

# Appendix 4G

## Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

Envirosuite Limited
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ABN/ARBN

42 122 919 948
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Financial year ended:

30 June 2021
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Our corporate governance statement<sup>1</sup> for the period above can be found at:<sup>2</sup>

- ☒ This URL on our website: <https://envirosuite.com/investors/leadership-and-governance>

The Corporate Governance Statement is accurate and up to date as at 18 August 2021 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.<sup>3</sup>

Date: 18 August 2021

Name of authorised officer  
authorising lodgement:

Rachel Ormiston, General Counsel and Company Secretary

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<sup>1</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

<sup>2</sup> Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

<sup>3</sup> Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

**ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES**

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should have and disclose a board charter setting out: (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.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: <a href="https://cms.envirosuite.com/wp-content/uploads/Corporate-Governance-Charter.pdf">https://cms.envirosuite.com/wp-content/uploads/Corporate-Governance-Charter.pdf</a>	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward 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.	<input checked="" type="checkbox"/>	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	
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.	<input checked="" type="checkbox"/>	

<sup>4</sup> Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate governance/charters/”).

<sup>5</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a diversity policy;</li> <li>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>(c) disclose in relation to each reporting period: <ul style="list-style-type: none"> <li>(1) the measurable objectives set for that period to achieve gender diversity;</li> <li>(2) the entity's progress towards achieving those objectives; and</li> <li>(3) either: <ul style="list-style-type: none"> <li>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</li> <li>(B) 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.</li> </ul> </li> </ul> </li> </ul> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>		<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ul>		<input checked="" type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) in:</p> <p>our Corporate Governance Statement</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process in:</p> <p>our Corporate Governance Statement</p>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination 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>	<p>and we have disclosed a copy of the charter of the committee at: <a href="https://cms.envirosuite.com/wp-content/uploads/Remuneration-Nomination-Committee-Charter.pdf">https://cms.envirosuite.com/wp-content/uploads/Remuneration-Nomination-Committee-Charter.pdf</a></p> <p>and the information referred to in paragraphs (4) and (5) in: our Corporate Governance Statement</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement.</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.		<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>
2.3	<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, affiliation 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 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><input checked="" type="checkbox"/></p> <p>and we have disclosed the names of the directors considered by the board to be independent directors in: our Corporate Governance Statement and, where applicable, the information referred to in paragraph (b) in: our Corporate Governance Statement and the length of service of each director at: pages 37 - 38 of the Director's Report, contained in the EVS 2021 Annual Report</p>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
2.4	A majority of the board of a listed entity should be independent directors.		<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
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.	<input checked="" type="checkbox"/>	
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input checked="" type="checkbox"/>	
<b>PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should articulate and disclose its values.		<input checked="" type="checkbox"/> set out in our Corporate Governance Statement and we have disclosed our values at: <a href="https://envirosuite.com/about-us">https://envirosuite.com/about-us</a>
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.		<input checked="" type="checkbox"/> set out in our Corporate Governance Statement and we have disclosed our code of conduct at: <a href="https://cms.envirosuite.com/wp-content/uploads/Code_Conduct_policy.pdf">https://cms.envirosuite.com/wp-content/uploads/Code_Conduct_policy.pdf</a>
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: <a href="https://cms.envirosuite.com/wp-content/uploads/whistleblower_policy.pdf">https://cms.envirosuite.com/wp-content/uploads/whistleblower_policy.pdf</a>	
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.		<input checked="" type="checkbox"/> set out in our Corporate Governance Statement and we have disclosed our anti-bribery and corruption policy at: <a href="https://cms.envirosuite.com/wp-content/uploads/Anti_Bribery_Corruption_anti-competitive_conduct_policy.pdf">https://cms.envirosuite.com/wp-content/uploads/Anti_Bribery_Corruption_anti-competitive_conduct_policy.pdf</a>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>and we have disclosed a copy of the charter of the committee at: <a href="https://cms.envirosuite.com/wp-content/uploads/Audit-Risk-Committee-Charter.pdf">https://cms.envirosuite.com/wp-content/uploads/Audit-Risk-Committee-Charter.pdf</a></p> <p>and the information referred to in paragraphs (4) and (5) in: our Corporate Governance Statement</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>
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 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.	<input checked="" type="checkbox"/>	
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	<input checked="" type="checkbox"/>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.		<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.		<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: <a href="https://envirosuite.com/investors">https://envirosuite.com/investors</a>	
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders in: our Corporate Governance Statement	
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/>	
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	



## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
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> <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 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>	<p>and we have disclosed a copy of the charter of the committee at: <a href="https://cms.envirosuite.com/wp-content/uploads/Audit-Risk-Committee-Charter.pdf">https://cms.envirosuite.com/wp-content/uploads/Audit-Risk-Committee-Charter.pdf</a></p> <p>and the information referred to in paragraphs (4) and (5) in: our Corporate Governance Statement</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>
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 that the entity is operating with due regard to 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><input checked="" type="checkbox"/> and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period in: our Corporate Governance Statement</p>	
7.3	<p>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 governance, risk management and internal control processes.</p>		<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks in: our Corporate Governance Statement and, if we do, how we manage or intend to manage those risks in: our Corporate Governance Statement	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration 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 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.</p>	<p>and we have disclosed a copy of the charter of the committee at: <a href="https://cms.envirosuite.com/wp-content/uploads/Remuneration-Nomination-Committee-Charter.pdf">https://cms.envirosuite.com/wp-content/uploads/Remuneration-Nomination-Committee-Charter.pdf</a></p> <p>and the information referred to in paragraphs (4) and (5) at: our Corporate Governance Statement</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>
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.	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives in:</p> <p>our Corporate Governance Statement and the Remuneration Report in the 2021 Annual Report at pages 41 – 48.</p>	
8.3	<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><input checked="" type="checkbox"/></p> <p>and we have disclosed our policy on this issue or a summary of it in: our Corporate Governance Statement</p>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	<input checked="" type="checkbox"/> and we have disclosed information about the processes in place in: our Corporate Governance Statement	
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.		<input checked="" type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed 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.		<input checked="" type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable

18 August 2021

# Corporate Governance at Envirosuite

The Board of Directors and Executive of Envirosuite Limited (Envirosuite, EVS or the Company) are dedicated to leading the Company and its subsidiaries (the Group) in compliance with high standards of corporate governance.

This Corporate Governance Statement (the Statement) describes Envirosuite's corporate governance framework and practices during the financial year ended 30 June 2021.

The Company has reviewed its corporate governance framework against the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and will be reporting against this edition for the financial year ending 30 June 2021.

The Envirosuite Board of Directors reviews Envirosuite's governance policies and practices at least annually, to ensure that they remain current and up-to-date as expectations and developments in this area evolve. Further information about Envirosuite's corporate governance framework and practices can be accessed on the Company's website at:

<https://envirosuite.com/investors/leadership-and-governance>

All documents referred to in this Statement are freely available and accessible via the company website.

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## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A listed entity should clearly delineate the respective roles and responsibilities of its Board and management and regularly review their performance.

### Recommendation 1.1

A listed entity should have and disclose a Board charter setting out:

- (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.

The Board has formalised its roles and responsibilities into a Corporate Governance Charter which can be accessed at the following link:

<https://cms.envirosuite.com/wp-content/uploads/Corporate-Governance-Charter.pdf>

The Charter clearly defines the matters that are reserved for the Board and those that the Board has delegated to management.

In summary the broad functions of the EVS Board include:

- oversight of the Company, including its control and accountability systems
- setting the Company's major goals including the strategies and financial objectives to be implemented by management
- appointing, removing and managing the CEO
- ratifying the appointment and where appropriate the removal of the CFO and/or Company Secretary
- input into and final approval of management's development of corporate strategy and performance objectives
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance
- monitoring senior management's performance and implementation of strategy, and ensuring that appropriate resources are available
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures

- approving and monitoring financial and other reporting, and
- monitoring the effectiveness of the Company's corporate governance practices.

The Board has delegated responsibility to the CEO for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks
- developing the Group's annual budget, recommending it to the Board for approval and managing day to day operations within the budget
- managing day to day operations in accordance with standards for social and ethical practices which have been set by the Board, and
- approval of capital expenditure and business transactions within predetermined limits set by the Board.

The Envirosuite CEO works with the Executive team to deliver on the strategic objectives set by the Board as well as reinforcing the Company values and the Company's commitment to governance and appropriate behaviour, throughout the organisation.

## **Recommendation 1.2**

A listed entity should:

- (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward 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.

EVS performs appropriate checks of any person nominated to be appointed a director. A nominated person is required to disclose to the Board any relevant information regarding their overall character and ability to fulfil their responsibilities as a Director.

Where a candidate is standing for election or re-election as a Director, the Company will provide information regarding their relevant qualifications, experience and skills, together with details of any other material directorships currently held. If standing for the first time, the Company will also advise if any material adverse information was revealed by the checks the Company has performed about the candidate, together with any interest, position, association or relationship that might influence, or be a perceived influence, upon their capacity to bring independent judgement to the role and to act in the best interests of the Company. The Board will also provide a statement indicating whether the Board considers that the candidate will qualify as an independent director.

Where a candidate seeks election or re-election the Board will issue a statement as to whether it supports the election or re-election of the candidate.

Where a vacancy exists, the Board identifies candidates with the appropriate expertise and experience, using external consultants as appropriate. The most suitable candidate is appointed but must stand for election at the next annual general meeting following their appointment.

The process for re-election of a director is in accordance with the Company's Constitution, which requires that each year, at least one-third of the directors (excluding a managing director) retire from office at the Annual General Meeting. The retiring directors may be eligible for re-election.

## **Recommendation 1.3**

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

All Directors and senior executives are required to enter into written agreements setting out the terms of their appointment to ensure that they have a clear understanding of their responsibilities and the Company's expectations of them. Material terms of contracts with the Group are included in the remuneration report which is published in the Annual Report on pages 41-48 and also published to the ASX Market Announcements Platform at the time of appointment, in accordance with the requirements of the ASX Listing Rules.

## **Recommendation 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.

The Company Secretary is accountable directly to the Board. The Company Secretary advises the Board on legal and governance matters including updates to relevant legislation and the ASX Listing Rules, ensures Board policies and procedures are followed, accurately records the minutes of meetings and assists in the induction and professional development of directors. The appointment or removal of the Company Secretary is a matter for the Board.

### **Recommendation 1.5**

A listed entity should:

- (a) have and disclose a diversity policy;
- (b) through its Board or a committee of the Board set measurable objectives for achieving gender diversity in the composition of its Board, senior executives and workforce generally; and
- (c) disclose in relation to each reporting period:
  - (1) the measurable objectives set for that period to achieve gender diversity;
  - (2) the entity's progress towards achieving those objectives; and
  - (3) either:
    - (A) the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
    - (B) 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.

If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its Board should be to have not less than 30% of its directors of each gender within a specified period.

The Board recognises the benefits of achieving an appropriate mix of diversity throughout the Group as a means of enhancing the Company's performance and organisational capabilities. The Board is committed to diversity, as is evidenced in Section 5 of the Group's Corporate Governance Charter, which can be accessed at:

<https://cms.envirosuite.com/wp-content/uploads/Corporate-Governance-Charter.pdf>

The Board and management adopt the belief that a diverse blend of skills, experiences and perspectives improves the ability of the Company to challenge historical practices, identify new opportunities, deliver innovative solutions to our customers and execute on the Company's strategy. The Board and management are working to create a workplace embracing of diversity of thought and behavioural inclusion.

During the financial year, the Company has taken steps to increase the level of representation of women in the Company and in senior leadership positions. The Board has appointed a female Director, Susan Klose, and a female Company Secretary, Rachel Ormiston,

Throughout the reporting period, the two CEO's have overseen an Executive Team which at all times has comprised two (2) roles held by females, which as at the date of this report make up 40% of the Executive Team. As at the date of this report, 26% of Group employees are female. The Company recognizes that there is more that needs to be done to increase the level of representation of women within the Group and in April 2021, the Board committed to a target of a 40% female workforce by 30 June 2023.

The Board and senior leadership are committed to continually evaluating the level of diversity within the Group to ensure that unconscious biases are being appropriately challenged, that there is true equality of opportunity in the selection of officeholders and employees, and that the Company is adopting a mindset of delivering a diversity of workforce to deliver a diversity of thought.

The Group plans to adopt a diversity policy in the FY22 reporting period.

### **Recommendation 1.6**

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

During FY21, the composition of the Envirosuite Board changed. Former Director and Company Secretary, Adam Gallagher, resigned and a new Director, Susan Klose, and a new Company Secretary, Rachel Ormiston, were appointed. Peter White resigned as CEO and Executive Director and was appointed as a Non-Executive Director. Finally, Zhigang Zhang resigned as a Director. Given the many changes in the Board composition, a formal, performance evaluation of the Board by an external third-party service provider was not undertaken in the FY21 year. The Board will consider conducting such a review process in the second half of FY22 but is conscious to provide sufficient time for the newly formed Board to develop relationships and a solid operating rhythm, before commencing a review process.

In the intervening periods between formal evaluations, the Chairman also conducts informal performance reviews with each director. The Chairman's performance is also evaluated by the directors. In addition, an evaluation is undertaken by the Chairman of the contribution made of directors retiring by rotation prior to the Board endorsing their candidature.

### **Recommendation 1.7**

A listed entity should:

- (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Company has a formal process for evaluating the performance of all staff including senior executives. The CEO conducts formal performance evaluations at six monthly intervals for his direct reports with the performance of each of the CEO's direct reports being considered against their contracted KPIs and common business goals. The CEO also meets with his direct reports on a monthly basis to provide informal feedback.

The Board conducts a formal performance review of the CEO annually as well as informal reviews on an ongoing basis. The formal review considers the performance of the CEO against their KPIs which include assessing the performance of the business against company targets and strategic objectives, as well as other measures designed to protect and grow shareholder value.

Four months prior to the end of FY21, a new CEO was appointed and as a result, members of the Executive team changed also. The Envirosuite Board will assess the performance of this new Executive team over the course of FY22.

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## **PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE**

The Board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

### **Recommendation 2.1**

The Board of a listed entity should:

- (a) have a nomination 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 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.

The Company has a formal Remuneration and Nomination committee which is a sub-committee of the Board however, given the small size of the Company, and the make-up of the Board, the Company has elected not to adopt each of the sub-recommendations set out in Recommendation 2.1.

The Company has a formal Remuneration and Nomination Charter which can be accessed at:

<https://cms.envirosuite.com/wp-content/uploads/Remuneration-Nomination-Committee-Charter.pdf>



During the reporting period, the Committee consisted of two directors, David Johnstone and Adam Gallagher, and the Chair of the Committee was also the Chair of the Board. Since the departure of Adam Gallagher, David Johnstone, Chairman of the Committee and the Board, has solely performed the functions of the Committee and has updated the Board at its monthly Board meetings, on any new or updated matters. Matters have also been raised to the Board on an ad hoc basis, as these have arisen.

The number of meetings held in the reporting period and the attendance at those meetings is outlined below:

	<b>FY2021 Remuneration and Nomination Committee meetings (*)</b>	
Directors	A	B
David Johnstone	3	3
Peter White	-	-
Hugh Robertson	-	-
Zhigang Zhang	-	-
Sue Klose	-	-
Adam Gallagher	3	3

A - Number of meetings attended. B - Number of meetings held during the time the director held office or was a member of the committee during the year (number required to attend).

\* - The committee charters provides for 2 meetings to be held each year per committee. In addition to formal meetings the members meet informally on a regular basis and discuss matters within the charter. Each committee Chair provides a report to the Board at each monthly Board meeting.

The Company will continue to monitor the requirements of this recommendation in the context of the Company's position and circumstances and consider whether any changes should be implemented during FY22

## **Recommendation 2.2**

A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.

EVS has identified the skills and competencies of each Board member and in FY21, the Board identified attributes it was looking for when conducting a recruitment search to replace Director, Adam Gallagher, upon his resignation. The Board determined that the Company required its next director to have had experience as a non-executive director for an ASX listed company, together with expertise in high growth SaaS and Digital businesses. These requirements led to the appointment of Susan Klose.

EVS has elected not to adopt Recommendation 2.2 in FY21 however, the Company is, with the help of an external service provider, compiling a list of skills that will be utilised in the selection of future Board candidates as well as the periodical review process of the existing Board.

While a formal matrix is not in use at this time, the Board regularly considers the appropriate mix of skills and diversity and is mindful of Recommendation 2.2 and the requirements for the company as it continues to grow the scale of its operations.

## **Recommendation 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 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 or relationship in question and an explanation of why the Board is of that opinion; and
- (c) the length of service of each director.

An EVS director will be considered independent where they are:

- independent of management, that is a non-executive director; and
- free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his or her unfettered and independent judgement.

Materiality is assessed on a case-by-case basis by reference to the director's individual circumstances rather than general

materiality thresholds.

The Envirosuite Board has made its own assessment to determine the independence of each director on the Board. It is the Board's view that during the year that the Chairman, David Johnstone, and Susan Klose can be considered both non-executive and independent.

Peter White could not be considered non-executive nor independent through the period to 28 February 2021 on account of his role as CEO and Managing Director. Mr White retired from his role as CEO and Managing Director effective 28 February 2021, at which point he became a non-executive director. However, given that Mr White was recently the CEO and Managing Director, he is not considered to be independent for the majority of FY21.

Out of respect for the spirit of Recommendation 2.3, Hugh Robertson is not considered to be independent, due to the level of assistance that his employer, Bell Potter Securities, provided to the Company for two capital raisings in FY20 and the capital raising in FY21.

In view of the size of the Company and the nature of its activities, the Board considers that the current mix of skills, experience, qualifications and experience on the Board is consistent with the short to medium term interests of the Company.

The following persons were directors of the Company during the reporting period:

- David Johnstone (Non-executive Chairman)
- Hugh Robertson (Non-executive Director)
- Adam Gallagher (Director and Company Secretary) – Resigned 31 July 2020
- Zhigang Zhang (Non-executive Director) – Resigned 27 November 2020
- Susan Klose – appointed 1 December 2020
- Peter White (Managing Director and Chief Executive Officer) – Resigned 28 February 2021, appointed as Non-Executive director from 1 March 2021

Directors have been in office since the start of the financial year to the date of this report unless stated above.

#### **Recommendation 2.4**

A majority of the Board of a listed entity should be independent directors.

The EVS Board currently comprises four (4) non-executive directors. Both the Chairman, David Johnstone, and Non-Executive Director, Susan Klose, are considered to be independent, meaning 50% of the Board are independent directors.

The Board upholds its duty to act in the best interests of the entity as a whole, through the following measures:

- the Company's constitution provides for the number of directors to be not less than three (3) and not more than ten (10)
- the Board is cognisant that the position of Chairman should where possible be held by a non-executive director, which the Current Chairman is
- Consistent with the Company's objective that the Board encompass a broad range of relevant expertise, the present Board consists of directors with a diverse range of skills, qualifications and experience
- The Board considers that the individual directors draw on their professional expertise, experience and skill-sets to make measured, considered and balanced decisions in the best interests of the Company
- As required by the Corporations Act, should there be any inference (even small) that a particular director could be conflicted in a situation, that director is required to abstain from any decision making relevant to that matter. The size of the Board is deliberately of sufficient size that a quorum can be present, even where a director may need to abstain from decision making on a particular matter
- There is no shareholding requirement imposed upon directors under the Company's Constitution. However, for the sake of completeness, investors should note that all directors hold shares or options either directly or indirectly in the Company.

Whilst Envirosuite has not fully adopted Recommendation 2.4 in FY21, the Board will continue to monitor the requirements of this recommendation in the context of the Company's size and growth and consider whether any changes should be implemented during FY22.

#### **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.

For the year ended 30 June 2021, and throughout the reporting period, the roles of Chairman and CEO were held by different people.

The Chairman is elected by the Board. The current Chairman, David Johnstone, was appointed as a non-executive director in February 2014 and elected Chairman in September 2016. The appointment of David Johnstone as Chairman resulted in an independent non-executive director acting as Chair from 2 September 2016.

Jason Cooper, was appointed by the Board of Directors as Chief Executive Officer on 1 March 2021 and holds a three year employment contract. Key details of this contract were disclosed to the market in the following ASX release:

[https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02347331-2A1283583?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02347331-2A1283583?access_token=83ff96335c2d45a094df02a206a39ff4)

## **Recommendation 2.6**

A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

All directors are offered an induction program appropriate to their experience upon appointment, so as to familiarise them with matters relating to the business, strategy and any current issues under consideration by the Board. This program consists of written background material on the Company, its products, services and operations, scheduled meetings with the Chairman, CEO and members of the Executive team.

The Board encourages directors to continue their education by participating in applicable workshops and seminars and attending site visits and undertaking relevant external education.

The General Counsel and Company Secretary provides directors with on-going information on corporate governance matters and other relevant and practical information to assist them in the discharge of their duties and obligations.

Board agendas are structured throughout the year in order to ensure that each of the significant responsibilities of the Board are addressed. Directors receive financial, operational and strategy reports from senior management who are available during meetings and as requested, to discuss reports with, and provide insights to, the Board.

All directors have access to company records and information and receive regular detailed financial and operational reports from senior management.

The qualifications, experience and expertise of the directors, and the respective terms of office held by individual directors, are set out at pages 37-38 in the FY21 Annual Report.

The Company also has in place a process where directors are entitled to seek independent professional advice, at the expense of the Company, to assist them to carry out their duties as directors. Should the advice gained be of relevance to all directors, such advice is then shared to the full Board.

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## **PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY**

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

### **Recommendation 3.1**

A listed entity should articulate and disclose its values.

Envirosuite's Purpose, Vision, Mission and Values are outlined below.

#### **Our Purpose**

We believe Environmental Intelligence is the key to improving the wellbeing of people and the planet.

#### **Our Vision**

We harness the power of Environmental Intelligence so industries grow sustainably and communities thrive.

#### **Our Mission**

We are driven to create world-leading, science-based technology to help our customers act faster, perform better and realise their full potential with Environmental Intelligence.

#### **Our Values**

- **We're driven by purpose**

We're focused on changing the way that companies work within their environment. We dare ourselves to be the leaders, experts and innovators that help our customers to adapt as the world evolves around them – to grow their business and care for their communities.

- **We move as one**

We're made up of talented, passionate and high performing humans who can achieve good things individually and when we combine our skills, different perspectives, and collective hard work, moving as one – great things happen for us and our company.

- **We believe customers are the reason**

We don't just see customers; we see the humans. Without their problems, challenges, and goals we don't actually have a business. Every day, we will relentlessly focus on making their day better through our solutions and services, helping them achieve great things.

- **We earn the trust**

Our company is forged on trust. We earn 'dependable' status by showing up for and respecting our work buddies; we earn it with customers by delivering world class solutions and incomparable services; we earn it by owning our mis-steps; we earn it by always being honest in our conversations.

- **We challenge the now**

We're in a rolling state of continuous improvement and we accept the only constant is change. To be world beating, we must always be looking at the state of skills, products, and brand, asking ourselves in what ways can we make it better, today.

Envirosuite has had Company Values for the full reporting period, but has only recently published these on our website. The Company Purpose, Vision, Mission and Values can be accessed at: <https://envirosuite.com/about-us>

### **Recommendation 3.2**

A listed entity should:

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and
- (b) ensure that the Board or a committee of the Board is informed of any material breaches of that code.

Envirosuite's Code of Conduct outlines the expected standards of professional behaviour for everyone involved with Envirosuite, from the most junior to the Board of Directors, without exception.

The Code of Conduct outlines the Company's expectations that all staff and directors will:

- comply with the laws and regulations globally in which the Group operates and refuse to engage in behaviour that could negatively impact Envirosuite's reputation,
- conduct all business dealings in an open, honest and integral manner and
- understand their responsibility to abide by and uphold the Code.

The Code of Conduct is provided to all staff and directors as part of their Induction process.

All levels within the company are encouraged to raise any concerns with compliance with the Code to the Human Resources and/or Legal Teams who are then empowered to review the matter and escalate to the appropriate levels (including the Board for material breaches).

Envirosuite has had a Code of Conduct for the full reporting period, but has only recently published this on our website. The Envirosuite Code of Conduct can be accessed at:

[https://cms.envirosuite.com/wp-content/uploads/Code\\_Conduct\\_policy.pdf](https://cms.envirosuite.com/wp-content/uploads/Code_Conduct_policy.pdf)

### **Recommendation 3.3**

A listed entity should:

- (a) have and disclose a whistleblower policy; and
- (b) ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy.

Envirosuite's Whistleblower policy encourages employees, former employees and external stakeholders, to report suspected or actual, improper or unlawful conduct in the workplace. The policy can be accessed at:

[https://cms.envirosuite.com/wp-content/uploads/whistleblower\\_policy.pdf](https://cms.envirosuite.com/wp-content/uploads/whistleblower_policy.pdf)

The policy is supported by a confidential whistleblower service, which is maintained by an external service provider, Whispli, and is available across the Group's operations globally. Whispli can be accessed at:

<https://evs.whispli.com/SpeakUp>

Disclosure is encouraged and once a disclosure has been made, the General Counsel and Company Secretary is empowered to review the matter and escalate to the appropriate levels (including the Board for material incidents).

### **Recommendation 3.4**

A listed entity should:

- (a) have and disclose an anti-bribery and corruption policy; and
- (b) ensure that the Board or a committee of the Board is informed of any material breaches of that policy.

Envirosuite updated its Anti-Bribery and Corruption policy during the reporting period. The policy highlights the Company's zero tolerance stance in relation to bribery and corruption and anti-competitive conduct.

The policy provides Envirosuite's position in relation to the giving and receiving of gifts, prohibitions on conflicts of interest, facilitation payments and kickbacks, economic sanctions and export control, as well as expected behaviour when dealing with customers, suppliers and third parties, including prohibitions on anti-competitive and misleading and deceptive conduct.

Envirosuite has had an Anti-Bribery & Corruption Policy for the full reporting period, but has only recently published this on our website. Envirosuite's Anti-Bribery & Corruption & Anti-Competitive Conduct policy can be accessed at:

[https://cms.envirosuite.com/wp-content/uploads/Anti\\_Bribery\\_Corruption\\_anti-competitive\\_conduct\\_policy.pdf](https://cms.envirosuite.com/wp-content/uploads/Anti_Bribery_Corruption_anti-competitive_conduct_policy.pdf)

Concerns regarding compliance with the policy can be raised to the General Counsel and Company Secretary, who is empowered to review all matters raised and escalate to the appropriate levels (including the Board for material breaches).

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## **PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS**

A listed entity should have appropriate processes to verify the integrity of its corporate reports

### **Recommendation 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.

EVS has a formal Audit and Risk Management Committee. The Committee operates in accordance with the Charter which can be accessed at:

<https://cms.envirosuite.com/wp-content/uploads/Audit-Risk-Committee-Charter.pdf>

The Charter provides that the Committee is responsible for:

- reviewing the annual and half year financial reporting
- reviewing the accounting policies of the Company
- reviewing the scope and audit programmes of the external auditors and any material issues arising from these audits
- overseeing the independence of external auditors and determining procedures for the rotation of audit partners

- compliance with ethical guidelines and company policies affecting corporate governance, financial reporting and corporate control, together with compliance with laws and external regulations
- identification of the full range of actual or potential risk exposures which are material to the Company, and
- determining the effectiveness of the group's risk management systems and strategies.

Formal meetings of the Committee were held prior to the release of the Half Year and Annual Reports and throughout the reporting period as necessary, in order for the Committee to fulfil its obligations.

Given the size of the Board and individual's respective expertise, the Committee has comprised two and three members at various times throughout the reporting period. Adam Gallagher (Committee Chair), David Johnstone and Hugh Robertson were members of the Committee during H1, FY21.

In H2 of FY21, the Chairman of the Board, David Johnstone, was appointed as the Chair of the Committee, with Susan Klose joining as a member upon her appointment as a Director on 1 December 2020.

The number of meetings held in the reporting period and the attendance at those meetings is outlined below:

	<b>2021 Audit and Risk Management Committee meetings (*)</b>	
	A	B
Directors		
David Johnstone	4	4
Peter White	-	-
Hugh Robertson	1	2
Zhigang Zhang	-	-
Sue Klose	2	2
Adam Gallagher	2	2

A - Number of meetings attended. B - Number of meetings held during the time the director held office or was a member of the committee during the year (number eligible to attend).

\* - The committee charters provides for 2 meetings to be held each year per committee. In addition to formal meetings the members meet informally on a regular basis and discuss matters within the charter. Each committee Chair provides a report to the Board at each monthly Board meeting.

The Board is responsible for nominating the external auditor. If the Board recommends a change in external auditor, the Board's nomination of external auditors requires investor approval. The Board approves the compensation of the external auditor.

The Board meets with the external auditor throughout the year to review the adequacy of the existing external audit arrangements with particular emphasis on scope, quality and independence of the audit.

It has been determined by the Board that the external auditor will not provide services to the Company where the auditor would:

- have a mutual or conflicting interest with the Company
- be in a position where they audit their own work
- function as management of the Company, or
- have their independence impaired or perceived to be impaired in any way.

Specifically, the external auditor will not normally provide the following types of services to the Company:

- bookkeeping or other services relating to the accounting records of the Group
- financial information or information technology systems design or implementation
- appraisal and valuation services, fairness opinions or contributions in kind reports
- actuarial services
- internal audit outsourcing services
- management functions, including temporary staff assignments or human resource services
- broker or dealer services, investment advisor, corporate finance or investment banking services, and

- legal and litigation support services.

Procedures are in place governing approval of any non-audit work before the commencement of any engagement.

The Board has elected to adopt a policy which is consistent with the primary and secondary rotation obligations regarding auditors, such that:

- the lead or review audit partner's responsibilities may not be performed by the same person for longer than five (5) consecutive years (primary rotation obligation) and
- the lead or review audit partner's responsibilities may not be performed by the same person for more than five (5) out of seven (7) consecutive years (secondary rotation obligation).

In addition, the Board requires a minimum of two (2) consecutive years cooling off period, before an auditor undergoing rotation can return to playing a significant role in the audit of the Company.

Mr Shaun Lindemann of PKF Brisbane Audits was the lead audit partner for Envirosuite for the year ended 30 June 2021.

The lead signing and review External Audit Partner attends the part of Board meetings specific to audit matters by standing invitation.

Although Envirosuite has not fully adopted Recommendation 4.1, it considers that its existing practices, are an effective means of meeting the needs of the Company, particularly having regard to the fact that EVS is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, Board structure and composition.

The Company will continue to monitor the requirements of this recommendation in the context of the Company's size and growth and consider whether any changes should be implemented during FY22.

## **Recommendation 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 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.

Envirosuite prepares financial statements twice per financial year, once for the half year reporting period and once for the full year reporting period. Prior to the approval of the Company's financial statements for a half year or full year reporting period, the CEO and CFO are required to report in writing to the Board that the:

- consolidated financial statements of Envirosuite Ltd and its controlled entities for the relevant reporting period, present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with accounting standards; and
- declarations provided in accordance with Section 295A of the Corporations Act are 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.

In the past, the Envirosuite Board has received the above declarations from the CEO and CFO in respect of each reporting period. These declarations are provided in accordance with the process outlined above.

## **Recommendation 4.3**

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Envirosuite seeks to provide accurate, balanced and appropriate disclosure in our corporate reports and has established an approval process which ensures all relevant stakeholders have reviewed and approved all reports, prior to these being provided to the ASX:

- all content in periodic reports is prepared by the relevant domain experts within the business
- all material statements in any report are reviewed by the relevant Heads of Department and Executive team to ensure that they are accurate and meet legal and ASX listing rule requirements,
- any information in a report that relates to the Company's financial position must be reviewed and approved by the CFO, and
- prior to the report being released, final approval must be received from members of the Executive, the CEO and the Board.

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## **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

### **Recommendation 5.1**

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

Envirosuite is committed to keeping its investors and the market fully informed of developments having an impact on the Company. At the time of writing this Statement, the Company is in the process of drafting a Continuous Disclosure policy which will outline the Company's processes to ensure it meets its disclosure obligations under the Corporations Act and the ASX Listing Rules. The Board also has a standing item on the Agenda of every Board meeting, to consider potential disclosure issues.

The new policy will be released on the company website in accordance with Recommendation 5.1, in due course

### **Recommendation 5.2**

A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.

Envirosuite has established an approval process which ensures all directors have reviewed and approved all material market announcements, prior to these being provided to the ASX.

The General Counsel and Company Secretary is responsible for lodging all communications with the ASX. Upon receiving confirmation from the ASX that a market announcement has been issued to the market, the General Counsel and Company Secretary forwards this confirmation, together with a copy of the announcement, to the Board of Directors, the CEO and CFO.

All information disclosed to the ASX is also posted on the Company's website at:

<https://envirosuite.com/investors/market-announcements>

### **Recommendation 5.3**

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

All presentations where Envirosuite provides financial results, or new and substantive content, are streamed and investors and analysts are invited to join the webcasts. Registration also enables registrants to later access the recording.

Presentations are disclosed on the ASX Market Announcements Platform on the day of any presentation. As appropriate, summaries of the questions and answers provided in these presentations have also been compiled and released both via the ASX Markets Announcements Platform and the Company website following the presentation.

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## **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS**

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

### **Recommendation 6.1**

A listed entity should provide information about itself and its governance to investors via its website.

Current and prospective investors can access relevant information in the dedicated 'Investors' section of the Envirosuite website, which can be accessed at: <https://envirosuite.com/investors>

This section of the website contains information regarding:

- the company overview, including key customers
- current share price,
- financial reports since 2009,
- historical market announcements since 2011,
- names, photographs and biographical information for the Board of directors,



- the company constitution, Board and committee charters,
- the key company policies and
- statement of the Envirosuite values.

Investors can gain insights into other operational and strategic areas of the company by reviewing the remainder of the Envirosuite website at: <https://envirosuite.com/>

## **Recommendation 6.2**

A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

During FY21 the group retained the services of external Investor Relations advisors and implemented strategies and communication activities with the aim of encouraging and facilitating investor engagement with the Company.

The Directors, CEO and CFO meet regularly with and make themselves available to investors, for the purpose of providing effective two-way communication.

The Company is committed to:

- communicating transparently and openly with current and prospective investors
- the use of various channels and different technologies to reach security holders who may be geographically dispersed, and
- facilitating participation for investors at key Company meetings (such as the AGM) and dealing promptly with investor enquiries.

Traditionally the Company has communicated information to investors through:

- the annual and half year reports
- disclosures to the ASX and ASIC
- notices and the explanatory memorandum of annual general meetings and general meetings
- occasional letters from the Chief Executive Officer to inform investors of key matters of interest and
- the Company's website.

During the reporting period, two new initiatives were introduced which helped to provide greater two-way communications with investors:

1. the Company has streamed presentations following the release of significant results such as half year and full year results, inviting investors to join the webcasts and provide questions ahead of time,
2. the Company also encouraged shareholders to sign up to receive periodic updates and information electronically by registering their email address with the Company's share registry.

These initiatives were added to the existing ability for investors to communicate with the Company via a dedicated Investor email address: [investors@envirosuite.com](mailto:investors@envirosuite.com). This email mailbox is monitored by members of the Executive team and investors questions are reviewed and responded to.

## **Recommendation 6.3**

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

The Envirosuite Board encourages active participation by investors at each meeting, to ensure a high level of accountability and understanding of the Company's strategy, performance and future targets.

Envirosuite held its first fully virtual AGM during the reporting period, utilising an online platform for voting, and streaming the proceedings of the meeting. Questions were taken from investors prior to and throughout the meeting, via the platform, which provided a mechanism for all investors, even those that were geographically remote, to ask questions and have these answered during the meeting.

The Envirosuite Board were pleased with the level of interaction that the virtual meeting provided and have indicated their interest to proceed with a similar format for future (subject to relevant legislation continuing to authorise the virtual format of such meetings).

## **Recommendation 6.4**

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

Envirosuite held its first fully virtual AGM during the reporting period and utilised an online platform to facilitate voting with resolutions being determined by poll. Subject to relevant legislation, going forward, the Company intends to utilise in some capacity a virtual format, given the ability for a broader group of investors to attend and the ability for resolutions to be determined by poll.

#### Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Electronic communications from shareholders for the submission of queries, comments and voting including proxy forms, are encouraged by Envirosuite via the dedicated Investor email address: **investors@envirosuite.com**. Documents including holding statements, annual reports, notices of meeting and proxy forms are conveyed by email unless otherwise requested by the shareholder.

During FY 21, the Company's share registry, Boardroom Ltd also ran a specific campaign for EVS investors asking them to provide their consent to receive electronic communications from the Company. This campaign was well received with many investors electing for the first time, to receive electronic communications from the company.

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## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

#### Recommendation 7.1

The Board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of 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 risk committee or committees

that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Company has elected to combine and delegate the functions of Audit and Risk oversight to the Audit and Risk Management Committee. This Committee operates in accordance with the Charter which can be accessed at:

<https://cms.envirosuite.com/wp-content/uploads/Audit-Risk-Committee-Charter.pdf>

Given the size of the Board and individual's respective expertise, the Committee has comprised two and three members at various times throughout the reporting period. Adam Gallagher (Committee Chair), David Johnstone and Hugh Robertson were members of the Committee during H1, FY21.

In H2 of FY21, the Chairman of the Board, David Johnstone, was appointed as the Chair of the Committee, with Susan Klose joining as a member upon her appointment as a Director on 1 December 2020.

The number of meetings held in the reporting period and the attendance at those meetings is outlined below:

	FY2021 Audit and Risk Management Committee meetings (*)	
Directors	A	B
David Johnstone	4	4
Peter White	-	-
Hugh Robertson	1	2
Zhigang Zhang	-	-

Sue Klose	2	2	
Adam Gallagher	2	2	

A - Number of meetings attended. B - Number of meetings held during the time the director held office or was a member of the committee during the year (number eligible to attend).

\* - The committee charters provides for 2 meetings to be held each year per committee. In addition to formal meetings the members meet informally on a regular basis and discuss matters within the charter. Each committee Chair provides a report to the Board at each monthly Board meeting.

Although Envirosuite has not fully adopted Recommendation 7.1, it considers that its existing practices, detailed within this Statement and the Audit and Risk Management Charter, are an effective means of meeting the needs of the Company, particularly having regard to the fact that EVS is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, Board structure and composition.

The Company will continue to monitor the requirements of this recommendation in the context of the Company's size and growth and consider whether any changes should be implemented during FY22.

## Recommendation 7.2

The Board or a committee of the Board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

The Board together with the Audit and Risk Committee, recognises:

- that effective management of risk is an integral part of good management and vital to the continued growth and success of the Company
- it is responsible for the oversight of the Group's risk management and control framework including the development of risk profiles including financial oversight, decision making, monitoring and reporting, and internal controls; and
- has implemented a policy framework designed to ensure that the Group's risks are identified, analysed, evaluated, monitored, and communicated within the organisation on an ongoing basis, and that adequate controls are in place and functioning effectively.

The Company's risk management and control policy framework incorporates the maintenance of appropriate policies, procedures and guidelines which address the Company's unique operating environment and is utilised by the Board as a means of identifying and avoiding or mitigating losses in the context of its business.

Envirosuite's Risk Management Framework and Company Risk Registers were updated during the reporting period. As part of the new Framework, members of the Executive meet monthly to review key Risk areas identified for the Company. The results of this review are then reported to the Board at the monthly Board meeting.

Should any items need to be reported to the Audit and Risk Management Committee or to the Board on an ad hoc basis outside of the monthly reporting cycle, the CEO, CFO and General Counsel and Company Secretary are empowered to raise any items as and when needed.

The effectiveness of the Company Risk Management Framework is reviewed annually.

## Recommendation 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 governance, risk management and internal control processes.

Envirosuite is a relatively small publicly listed company by comparison to other listed entities. This is reflected by the size of our operations, Board structure and composition. As such it is not practical to have an internal audit function.

Through the risk management processes undertaken by management and the Audit and Risk Management committee, the Board regularly monitors the operational and financial performance of the Company against budget and other key

performance measures. The Board also receives and reviews advice on areas of operational and financial risk and develops strategies, in conjunction with management, to mitigate those risks.

Management reports to the Board on the effectiveness of the Company's management of its material business risks in respect of each financial year.

#### Recommendation 7.4

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

Envirosuite believes that the business community should address matters of economic, environmental, and social sustainability and be transparent on these matters, to enable investors to properly assess investment risk.

Envirosuite is a relatively small publicly listed company by comparison to other listed entities, which is reflected by the size of its operations, Board structure and composition. Given its size and operations, the Company considers that it does not have specific material exposures to economic, environmental, or social sustainability risks. By way of evidence of this, the Group's operations are not currently subject to any significant environmental regulations in any of the countries in which it operates globally. Similarly, potential social sustainability risks such as a lack of customer growth or lack of ability to supply products to customers, due to the Covid-19 pandemic, have not been realised.

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## PRINCIPLE 8 / REMUNERATE FAIRLY AND RESPONSIBLY

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

#### Recommendation 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.

The Company has a formal Remuneration and Nomination committee which is a sub-committee of the Board however, due to the size and scale of the Company, and the expertise of the Board, the Company has elected not to adopt each of the sub-recommendations set out in Recommendation 8.1.

The number of meetings held in the reporting period and the attendance at those meetings is outlined below:

	FY2021 Remuneration and Nomination Committee meetings (*)	
Directors	A	B
David Johnstone	3	3
Peter White		
Hugh Robertson		
Zhigang Zhang		
Sue Klose		
Adam Gallagher	3	3

A - Number of meetings attended. B - Number of meetings held during the time the director held office or was a member of the committee during the year (number eligible to attend).

\* - The committee charters provides for 2 meetings to be held each year per committee. In addition to formal meetings the members meet informally on a regular basis and discuss matters within the charter. Each committee Chair provides a report to the Board at each monthly Board meeting.

The details of the responsibilities and functions of the committee is set out in the committee charter which can be accessed at:

<https://cms.envirosuite.com/wp-content/uploads/Remuneration-Nomination-Committee-Charter.pdf>

In summary, the committee is responsible for giving due consideration to the overall remuneration policies and strategies and strategies of the Company during the conduct of its regular committee meetings and by appropriate recourse to relevant market data and, where applicable, to external executive remuneration consultants.

During the reporting period, the committee consisted of two directors with the Chair of the committee, David Johnstone, also being the Chair of the Board. Adam Gallagher resigned as a member of the Committee on 31 December 2020. From 1 January 2021, David Johnstone has been fulfilling the role independently and presents reports to the Board during monthly Board meetings. Matters have also been raised to the Board on an ad hoc basis, as these have arisen.

The Company will continue to monitor the requirements of this recommendation in the context of the Company's position and circumstances and consider whether any changes should be implemented during FY22.

## **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.

The aggregate remuneration of non-executive directors is approved by Envirosuite investors.

Individual directors' remuneration is determined by the Board, within the approved aggregate total. In determining the appropriate level of director's fees, data from surveys undertaken of other public companies similar in size or market section, is considered.

Non-executive directors of the Company are not entitled to participate in performance-based remuneration practices unless approved by investors. Currently, non-executive directors are remunerated by payment in cash of directors' fees, or alternatively by the issue of securities in lieu of cash, provided such securities are approved by EVS investors.

The Company does not currently have in place a retirement benefit scheme or allowance for its non-executive directors, except for the payment of superannuation, as required by law.

A review of the compensation arrangements for the CEO and Senior Executives is conducted by the Remuneration and Nomination committee at formal and informal committee meetings. A formal review is performed at least annually and is based upon criteria including individual performance, market rates paid for similar positions and the results of the Company during the relevant period.

The broad remuneration policy objective of the Company is to ensure that the remuneration provided properly reflect the person's duties and responsibilities and is designed to attract, retain and motivate executives of the highest possible quality and standard to enable the Company to succeed.

The Board ensures that any payments of equity based executive remuneration is made in accordance with the broad remuneration policy objectives of the Company.

The Company is committed to making timely disclosure of all relevant information relating to its remuneration practices and policies.

The Company's policies relating to the remuneration of Directors and Senior Executives is outlined in the Remuneration and Nomination committee charter which can be accessed at:

<https://cms.envirosuite.com/wp-content/uploads/Remuneration-Nomination-Committee-Charter.pdf>

Levels of remuneration for Key Management Personnel are detailed in the Remuneration Report in the Annual Report on pages 41-48.

## **Recommendation 8.3**

A listed entity which has an equity-based remuneration scheme should:

- (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

(b) disclose that policy or a summary of it.

During FY21, the Company implemented a new Employee Equity Plan. This Plan was approved at the 2020 Annual General Meeting and comprises a \$1,000 Offer, a Matching Plan and a Performance Rights Plan. The \$1000 Offer enables staff to receive a gift of \$1000 of EVS shares annually. Under the Matching Plan, staff contribute an amount up to \$5000 to purchase EVS shares. Where the staff member retains their shares for two years, the Company will match their contribution. The Performance Rights Plan provides for a small number of key executives to receive potential equity payments in lieu of cash for performance bonuses, via the issue of performance rights.

The aggregate amounts of these incentives are not material and during the reporting period the Company sought and received investor approval in advance, for any ordinary shares that may be issued under these arrangements.

The three schemes outlined above that comprise the Employee Equity Plan, are designed to reward employee effort and dedication to the Company and are not designed to limit the economic risk of participation for Envirosuite employees.

#### **Additional recommendations that apply only in certain cases**

The following additional recommendations apply to the entities described within them.

#### **Recommendation 9.1**

A listed entity with a director who does not speak the language in which Board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.

During FY21, the Envirosuite Board had one director who was not a fluent English speaker (Zhigang Zhang). In order to ensure that Mr Zhang understood all corporate documents, including Board reports, all documents were translated ahead of Board meetings.

Mr Zhang was given the opportunity to meet with the Chairman of the Board, David Johnstone, together with a translator, prior to each Board meeting, to provide an opportunity for him to ask any questions he may have had on the Board report.

During Board meetings, a translator attended every meeting and additional time was taken during each meeting, in order for the discussions to be translated.

Mr Zhang also had the opportunity to follow up the discussions with any Board member or attendee afterwards, together with a translator, as required. Mr Zhang retired as a director in November 2020 and the current Board members are all fluent English speakers.