

## HUB24 LIMITED

### FY21 - CORPORATE GOVERNANCE STATEMENT

HUB24 Limited ('HUB24' or the 'Company') views good governance as essential in the performance and sustainability of our business and therefore the Company has endeavoured to strengthen and enhance its frameworks, systems and controls as the Company has continued to expand over the reporting period. HUB24 observes the ASX Corporate Governance Principles and Recommendations as detailed in this Corporate Governance Statement ('Statement'), and discloses the extent to which HUB24 has followed the ASX Corporate Governance Principles and Recommendations fourth edition ('ASX Principles and Recommendations'). Except where otherwise explained, HUB24 followed the ASX Principles and Recommendations during the reporting period.

This Statement should be read in conjunction with other material on our website ([www.hub24.com.au](http://www.hub24.com.au)), including the 2021 Annual Report and ASX releases.

This Statement is current as at 23 August 2021 and has been approved by the HUB24 Board and relates to the reporting period 1 July 2020 to 30 June 2021.

#### Laying solid foundations for management and oversight

##### The Role of the Board

The Board seeks to promote the long-term interests of HUB24 and its controlled entities, including its shareholders, taking into account HUB24's broader responsibilities to customers, its people and the communities in which it operates. In addition, the Board is responsible for identifying areas of significant business risk and overseeing arrangements to adequately manage those risks.

The responsibility for the operation and administration of HUB24 is delegated, by the Board, to the Managing Director and the Executive Management Team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and the Executive Management Team.

##### Nomination and Appointment of Directors

To ensure that the Board is equipped to discharge its responsibilities either directly or through the use of Committees, Charters have been adopted which provide for the nomination and selection of Directors and for the operation of the Board and its Committees, among other things.

##### The Role of Committees

Whilst at all times the Board retains full responsibility for guiding and monitoring HUB24, in discharging its stewardship it makes use of committees. These committees are given responsibility for particular aspects of the Board's role and for providing informed feedback to the Board on those areas.

At the date of this statement, the Board has two Committees which are the:

- Audit, Risk and Compliance Committee, chaired by Paul Rogan, an Independent Director; and
- Remuneration and Nomination Committee, chaired by Anthony McDonald, an Independent Director.

Each Committee has adopted a formal, Board approved Charter that details its role, authority, responsibilities, membership and operations. The Committee Charters are reviewed annually and are available on our website at: <https://www.hub24.com.au/shareholder-centre/>.

The Committee members during the reporting period are outlined on page 2 of this Statement and the Board and Committee attendances for the reporting period are outlined in the FY21 Annual Report published on our website at: <https://www.hub24.com.au/shareholder-centre/>.

Each Committee regularly reports to the Board on matters relevant to the Committee's role and responsibilities and the minutes of each Committee meeting are made available to each Director unless that Director is otherwise precluded due to a potential conflict. Special Board Committees are formed as required to give guidance and provide oversight concerning specific matters to the Board.

## Diversity

The Board approved a Diversity Policy on 30 June 2021 and it is published on our website at: <https://www.hub24.com.au/shareholder-centre/>, as such it did not meet the requirements of the ASX Principles and Recommendations for the whole of the reporting period. However, HUB24 has established business practices which support gender diversity which have been operating throughout the year, this was in addition to the Board approved policy. HUB24's Executive Management Team and general staff gender diversity objectives for the reporting period were 40% male, 40% female and 20% open. Overall HUB24 gender diversity outcomes for the reporting period performed well against these objectives and the results are outlined in the table below:

Organisational Level	HUB24 Gender Target	30 June 2021 Gender Results
Board	30% female 70% male	20% female 80% male
Senior Executives (CEO – 1 layer)	40% female 40% male 20% open	50% female 50% male
Overall population	40% female 40% male 20% open	39% female 61% male

The Board is conscious of building a diverse and inclusive workforce and is committed to diversity and inclusion across the wide range of workforce demographics, with the intention to apply a lens to diversity that includes, but also extends beyond, gender. At 30 June 2021 the Board had a 20% female representation on the Board and as such did not meet the ASX Principles and Recommendations. However, the Board was well progressed in its search for a new Director. On 19 July 2021 HUB24 appointed a new Director bringing the female representation on the Board to 33%. The Board has adopted a medium-term gender target of 40% female, 40% male and 20% open.

## Performance

The performance of the Board and key Executives is reviewed regularly against both measurable and qualitative indicators. The Board will conduct self-performance evaluations that involve an assessment of the Board's performance against specific and measurable performance criteria.

The performance criteria against which Directors and Executives are assessed are aligned with the financial and non-financial objectives of the Company.

A self-assessment of the performance of the Board and its committees was undertaken by the Board for the financial year ended 30 June 2021. The Board has considered the outcomes of the review and where appropriate will undertake measures to improve the performance of Directors, Committees and the Board as a whole.

The members of the Executive team have defined objectives which are agreed at the commencement of each financial year. Their performance against these objectives is assessed annually, in addition to regular feedback during the performance period. An assessment of their performance is undertaken by the Remuneration & Nomination Committee and the Board. This assessment was undertaken for the year in accordance with this process and the outcomes are highlighted in the Remuneration Report in our Annual Report for FY21.

## Structuring the Board to be effective and add value

### Director Independence

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report are included in the Directors' Report. Directors of the Company are considered to be independent when they are independent of Management 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 their unfettered and independent judgement.

The following Directors of HUB24 are considered to be independent during the reporting period:

#### **Bruce Higgins**

Non-Executive Director and Chair of the Board

Member of the Audit, Risk & Compliance Committee and member of the Remuneration & Nomination Committee (Appointed as a Non-Executive Director and Chair of the Board on 19 October 2012)

**Anthony McDonald**

Non-executive Director and Chair of the Remuneration & Nomination Committee  
(Appointed as a Non-Executive Director and Chair of the Remuneration & Nomination Committee on 1 September 2015)

**Paul Rogan**

Non-Executive Director and Chair of the Audit, Risk & Compliance Committee  
(Appointed as a Non-Executive Director and member of the Audit, Risk & Compliance Committee on 20 December 2017)  
(Appointed as Chair of the Audit, Risk & Compliance Committee on 1 March 2018)  
(Appointed member of the Remuneration & Nomination Committee on 1 August 2020)

**Ruth Stringer**

Non-Executive Director  
(Appointed as a Non-Executive Director on 1 February 2020 and member of the Audit, Risk & Compliance Committee on 1 March 2020)

The following Directors are not considered to be independent:

**Andrew Alcock**

Managing Director  
(Appointed 29th August 2014)

**Ian Litster**

Non-Executive Director  
Member of the Remuneration & Nomination Committee  
(Appointed as a Non-Executive Director and member of the Remuneration & Nomination Committee on 26 September 2012)  
(Appointed as a member the Audit, Risk & Compliance Committee on 26 September 2012, ceased on 29 February 2020)  
(Mr Litster retired as a Director on 5 March 2021)

Ian Litster was not considered to be independent because he was a substantial shareholder of the Company.

The HUB24 Board had five Directors at the end of the reporting period, four of whom are independent. As a consequence, HUB24 follows the ASX Principles and Recommendations which recommend that a majority of the Board be independent.

The Company Secretaries are accountable to the Board through the Chairman on all matters regarding the proper functioning of the Board and its Committees. This includes assisting the Board and its Committees with meetings and Directors' duties, advising the Board on corporate governance matters, and acting as the interface between the Board and Executive Management Team.

There are procedures in place, agreed by the Board, to enable Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

## Director Skills and Experience

Our objective is to have an appropriate mix of expertise and experience on our Board and its Committees so that the Board can effectively discharge its corporate governance and oversight responsibilities. This mix is described in the Board skills and diversity matrix which is summarised below. Whilst overall the Board maintains a broad and sound breadth of skills and expertise, the Board is focussed on further developing its expertise and insights in large scale technology platforms, data management and cyber risk. The Board will do this via a combination of continuing education and updates from internal and external experts to keep abreast of these items, and will continue to evaluate its Board composition in light of these and other items.

<b>Skills and Experience Category</b>	<b>Skill/Experience</b>
<b>Overall culture and strategy</b>	<ul style="list-style-type: none"> <li>• <b>Cultural direction and embodiment</b></li> <li>• <b>Leadership creation</b></li> <li>• <b>Listed companies/market disclosure</b></li> </ul>
<b>Strategy and business alignment</b> <ul style="list-style-type: none"> <li>• <b>Platform</b></li> <li>• <b>Growth</b></li> <li>• <b>Advice profession enablement</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Platform and portfolio administration</b></li> <li>• <b>Market expansion</b></li> <li>• <b>Licensee and dealer groups</b></li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>• <b>Financial management, reporting and oversight</b></li> <li>• <b>Accounting policies and standards</b></li> </ul>
<b>Operational, risk management and governance</b>	<ul style="list-style-type: none"> <li>• <b>Organisational management</b></li> <li>• <b>Risk management</b></li> <li>• <b>Regulatory compliance and legal</b></li> </ul>
<b>Human capital</b>	<ul style="list-style-type: none"> <li>• <b>Human resources</b></li> <li>• <b>Succession</b></li> </ul>
<b>Technology, data and IT</b>	<ul style="list-style-type: none"> <li>• <b>Large scale technology platforms</b></li> </ul>
<b>Marketing and sales</b>	<ul style="list-style-type: none"> <li>• <b>Strategic marketing</b></li> <li>• <b>Sales</b></li> </ul>
<b>Custom HUB24 specific</b>	<ul style="list-style-type: none"> <li>• <b>Entrepreneurship</b></li> </ul>
<b>Diversity</b>	<ul style="list-style-type: none"> <li>• <b>Gender</b></li> <li>• <b>Age</b></li> <li>• <b>Geographical</b></li> <li>• <b>Ethnicity</b></li> <li>• <b>Experience</b></li> </ul>

## Induction and Training

Before the Board appoints a new Director or puts forward a candidate for election, the Remuneration and Nomination Committee ensures that appropriate background checks are undertaken. HUB24 provides shareholders with all material information in its possession that is relevant to the decision on whether or not to elect or re-elect a Director through a number of channels, including via the Notice of Meeting and other information contained in the Annual Report.

Upon appointment, each Director receives a letter of appointment which sets out the formal terms of their appointment, along with a deed of access and indemnity.

HUB24 has a program for inducting new Directors and provides appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Further information regarding our Directors, including their experience and qualifications, is set out in the Directors' Report section in our 2021 Annual Report.

Details of the number of Board and Committee meetings held during the 2021 Financial Year and attendance by Directors are set out in the Directors' Report in our 2021 Annual Report.

## **Instil a culture of acting lawfully, ethically and responsibly**

### **HUB24 Values**

HUB24 has a set of Values that it promotes and reinforces with all HUB24 employees, namely:

- Integrity;
- Client focus;
- Passion;
- Collaboration;
- Excellence; and
- Innovation.

Our Values are available on our website at: <https://www.hub24.com.au/shareholder-centre/>

### **Code of Conduct**

The Code of Conduct applies to all Directors, senior executives and employees, and promotes an organisational culture that enables our employees to respond appropriately in a variety of situations and to be accountable for their decisions. The Code of Conduct is available on our website at: <https://www.hub24.com.au/shareholder-centre/>

### **Whistleblowing**

Employees at HUB24 are encouraged to report behaviours or instances that are not in accordance with our Code of Conduct, procedures, processes and regulatory requirements. Employees and other specified persons can report these matters via our Whistleblower policy. Material incidents that are notified under the Whistleblower policy are reported to the Audit Risk and Compliance Committee and the Board. Our Whistleblower policy can be found here: <https://www.hub24.com.au/shareholder-centre/>

### **Anti-Bribery and Corruption Policy**

The Board approved its Anti-Bribery and Corruption policy on 30 June 2021, detailing the prohibitions and behaviours expected of staff. A copy of the Anti-Bribery and Corruption Policy can be found here: <https://www.hub24.com.au/shareholder-centre/>

### **Director and Employee Trading Policy**

All staff are required to comply with HUB24's Group Securities Trading Policy at all times and in respect of all HUB24 securities held. Staff trading in HUB24 securities is subject to pre-clearance and is not permitted during designated blackout periods unless exceptional circumstances or specific exemptions apply. Directors and all staff are precluded from entering into transactions to limit their economic risk from investing in Company shares, options, or rights, where those entitlements are unvested. A copy of the HUB24 Group Securities Trading Policy can be found here: <https://www.hub24.com.au/shareholder-centre/>

### **Slavery and human trafficking**

A modern slavery framework has been established to identify and reduce the risk of exposure to modern slavery and human trafficking. This involves, amongst other things, undertaking risk assessments and due diligence on third party suppliers to exposure to modern slavery and human trafficking and ensuring our staff are appropriately trained on the modern slavery framework. A copy of our Modern Slavery Statement can be found here: <https://www.hub24.com.au/shareholder-centre/>

## **Safeguarding the integrity in corporate reports**

### **Managing Director and CFO Certification**

In accordance with section 295A of the *Corporations Act 2001* (Cth), the Managing Director and Chief Financial Officer, as defined under sections 295A(4) and 295A(6) have provided a written statement to the Board that:

- The financial records of the Company for the financial year have been properly maintained in accordance with the relevant requirements; and
- The financial statements and the notes for the financial year comply with the accounting standards; and
- The financial statements and notes for the financial year give a true and fair view.

The Managing Director and Chief Financial Officer's view provided on the Company's Financial Report is founded on;

- A sound system of risk management;
- The internal compliance and control practices implement the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

### **Verification of periodic corporate Reports**

Periodic corporate reports are issued by the Company from time to time and are reviewed and approved by the relevant management, subject matter experts, Executive and Directors. This review may involve external advisors as deemed prudent for the Company.

### **External Auditor**

Our External Auditor, Deloitte Touche Tohmatsu (Deloitte), was appointed following in 2015. Deloitte is invited to all Audit, Risk & Compliance Committee meetings and all Audit, Risk & Compliance Committee papers are made available to Deloitte. Deloitte representatives are also available to all Audit, Risk & Compliance Committee Members.

Deloitte attends our AGM and a representative is available to answer questions from shareholders relevant to the audit at, or ahead of, the AGM. Deloitte's independence declaration is contained in our 2021 Annual Report.

### **Making timely and balanced disclosure**

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules.

In order to comply with these obligations, the Board has adopted a Market Disclosure Policy which is available on our website at: <https://www.hub24.com.au/shareholder-centre/>

The Market Disclosure Policy includes a vetting and authorisation process so that all disclosures are factual, do not omit material matters, and are expressed in a clear and objective manner. The policy also outlines how the Company identifies and distributes information to shareholders and the market generally.

Any new or substantive investor or analyst presentation materials are released on the ASX Market Announcements Platform prior to the presentation.

The Board receives copies of all material market announcements promptly after they have been made to the market.

## **Respecting the rights of security holders**

Information about the Company and governance information for investors can be found at the Company's website at: [www.hub24.com.au](http://www.hub24.com.au)

HUB24 endeavours to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its shareholder communications, HUB24 aims to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Group's intrinsic value and meet its obligations under the ASX's continuous disclosure regime.

HUB24 has an investor relations program which includes:

- Issuing regular written Shareholder communications such as quarterly stakeholder management updates and an Annual Report which address the Company's strategy and performance;
- Investor presentations issued at least twice per year;
- Sending and receiving Shareholder communications electronically from our share registry;
- Maintaining the Board and governance section on the HUB24 website including posting all material announcements after they have been disclosed to the market;
- Engaging in a program of scheduled interactions with institutional investors as well as sell-side and buy-side analysts;
- Promoting two-way interaction with shareholders, by supporting shareholder participation in the AGM including encouraging shareholders to send their questions to the Company prior to the AGM and responding to their questions and feedback; and
- Ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

Our Group Policy for Shareholder communications is available on our website at: <https://www.hub24.com.au/shareholder-centre/>

Annual General Meetings are an important event and an opportunity for shareholders to ask questions of the Board and the Auditors. All substantive resolutions at our Annual General Meeting are decided by poll.

## **Recognise and manage risk**

### **Risk Management**

At HUB24, the responsibility for assisting the Board in overseeing risk is encompassed in the Charter of the Audit, Risk & Compliance Committee which is available on our website at: <https://www.hub24.com.au/shareholder-centre/>

The Members of this Committee and their attendance at the Committee meetings is outlined in our FY21 Annual Report which is available on our website at: <https://www.hub24.com.au/shareholder-centre/>

HUB24 maintains an iterative and integrated Risk Management System (RMS) for managing risk to give effect to its risk management strategy and policies.

The purpose of HUB24's risk management framework is to:

- Affirm the Company's commitment to the management of risk;
- Articulate the intent and the system for managing risk in the context and regulatory environment in which HUB24 operates;
- Integrate risk management practices across the Company;
- Foster a risk culture where staff assume responsibility for managing risk; and
- Define the approach to risk management against regulatory and industry standards, and how these apply to the Company.

The Company has adopted a methodology consistent with Risk Management Standard ISO 31000:2018 for identifying, assessing and managing risks. This standard is now considered to be the acceptable standard for all Australian Financial Service Licence holders. This methodology provides a structure for:

- Communicating, mitigating and escalating major risk issues; and
- Incorporating risk management principles and objectives into strategic, operational and resource planning activities.

Under its Charter, the Audit, Risk & Compliance Committee is required to review the Group Risk Framework at least annually to seek assurance it is both sound and effective. Management undertook a review of the risk management framework during FY21 and confirmed that it is operating effectively with due regard to the risk appetite statement set by the Board. As part of its risk maturity, HUB24 continues to evolve its risk management practices to adapt to the changing environment, most notably our ongoing response to the COVID-19 pandemic. Details of HUB24s response to the ongoing COVID-19 pandemic are set out in our FY21 Annual Report.

HUB24 does not have material exposure to environmental and social sustainability risks. However, HUB24 is conscious of the evolving environmental, social and governance risks and continues to monitor, evaluate, and mature its management of these risks. HUB24's revenue is, however, sensitive to movements in equity markets given a significant proportion of client funds are held in either direct or managed assets with equity market exposure.

The Executive Management Team and staff are responsible for improving the effectiveness of the Company's risk management and internal control processes which is monitored by the Audit, Risk & Compliance Committee which in turn reports to the Board.

### **Internal Audit**

The Company has appointed KPMG to provide its independent internal audit function. This critical capability implements the third line of assurance within our risk management framework. The Internal Audit function has a 3-year program of work that is developed with key stakeholders and approved by the Audit Risk and Compliance Committee. The internal audit programme is flexible to deal with changes in market conditions and priorities.

### **Remunerating fairly and responsibly**

At HUB24, the responsibility for assisting the Board in overseeing remuneration is encompassed in the Charter of the Remuneration and Nomination Committee which is available on our website at: <https://www.hub24.com.au/shareholder-centre/>

The Members of this Committee and their attendance at the Committee meetings is outlined in our FY21 Annual Report which is available on our website at: <https://www.hub24.com.au/shareholder-centre/>

During the year the Directors commissioned remuneration reports from an independent expert remuneration company covering fixed remuneration, short term incentives and long term incentive programs to ensure appropriate benchmarking and fair assessment of competitive total remuneration. Information regarding HUB24's remuneration framework for its Directors and senior executives is set out in the Remuneration Report in our 2021 Annual Report. The Remuneration Report includes a summary of our policies and practices for the deferral of performance-based remuneration for senior executives, including clawback mechanisms for non-compliance where required.