standards for the non-executive directors of ARL. ARL has a Code of Conduct (made up of company policies and procedures) which further supports these standards. Designated persons will pursue the highest standards of ethical conduct in carrying out their duties and responsibilities.

A Code of Conduct sets standards to ensure designated persons:

- act in the Company's best interests and value the Company's reputation;
- act with honesty and integrity;
- act ethically and responsibly
- treat others with respect and value differences;
- respect and maintain privacy and confidentiality;
- disclose and deal appropriately with any conflicts between personal interests;

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- identify conflicts of interest and manage them responsibly;
- do not make or review improper payments, benefits or gains; and
- report all breaches to the appropriate person.

The Board will be informed of any material breaches of the Code of Conduct as this may indicate issues within the culture of the Company. The Board will ensure that appropriate and proportionate disciplinary action will be taken against those who breach the Code of Conduct.

Trading Policy

The long-term holding of the Company's securities by designated persons is encouraged. However, under the Company's Securities Trading Policy, a designated person must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities. The Nominated Advisor is prohibited from trading in shares during their engagement.

Also, they must not give such information to any other person who is likely to:

- use this information to trade in the Company's securities; and/or
- pass this information on to another person who may use this information to trade in the Company's securities.

Before commencing to trade in the Company's securities a designated person must first obtain the written approval of the Chairman.

In the instance that the Chairman wishes to trade in the Company's securities, he must obtain the written approval of all other members of the Board.

Closed Period

Designated persons are prohibited from trading in the Company's securities during the following periods:

- From 1 July to one day after the release of the Company's final results;
- From 1 January to one day after the release of the Company's half-year results; and
- Any other periods as may be determined by the Board and communicated to designated persons.

Exemptions

Only in exceptional circumstances will approval for the disposal of the Company's securities during this closed period be forthcoming. Examples of such circumstances are:

- Where severe financial difficulty or hardship can be demonstrated.
- By order of a Court of Australia.

At no time will approval for the purchase of the Company's securities be granted to designated persons during the closed period.

Notification of Dealings by Directors

As required by the NSX Listing Rules, the Company is required to report any transaction conducted by directors in the securities of the Company to the NSX within 5 business days after the date of the transaction.

Directors are required to report these transactions to the Company Secretary the day following the transaction so the appropriate disclosure can be made and to ensure the Company's compliance with the NSX listing rules.

3.3 WHISTLEBLOWER POLICY

The best source of information as to whether a Company is living up to its values are its employees. Employees should be encouraged to speak up about any unlawful, unethical or irresponsible behaviour within the organisation through an appropriate whistleblower policy.

Corporate Governance Statement

In January 2020, the Board approved a Whistleblower Policy to ensure that the Board is informed of any material incidents reported under that policy. The Board will be informed of material incidents reported under the Whistleblower Policy, as they may be indicative of issues within the culture of the organisation. The Whistleblower Policy is available on the Company website.

The Company aims to promote and encourage the responsibility and accountability of individuals for reporting unethical practices. Management reports all breaches to the Board at every board meeting.

3.4 ANTI-BRIBERY AND CORRUPTION POLICY

The Company does not have a formal anti-bribery and corruption policy due to its relatively small size and complexity. All significant contracts entered into by the Company are approved by the Board. The Board is not aware of any offers of gifts or benefits to its officers or personnel as a bribe or as a means of influencing Company decisions.

Corporate Governance Statement

PRINCIPLE 4: Safeguard integrity in corporate reporting

4.1 AUDIT AND RISK COMMITTEE

The Board established an Audit and Risk committee on 11 September 2015; the committee comprises all three non-executive directors and operates under a charter approved by the Board. Therefore, ultimately it is the Board's responsibility to ensure that an effective internal control framework exists within the entity and for establishing and maintaining this framework of internal control and ethical standards of the Company. Best practice recommends that the committee be comprised of three non-executive members (the majority being independent) and that the chair is independent. The committee has met the best practice requirements.

From time to time the Company's senior management team and the Company's auditors may be invited to attend meetings of the committee.

The number of meetings held during the year as the committee: 2. The members of the committee were as follows:

Members:

Sarina Roppolo

Independent Chair

Appointed on 28 February 2018 and appointed as chair following Graham Holdaway's resignation

Giles Craig

Non-Executive Director (Independent since February 2017)

Appointed 11 September 2015

Therese Cochrane

Non-Executive Director

Appointed 20 April 2020

The responsibilities of the Audit and Risk Committee are contained within its charter and include:

- Assessing and monitoring internal control adequacy.
- Monitoring the activities and effectiveness of the internal audit function.
- Overseeing and monitoring the integrity of financial reporting.
- Reviewing draft annual and interim financial statements with management and external auditors and making recommendations to the full board.
- Reviewing and monitoring the Company's compliance with laws and NSX Listing Rules.
- Reviewing performance against the Company's Code of Conduct.
- Reporting regularly to the Board on its activities and findings.
- Other responsibilities as required by the Board or considered appropriate.

4.2 MD AND CFO CERTIFICATION

Financial Reports

The Chief Financial Officer ensures that the Company's financial reports are prepared in accordance with relevant accounting standards and that monthly financial reports are distributed to the Board. The annual and interim financial reports, and any other financial reports for release to the market, are presented for review by the Audit and Risk Committee prior to their adoption by the Board.

All annual and interim financial reports presented to the Board have been reviewed by the CFO who has confirmed in writing to the Board that the relevant report represents a true and fair view of the Company's financial position in all material respects and is in order for adoption by the Board.

Corporate Governance Statement

The Chairman (in the absence of a Managing Director) and Chief Financial Officer, have provided a written statement under Section 295A of the Corporations Act to the Board that:

- Their view provided on the Company's financial report is founded on a system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

These reports are signed and provided at both the interim and annual reporting periods.

The Company's external audit function is performed by Grant Thornton Audit Pty Ltd. Representatives of Grant Thornton Audit Pty Ltd will attend the AGM and be available to answer shareholders questions regarding the audit.

4.3 VERIFY THE INTEGRITY OF ANY PERIODIC CORPORATE REPORTS

ARL releases periodic corporate reports such as Appendix 4C reports that contain unaudited financial information. Management reviews these periodic reports and reports to the Board on:

1. The integrity of the periodic corporate report being founded on sound risk management and internal compliance and control, which in all material respects implements the policies and arrangements assumed by the Board;
2. The risk management and internal compliance and control system of the Company operating efficiently and effectively, in all material respects; and
3. The report and notes being in accordance with the Corporations Act 2001 (if appropriate), including:
 - (i) the financial records of the Company for the periodic period having been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (ii) the periodic report and notes for the financial quarter complying with the Accounting Standards; and
 - (iii) the periodic report and notes for the financial period giving a true and fair view.

Corporate Governance Statement

PRINCIPLE 5: Make timely and balanced disclosure

5.1 Continuous Disclosure Policy

ARL is a public company, and as such is a disclosing entity under the Corporations Act 2001. Under the Corporations Act 2001 and NSX Listing Rules, the Board has a number of disclosure obligations. The Board adopted a new Continuous Disclosure Policy in November 2015 to ensure that all disclosure obligations are met, in particular the NSX Listing Rule requirements.

ARL is committed to ensuring that our security holders and the market are provided with full and timely information about the company.

This Policy provides a framework of principles which empowers our people to make decisions on behalf of ARL. The Continuous Disclosure Policy is available on the Company website.

Policy Objectives

1. To establish a vetting and authorisation process designed to ensure that Company announcements:
 - are made in a timely manner;
 - are factual;
 - do not omit material information; and
 - are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
2. To establish a process to promote understanding of compliance within the Company.
3. To safeguard the confidentiality of corporate information to avoid premature disclosure.

In respect to Periodic Disclosure, the Listing Rules and guidelines require that the Board will ensure that the security holders and the market are periodically provided with all information necessary to assess the performance of the Company and the Directors. Information to allow investors to monitor the performance of the Company is communicated by means of:

- the Annual Report which is available for distribution to all security holders;
- the Interim Report which is available for distribution to all security holders;
- periodic corporate reports and special reports when matters of material interest arise;
- the Annual General Meeting and other meetings called to obtain approval of any Board action as required; and
- The Company's website.

5.2 MARKET ANNOUNCEMENTS

Each Director is automatically sent a copy of each market announcement immediately after they have been made via the ASX platform. This ensures the Board has timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures.

5.3 SUBSTANTIVE PRESENTATIONS

When the Company gives a new and substantive investor or analyst presentation it will release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

The release of substantive presentations will ensure equality of information among investors and will apply regardless of whether the presentation contains new material information required to be disclosed under listing rule 3.1.

Corporate Governance Statement

PRINCIPLE 6: Respect the rights of security holders

6.1 INFORMATION ON WEBSITE

The Company's website contains information pertaining to the Company's:

- operations and history;
- Corporate Governance matters including the details of Board members and key executives, Corporate Governance Statement, all corporate governance documents noted in this Statement, annual and interim reports, periodic corporate reports, statement of values, NSX releases and notices of meetings.

The information is available on the Company's website www.arlimited.com.au.

6.2 SECURITY HOLDER COMMUNICATION POLICY

This Policy aims to ensure that effective two-way communication between ARL and security holders is maintained, and that ready, equal and timely access to clear and balanced information about the Company (including its financial performance, strategic plans, material developments, governance and risk profile) is available to security holders to enable them to exercise their rights in an informed manner.

The Board of Directors of the Company (the "Board") is responsible for maintaining an on-going dialogue with, and promoting effective and timely dissemination of information, to the security holders and the investing public. This Policy will be regularly reviewed to ensure its effectiveness.

6.3 FACILITATE PARTICIPATION IN GENERAL MEETINGS

The Company holds its AGM each year. Security holders are encouraged to participate in general meetings, even if they are unable to travel due to COVID-19 restrictions, using virtual webcasting of general meetings that enable security holders to vote and ask questions virtually. The Company will continue to offer this service, subject to costs not being prohibitive.

Security holders who are unable to attend a General Meeting in person are encouraged to vote on the proposed motions by appointing a proxy.

6.4 SUBSTANTIVE RESOLUTIONS BY POLL

The Company ensures that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

6.5 FACILITATE ELECTRONIC COMMUNICATIONS

The Company provides its security holders the option to receive communications from and send communications to, the Company and the share registry electronically. The Company's size means that the Company's share register provider, Link Market Services, provides electronic communications to security holders however the Company itself does not provide any on-line portals to security holders.

Corporate Governance Statement

PRINCIPLE 7: Recognise and manage risk

7.1 RISK COMMITTEE

The Board determines the Company's risk profile and is responsible for overseeing and approving the risk management strategy and policies, internal compliance and internal control. The Audit and Risk Committee (refer to 4.1 above for further details including membership and meetings) oversees the process for identifying and managing material risks. The Company's process of risk management and internal compliance and control includes:

- Establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- Continuously identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- Formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls;
- Monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and control, including an annual assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practices are in place that are directed towards achieving the following objectives:

- Effectiveness and efficiency in the use of the Company's resources;
- Compliance with applicable laws and regulations;
- Preparation of reliable published financial information.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of risk management.

Ultimate responsibility for the Company's risk management framework rests with the Board. The Audit and Risk Committee is an efficient and effective mechanism to bring the transparency, focus and independent judgement needed to oversee the Company's risk management framework.

The role of the Audit and Risk Committee is to:

- monitor management's performance against the Company's risk management framework, including whether it is operating within the risk appetite set by the Board;
- review any material incident involving fraud or a break-down of the Company's risk controls and the "lessons learned";
- receive reports from internal audit on its reviews of the adequacy of the Company's processes for managing risk;
- receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- make recommendations to the Board in relation to changes that should be made to the Company's risk management framework or to the risk appetite set by the Board; and
- oversee the Company's insurance program, having regard to its business and the insurable risks associated with its business.

7.2 ANNUAL RISK REVIEW

The Audit and Risk Committee completes an annual review of the risk management practices and the risk register, to monitor the adequacy of the risk management framework and satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board. The last annual review occurred on 30 September 2020.

Corporate Governance Statement

7.3 INTERNAL AUDIT

Best practice recommends that the Company establishes an internal audit function. However, the Company is not of a size to warrant an internal audit function. The Chair has reviewed internal controls and is satisfied that an internal audit function is not yet required; this will be reviewed when the Company circumstances change.

7.4 SUSTAINABILITY RISKS

The Company identifies and manages material exposure to economic, environmental and social sustainability risks as part of its risk management practices. All material risks are recorded in a risk register. The Company does not publish a sustainability report.

Corporate Governance Statement

PRINCIPLE 8: Remunerate fairly and responsibly

8.1 REMUNERATION COMMITTEE

In view of the size of the Company, the Directors have considered that establishing a nomination and remuneration committee would contribute little to its effective management and accordingly all Directors participate in decisions regarding the nomination and election of new Board members.

8.2 DISCLOSURE OF REMUNERATION POLICIES AND PRACTICES

Remuneration philosophy and structure

The Company has structured remuneration packages for its executives and directors in order to attract and retain people with the necessary qualifications, skills and experience to assist the Company in achieving its desired results.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high-quality Board and Executive Team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of high-quality management to the Company; and
- Performance incentives that allow executives (if appointed) to share in the success of the Company.

For a full discussion of the Company's remuneration philosophy and framework and details of the remuneration received by directors and executives, please refer to the Remuneration Report, which is contained within the Directors' Report of annual reports. The total maximum remuneration of non-executive directors as set out in the Constitution (effective 26 November 2016) is \$360,000.

There is no scheme to provide retirement benefits to non-executive directors.

8.3 POLICY OF EQUITY BASED REMUNERATION SCHEMES

The shareholders approved that the Board be paid in shares from 1 December to 30 November each year. The Directors will be paid \$50,000 each subject to shareholder approval and unless the Board resolve otherwise.

There is currently no other equity-based remuneration scheme.

The Directors' fee and payment manner will be reviewed when circumstances change; any changes required will require security holder approval. See the Remuneration Report in ARL's Annual Reports for details of remuneration policies.

The overall objective is to ensure maximum shareholder benefit from the retention of a quality Board and senior management team.