

## CELLNET GROUP LIMITED

ACN 010 721 749

### Corporate Governance Statement

This statement sets out the key corporate governance principles adopted by the directors of Cellnet Group Limited (**Company**). The Company has assessed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd Edition) published by the ASX Corporate Governance Council (**Principles and Recommendations**). The Principles and Recommendations are not mandatory. Where the Company has not followed a recommendation from the Principles and Recommendations, this statement will state the fact that the recommendation has not been followed and explain the reasons why.

#### 1. Lay solid foundations for management and oversight

##### 1.1 Board Role and Responsibilities

The business and affairs of the Company are directed by the board of directors of the Company (**Board**). The Board has approved a formal **Board Charter** which sets out its roles, responsibilities, power and function.

The Board is responsible for:

- 1.1.1 setting the direction, financial objectives and goals for management.
- 1.1.2 reviewing and approving strategies for the Company.
- 1.1.3 monitoring the CEO's performance against those goals.
- 1.1.4 ensuring there are appropriate standards of corporate governance and ethical standards.
- 1.1.5 evaluating the performance and determining the remuneration of the Chief Executive Officer.
- 1.1.6 monitoring that appropriate risk management systems, internal control, reporting systems and compliance frameworks are in place and operating effectively; and
- 1.1.7 monitoring plans and procedures for recruitment, training, remuneration and succession planning for senior management.

The Board has delegated to the Chief Executive Officer all of the necessary power and authority to manage the business of the Company on a day-to-day basis with the senior management assisting in that process. That team is comprised of representatives of each business division and the Chief Financial Officer.

##### 1.2 Appointment to the Board and Company

Appointment to the Board and Company is dependent on the persons having a broad range of relevant skills, experience and expertise to meet its objectives.

The Company has implemented Recommendations 1.2 for the most recent board appointments made in the 2020 and 2021 financial years. The company does have in place formal written agreements with each director which set out the relevant terms of their appointment.

With regards to the appointment of Senior Management to the Company all appropriate checks are carried out and their appointments are formalised with written documents which set out the relevant terms of their appointment.

### 1.3 The Company Secretary

The Company Secretary is accountable to the Board, through the Chairman, on all governance matters. The Company Secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed and coordinating the completion and dispatch of board agenda and briefing materials, minutes, communication with regulatory bodies and all statutory and other filings.

### 1.4 Diversity

The Company aims to create a diverse workforce that recognises and embraces the value that different people can bring to an organisation through their gender, age, ethnicity, cultural background, marital status, sexual orientation, and/or religious beliefs. The Board has approved a formal **Diversity Policy** which reflects its commitment to workplace diversity and associated regulatory compliance.

With regard to gender diversity the Company, due to its current size, does not currently have any specific gender diversity targets in place and as such is not in compliance with Recommendation 1.5 (a).

For the financial year ended 30 June 2022 the gender composition of the Board, Senior Management and Company are as follows:

	<b>Female</b>	<b>Male</b>	<b>% Female</b>
Board	0	5	0.0%
Senior Management	1	6	14.3%
Company	22	38	36.7%

### 1.5 Board and Senior Executive Performance Review and Evaluation

The Board as a whole has the responsibility to review its own performance and the performance of its committees and individual directors. The small scale of the Board and the nature of the Company's activities results in an ongoing self-review process.

The Board did not conduct a formal review of the performance of its members during the year ended 30 June 2022. Rather, the Board mindful of its duties, considers it appropriate to monitor the performance on an ongoing basis and conduct a formal review of its members and other senior executives and management when necessary. Recommendations 1.6 and 1.7 have therefore not been adopted during the year ended 30 June 2022.

## 2. Structure of the Board to Add Value

The Board of the Company comprises of five directors, details of which are set out below:

Director	Role	Appointment Date
Mr Tony Pearson	Non-Executive Independent Director and Chairman	4 October 2018
Mr Kevin Gilmore	Non-Executive Non-Independent Director and Deputy Chairman	16 January 2017
Mr Michael Wendt	Non-Executive Non-Independent Director	16 January 2017
Mr Giles Karhan	Non-Executive Independent Director	9 June 2020
Mr Brian Danos	Non-Executive Non-Independent Director	1 July 2020

The current scale of operations and shareholding mix has determined the need for a five-person Board for the 2022 financial year with two members being determined by the Board to be Independent Directors, as defined in the Principles and Recommendations, being Mr Tony Pearson and Mr Giles Karhan.

The Board has determined that both Mr Tony Pearson and Mr Giles Karhan fall within the definition of an Independent Director for the following reasons:

- They are not employed by the Company, or the Company's majority shareholder, Wentronic Holding GmbH; and / or;
- They are otherwise free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

The Board seeks to ensure its members have an appropriate mix of skills, knowledge and experience to enable it to properly perform its duties. The members of the Board hold the view that:

- the Board, as currently composed, has the required capabilities and skills appropriate for the current operating environment, can ensure that the Company's corporate governance objectives are achieved, and that the Board's operational performance is transparent; and
- given the small size of the Board, the Company has not prepared a skills matrix and considers that it is able to identify and address any gaps in skills and experience without such a matrix.

For the reasons described above, the Company has departed from the following Recommendations for the 12 months ended 30 June 2022 in that the Company did not:

- have a nomination committee that had a majority of members who were independent directors (recommendation 2.1); and
- have or disclose a documented skills matrix (recommendation 2.2); and
- have a majority of independent directors (recommendation 2.4)

The Board seeks to ensure that its members have an appropriate mix of skills and experience to enable it to properly perform its duties. These skills include but are not limited to the following:

- knowledge of the telecommunications industry.
- knowledge of the information technology industry.
- knowledge of distribution channels.
- knowledge of retail channels.
- knowledge of the legal and financial regime affecting the Company and its operations.
- accounting and financial management.
- proven track record in business.
- appreciation and understanding of corporate governance.
- communication skills; and
- preparedness to commit time and energy to meet the objectives of the Company.

The Company encourages all members of the Board and Senior Management to attend training and professional development courses, as may be required to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles, at the Company's expense (as approved by the Chairman and or the Board as appropriate and applicable).

The details of the qualifications, experience and special responsibilities of all members of the Board are detailed in the Directors' Report section of the Company's Annual Report which is located at <https://www.cellnet.com.au/investor-hub/>

The Chairman of the Board is a Non-Executive Director appointed by the other members of the Board. His role includes:

- providing effective leadership in relation to all aspects of the business of the Board.
- communicating regularly with the Chief Executive Officer and the Company Secretary to ensure that the Board is properly and fully informed on all matters relevant to the operations of the Company.
- providing an appropriate level of communication between management and the Board at all times.
- reviewing the contribution by the members to the Board; and
- representing the Company to the public generally and to all stakeholders.

The Chief Executive Officer reports to the Board, and is responsible for:

- the day-to-day operations of the Company in conjunction with senior management.
- the implementation of the strategies approved by the Board.
- managing the Company's performance to achieve its financial goals and objectives; and
- managing appropriate risk management systems, internal control, reporting systems and compliance frameworks.

### 3. Act Ethically and Responsibly

A Code of Conduct has been adopted by the Board to specify the practices necessary to maintain confidence in the Company's integrity, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company expects all members of the Board, members of Senior Management, and employees to observe the highest standards of ethics, integrity and behaviour during the course of their tenure.

The Board has a set **Whistle-blower Policy** which provides a safe reporting mechanism for anyone who has a legitimate concern that any serious wrongdoing has occurred or is occurring within the Company.

The Board has set a **Share Trading Policy** for all members of the Board, members of Senior Management, and employees which stipulates how to lawfully and ethically deal in shares and securities of the Company.

The Board has set and **Anti-bribery and Corruption Policy** for all members of the Board, members of Senior Management, and employees which stipulates guidelines for countering bribery and corruption.

### 4. Safeguard Integrity in Corporate Reporting

#### 4.1 Audit and Risk Management Committee

The Company has an Audit Committee with a formal Charter **ARM Charter**.

Firstly, it is the custodian of the external audit relationship and assists the Board by focusing on matters of internal control, compliance and reporting.

Secondly, its role is to continually review the financial and operational risks of the business and associated frameworks. Main responsibilities of the ARM Committee include:

- Examination of the financial statements and other financial information of the Company.
- Obtaining sign off from the Chief Executive Officer and the Chief Financial Officer relevant to the financial reports.
- Liaising with the external auditor of the Company on all matters relevant to the appointment.
- Reviewing external audit reports and management letters on recommendations to determine appropriate initiatives to be implemented by management under the direction of the Board.
- Making recommendations to the Board in relation to the appointment of the external auditor, any change to that appointment and the fees to be payable for the provision of those services.
- Providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors.

- Reviewing significant risks to the businesses undertaken by the Company and reporting on appropriate remedial action to minimise the effects of those risks.
- Obtaining sign off from the Chief Executive Officer and the Chief Financial Officer relevant to the management of risks of the Company; and
- Reviewing the adequacy and effectiveness of the Company's internal controls.

The ARM Committee of the Company had the following members for the full 2022 financial year:

- Mr Giles Karhan (Chairman)
- Mr Tony Pearson
- Mr Brian Danos

#### 4.2 Chief Executive Officer and Chief Financial Officer Declarations

The Chief Executive Officer and the Chief Financial Officer are required to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

#### 4.3 External Auditor

The Company's external auditor attends the Company's annual general meeting (**AGM**) and is available to answer questions from shareholders.

### 5. Make Timely and Balanced Disclosure

The Company ensures that price sensitive information is released to the market operated by ASX Limited (**ASX**) on a timely basis and has adopted a **Continuous Disclosure Policy**.

The Company provides its members with timely access to material information concerning the Company where disclosure of such information is not considered prejudicial to the commercial interests of the Company.

The Company does not release any periodic reports to the market that are not audited or reviewed by an external auditor prior to release.

The Board is provided with copies of all material market announcements on the day of release to the ASX.

For all investor updates or presentations provided by the Company, a copy of the update is uploaded to the ASX platform prior to it being presented.

### 6. Respect the Rights of Security Holders

The Company empowers its shareholders by:

- communicating effectively with them, including through use of the Company's website.
- giving them ready access to balanced and understandable information about the Company and corporate proposals; and
- making it easy for them to participate in general meetings.

The major forms of communication undertaken by the Company to security holders and potential investors are through ASX announcements, annual report, half yearly report, AGM and the Company's website.

The Company's website has an investor relations section which provides links to share prices and the ASX and includes in electronic form all communications with shareholders.

At meetings of shareholders all substantive resolutions are decided by poll.

## **7. Recognise and Manage Risk**

As a consequence of the small size and composition of the Board, the Company does not have a standalone Risk Committee. The Board, in conjunction with the Audit and Risk Management Committee, is responsible for overseeing the Company's risk management framework. The Board ensures that there are appropriate systems in place to identify, assess, monitor and manage market, economic, operational, compliance, social and environmentally sustainable risks. This is achieved via a strong control environment, accountability and review of risk profiles.

The Company does not have an internal audit function. The Board and Audit Committee is responsible for the design of the Company's internal control processes, and oversight of compliance thereto.

The activities of the Company are subject to risks that can adversely impact its business and financial situation. Risk and uncertainties are described in the Company's Annual Report.

## **8. Remunerate Fairly and Responsibly**

The Company has a Remuneration Committee with a formal charter **RMC Charter**.

The Company adopts remuneration policies that attract and maintain talented and motivated Directors, senior management and employees so as to encourage enhanced performance of the Company noting that there is a clear relationship between performance and remuneration.

The Remuneration Committee of the Company has the following members:

- Mr Michael Wendt (Chairman)
- Mr Tony Pearson
- Mr Kevin Gilmore

There is a departure from Recommendation 8.1 in that the Remuneration Committee does not have a majority of independent directors and is not chaired by an independent director.

The Remuneration Report, which forms part of the Company's Annual Report, provides comprehensive disclosure of the Company's remuneration policy and procedures.

Where appropriate, employment agreements with senior management, or obligations under these agreements falling due, may trigger a continuous disclosure obligation under ASX Listing Rule 3.1. Where this is the case, disclosure to the market will include a summary of the main elements and terms of the agreement, including termination entitlements.