

## (1) The Company's commitment to corporate governance

The Board of Benjamin Hornigold Limited (**the Company, ASX code: BHD**) is committed to a high standard of corporate governance practices to ensure compliance with the Corporations Act, Listing Rules, the Company's Constitution and other applicable laws and regulations. Good corporate governance is a fundamental part of the culture and business of the Company.

### **Company culture and values**

Company values underpin the Board's desired culture to maximise shareholder value while nurturing the needs of the environment and community. The values at the core of the Company's ethos are:

- ✓ Transparency
- ✓ Integrity
- ✓ Resilience
- ✓ Ecological awareness and
- ✓ Accountability

As the Company evolves, so too do its values.

### **Purpose**

The Company is a Listed Investment Company (LIC) incorporated on 28 September 2016. The Company provides investors with the opportunity to gain exposure to an investment portfolio that is actively managed. The investment portfolio is invested in a small number of high conviction investments in undervalued assets, which provide growth opportunities with the aim of achieving above average returns, (whilst limiting volatility) over the medium to long term.

### **Corporate Governance Principles**

The ASX Corporate Governance Council released revised Corporate Governance Principles and Recommendations 4th Edition on 27 February 2019 to take effect for the first full financial year commencing on or after 1 January 2020. The Company has adopted the revised Principles and Recommendations and accordingly, this Statement complies with the 4th edition Principles and Recommendations except where otherwise noted.

The Company's corporate governance practices were in place throughout the year ended 30 June 2021, except where noted. Having regard to the Company's size and nature it is considered that it complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Principles and Recommendations unless otherwise described in this statement. Reviews are completed annually, with the latest review taking place in August 2022.

The Directors monitor the business affairs of the Company on behalf of its Shareholders and have adopted this Corporate Governance Statement to encourage the Directors to focus their attention on accountability, risk management and ethical conduct. A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. The Board continues to review the framework and practices to ensure they meet the interests of Shareholders.

**(2) Recommendation 1.1 - Roles and responsibilities of the Board and Senior Executives**

The Board has adopted a Board Charter which sets out the roles and responsibilities of the Board and its governance requirements. The Board Charter clearly articulates the division of responsibilities between the Board and Senior Executives to help manage expectations and avoid misunderstandings about their respective roles and responsibilities. A copy of the Board Charter can be found on the Company's website [www.bhdlimited.com.au](http://www.bhdlimited.com.au)

**(3) Recommendation 1.2 – Checks on Board candidates and provision of information to Shareholders**

The Company undertakes appropriate checks before appointing a person or putting forward to Shareholders a candidate for election as a Director of the Company. The Company endeavours to provide the following information on a potential director to Shareholders to enable the Shareholders to make an informed decision as to the candidate's character, experience, education, criminal record and bankruptcy history:

- biographical details, including their relevant qualifications and experience and the skills they bring to the Board;
- details of any other material Directorships currently held by the candidate;
- in the case of a candidate standing for election as a Director for the first time:
  - any material adverse information revealed by the checks the Company has undertaken on the candidate;
  - details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to act in the best interests of the Company and its Shareholders; and
  - if the Board considers that the candidate will if elected, qualify as an independent Director, a statement to that effect;
- in the case of a candidate standing for re-election as a Director:
  - the term of office currently served by the Director; and
  - if the Board considers the Director to be an independent Director, a statement to that effect; and
- a statement by the Board as to whether it supports the election or re-election of the candidate.

**(4) Recommendation 1.3 – Written agreements with Directors and Senior Executives of the Company**

The Company has entered into written agreements with each of its Directors setting out the terms of his or her appointment.

Each member of the Senior Executive team has signed a formal employment contract covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the Board on an annual basis and, where necessary, is revised in consultation with the relevant employee.

**(5) Recommendation 1.4 – Company Secretary is accountable to the Board**

The Company Secretary plays an important role in supporting the effectiveness of the Board and its committees. The Company Secretary reports directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The responsibilities of the Company Secretary include:

- advising the Board and its committees on governance matters;
- ensuring Board and committee policy and procedures are followed;
- coordinating the timely completion and dispatch of Board and committee papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes;
- helping organise and facilitate the induction and professional development of Directors; and
- attending to ASX and statutory filings.

Any decision to appoint or remove a Company Secretary will be made or approved by the Board.

Each Director of the Company is able to communicate directly with the Company Secretary and vice versa.

**(6) Recommendation 1.5 - Diversity Policy**

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has developed a Diversity Policy which is available on the Company's website. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives and the Company's progress in achieving them.

The Board will abide by the following principles:

- the Board is to establish measurable Board gender diversity objectives and assess annually the objectives and progress in achieving them;
- the Company is to maintain a mix of Directors on the Board from different backgrounds with complementary skills and experience; and
- the Board is required to undertake an annual Board performance review and determine the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Company.

At the end of each reporting period the Company will disclose the measurable objectives for achieving gender diversity as set by the Board, or relevant committee, within the Company's Diversity Policy as well as its progress towards achieving them.

**Diversity Indicators 30 June 2022**

Allowing for the size of the Company, the Board sets measurable objectives for achieving diversity in the composition of its board, senior executives and workforce in general.

At present there is an aggregate of 5 staff including directors, employees and contractors (full and part time); this includes 1 female who holds the position of CFO. In each reporting period the Company, where applicable, discloses the measurable objectives set for that reporting period to achieve diversity as well as the progress towards achieving those objectives.

**(7) Recommendation 1.6 – Process for the periodic evaluation of the Board**

On an annual basis the Board (pending the establishment of a Nomination Committee) conducts a review of the Board structure, composition and performance and also reviews the performance of the Board committees and individual Directors. The Board has developed an informal annual self-assessment process for its collective performance, the performance of the Chairman and its committees. Succession planning is also built into the appraisal process.

The results and any action plans are to be recorded in the board minutes together with specific performance goals which are to be agreed for the coming year.

**(8) Recommendation 1.7 – Process for the periodic evaluation of Senior Executives**

The Board (pending the establishment of a Nomination Committee) conducts an annual appraisal of Senior Executives, including contribution to the overall success of the business. Succession planning is also built into the appraisal process to encourage development of future leaders within the Company.

The results and any action plans are to be recorded in the board minutes together with specific performance goals which are to be agreed for the coming year.

**(9) Recommendation 2.1 -Nomination Committee**

Due to the small size of the board a separate Nomination Committee has not been established. Matters normally assigned to the Nomination Committee will be dealt with by the Board as a whole pending the establishment of a Nomination Committee.

**(10) Recommendation 2.2 – Board skills matrix**

The Board considers that a diverse range of skills, background, knowledge and experience is required in order to effectively govern the Company. The Board has developed a skills matrix to help identify any gaps in its current collective skills as well as those skills it is looking to achieve in its membership. Any identified 'gaps' may result in the provision of professional development for existing directors or by taking on new directors. The Board regularly evaluates the mix of skills, experience and diversity of background to bolster good corporate governance and provide value for Shareholders.

When the need for a new Director is identified, the required experience and competencies of the new Director are defined in the context of this matrix. The matrix is reviewed annually by the Board.

The Directors believe that the Board is of an appropriate size and has the requisite commitment, diversity and mix of skills to enable it to discharge its duties effectively and to add value. The table below sets out the skills and experience of the Board in those areas relevant to Directors' duties and the Company's operations.

<b>Skills/Experience of the current Board</b>	<b>No. of Directors</b>
Investing in global equity, bond, currency and commodity markets	3
Funds management and financial markets including risk management	3
Law	3
Corporate finance, debt capital markets, structuring and joint ventures, trade finance and project finance	3
National and international business experience, accountancy, compliance and risk management	3

### **(11) Recommendation 2.3 – Director's independence**

The Board has adopted specific principles in relation to Directors' independence. These state that to be independent, a Director must be a non-executive Director and:

- not be a substantial Shareholder of the Company or an officer of, or otherwise associated directly with, a substantial Shareholder of the Company;
- within the last three years, not have been employed in an executive capacity by the Company or any other Group member, or been a Director after ceasing to hold any such employment;
- not receive performance-based remuneration including options or performance right or participate in an employee incentive scheme of the Company;
- within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided;
- not be a material supplier or customer of the Company or any other Group member or an officer of, or otherwise associated directly or indirectly with, a material supplier or customer;
- must have no material contractual relationship with the Company or a controlled entity other than as a Director of the Group;
- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and

- must not have any close family ties or close personal tie with any person who falls within any of the categories described above.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or Group, or 5% of the individual Director's net worth is considered material for these purposes.

In addition, a transaction of any amount or a specific relationship, is deemed material if knowledge of it may impact the Shareholders' understanding of the Director's independence.

Recent thinking on corporate governance has introduced the view that a Director's independence may be perceived to be impacted by lengthy service on the Board. To avoid any potential concerns, the Board has determined that a Director will not be deemed independent if he or she has served on the Board of the Company for more than ten years.

Having regard to the factors listed above, Gary Miller is considered by the Board to be an independent

#### **(12) Recommendation 2.4 – Majority of the Board are independent Directors**

One third of the directors are independent. In the current year Mr Miller is independent. The Board believes that an additional independent director is not required at this stage of the Company's development. The board membership is reviewed annually and an independent non-executive director could be recruited if the Board feels circumstances have changed and an additional independent director is required.

#### **(13) Recommendation 2.5 – Independence of Chairman**

Best practice recommends that the Chair of the Board is independent and not the same person as the Managing Director. The Board believes that the current Chair is effective despite Mr Glennon not being independent due to his shareholding. The board membership is reviewed annually and an independent non-executive chair could be recruited if the Board feels circumstances have changed and an independent chair is required.

#### **(14) Recommendation 2.6 – Induction program for new Directors**

The Company 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. All new Directors are provided with an induction including comprehensive meetings with the Board, Senior Executives and management and the provision of information on the Company including Company and Board policies and other material documents. Additional induction is offered to new Directors if the following are required:

- Company knowledge;
- industry knowledge;
- familiarity with legal framework; or
- key accounting knowledge.

All Directors are expected to maintain the skills required to effectively discharge their duties and obligations to the Company. Directors are strongly encouraged to undertake continuing professional development education.

**(15) Recommendation 3.1 – Statement of values**

The Company's values are aligned with the Code of Conduct which acts as a meaningful guide for the way in which the Company and associated individuals conduct business. The Code of Conduct articulates the Company's culture and values that creates a link between the Company's purpose and its strategic goals by expressing the standards and behaviours expected of Company officers to fulfil the Company's goals and meet its purpose

**Company culture and values**

Company values underpin the Board's desired culture to maximise shareholder value while nurturing the needs of the environment and community. The values at the core of the Company's ethos are:

- ✓ Transparency
- ✓ Integrity
- ✓ Resilience
- ✓ Ecological awareness and
- ✓ Accountability

As the Company evolves, so too do its values.

**Purpose**

The Company is a Listed Investment Company (LIC) incorporated on 28 September 2016. The Company provides investors with the opportunity to gain exposure to an investment portfolio that is actively managed. The investment portfolio is invested in a small number of high conviction investments in undervalued assets, which provide growth opportunities with the aim of achieving above average returns, (whilst limiting volatility) over the medium to long term.

**(16) Recommendation 3.2 – Code of Conduct**

The Company has developed a Code of Conduct (the **Code**) which has been fully endorsed by the Board and applies to all Directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and practices necessary to maintain confidence in the Company's integrity.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

A copy of the Company's Code of Conduct can be found on the Company's website.

**(17) Recommendations 3.3 – Whistleblower Policy**

The best source of information as to whether a Company is living up to its values are its employees. Employees should be encouraged to speak up about any unlawful, unethical or irresponsible behaviour within the organisation through an appropriate whistleblower policy.

In January 2020, the Board approved a Whistleblower Policy to ensure that the Board is informed of any material incidents reported under that policy. The Board will be informed of material incidents reported under the Whistleblower policy, as they may be indicative of issues within the culture of the organisation. The Whistleblower policy is available on the Company website.

The Company aims to promote and encourage the responsibility and accountability of individuals for reporting unethical practices. Management reports all breaches to the Board at every board meeting.



**(18) Recommendations 3.4 – Antibribery and Corruption Policy**

The Company does not have a formal anti-bribery and corruption policy due to its relatively small size and complexity. All significant contracts entered into by the Company are approved by the Board. The Board is not aware of any offers of gifts or benefits to its officers or personnel as a bribe or as a means of influencing Company decisions.

**(19) Recommendations 4.1 and 7.1 – Establishment of an Audit Committee and Risk Committee**

Currently, the size of the Board is not sufficient to warrant two separate committees for Audit and Risk. As a result, the Company has established an Audit and Risk Management Committee.

The Charter of the Audit and Risk Management Committee can be found on the Company's website. The Charter is reviewed annually by the Board.

In accordance with its Charter, the Audit and Risk Management Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Audit and Risk Management Committee monitors the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks.

The Audit and Risk Management Committee will ensure that the number of times the Audit and Risk Management Committee meet throughout each reporting period and the individual attendances of the members at those meetings are disclosed.

All three members of the Board are currently members of the Audit and Risk Management Committee. Due to the size of the company only one director is an independent non-executive director. The committee chairman, Mr Miller is the only independent director and is not the chairman of the board.

**(20) Recommendation 4.2 – Director and CFO declaration**

Before the Board approves the Company's financial statements for a financial period it will receive from the a Director and the CFO a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the Company and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The external auditor attends the Company's annual general meeting (AGM) to be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the audit report.

**(21) Recommendation 4.3 – Declaration**

Before the Board approves the Company's periodic corporate reports, for release to the market, market that contain unaudited information it will receive from a Director and the CFO a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the periodic corporate reports comply with the appropriate accounting standards and give a true and fair view of the Company and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.



**(22) Recommendation 5.1 – Written policy for complying with its continuous disclosure obligations**

The Company has a Continuous Disclosure and Shareholder Communication Policy setting out the requirements aimed to ensure full and timely disclosure to the market of all material issues relating to the Company to ensure that all stakeholders have an equal opportunity to access information. The Company's Continuous Disclosure Policy reflects the continuous disclosure requirements of the Listing Rules and Corporations Act.

A copy of the Company's Continuous Disclosure and Shareholder Communication Policy can be found on the Company's website.

**(23) Recommendation 5.2 and 5.3 – Market Announcements**

Each director is automatically sent a copy of each market announcement immediately after they have been made via the ASX platform. This ensures the Board has timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures.

When the Company gives a new or substantive investor or analyst presentation it will release a copy of the presentation to the ASX ahead of the presentation. As such, the provision of the presentation to the market in advance of the actual presentation ensures any new information relevant to the Company is available to all stakeholders at the same time, in accordance with the Company's continuous disclosure obligations

**(24) Recommendation 6.1 – Provision of information via the Company's website**

The Company provides information about itself and its governance to investors via its website - [www.bhdlimited.com.au](http://www.bhdlimited.com.au) The Company's website has links to:

- the names and brief biographical information for each of its Directors and Senior Executives;
- its constitution, Board charter and the charters of each of its Board committees;
- corporate governance policies;
- a statement of the Company's values;
- copies of its annual reports, financial statements and other corporate reports;
- copies of its announcements to the ASX; and
- copies of notices of meetings of Shareholders and any accompanying documents.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

**(25) Recommendation 6.2 – Investor relations program to facilitate effective two-way communication with investors**

The Company has a Continuous Disclosure and Shareholder Communication Policy that outlines the processes followed by the Company to ensure communication with Shareholders and the community is effective, consistent and adheres to the principles of continuous disclosure. A copy of the Continuous Disclosure and Shareholder Communication Policy is available on the Company's website.

The Company will engage with its Shareholders by providing information about itself and its governance via its website. The Company's website includes:

- once known, the time, venue and other relevant details for results presentations and the AGM;
- a description of the Company's dividend policy;
- copies of media statements and ASX announcements;
- contact details for enquiries from Shareholders, analysts or the media;
- contact details for the Company's securities registry; and
- dividend or distribution reinvestment plan forms.

Significant investor comments or concerns should be conveyed to the Board.

**(26) Recommendation 6.3 – Disclosure of the policies and processes it has in place to facilitate and encourage participation at meetings of Shareholders**

The Company permits Shareholders to cast their proxies prior to a general meeting if they are unable to attend. The Company may hold virtual or hybrid general meetings to ensure all Shareholders have the right to vote and attend.

**(27) Recommendation 6.4 – Substantive resolutions are decided on a poll rather than show of hands**

The Company ensures that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

**(28) Recommendation 6.5 – Shareholders have the option to receive communications from and send communications to the Company and its share registry electronically**

Shareholders are encouraged to communicate with the Company electronically, including via the "contact us" facility on the Company website and receiving forms and documents electronically or accessing material directly from the Company's website. The Company gives Shareholders the option to receive communications from, and send communications to, the Company and its security registry electronically, as provided for in the Company's Shareholder Communication Policy. Shareholders not already receiving information electronically can elect to do so through the Share Registry, Link Market Services Pty Ltd.

**(29) Recommendation 7.2 – Review of the Company’s risk management framework annually**

The Audit and Risk Management Committee Charter requires the Committee to at least annually undertake a structured review of the risk management framework of the Company to satisfy itself that it continues to be sound and that the Company is operating within the risk appetite set by the Board.

The Audit and Risk Management Committee will ensure the disclosure of whether such a review has taken place during each reporting period.

**(30) Recommendation 7.3 – Internal audit function**

The Company does not have an internal audit function.

The Company is committed to understanding and managing risk and to establishing an organisational culture that ensures risk management is included in all activities, decision making and business processes. The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit and Risk Management Committee and reviewed by the full Board. The Audit and Risk Management Committee’s Charter can be accessed on the Company’s website. The Audit and Risk Management Committee recommends any action it deems appropriate to the Board for its consideration.

The Board’s collective experience will enable accurate identification of the principal risks that may affect the Group’s business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

**(31) Recommendation 7.4 – Material exposure to economic, environmental and social sustainability risks**

The Company recognises that the way in which it conducts its business activities impacts directly on a range of stakeholders, including its Shareholders, employees, customers, suppliers, creditors, consumers, government and the local communities in which it operates. In recent times there has been an increase in calls for the business community to address matters of economic, environmental and social sustainability and there has been an increase in demand from investors for greater transparency on these matters so they can assess investment risk.

In accordance with Recommendation 7.4, the Company’s operations do not cause economic, environmental or social sustainability risk.

**(32) Recommendation 8.1 – Remuneration Committee**

The Company has established a Remuneration Committee.

The Charter of the Remuneration Committee is available on the Company’s website.

In accordance with its Charter, the Remuneration Committee is responsible for ensuring that the Company’s executive remuneration policies, practices and procedures are:

- aligned with the Company’s overall business objectives and market practice;

- motivate executives to pursue the Company's long-term growth;
- demonstrate a clear relationship between the Company's performance and performance of executives; and
- align the interests of executives with the creation of value for Shareholders.

The Remuneration Committee will meet as required or as instructed by the Board, the Remuneration Committee has not met this financial year.

All three members of the Board are currently members of the Remuneration Committee. Due to the size of the company only one director is an independent non-executive director. The Committee is chaired by an independent director, Mr Gary Miller.

**(33) Recommendation 8.2 – Disclosure of policies and practices regarding remuneration of non-executive Directors and remuneration of executive Directors and other Senior Executives**

The Company's policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other Senior Executives is set out in the Remuneration Committee Charter. The Remuneration Committee Charter is accessible on the Company's website.

Further information on Directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' report under the heading "Remuneration Report" in the Company's Annual Report.

**(34) Recommendation 8.3 – Transactions which limit the economic risk of participating in the Company's equity-based remuneration scheme**

The Company has an equity based remuneration scheme. The Company's Securities Trading Policy provides that participants in the scheme must not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested equity interest. This policy was updated in march 2021, a copy of the Company's Securities Trading Policy is accessible on the Company's website.

**(35) Endorsement**

The Company is committed to this document and to its implementation. This document was updated and adopted on 29 August 2022.

**(36) Definitions**

In this document:

<b>ASX</b>	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
<b>Board</b>	means the Board of the Company.
<b>Chairman</b>	means the Director of the Company appointed as the chairperson of the Board from time to time.
<b>CFO</b>	means the chief financial officer or equivalent officer (by whatever title known) of the Company.
<b>Company</b>	means Benjamin Hornigold Ltd ACN 614 854 045.
<b>Company Secretary</b>	means the person appointed company secretary of the Company.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth).
<b>Director</b>	means a Director of the Company.
<b>Group</b>	means the Company and its controlled entities.
<b>Listing Rules</b>	means the listing rules of the ASX.
<b>Managing Director/CEO</b>	means the managing Director (or if there is no managing Director, the CEO) or equivalent officer (by whatever title known) of the Company.
<b>Shareholders</b>	means Shareholders of the Company.
<b>Recommendations</b>	means recommendations of the ASX Corporate Governance Council contained in the Corporate Governance Principles and Recommendations (4 <sup>th</sup> edition).