

Corporate Governance Statement FY19

Donaco International Limited (the Company) is committed to good corporate governance practices through its established corporate governance framework. This framework is reflected in the Company's policies, and is designed to ensure that there are appropriate levels of disclosure and accountability. Copies of the Company's policies are available from the "Investor Relations" section of our website, www.donacointernational.com.

The Company has endorsed the 3rd edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council, and seeks to follow them to the extent that it is practicable having regard to the size and nature of its operations. The Company has not chosen to early adopt the 4th edition, which will apply to the Company for FY20 onwards.

The Board regularly reviews all corporate governance policies and practices to ensure that they remain current and in accordance with good practice appropriate for the Company's business environment. The Board and senior management ensure that employees are aware of the requirements for corporate compliance as applicable to their specific roles within the organisation.

The table below summarises the 3rd edition of the Corporate Governance Principles and Recommendations, and cross references these to the Company's Corporate Governance Policies. All of the Corporate Governance Policies are available on the Company's website.

ASX Corporate Governance Principles and Recommendations	Compliance	Donaco International Limited Corporate Governance Policy
Principle 1: Lay solid foundations for management and oversight		
1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Complies	The Board Charter sets out the specific responsibilities of the Board, and those matters delegated to management.
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Complies	Appropriate checks are undertaken pursuant to clause 4.1(c) of the Nominations, Remuneration & Corporate Governance Committee Charter. All material relevant information is provided to shareholders.
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	Written agreements are in place.
1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies	Board Charter, clause 4.4.
1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually	Complies	The Diversity Policy deals with the matters specified. It is disclosed on the Company's website. The Company has one of the most ethnically and culturally diverse Boards on the ASX, with 50% of the

<p>both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>		<p>Directors having been born, educated, and currently residing in Asia. Further, of the Company's 2,834 staff members (as at 30 June 2019), only 4 are based in Australia, and all of its customers are located outside Australia. This leads to a very high level of ethnic and cultural diversity.</p> <p>The proportions of men and women are as follows: Board, 100% men 0% women; in senior executive positions, 55% men 45% women; and across the whole organisation, 39% men 61% women.</p> <p>"Senior executives" are defined for this purpose as the CEO, the direct reports to the CEO, and their direct reports.</p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complies	<p>The Company's Nominations, Remuneration & Corporate Governance Committee Charter sets out the process for evaluating the performance of the Board.</p> <p>No formal evaluation was undertaken during FY19. However the Board was substantially reconstituted during the year, with two new independent Directors appointed (as foreshadowed in FY18), in order to strengthen the Board and increase the proportion of independent directors. In addition, two new non-independent directors were appointed.</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complies	<p>The Company's Nominations, Remuneration & Corporate Governance Committee Charter sets out the process for evaluating the performance of senior executives.</p> <p>During FY19 the Remuneration Committee set new formal KPIs for senior executives. These are set out in the Remuneration Report.</p>

Principle 2: Structure the Board to add value		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p>	Complies	<p>The Company has established the Nominations, Remuneration & Corporate Governance Committee, which:</p>

<p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>		<ul style="list-style-type: none"> • has three members, who are named in the Annual Report; • all members are independent non-executive directors; • is chaired by an independent chair; • its charter is disclosed on the Company website; and • the number of meetings of the Committee and the attendance by each member is disclosed in the Annual Report.
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Complies</p>	<p>The Board considers that it currently has an appropriate mix of skills and experience as required for its effective functioning. These skills, and the number of Directors with those skills, include:</p> <ul style="list-style-type: none"> • Deep Asian business and cultural expertise (4) • Gaming industry expertise (3) • Leisure and tourism expertise (3) • Technology expertise (2) • CEO experience (4) • Listed company governance experience (3) • Non-executive director experience (3) • Financial skills (4) • Legal expertise (4) • Mergers and acquisitions (3) • Capital raising (3) <p>In addition, the Board is one of the most ethnically and culturally diverse Boards on the ASX, with 50% of its members from Asia. According to the 2016 Watermark Board Diversity Index, only 2.6% of ASX300 directors have deep Asian experience.</p> <p>This mix of skills and diversity gives the Board direct knowledge and expertise of the communities in which</p>

		we operate. This assists with the review of operations and setting the strategy for serving our customers, and helps to identify the executive skills required to implement the strategy.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Complies The Company's Board Charter, specifically clauses 5 and 6, sets out the policy regarding independent directors. The names of the independent directors, and the length of service of each director, are disclosed in the Annual Report. Following recent changes to the Board's composition, the Board currently comprises three independent Directors, two non-independent non-executive Directors, and one Executive Director.
2.4	A majority of the board of a listed entity should be independent directors.	Complies The Board currently consists of six directors, comprising: three independent non-executive directors; two non-independent non-executive directors; and one executive director. Accordingly, independent directors comprise the largest grouping on the Board, and a total of 50% of its members. Current directors are considered to possess skills and experience suitable and appropriate in the context of the stage of development of the Company and the scope and scale of the Company's operations. In particular, current directors are appropriately <u>informed</u> (given their expertise and current and former roles), and <u>incentivised</u> (as shareholders or the representatives of major shareholders). Under the "stewardship" theory, this suggests that the Board is better placed to make corporate financial and investment decisions, as Directors are better informed about the current and future prospects of the Company because of their "closeness" to operations. The Board will consider its composition if appropriate, depending on changes to the scope and scale of the Company's operations.
2.5	The chair of the board of a listed entity should be an independent director and, in particular,	Complies The Chairman is an independent director.

	should not be the same person as the CEO of the entity.		The Chairman and CEO are not the same person.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Complies	An induction pack and appropriate briefings are provided to all new directors. Professional development opportunities are provided as appropriate.
Principle 3: Act ethically and responsibly			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Complies	The Company has implemented a number of policies and procedures including the Company's Board Charter, Directors' Code of Conduct and Anti-Bribery and Corruption Policy. Together, these maintain confidence in the Company's integrity, take into account the Company's legal obligations, and govern the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
Principle 4: Safeguard integrity in corporate reporting			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Complies	The Company has established the Audit & Risk Management Committee, which: <ul style="list-style-type: none"> • has three members, who are named in the Annual Report; • all members are independent non-executive directors; • is chaired by an independent chair; • its charter is disclosed on the Company website; and • the number of meetings of the Committee and the attendance by each member is disclosed in the Annual Report.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO	Complies	Audit and Risk Committee Charter, clause 5.1(b).

	and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complies	Audit and Risk Committee Charter, clause 5.1(a)(xii).
Principle 5: Make timely and balanced disclosure			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Complies	The Company has implemented a Directors' Code of Conduct, Market Disclosure Policy, Directors' Disclosure Policy and Policy for Handling Conflicts of Interest, which are designed to ensure compliance with the ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for compliance and disclosure. In particular, the Market Disclosure Policy ensures that there is full and timely disclosure of the Company's activities to shareholders.
Principle 6: Respect the rights of security holders			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	All ASX releases and press releases are published at www.donacointernational.com , together with other information on the Company, including the Company's Corporate Governance Policies.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Company has implemented a Market Disclosure Policy which ensures that there is full and timely disclosure of the Company's activities to shareholders. The Company also conducts regular investor briefings on scheduled results announcement dates, and also at other times throughout the year. These briefings are released in advance to the ASX Market Announcements Platform if they contain any price-sensitive information.

6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies	<p>All shareholders receive a Notice of Meeting, and are invited to submit questions beforehand.</p> <p>Multiple opportunities are given to ask questions at all general meetings.</p> <p>At other times, questions received by email or telephone are answered as appropriate, in the light of the Company's market disclosure obligations.</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	The Company's share registry facilitates electronic communications with shareholders.
Principle 7: Recognise and manage risk			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, <p>and disclose:</p> <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Complies	<p>The Company has established the Audit & Risk Management Committee, which:</p> <ul style="list-style-type: none"> • has three members, who are named in the Annual Report; • all members are independent non-executive directors; • is chaired by an independent chair; • its charter is disclosed on the Company website; and • the number of meetings of the Committee and the attendance by each member is disclosed in the Annual Report.
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Complies	<p>The Audit and Risk Management Committee reports to the Board in respect of material business risks and their management. The Company has also implemented the Audit and Risk Management Committee Charter, which governs the operation of the Audit and Risk Management Committee.</p> <p>In addition, pursuant to clause 4 of the Company's Board Charter, the Board must ensure that it is provided with a written statement from the chief executive officer and chief financial officer in relation to the</p>

		Company's risk management systems and controls, stating 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.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Complies An internal audit function consisting of one employee was established as part of the Company's risk management function for the FY16 financial year onwards. The internal auditor is based out of the Company's office in Cambodia, and is focused on alignment of standard operating procedures with internal controls.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies The Company discloses the material risks affecting its businesses in the Annual Report.
Principle 8: Remunerate fairly and responsibly		
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Complies The Company has established the Nominations, Remuneration & Corporate Governance Committee, which: <ul style="list-style-type: none">• has three members, who are named in the Annual Report;• all members are independent non-executive directors;• is chaired by an independent chair;• its charter is disclosed on the Company website; and• the number of meetings of the Committee and the attendance by each member is disclosed in the Annual Report.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies Pursuant to clause 4.1(l) of the Nominations, Remuneration & Corporate Governance Committee Charter, the Committee must review the remuneration of non-executive directors annually, and ensure that

		<p>the structure of non-executive director's remuneration is clearly distinguished from that of executives, by ensuring that: non-executive directors are remunerated by way of fees, do not participate in schemes designed for the remuneration of executives, do not receive options or bonus payments and are not provided with retirement benefits other than statutory superannuation.</p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Does not comply</p>	<p>The Company will develop such a policy if appropriate in the context of the current equity-based remuneration scheme. Since the scheme involves the purchase of shares on market by an employee share trust, there is little need for such a policy.</p>