



Corporate Governance Statement

The Board of Directors of Kleos Space S.A. (**KSS** or **the Company**) is responsible for the corporate governance of the Company and its subsidiaries (**Group**). The Board guides and monitors the business and affairs of KSS on behalf of security holders by whom they are elected and to whom they are accountable. The Directors and Management of the Company are committed to conducting the business of the Group in an ethical manner and in accordance with high standards of corporate governance. The Company has adopted and substantially complies with the *ASX Corporate Governance Principles and Recommendations (Fourth Edition)* (**Recommendations**) to the extent appropriate to the size, life cycle stage and nature of the Group's operations.

Kleos is domiciled in Luxembourg and is registered as a public limited liability company in Luxembourg. The Company is registered in Australia as a foreign company under the Corporations Act 2001 (*Cth.*) and commenced trading on ASX in August 2018. The main constituent document of the Company is its articles of association, while the corporate governance policies and procedures described below are those that have been in place since the Company's listing on ASX, as amended and re-issued to effect necessary changes and improvements.

The Company's Corporate Governance Statement (**Statement**) is set out in the table below and reflects the Company's compliance with the Recommendations, with references to each individual recommendation. In this Statement, all references to security holders are references to both shareholders and holders of CHESS depositary interests over the shares of the Company and references to the Company's website are to kleos.space/investors (**Website**).

This Statement was approved by the Company's Board of Directors on 28 April 2023 and is current as at that date. Where relevant and unless stated otherwise, all the governance practices have been in place and implemented for the full financial year.



PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

	Corporate Governance Council Recommendation	Compliance	Disclosure
1.1	A listed entity should disclose: (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.	Complies	The respective roles and responsibilities of the Board and management are defined under the Board Charter, a copy of which is available on the Website. There is a clear delineation between the Board's responsibility for the Company's strategy and oversight of activities, and the powers delegated to management.
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.	Complies	The process for selection, appointment, and re-appointment of directors is detailed in the Remuneration and Nomination Committee Charter, a copy of which is available on the Website. The charter requires that: a. appropriate checks be undertaken before a candidate is appointed or put forward to shareholders for election as a director; and b. shareholders be provided with all material information in the Remuneration and Nomination's Committee's possession relevant to a decision on whether to elect or re-elect a director of the Company, including a statement of whether the Board supports the candidate's election or re-election.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	The Company requires each director and senior executive to execute a written agreement setting out the terms of their appointment or employment.
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.	Complies	The Board Charter provides that the company secretary is directly accountable to the Board through the Chair, and outlines the details of the role. A copy of the charter is available on the Website.
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	Complies in part	The Company has adopted a Diversity Policy, a copy of which is available on the Website. The Diversity Policy requires the Board to establish measurable objectives to assist the Company to achieve gender diversity and to assess the Company's progress in achieving these objectives.

	<p>executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period</p> <ol style="list-style-type: none"> 1. the measurable objectives for that period to achieve gender diversity 2. the entity's progress towards achieving those objectives; and 3. either: <ul style="list-style-type: none"> 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. 		<p>The Company set a target to increase female representation within its workforce by 10% and to appoint a female director, within three years. The Company is also committed to recruiting employees from a diverse pool of qualified candidates and to supporting education and training to support the recruitment of a diverse group of candidates into STEM disciplines. The Board has appointed a director as a "diversity champion" to ensure that initiatives are implemented to promote and support the Company's commitment to diversity and inclusiveness in the workforce. The Company appointed a female director, Ms Dawn Harms, in May 2022.</p> <p>The percentage of female representation across the Company's workforce is currently as follows:</p> <p>Female directors: 25% (up from 0% in FY21)</p> <p>Female employees in leadership roles: 14.3%</p> <p>(up from 11.1% in FY21)</p> <p>Female employees in the overall workforce: 17.1%</p> <p>(up from 13.8% in FY21).</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; 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>	Complies	<p>The Board Charter requires that the Board annually prepare and review a self-evaluation of its performance against the charter.</p> <p>No Performance Evaluation was completed during the reporting period, as Board changes were made during the reporting period. The Board considers it practical to conduct a performance evaluation once the board composition has been settled.</p>



1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically 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>	Complies	<p>The charter of the Remuneration and Nomination Committee provides for the review of the performance of the executives.</p> <p>The Board has undertaken an evaluation of the performance of the senior executives in the reporting period.</p>
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PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> 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 <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</p>	Complies	<p>The Board has established a Remuneration and Nomination Committee (RNC) to oversee the selection and appointment practices of the Company.</p> <p>The RNC is governed by a Remuneration and Nomination Committee Charter, which is available on the Website.</p> <p>The RNC is currently constituted of three members:</p> <ul style="list-style-type: none"> • David Christie (Chair); • Peter Round; and • Dawn Harms (who replaced Padraig McCarthy on the RNC in May 2022). <p>David Christie and Dawn Harms are independent non-executive directors. The composition of the committee is reflective of the broader constitution of the Board and will evolve as the Board recruit additional members. Nonetheless, the Board is satisfied that the current composition of the RNC is appropriate in the Company's circumstances and allows for the committee to meet its obligations under its charter.</p> <p>The RNC met three times during the reporting period and all members at the time attended each meeting.</p>
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	to discharge its duties and responsibilities effectively.		
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.	Complies	<p>The Board aims to ensure that it, at all times, is composed of members with an appropriate mix of skills, experience, expertise and diversity relevant to the Company's business and which enables it to carry out its duties under the Board Charter.</p> <p>A review of the Company's Skills Matrix was completed during the reporting period.</p> <p>The Board considers that it has the necessary capacity to identify the skills missing and required to complement the Board composition. The current Board is made up of members with a broad range of skills, expertise and experience and from a diverse range of backgrounds, which the members of the Board believe is appropriate to ensure that it can carry out its obligations in accordance with its charter and the requirements of good governance.</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, association 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>	Complies	<p>The Company assesses the independence of its directors against the requirements for independence set out in the Recommendations.</p> <p>Director independence is initially assessed upon each director's appointment and reviewed each year, or as required when a new personal interest or conflict of interest is disclosed. Directors are required to disclose all actual or potential conflicts of interest on an ongoing basis.</p> <p>The Board of Directors as at 31 December 2022 and at the date of this Statement comprises:</p> <ul style="list-style-type: none"> • Mr Peter Round (Chair since 5 April 2018); • Mr Andrew Bowyer (Executive Director since 6 June 2017); • Mr David Christie (Non-executive Director since 26 March 2018); and • Ms Dawn Harms (Non-executive Director since 27 May 2022).

			<p>The Board has considered the circumstances of Messrs Round, and Bowyer and has determined them to be non-independent Directors, due to their executive roles within the Company.</p> <p>Mr Christie and Ms Harms are considered by the Board to be independent, having regard to the Recommendations.</p> <p>The Board takes the view that the industry experience and relevant technical expertise of its executive directors are crucial to the Company's development at the current stage of its life cycle.</p>
2.4	A majority of the board of a listed entity should be independent directors.	Complies in part	<p>The Company has four directors, two of whom are considered independent, having regard to the Recommendations.</p> <p>The Board believes that the current mix of directors is appropriate to the Company's current stage of development and that the Board as a whole is not hindered in its ability to exercise an independent judgment and to act in the best interests of all security holders.</p> <p>The Board is mindful of the recommendation that a majority of the Board should be independent directors and has factored this consideration in to its ongoing director selection process.</p>
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.	Complies in part	<p>The Chair of the Board is Mr Peter Round, and the CEO is Mr Andrew Bowyer. Mr Round is not considered an independent director for purposes of the Recommendations.</p>
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.	Complies	<p>The Company's RNC is responsible for establishing and facilitating induction procedures for new directors and providing new directors with all information and advice which may be considered necessary or desirable for the director to commence their appointment to the Board.</p> <p>The RNC is also responsible for providing directors with access to continuing education for the purpose of updating and maintaining their skills and knowledge to perform their roles as directors effectively.</p>

PRINCIPLE 3 – INSTIL A CULTURE OF ACTING ETHICALLY AND RESPONSIBLY

3.1	A listed entity should articulate and disclose its values.	Complies	The Company's operations are based on mission values of dedication to technical excellence, commercial ingenuity and trust in relationships.
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.	Complies	The Company has adopted a Code of Conduct which applies to all directors, officers and employees of the Company. The Code provides that the Board is responsible for monitoring compliance with its terms and that contraventions must be escalated to the Chair in appropriate circumstances. A copy of the Code is available on the Website and any material breaches of the Code are reported to the Board.
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 breaches incidents reported under that policy.	Complies	The Company has adopted a Whistleblower Policy. A copy of the Policy is available on the Website and any material incidents reported under the Policy are reported to the Board.
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.	Complies	The Company has adopted an Anti-Bribery and Corruption Policy. A copy of the Policy is available on the Website. The Policy provides that the Board is responsible for monitoring compliance with its terms.



PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> 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; <p>and disclose:</p> <ol style="list-style-type: none"> 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 <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>	Complies in part	<p>The Company has established an Audit and Risk Management Committee (ARMC) to oversee the management of financial and internal risks.</p> <p>The ARMC comprises 3 directors, two of whom are independent directors. The committee is chaired by Mr David Christie, who is an independent director and who replaced Mr Padraig McCarthy on the committee in May 2022. The Board considers the committee's composition to be appropriate to the Company's requirements and the fulfilment of the ARMC's mandate.</p> <p>The ARMC charter may be viewed on the Website. At the date of this Statement, the ARMC is comprised of:</p> <ul style="list-style-type: none"> • Mr David Christie (Chair); • Mr Peter Round; and • Ms Dawn Harms, <p>who are assisted by relevant members of the management team, as required.</p> <p>The ARMC met five times during the reporting period and all members at the time attended each meeting, save for Mr Round, who was an apology for one meeting due to a flight delay.</p>
4.2	<p>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</p>	Complies	<p>Prior to the Board approving the Company's periodic financial statements, the Board receives from the CEO and Vice President Finance a declaration that, in their opinion, the financial records of the entity have been properly maintained, 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.</p>



	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.		
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.	Complies	The Company's Board reviews and approves any periodic corporate reports not audited or reviewed by an external auditor, and acts on the advice of the Chair of the ARMC in conducting its review.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	Complies	<p>The Company is committed to taking a proactive approach to continuous disclosure and creating a culture within the Company that promotes and facilitates compliance with the Company's continuous disclosure obligations.</p> <p>The Company has adopted a written policy to ensure compliance with its ASX Listing Rule disclosure obligations. A copy of the Company's Continuous Disclosure Policy is available on its Website.</p>
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Complies	The Company has all director's email addresses recorded with the ASX and the directors automatically receive notification and copies of all materials released to the market via the ASX platform.
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.	Complies	The Company discloses all investor or analyst presentations to the market prior to presenting the information, in accordance with its Continuous Disclosure Policy.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company provides investors with comprehensive and timely access to information about itself and its governance on its Website, including copies of the Company's Articles of Association, Board and committee charters and key corporate governance policies and copies of all material documents lodged with ASX.
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Complies	<p>The Board is committed to providing security holders with sufficient information to assess the performance of the Company and to inform security holders of all material developments in relation to the business. To this end, the Company has adopted a Shareholder Communications Policy, a copy of which is available on the Website.</p> <p>The Website contains information about the Company, including media releases, key policies and the terms of reference of its Board Committee, and provides contact details through which security holders may communicate with the Company's management.</p> <p>Further, all releases lodged with ASX provide investor contact details, to whom questions and comments may be addressed.</p>
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Complies	<p>Notices of the Company's general meetings are given in accordance with the Company's Articles of Association, relevant Luxembourg legislation and the ASX Listing Rules.</p> <p>The Company's annual general meeting in particular is an opportunity for security holders to receive updates from the CEO and Chair on Group performance, ask questions of the Board and vote on the various resolutions affecting the Company's business. Security holders are also given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.</p> <p>The date, time and location of the Company's general meetings are provided in the notices of meetings, and on the</p>



			<p>Website. Whilst security holders are invited to attend meetings in person, in the event that they are unable to do so, they are encouraged to participate in the meeting by providing voting instructions to CHESS Depository Nominees to vote on their behalf.</p> <p>The Company's annual general meeting is convened once a year. For general meetings of security holders, a detailed agenda setting out resolutions to be considered, is included with the notice of meeting.</p> <p>The outcome of voting on resolutions at general meetings is released to the market via ASX after the conclusion of the meeting and posted on the Website.</p> <p>As the Company is incorporated in Luxembourg and subject to the requirements of that country's legislation, its shareholder meetings are held in Luxembourg.</p>
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than a show of hands.	Complies	Subject to Luxembourg incorporated company requirements, all resolutions at meetings of security holders are decided by way of a poll.
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	Complies	The Company encourages security holders to submit questions or requests for information directly to the Company via the Website. The Company also encourages security holders to submit any questions related to their holdings in the Company to the Company's share registry via electronic means.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

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,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p>	Complies	<p>The Company has adopted a Risk Management Policy, which is designed to assist the Company to identify, assess, monitor and manage its risk, and identify any material changes to its risk profile.</p> <p>The Board has delegated responsibility for the day-to day oversight and management of the Company's risk profile to the ARMC.</p> <p>The ARMC is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes and provides regular reports to the Board on these matters.</p>
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	<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>The ARMC comprises 3 directors, two of whom are independent directors. The committee is chaired by Mr David Christie, who is an independent director. The Board considers the committee's composition to be appropriate to the Company's requirements and the fulfilment of the ARMC's mandate.</p> <p>The ARMC charter may be viewed on the Website. At the date of this Statement, the ARMC is comprised of:</p> <ul style="list-style-type: none"> • Mr David Christie (Chair); • Mr Peter Round; and • Ms Dawn Harms, <p>who are assisted by relevant members of the management team, as required.</p> <p>The ARMC met five times during the reporting period and all members at the time attended each meeting, save for Mr Round, who was an apology for one meeting due to a flight delay.</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>	Complies	<p>The ARMC regularly reviews and evaluates the effectiveness of its risk management framework to ensure that its internal control systems and processes are monitored and updated on an ongoing basis, and the most recent review was undertaken by the Committee in December 2022.</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>	Complies	<p>The Company does not at this time, have an internal audit function.</p> <p>The ARMC has responsibility for overseeing the effectiveness of the Company's systems of risk</p>

	(b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its governance, risk management and internal control processes.		management and internal control and systems and procedures for compliance with applicable legal regulatory requirements. The ARMC meets with Management and the Company's external auditors, as required, to discuss issues and concerns warranting the committee's attention, including their reviews of the effectiveness of internal controls.
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.	Complies	<p>The Company does not consider that it has any material exposure to economic, environmental and social sustainability risks.</p> <p>If the Company determines in the future that it has any material exposure to economic, environmental and social sustainability risks, the Company will provide details in its future annual reports.</p>

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (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 <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the</p>	Complies in part	<p>The Company's RNC is governed by a Remuneration and Nomination Committee Charter, a copy of which is available on the Website.</p> <p>The RNC is constituted of three members:</p> <ul style="list-style-type: none"> • David Christie (Chair); • Peter Round; and • Dawn Harms (who replaced Padraig McCarthy in May 2022). <p>Mr Christie and Ms Harms are independent non-executive directors, while Mr Round is not independent. The composition of the committee is reflective of the broader constitution of the Board and will evolve as the Board recruits additional members. Nonetheless, the Board is satisfied that the current composition of the RNC is appropriate in the Company's circumstances and allows for the committee to meet its obligations under its charter.</p> <p>The RNC met three times during the reporting period and all members at the time attended each meeting.</p>
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	level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		
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.	Complies	<p>The RNC is responsible for setting and reviewing the policies and practices of the Company regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. The Company's remuneration practice for executive directors considers a number of factors and is designed to have regard to the director's experience and the nature and complexity of their work in order to pay a competitive salary, in line with comparable companies, that allows the Company to attract and retain directors of the highest quality and to reflect the director's personal performance.</p> <p>The remuneration of non-executive directors is reviewed by the executive directors and no director is involved in any decisions as to their own remuneration.</p> <p>Each executive director has a contract with the Company. Executive directors' salaries are reviewed annually in line with the remuneration reviews for all other group employees.</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>	Complies	<p>The Company has adopted a Securities Trading Policy which provides that participants must not, without prior written approval from the relevant person specified in the Policy, engage in hedging arrangements, deal in derivatives or enter into other arrangements which vary economic risk related to the Company's securities.</p> <p>A copy of the Securities Trading Policy is available on the Company's Website.</p>

