



BOARD DIVERSITY POLICY

The Company's Corporate Objective is to invest in Australian equities with a focus on stocks where this is an active options market. The Company uses exchange traded options to enhance income return to investors. The Company aims to provide shareholders with attractive investment returns through access to fully franked dividends and growth in capital invested. In this regard the Company's primary goals are:

- to pay a higher level of fully franked dividend than is available from the market in general; and
- to provide attractive total return including capital growth over the medium to long term.

In meeting the Company's Corporate Objective, the Board is committed to having in place a robust system of governance that is appropriate for a company of its size and business focus.

The Board's approach to diversity

The Board views diversity as including, but not being limited to, skills, qualifications, experience, gender, race, disability, age, ethnicity and cultural background.

The Board recognises that having a diverse Board will assist it in effectively carrying out its role as set out in the Board's charter. The Board has determined that to fulfil the Company's Corporate Objective, its own membership is best served by having a mix of individuals with deep expertise and a breadth of experience in the following areas:

- the investment industry
- leading and managing successful corporations
- advising successful corporations (including legal and accounting advice)

The Company has a number of additional defining characteristics that have an important influence on how the Board deals with Board and organisational diversity:

- As the Company is a long-term shareholder, it is beneficial to have directors who serve for a long period of time, experiencing different economic and business cycles.
- As management, financial, business development/marketing and securities/stock market services are provided to the Company by Australian Investment Company Services Limited (AICS), the Company has no employees.
- Senior Executives of the Company are the Senior Executives of AICS. AICS is responsible for, and best placed to determine, its own employment practices. However, the Company has in place processes to monitor the performance of AICS.

As such, this policy is limited to Board diversity. All appointments to the Board will be based on merit, and will include consideration of the Board's diversity needs.

Objectives and Reporting

As part of its oversight of Board composition and succession planning, the Nomination Committee will have responsibility for, and oversight of, this policy.

On recommendation from the Nomination Committee, the Board, in reviewing its composition will set measurable objectives in respect of diversity, including gender diversity, which will be appropriate for the Company's own circumstances.

Those objectives and progress against them will be assessed annually by the Nomination Committee and progress against those objectives will be discussed by the Board and reported to shareholders in the Annual Report.

Reviewed: April 2018