

Corporate governance statement

This document discloses the extent to which Spirit Telecom Limited ACN 089 224 402 (**Company**) has followed the recommendations set by the ASX Corporate Governance Council in the third edition of its Corporate Governance Principles and Recommendations (**ASX Recommendations**) during the relevant part of the reporting period.

This document is current as at 30 June 2016 and has been approved by the board of the Company.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
<p>Recommendation 1.1 A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>YES</p> <p>YES</p>	<p>The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website. http://www.spirit.com.au/investors/corporate-governance/</p>
<p>Recommendation 1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>YES</p> <p>YES</p>	<p>(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Board to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>Further information is included in the Company's Corporate Governance Plan, which is located on the Company's website at the following link: http://www.spirit.com.au/investors/corporate-governance/</p>

		(b) Under the Corporate Governance Plan, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	<p>The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> <p>Further information is included in the Company's Corporate Governance Plan, which is located on the Company's website at the following link: http://www.spirit.com.au/investors/corporate-governance/</p> <p>The Company has had written agreements with each of its Directors and senior executives for the past financial year. Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the 2016 Annual Report.</p>
<p>Recommendation 1.4</p> <p>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.</p>	YES	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p> <p>Further information is included in the Company's Corporate Governance Plan, which is located on the Company's website at the following link: http://www.spirit.com.au/investors/corporate-governance/</p>
PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to assess annually 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:</p> <p>(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress</p>	<p>YES</p> <p>YES</p>	<p>(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives (if any have been set) and the Company's progress in achieving them.</p> <p>(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website. http://www.spirit.com.au/investors/corporate-governance/</p>

<p>towards achieving them; and</p> <p>(ii) either:</p> <p>(A) 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>(B) the entity’s “Gender Equality Indicators”, as defined in the Workplace Gender Equality Act 2012.</p>	<p>YES</p> <p>N/A</p>	<p>(c) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO/MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment.</p> <p>The proportion of women on the board, women in senior executive positions and women employees in the whole organisation as at reporting date was as follows:</p> <table border="1" data-bbox="1368 440 2013 663"> <thead> <tr> <th>Gender</th> <th>Board</th> <th>Senior executive positions</th> <th>Whole organisation</th> </tr> </thead> <tbody> <tr> <td>No. of men</td> <td>3</td> <td>4</td> <td>14</td> </tr> <tr> <td>No of women</td> <td>0</td> <td>1</td> <td>7</td> </tr> <tr> <td>% women</td> <td>0%</td> <td>25%</td> <td>33%</td> </tr> </tbody> </table>	Gender	Board	Senior executive positions	Whole organisation	No. of men	3	4	14	No of women	0	1	7	% women	0%	25%	33%
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No. of men	3	4	14															
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<p>Recommendation 1.6</p> <p>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>	<p>YES</p> <p>YES</p>	<p>(a) Currently the role of the nomination committee is undertaken by the full Board. The Company intends to establish a nomination committee once the Company’s operations are of sufficient magnitude.</p> <p>(b) The Board is responsible for evaluating the performance of the Board and individual Directors will be evaluated on an annual basis. It may do so with the aid of an independent advisor.</p> <p>Further information is included in the Company’s Corporate Governance Plan, which is located on the Company’s website at the following link:</p> <p>http://www.spirit.com.au/investors/corporate-governance/</p> <p>(c) No performance evaluation was undertaken during the period to June 2016. A performance evaluation will be completed in June 2017 following 12 months service of the existing Board members.</p>																

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 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>	<p>YES</p> <p>YES</p>	<p>(a) The Company's Board is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Company's Board is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director.</p> <p>The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>http://www.spirit.com.au/investors/corporate-governance/</p> <p>(b) No performance evaluation was undertaken during the period to June 2016. A performance evaluation will be completed in June 2017 following 12 months service of the existing senior executives.</p>
<p>Principle 2: Structure the board to add value</p>		
<p>Recommendation 2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	<p>a. NO</p> <p>1. N/A</p> <p>2. N/A</p> <p>3. N/A</p> <p>4. N/A</p> <p>5. N/A</p> <p>b. YES</p>	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have a Nomination Committee. Pursuant the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee.</p> <p>The Board's nomination responsibilities are set out in the Board Charter.</p> <p>http://www.spirit.com.au/investors/corporate-governance/</p> <p>The Board devotes time at on an annual basis to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</p> <p>The Board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.</p> <p>Refer to the Company's 2016 Annual Report which is located on the</p>

		Company's website at the following link: http://www.spirit.com.au/investors/
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	YES	<p>The Company has a Board skill matrix setting out the mix of skills and diversity that the Board currently in its membership.</p> <p>The Board Charter requires the disclosure of each Board member's qualifications and expertise.</p> <p>Further information is included in the Company's Corporate Governance Plan, which is located on the Company's website at the following link: http://www.spirit.com.au/investors/corporate-governance/</p>
PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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</p> <p>(c) the length of service of each director.</p>	<p>YES</p> <p>YES</p> <p>YES</p>	<p>The Board has two independent directors, Mr Terrence Gray (Non-Executive Director) and Mr James Joughin (Non-Executive Chairman).</p> <p>Mr Geoff Neate is not considered to be independent on the basis that he has been engaged in an executive management role with the Company.</p> <p>The Board considers the Non-Executive directors to be independent having regard to the indicia in Box 2.3 in the ASX Recommendations. The Board has considered the holdings of shares in the Company by these nonexecutive directors and is of the opinion that their respective interests in shares would not materially interfere with, or could be reasonably perceived to interfere with, the independent exercise of their judgement in their position as a Director. The Board also considers that they are otherwise free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement, and that each of these Directors is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.</p> <p>The lengths of service are as follows:</p> <ul style="list-style-type: none"> • Geoff Neate (since 16 June 2016) • Terrence Gray (since 16 June 2016) • James Joughin (since 16 June 2016)
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	YES	As noted above in Recommendation 2.3, the Board does have a majority of independent directors. The Board recognises that it is desirable for the majority of the Board to be Independent Directors, the Company's current

		size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of further Independent Directors should the Company's size and growth warrant this.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	YES	The Chairman, Mr James Joughin, is an independent Director and is not the CEO/Managing Director.
PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	YES	In accordance with the Company's Board Charter, the Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.
Principle 3: Act ethically and responsibly		
Recommendation 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.	YES TO ALL	(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website. http://www.spirit.com.au/investors/corporate-governance/
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the	a. NO 1. N/A 2. N/A 3. N/A 4. N/A	(a) The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair. (b) The Company does not intend to have an Audit and Risk Committee as the Board did not consider the Company would benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the

<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	<p>Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website. http://www.spirit.com.au/investors/corporate-governance/</p>
<p>Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	YES	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan. http://www.spirit.com.au/investors/corporate-governance/</p>
<p>Recommendation 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.</p>	YES	<p>This is disclosed in the Company's Notice of Meetings when dispatched to shareholders. Further information is included in the Company's Corporate Governance Plan, which is located on the Company's website at the following link: http://www.spirit.com.au/investors/corporate-governance/</p>
<p>PRINCIPLES AND RECOMMENDATIONS</p>	<p>COMPLY (YES/NO)</p>	<p>EXPLANATION</p>
<p>Recommendation 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.</p>	YES	<p>The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries should be referred to the Company Secretary at first instance.</p>
<p>Principle 7: Recognise and manage risk</p>		
<p>Recommendation 7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p>	<p>a. NO 1. N/A 2. N/A</p>	<p>(a) The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director. A copy of the Corporate Governance Plan is available on the Company's website.</p>

<p>(iv) the members of the committee; and (v) 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 risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	<p>3. N/A 4. N/A 5. N/A b. YES</p>	<p>http://www.spirit.com.au/investors/corporate-governance/</p> <p>(b) The Company does not have an Audit and Risk Committee as the Board does not consider the Company would benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the Board devoting time at all Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p>
<p>Recommendation 7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	<p>YES TO ALL</p>	<p>(a) The Company regularly undertake reviews of its risk management framework to establish an effective and efficient system for:</p> <p>(i) identifying, assessing, monitoring and managing risk; and (ii) disclosing any material change to the Group's risk profile. The Company intends to disclose the matters contemplated by ASX Recommendation 7.2 in future annual reports.</p> <p>For further detail refer to the Company's Corporate Governance Plan located on the Company's website at the following link: http://www.spirit.com.au/investors/corporate-governance/</p>
<p>PRINCIPLES AND RECOMMENDATIONS</p>	<p>COMPLY (YES/NO)</p>	<p>EXPLANATION</p>
<p>Recommendation 7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	<p>NO YES</p>	<p>(a) The Corporate Governance Plan provides for the Board to monitor the need for an internal audit function.</p> <p>(b) The Company did not have an internal audit function for the past financial year. Due to the size of the Company, the Board does not consider it necessary to have an internal audit function.</p> <p>(c) The Company will employ the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:</p> <p>(i) the Board will monitor the need for an internal audit function having regard to the size, location and complexity of the Company's operations;</p> <p>(ii) the Board will periodically undertake an internal review of financial systems and processes where systems are considered</p>

		to require improvement these systems are developed; and The Board will review risk management and internal compliance procedures at each Board meeting and monitors the quality of the accounting function.
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	The Company has no material exposure to economic, environmental and social sustainability risks.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) 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.	a. NO 1. N/A 2. N/A 3. N/A 4. N/A 5. N/A b. YES	Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have a Remuneration Committee. Pursuant the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee. The Board's Remuneration responsibilities and processes are set out in the Board Charter. For further detail refer to the Company's Corporate Governance Plan located on the Company's website at the following link: http://www.spirit.com.au/investors/corporate-governance/ Refer to the Company's 2016 Annual Report which is located on the Company's website at the following link: http://www.spirit.com.au/investors/
PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 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.	YES	Separate disclosure regarding the remuneration of the Company's directors (executive and non-executive) is disclosed in the Company's Annual report, as lodged with the ASX and issued to shareholders. A copy of the latest Annual Report containing this disclosure can be accessed at: http://www.spirit.com.au/investors/

<p>Recommendation 8.3</p> <p>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>YES</p>	<p>(a) The Company had an equity based remuneration scheme during the past financial year. The Company’s Corporate Governance Plan prohibits Key Management Personnel entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p> <p>(b) Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in equity based remuneration or in unvested entitlements.</p>
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