Corporate Governance Statement

The Board of Directors of Xped Limited ("the Company") is responsible for the corporate governance of the Company and is committed to achieving and demonstrating the highest standards of corporate governance.

Xped Limited's Corporate Governance Statement is structured with reference to the Australian Securities Exchange Corporate Governance Council's "Corporate Governance Principles and Recommendations" as revised in September 2018 the Principles of which are as follows:

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Promote Ethical and responsible decision-making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, the fact is disclosed, together with reasons for the departure.

1. LAY SOLID FOUDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 – Role of the Board and Management

The Board operates in accordance with the broad principles set out in this charter which is available from the investor information section of the Company website at www.xped.com/irm/content/corporate-governance.aspx

The charter details the board's composition and responsibilities.

The charter states:

- the board will comprise a suitable mix of non-executive directors and executive directors. Non-executive directors bring a fresh perspective to the board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management;
- in recognition of the importance of independent views and the board's role in supervising the activities of management, it is preferred that the Chairman should be an independent non-executive director, the board must be independent of management and all directors are required to bring independent judgement to bear in their board decision making;
- the Chairman is elected by the full board and is required to meet regularly (either formally or informally) with the Chief Executive Officer;
- the Company is to maintain a mix of directors on the board from different backgrounds with complementary skills and experience; and
- the board is required to undertake an annual board performance review and consider the appropriate mix of skills required by the board to maximise its effectiveness and its contribution to the Group.

The Board delegate's responsibility for the operation and administration of the Company, including day-to-day management of Xped's affairs and the implementation of corporate strategy and policy initiatives, to the Chief Executive Officer (the "CEO") and the Senior Executives.

The responsibilities of the board include:

- providing strategic guidance to the Company including contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring :
    - organisational performance and the achievement of the Company's strategic goals and objectives;
    - compliance with the Company's Code of Conduct; and
    - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- appointment, performance assessment and, if necessary, removal of the Chief Executive Officer;
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation; and
- overseeing the operation of the Company's system for compliance and risk management reporting to shareholders.

Recommendation 1.2 – Director Checks

The Company performs checks on all potential directors and includes checks on a character, education, experience and criminal records. Directors are required to provide consent for the Company to perform such checks

Details of each Director are tabled in the Annual Report and Company website, and include their relevant qualifications and experience and the skills they bring to the Board. Any material directorships currently held are also stated in the Annual Report.

Non-Executive Directors are expected to spend an appropriate portion of time per year preparing for and attending board and committee meetings and associated activities. It is the Company's practice to allow its executive directors to accept appointments outside the Company with prior advice to and agreement by the board.

The commitments of non-executive directors are considered by the Board prior to the directors' appointment to the board of the Company and are reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

Directors must have sufficient time to fulfil their duties as a Director of the Company and are required to table any new commitments at Board Meetings.

Recommendation 1.3 – Written Agreement with each Director and Senior Executive

Non-Executive Directors are engaged by the Company under letters of appointment and senior executives are engaged under service contracts. The roles and responsibilities of an appointee are addressed in these agreements.

Directors' remuneration and appointment and service contracts for senior executives are provided in the Remuneration Report within the Annual Report.

Recommendation 1.4 – Company Secretary

The Company Secretary reports directly to the Board, through the Chairman, on all matters to do with the functioning of the Board.

Recommendation 1.5 – Diversity of the Board

The Company recognises that diversity is a critical aspect of effective management of its people and their contributions to the success of the Company.

The Board does not consider it necessary to establish a diversity policy given the relative small size of the Company and its staff.

The Company employs less than 100 staff and is not defined a "relevant employer" under the Workplace Gender Equality Act.

Recommendation 1.6 – Performance of Board

The Board follows an informal process of self-assessment of its performance, and the performance of its committees.

During the reporting period, the Board has undertaken an assessment of individual Directors performance via informal discussions between each Director and the Chairman.

Recommendation 1.7 – Performance of Senior Executives

The Board evaluates management's performance against various criteria and requires senior executives to formally address the Board on execution of strategy and associated issues.

During the reporting period, no Senior Executives were engaged by the Company requiring any assessments to take place.

2. STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 – Nomination Committee

Given the small size of the Xped Board, the Nomination Committee comprise of the full Board. There is currently no Nomination Committee Charter.

The board seeks to ensure that its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or "fresh" perspective.

The Board regularly reviews it composition to ensure it continues to have the appropriate balance of skills and experience necessary to carry on its duties efficient decision-making. It will make Board appointments as appropriate.

Any director appointed to fill a vacancy must stand for election by shareholders at the next Annual General Meeting. The Company's Constitution specifies that all non-executive directors must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a director may stand for re-election.

Recommendation 2.2 – Board Skills Matrix

The Company adopts an informal process to review the Board skills at Board meetings without the need for a board skills matrix. The Board benefits from the combination of Directors' individual skills, expertise and experience in particular areas, as well as the varying perspectives and views that arise amongst the Directors and their diverse backgrounds.

The Board believes the skills base of the current Directors is appropriate and adequate for the Company's size.

Recommendation 2.3 - Directors' independence

The following principles apply in respect of the Board:

- The majority of Non-Executive Directors on the Board should ideally be comprised of independent directors, however based on the size of the Company and the Board this may not be possible.
- All Directors, whether independent or not, should bring independent judgement to bear on the board decisions. A procedure will be agreed whereby, in appropriate circumstances, directors can have access to independent professional advice at the Company's expense.
- Non-Executive directors are encouraged to confer regularly without management present, including at scheduled sessions.
- Specifically to be deemed independent, a director must be a non-executive 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;
  - 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;
  - 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;
  - not have been on the board for a period 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 / or
  - 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.

Materiality for these purposes is determined on both quantitative and qualitative bases. A transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

The non-executive directors are encouraged to meet regularly without the presence of management or executive directors, to discuss the operation of the board and a range of other matters. Relevant matters arising from these meetings are shared with the full board.

Any and all potential conflicts of interest (whether relating to non-executive directors, or to executive directors) are to be notified by the individual director concerned, prior to the matter being formally discussed between Directors. In accordance with the board charter, the directors concerned declare their interests in those dealings to the Company and take no part in decisions relating to them or the preceding discussions. In addition, these directors do not receive any papers from the Group pertaining to those dealings.

Where the independence status of a director changes, the Company will provide immediate notification of such change to the market. Directors' independence and the length of service of each Director is disclosed within the Annual Report.

Mr Peter Hunt is considered to be an independent director.

Recommendation 2.4 – Majority of the Board compose of Independent Directors

The board currently consists of one independent Director and two Executive Directors.

Recommendation 2.5 – Independent Chairman & Chief Executive Officer

The Chairman is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the Company's senior executives.

The Chief Executive Officer is responsible for implementing Group strategies and policies. The board charter specifies that these are separate roles to be undertaken by separate people.

Mr Peter Hunt is the current Chairman and considered to be independent. Athan Lekkas was the Chairman until 4 September 2017 and was considered to be not independent.

Recommendation 2.6 – Induction of Directors and Professional Development

The Company has an established program for the induction of new Directors. This induction covers all the aspects of the Company's operations including the provision of information and meetings with management to ensure that new Directors are able to fulfil their responsibilities and contribute to Board decisions.

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this is not to be unreasonably withheld.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISOIN MAKING

Recommendation 3.1 – Code of Conduct

The Company supports and has adopted a Code of Conduct for its Directors and employees, which outlines the standards of ethical behaviour and is essential to maintain the trust of all stakeholders and the wider community.

The code recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics and its commitment to ensuring compliance with the insider trading laws.

The insider trading provisions of the Corporations Act have been drawn to the attention of all Directors and executives and it has been agreed that this will be a continuing policy on a regular basis. Directors have all entered into agreements to notify the Company within three days of any dealing in the Company's securities and it is an employment condition that all executives notify the Company within three days of any dealing in the Company's securities.

The Board and management of Xped Limited are committed to the Code of Conduct which is based on the Company's core values of acting with integrity, fairness and honesty along with legal and fiduciary obligations to all legitimate stakeholders including shareholders, customers, employees and the broader community.

Confidentiality
Information concerning Xped and its clients is confidential and must not be released without authorisation from a manager. Information gained through dealings with clients should only be used in the course of employment.

Privacy Act obligations
Employees must comply with the Privacy Act. Employees have an obligation and personal responsibility to respect clients', and all individuals' rights to privacy. This means doing everything the security of any personal information handled in the course of employment.

Protecting confidential information
Commercially sensitive documents, records and files should be stored securely and not left where visible. Confidential information should not be left on computer screens and computer access passwords must not be shared with others.

Securities trading policy
A copy of the Securities Trading Policy can be found on the Company website at:
www.xped.com/company/corporate-governance/

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1 – Audit and Risk Management Committees

The Audit and Risk Committee provides assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems, and the internal and external audit functions.

The Audit and Risk Committee operates in accordance with a charter which is available on the Company website.

The main responsibilities of the committee are to:
- review, assess and approve the annual report, the half-year financial report and all other financial information published by the Company or released to the market;
- assist the board in reviewing the effectiveness of the organisation's internal control environment covering:
    - effectiveness and efficiency of operations
    - reliability of financial reporting;
    - compliance with applicable laws and regulations;
- determine the scope of potential internal audit requirements;
- oversee the effective operation of the risk management framework;
- recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance;
- consider the independence and competence of the external auditor on an ongoing basis;
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;
- review and monitor related party transactions and assess their propriety; and
- report to the board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the audit and risk committee:
- receives regular reports from management and external auditors;
- meets with external auditors at least twice each year, or more frequently if necessary;
- reviews the processes the CEO and CFO have in place to support their certifications to the board;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved;
- meets separately with the external auditors as required without the presence of management; and
- provides the external auditors with a clear line of direct communication at any time to either the Chairman of the audit committee or the Chairman of the board.

The audit and risk committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party. Each Committee member has access to the external auditors and the auditor has access to each Committee member and members of management.

The audit and risk committee currently consists of the following directors, and the majority are not independent directors:'
- Peter Hunt (Chairman)
- John Schultz
- Chris Wood

Details of the relevant qualifications and experience of the members of the Committee and the number of times the Committee met are detailed within the Directors' Report with the Annual Report. The Chairperson of the audit and risk committee is a non-executive director and is not the chairperson of the Board and is deemed independent.

Recommendation 4.2 – Declaration from the CEO and CFO

The Chief Executive Officer and Chief Financial Officer , at the end of each six month period, make the following certifications to the board:

1. that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards;
   and
2. that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Where no person holds the title of CEO or CFO at the end of the six month period, two Executive directors will make the certifications to the board.

Recommendation 4.2 – External Auditors

The Company and audit and risk committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Pitcher Partners (Brisbane), were appointed as the external auditor for the financial year 2008 onwards. It is Pitcher Partners policy to rotate audit engagement partners on listed companies at least every five years.

It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

5. MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 – Disclosure Policy

The continuous disclosure requirements of the ASX are detailed in Chapter 3 of the ASX Listing Rules and are adopted by the Company. The Company ensures all investors have equal and timely access to information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The company secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When presentations on aspects of the Company's operations are made, the material used in the presentation is released to the ASX and posted on the Company's web site.

Where uncertainty arises as to the meeting of continuous disclosure obligations, the company secretary may seek external legal advice. The Board monitors the implementation and effectiveness of the continuous disclosure procedures and promotes the understanding of compliance.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1 – Information on Website

Information about the Company and its governance to investors can be located on the "Corporate Governance" landing page on the Company website. The location is www.xped.com/irm/content/corporate-governance.aspx and provides access to all relevant corporate governance information.

The Company website also contains links to copies of ASX announcements, annual reports and quarterly reports, news and alerts, shareholder services and overview of the Company's business activities in relevant sections.

Recommendation 6.2 – Investor Relations Program

The Board aims to ensure that the shareholders, on behalf of whom they act, are provided with all information necessary to assess the performance of the Company. Information is communicated to the shareholders through:

- The Annual Report, which will be distributed to all shareholders (unless shareholders specifically indicate otherwise);
- Quarterly Reports to all shareholders (to be issued within four weeks of the end of the quarter);
- The Annual General Meeting, and other meetings called to obtain approval for Board action as appropriate;
- The Company's website at www.xped.com/irm/content/corporate-governance.aspx This web site is actively maintained and includes all market announcements, briefings to shareholders, full texts of notices of meeting and explanatory material and compliance reports such as the quarterly cash flow report and annual report.

Recommendation 6.3 – Participation at meetings of Security Holders

The Board encourages the full participation of its shareholders at the annual general meeting and welcomes questions from shareholders on relevant issues.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Recommendation 6.4 – Electronic Communication

The Company provides opportunities for shareholders to participate through electronic means including through its website, by email communications and via the share registry. Shareholders who have made an election receive communications including the Company's Annual Report on the Company's website or by email.

Electronic contact details are provided on the Company website. The Company endeavours to respond to all shareholder queries on a prompt and courteous basis. All information disclosed to the ASX is automatically posted on the Company's website as soon as it is disclosed to ASX.

7. RECOGNISE AND MANAGE RISK

Recommendation 7.1 – Risk Committee

The Audit and Risk Committee determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. A formal delegation of authority document exists and is operational.

The main responsibilities of the audit and risk committee are:

- to establish a sound system of risk oversight and management and internal control under which Xped can identify, assess, monitor and manage risk;
- to inform the Board of material changes to the risk profile of Xped and maintain appropriate risk management practices and systems throughout the operations of the Company; These functions include but are not limited to:
    - Ensuring Xped senior executives adhere to any monitoring program set down by the risk committee
    - Ensuring any appropriate risk limits are set and adhered to
    - Ensuring the conditions of the Company's Australian Financial Services license holder are being adhered to

Details of the relevant qualifications and experience of the members of the Committee and the number of times the Committee met are detailed within the Directors' Report with the Annual Report. The Chairperson of the audit and risk committee is a non-executive director and is not the chairperson of the Board and is deemed independent.

Recommendation 7.2 – Annual Risk Review

The Company risk management policy and the operation of the risk management and compliance system are regularly reviewed by the management and has been reviewed for the year ended 30 June 2017. Detailed control procedures cover management accounting, financial reporting, project appraisal, environment, health and safety, IT security, compliance and other risk management issues.

In addition, the board requires that each major proposal submitted to the board for decision is accompanied by an appropriate review of risks and, where required, management's proposed mitigation strategies.

The Chief Executive Officer and Chief Financial Officer, at the end of the financial year, make the following certifications to the board:

1. that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards;
   and
2. that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Recommendation 7.3 – Internal Audit

The Company does not have a formal internal audit function. The Company's management periodically undertakes a review of financial systems and processes and where systems are considered to require improvement these systems are developed. Authority delegations are reviewed annually by the audit and risk committee.

8. REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1 – Remuneration Committee

The remuneration committee reviews and makes recommendation on Director and Senior Executive remuneration and overall staff remuneration and incentive policies. The remuneration committee currently is composed of the entire Board of Directors, the majority of whom are not independent, the Chairman of the Board is independant. Details of the relevant qualifications and experience of the members of the Committee and number of times the Committee met are detailed within the Annual Report.

The main responsibilities of the Remuneration Committee are:

- Non-Executive director remuneration
- Staff incentive plans including bonus, share and option plans.
- Salary, benefits and total remuneration packages of the Chief Executive Officer and senior executives
- Review and approve the Chief Executive Officer's recommendation for annual salary for employee salary reviews
- Employee succession planning
- The company's recruitment, retention and termination policies and procedures for Chief Executive Officer and senior executives
- Report on executive remuneration, which is required pursuant to any Listing Rule or legislative requirement or which is for inclusion in the annual report

Recommendation 8.2 – Disclosure of Remuneration Policies and Practices

Xped's remuneration policy ensures that remuneration packages properly reflect the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality

The remuneration committee reviews and makes recommendation on Director and Senior Executive remuneration and overall staff remuneration and incentive policies. Committee members have regard to external remuneration sources on recent developments on remuneration and related matters as required.

Executive remuneration and the terms of employment are reviewed annually having regard to personal and corporate performance, contribution to long-term growth, relevant comparative information and independent advice. There was executive remuneration paid for key management during the 2017 financial year and this is disclosed in the remuneration section of Annual Report.

All remuneration paid to directors and senior executives is measured at the cost to the Company and expensed.

Non-executive Directors are entitled to be paid fees and those fees will be as agreed or adjusted by them, from time to time. The maximum amount of fees that can be paid to non-executive directors is subject to shareholder approval at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company.

Recommendation 8.3 – Policy on Equity Based Remuneration Scheme

The Company does not have an Equity Based Remuneration Scheme at this present time.