

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

McGrath Limited

ABN

61 608 153 779

Financial year ended:

30 June 2023

Our corporate governance statement¹ for the period above can be found at:²

- ☐ These pages of our annual report:
- ☒ This URL on our website: www.mcgrath.com.au/about/investorcentre

The Corporate Governance Statement is accurate and up to date as at 21 August 2023 and has been approved by the board.

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

Date: 21 August 2023

Name of authorised officer authorising lodgement: Melissa Jones, Company Secretary

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

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

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

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

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

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

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

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

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	☒ a copy of our Board Charter is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

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

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

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.5 A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	☒ (a) a copy of our Diversity Policy is available at: www.mcgrath.com.au/about/investorcentre (b) (c) – see next column and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.	☒ the reasons for not setting measurable objectives are set out on page 6 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ (a) see page 7 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre (b) see page 7 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

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1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ (a) see page 7 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre (b) see page 7 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

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PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	☒ (a) (1) see next column (a) (2) The Remuneration and Nomination Committee is chaired by an independent director (a) (3) a copy of the Remuneration and Nomination Committee charter is available at: www.mcgrath.com.au/about/investorcentre (a) (4) and (5) see our Corporate Governance Statement and Annual Report, a copy of which is available at: www.mcgrath.com.au/about/investorcentre (b) Not Applicable.	☒ the reasons for not complying with (a) (1) are set out on pages 8 and 9 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒ see pages 10 and 11 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

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2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	☒ (a) see page 12 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre (b) see page 12 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre (c) see page 12 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	☐	☒ the reasons for not complying with this recommendation are set out on page 12 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

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PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	☒ see page 13 of our Corporate Governance Statement, and a copy of our Statement of Values is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement
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.	☒ a copy of our Code of Conduct is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	☒ a copy of our Whistleblower Policy is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	☒ a copy of our Anti-bribery and Corruption Policy is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement

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PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	☒ (a) (1) (2) see next column (a) (3) a copy of the Audit & Risk Committee Charter is available at: www.mcgrath.com.au/about/investorcentre (a) (4) (5) see our Annual Report, a copy of which is available at: www.mcgrath.com.au/about/investorcentre (b) n/a	☒ the reasons for not complying with (a) (1) and (2) are set out on page 15 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	☒	☐ set out in our Corporate Governance Statement
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.	☒ see page 17 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement

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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.	☒ a copy of our Continuous Disclosure Policy is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	☒	☐ set out in our Corporate Governance Statement
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.	☒	☐ set out in our Corporate Governance Statement
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.	☒ information about the company and its governance is available on our website at: https://www.mcgrath.com.au/about and www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	☒	☐ set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	☒ see page 20 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	☒	☐ set out in our Corporate Governance Statement
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.	☒	☐ set out in our Corporate Governance Statement

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PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	☒ (a) (1) (2) see next column (a) (3) a copy of the Audit & Risk Committee Charter is available at: www.mcgrath.com.au/about/investorcentre (a) (4) (5) see our Annual Report, a copy of which is available at: www.mcgrath.com.au/about/investorcentre (b) n/a	☒ the reasons for not complying with (a) (1) and (2) are set out on page 16 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	☒ see page 22 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	☐	☒ see page 22 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre

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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.	☒ see pages 22 - 23 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement

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PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	☒ (a) (1) see next column (a) (2) The Remuneration and Nomination Committee is chaired by an independent director (a) (3) a copy of the Remuneration and Nomination Committee charter is available at: www.mcgrath.com.au/about/investorcentre (a) (4) and (5) see our Annual Report, a copy of which is available at: www.mcgrath.com.au/about/investorcentre (b) Not Applicable.	☒ the reasons for not complying with (a) (1) are set out on pages 8 and 9 of our Corporate Governance Statement, a copy of which is available at: www.mcgrath.com.au/about/investorcentre OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒ see the Company's Remuneration Report, which is contained in the Annual Report, a copy of which is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	☒ see our Securities Trading Policy, a copy of which is available at: www.mcgrath.com.au/about/investorcentre	☐ set out in our Corporate Governance Statement OR ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

2023 Corporate Governance Statement

McGrath Limited ACN 608 153 779

For the year ended 30 June 2023

Approved by the Board on 21 August 2023

This Corporate Governance Statement sets out the key features of McGrath Limited's (**McGrath** or the **Company**) and its related bodies corporate's (**Group**) governance framework and reports against the ASX Corporate Governance Principles and Recommendations (4th edition) (**ASX Guidelines**). Unless otherwise noted, the Company has followed all of the best practice recommendations set out in the ASX Guidelines at all times during the year. This Corporate Governance Statement is current as of 21 August 2023 and has been approved by the Board of Directors of the Company (**Board**).

The Board is committed to conducting the Company's business in accordance with high standards of corporate governance. The Board has adopted an appropriate system of internal controls, a risk management framework and corporate governance policies and practices.

The Company's corporate governance Policies and its Board and Board Committee Charters can be found on the Company's website at www.mcgrath.com.au/about/investorcentre in accordance with Recommendation 6.1 of the ASX Guidelines.

Principle 1: Lay solid foundations for management and oversight

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

Recommendation 1.1

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

- (a) the respective roles and responsibilities of its board and management; and*
- (b) those matters expressly reserved to the board and those delegated to management.*

The Board of Directors

The Board is accountable to shareholders for the performance of McGrath. The primary objective of the Board is to build long-term value for shareholders with due regard to the legitimate interests of the Company's other stakeholders, including clients, employees, creditors, suppliers, and the communities in which the Company operates.

The Board has ultimate responsibility for providing good governance and sound strategic guidance for the Group and for effective oversight of management's performance, including management's implementation of the Company's strategic objectives and maintenance of the Company's values.

The Board has in place a formal *Board Charter* for the effective operation of the Board. The charter sets out:

- the composition of the Board;
- the Board's criteria for assessing director independence;
- the roles and responsibilities of the Board;
- the duties of directors;
- the authority delegated to the Managing Director and Chief Executive Officer (**CEO**), the Senior Management Team and Management's role;
- the details of the Board Committees;
- details of the Board's processes;
- the roles of the Board Chair and Company Secretary
- details of the education, development and performance evaluation of directors; and
- other administrative provisions.

The Board is responsible for:

- (a) providing leadership, setting and reviewing the Group's objectives, goals and strategic direction, and assessing performance against these benchmarks;
- (b) approving major investments and monitoring the returns achieved;
- (c) approving the Group's Statement of Values and Code of Conduct;
- (d) overseeing the business and affairs of the Group, including its control and accountability systems;
- (e) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- (f) appointing the Chair;
- (g) appointing a Chief Executive Officer (**CEO**) or equivalent (if any);
- (h) approving the appointment of the Chief Financial Officer (**CFO**) and the Company Secretary;
- (i) if necessary, approving the replacement of the CEO or equivalent (if any), the CFO, Company Secretary or other senior executives;
- (j) monitoring senior executives' performance, implementing the Company's objectives and instilling the Company's values against measurable and qualitative indicators, encouraging enhanced effectiveness and ensuring that appropriate resources are available;
- (k) monitoring executive succession plans and ensuring a process for evaluating and rewarding key executives;
- (l) requiring that management supply the Board with accurate, timely and clear information to enable the Board to perform its responsibilities;
- (m) regularly reviewing the Board skills matrix to ensure it covers the skills needed to address existing and emerging business and governance issues relating to the Company;
- (n) establishing and maintaining a diversity policy outlining the Company's commitment to diversity in the workplace and reviewing and approving measurable objectives for diversity, including gender diversity, across and at various levels of the Company;
- (o) monitoring the Company's workplace health and safety performance;
- (p) providing input into and final approval of management's development of corporate strategy and performance objectives;
- (q) approving and monitoring the progress of major capital expenditures, capital management and acquisitions and divestitures;
- (r) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (s) ensuring that the Company's financial results are appropriately and accurately reported on a timely basis;
- (t) monitoring significant litigation involving the Company;
- (u) seeking to promote effective engagement with shareholders and providing them with appropriate information and facilities to allow them to exercise their rights as shareholders effectively;
- (v) approving annual budgets;
- (w) satisfying itself that the Company has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the board expects to operate;
- (x) whenever required, challenging Management and holding it to account;

- (y) satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, objectives and risk appetite;
- (z) monitoring the effectiveness of the Company's governance practices; and
- (aa) performing such other functions as are prescribed by law or are assigned to the Board.

The Board has delegated to the CEO and the Senior Management Team responsibility for managing the business of the Company in compliance with Board policies, legal requirements and the fundamental standards of ethics and integrity reflected in the Company's *Code of Conduct*. The Board's Charter and approved policies set clear thresholds for management authority and ensure accountability to, and oversight by, the Board and/or its Committees for the approval of specific matters, including remuneration of senior executives, declaration of dividends, the Company's annual operating budget, material acquisitions and divestitures and changes to corporate strategy. Delegations are periodically reviewed by the Board and may be changed by the Board at any time.

Day-to-day management and operations of the Company are also delegated to the CEO and the Senior Management Team. The CEO has the authority to exercise all necessary powers, discretions, and delegations authorised from time to time by the Board. The CEO's responsibilities are set out in the *Board Charter*. The CEO is supported by the Senior Management Team; details of both are set out on the Company's website at <https://www.mcgrath.com.au/about#MeetOurBoard>.

Board processes

The Board meets at least 10 times a year and convenes additional meetings as required. Certain senior executives participate in Board and Board Committee meetings to provide the directors with access to key operating, financial and compliance personnel on a regular basis. In addition, the directors have access to other Company employees in Board and Board Committee meetings and in other settings.

Details about the number of times the Board met throughout the financial year ended 30 June 2023 and the attendance of each director at those meetings can be found under the heading *Attendance at meetings* on page 8 of the Company's 2023 Annual Report, a copy of which is available on the Company's website at <https://www.mcgrath.com.au/about/investorcentre>.

Recommendation 1.2

A listed entity should:

- (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and*
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Remuneration and Nomination Committee assists the Board with:

- a) determining its size and composition, subject to the terms of the Company's Constitution; and
- b) succession planning and the assessment of director candidates, having regard to ensuring that the Board is comprised of directors with the appropriate balance of skills, experience, diversity and expertise.

When appointing new directors, the Board, with the assistance of the Remuneration and Nomination Committee, will review the skills and experience represented by directors on the Board and determine whether the Board has the appropriate mix of skills, experience, expertise, independence, knowledge and diversity to guide McGrath and assist the CEO and the Senior Management Team to achieve the strategic objectives set by the Board, subject to limits imposed by the Company's Constitution and the terms served by existing non-executive directors.

At the commencement of the director selection process, McGrath aims to undertake appropriate checks on potential candidates to consider their suitability to fill a casual vacancy on the Board or for election as a director.

Prior to appointment, candidates are required to provide the Board Chair with details of other commitments, an indication of the time involved, and acknowledge that they will have adequate time to fulfil their responsibilities as a non-executive director of McGrath.

Directors available for election or re-election at the Annual General Meeting (**AGM**) are also reviewed by the Remuneration and Nomination Committee and a recommendation is made to the Board. Directors are re-elected in accordance with the Company's Constitution and ASX Listing Rules.

Shareholders will be provided with details about each director for re-election, including the relevant director's skills, experience, and independence, in the AGM Notice of Meeting to enable Shareholders to decide about a director's election.

Recommendation 1.3

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

Non-executive directors, upon their appointment, are given an appointment letter setting out the terms of the appointment. The appointment letter details the director's obligations, including:

- acting in the best interests of the Company at all times;
- submitting for re-election from time to time as required by the Company's Constitution;
- notifying the Chair of any change in circumstances that might prevent the director from being regarded as independent;
- complying with the Company's Constitution, governance policies and all applicable legal requirements, including the Company's Securities Trading Policy;
- devoting sufficient time to prepare for and attend Board meetings and otherwise discharge the director's duties;
- keeping confidential and not using for the benefit of any person or party other than the Company any confidential information of the Company; and
- disclosing any directorships, business interests or circumstances that might represent conflicts of interests or reasonably be perceived to interfere with the exercise of the director's independent judgment or have an adverse impact on the Company's reputation or public profile.

The appointment letter also confers certain benefits and rights upon the director, including indemnities and insurance coverage for liabilities arising out of the discharge of the director's duties and unfettered access to papers, information, and employees of the Company. In addition, directors may, with the approval of the Chair, consult with professional advisors.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

All directors have direct access to the Company Secretary, who is responsible to the Board, via the Chair, on all matters relating to the conduct and function of the Board and the Board Committees. The Company Secretary is responsible for Board business, including monitoring the dispatch of board papers, minuting, communication with regulatory bodies and ASX, and all statutory and other filings as set out in the Board Charter.

Recommendation 1.5

A listed entity should:

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

Diversity Policy

McGrath values a strong and diverse workforce and is committed to promoting a corporate culture that embraces diversity.

The Board has adopted a Diversity Policy in order to facilitate an appropriate level of diversity within the Company across a range of factors, including gender, ethnicity and cultural background, disability, age, and educational experience. A copy of the Diversity Policy is available on McGrath's website at: www.mcgrath.com.au/about/investorcentre.

This includes:

- reviewing the effectiveness of the Diversity Policy by assessing McGrath's progress towards the achievement of the measurable objectives (if available) as set by the Board each year and any strategies aimed at achieving those objectives;
- reviewing the relative proportion of women and men on the Board, in management positions and in the workforce at all levels of McGrath;
- reviewing the division of responsibilities and accountability for developing and implementing diversity initiatives across the organisation; and
- reporting to the Board on its findings, including any recommendations for changes to any measurable objectives and strategies or the way in which they are implemented.

McGrath did not have measurable objectives in place during the reporting period. Due to the size and position of the Company, the Company has not at this stage set measurable objectives. However, the Company will continue to recruit and manage employees on the basis of competence and performance, irrespective of their backgrounds and individual circumstances.

The Company continues to make progress where possible in addressing impediments to gender diversity within its workplace. This includes provisions for parental leave, job sharing, working from home, and part-time and flexible working arrangements.

The Company also hosts an annual McGrath women's leadership forum, which provides a specific opportunity for professional and leadership development and networking for McGrath's female real estate agents. McGrath believes that these measures assist in the promotion of gender diversity throughout its business.

McGrath's workforce diversity as at 30 June 2023 is as follows:

Role	Female		Male	
	Number	Percentage	Number	Percentage
Board	1 (2022: 1)	20% (2022: 20%)	4 (2022: 4)	80% (2022: 80%)
Management Team	2 (2022: 1)	25% (2022: 12.5%)	6 (2022:7)	75% (2022:87.5%)
Other Roles	108 (2022: 160)	58.38 % (2022: 61.5%)	77 (2022: 100)	41.62% (2022: 38.5%)
Overall, for McGrath	110 (2022: 162)	56.12% (2022: 59.3%)	86 (2022:111)	43.88% (2022:40.7%)

As at the date of this Corporate Governance Statement, the:

- a) Board currently comprises Peter Lewis, John McGrath, Wayne Mo, Juliana Nguyen and Shane Smollen; and
- b) Senior Management team¹ includes John McGrath (MD&CEO), Howard Herman (CFO), Anthony Meaker (Commercial Director), Christopher Mourd (Head of Franchise), Troy Malcolm (National General Manager of Sales), Katherine Gaitanos (Head of Company Owned Property Management), Darren Warner (Head of Technology) and Rachel Maher (Head of Marketing).

Recommendation 1.6

A listed entity should:

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

Performance review of the Board

The Board regularly monitors its performance, the performance of its committees and the performance of the directors individually throughout the year and conducts a formal review of their performance on an annual basis.

The Board's formal assessment process includes performance assessments of the Board, Board Committees and individual directors.

As part of the assessment process, each director and certain executives complete a questionnaire on the operation of the Board and its Committees and the performance and contributions of the directors.

The results of the questionnaires are compiled by the Board Chair. Board and Board Committee performance evaluations were undertaken in the financial year ended 30 June 2023.

Recommendation 1.7

A listed entity should:

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

Performance review of Executives

The Remuneration and Nomination Committee is responsible for reviewing and recommending remuneration arrangements for the CEO and the Senior Management Team, including contract terms, annual remuneration and participation in McGrath's short and long-term incentive plans.

¹ The Senior Management team is as defined above and is different to the Key Management Personnel set out in the Company's Remuneration Report.

The Company employs a structured performance evaluation process to ensure that senior executives are motivated to deliver shareholder value and are always accountable to the Board. The process commences each financial year when the Board establishes and approves corporate performance objectives as well as individual performance objectives for the CEO and the Senior Management Team. The Company continuously monitors its remuneration plans and arrangements to ensure they remain appropriate for its executives, directors and shareholders.

Senior executive performance evaluations were conducted for the year ended 30 June 2023 and details of the results of these evaluations and their impact on executive remuneration can be found in the Remuneration Report, from page 9 of the Company's 2023 Annual Report (**2023 Remuneration Report**).

Performance against strategic objectives and key performance indicators (KPIs) impacts the potential incentive an executive may receive under the Company's short-term incentive plan and long-term incentive plan, which also sets corporate financial performance.

Principle 2: Structure the board to be effective and add value

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

Recommendation 2.1

The board of a listed entity should:

- (a) have a nomination committee which:*
 - (1) has at least three members, a majority of whom are independent directors; and*
 - (2) is chaired by an independent director,**and disclose:*
 - (3) the charter of the committee;*
 - (4) the members of the committee; and*
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

Board Committees

The Board has established an Audit and Risk Committee and a Remuneration and Nomination Committee. Each Board Committee has been delegated certain powers by the Board to assist it in discharging its functions, which are set out in the relevant Board Committee Charter, copies of which are available on the Company's website at www.mcgrath.com.au/about/investorcentre. Each of the Board Committees may obtain information from and consult with the Senior Management Team and external advisers, as considered appropriate.

Details of the number of committee meetings and the attendance of each director at those meetings can be found under the heading "Attendance at meetings" on page 8 of the Company's 2023 Annual Report.

Non-executive directors are required to inform the Board Chair and the Remuneration and Nomination Committee Chair before accepting any new appointment as a director of another listed

entity, another material directorship or any other position with a significant time commitment attached to ensure that it doesn't impede upon the director's obligations to McGrath.

Remuneration and Nomination Committee

During most of FY23, the Remuneration and Nomination Committee comprised of four members, two of whom are independent non-executive directors and thereby did not comprise a majority of independent directors. The Remuneration and Nomination Committee comprised of Peter Lewis (Chair and independent director), Wayne Mo, Juliana Nguyen (independent director) and Shane Smollen.

In June 2023, the composition of the Remuneration and Nomination Committee was updated and now comprises Peter Lewis (Chair and independent director) and directors Juliana Nguyen (independent director) and Shane Smollen. Accordingly, the Remuneration and Nomination Committee is now comprised of a majority of independent directors.

The Board considers the current composition of the Remuneration and Nomination Committee to be appropriate for the size and position of the Company and each director brings a unique set of skills to the Committee.

The Remuneration and Nomination Committee:

- has a Charter, which is available on the McGrath website at: www.mcgrath.com.au/about/investorcentre;
- meets as often as the Remuneration and Nomination Committee deems necessary in order to fulfil their role, however it is intended that the Remuneration and Nomination Committee will meet at least three times a year; and
- in its function as a nomination committee, the Remuneration and Nomination Committee is to review and consider the structure and balance of the Board and make recommendations regarding director appointments and re-elections. In particular, the Remuneration and Nomination Committee is to:
 - identify and recommend to the Board candidates for the Board after considering the necessary and desirable competencies of potential new Board members, the range and depth of skills, experience, expertise, independence, knowledge and diversity of the Board and consideration of the time required;
 - review induction procedures to assist new Board members to fully discharge their responsibilities; and
 - review succession plans for the Board with a view to maintaining an appropriate balance of skills, experience, expertise, independence, knowledge and diversity on the Board.

Further detail in relation to the Remuneration and Nomination Committee's function as a remuneration committee is available within this Corporate Governance Statement under Principle 8.

Details regarding the number of Remuneration and Nomination Committee meetings and the attendance of each director at those meetings can be found under the heading "Attendance at meetings" on page 8 of the Company's 2023 Annual Report.

Audit and Risk Committee

Details of the Audit and Risk Committee are contained in the disclosure within this Corporate Governance Statement under Principles 4 and 7.

Recommendation 2.2

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

Board Skills Matrix

The composition of the Board is reviewed on an annual basis by the Remuneration and Nomination Committee to ensure that the Board has the appropriate mix of skills, experience, expertise, independence, knowledge and diversity to guide McGrath and assist management in achieving the strategic objectives set by the Board.

The annual review is facilitated by considering a Board Skills Matrix, which looks at the current skills and diversity of the Board and its needs going forward.

The Board continually reviews and considers the composition of the Board to ensure it is aligned with ASX best practice and that it comprises the necessary skills, knowledge and experience to establish and deliver upon the Company's short, medium and long term strategic objectives.

The Board, with the assistance of the Remuneration and Nomination Committee, has developed a Board Skills Matrix, which is provided below.

The Board considers that it is currently the right size and that there is an appropriate mix of skills, diversity, knowledge, and experience on the Board, considering the scale and nature of McGrath's operations and its strategic objectives going forward.

The mix of skills and experience on the current Board, and that the Board would look to maintain, and build on are as follows:

Skills and Experience	Overview	The extent to which these skills & experience are present amongst directors
Commercial Capability	Deep experience at a Board or executive level with a listed company(ies) in Australia or Overseas, with an understanding of capital raising, takeovers, continuous disclosure and corporate governance.	Strong
Contribution	Ability to constructively contribute to Board discussions and communicate effectively with Management and other Directors.	Very Strong
Diversity	Adequate diversity to bring different perspectives to Board discussions (e.g., age, gender, background, nationality).	Strong
Economics	Understanding of key macro and micro economic indicators and market cycles and their impact on McGrath and the environment in which it operates	Strong
Ethics & Integrity	Understands the role as Director and a commitment to continuing professional development, maintenance of Board confidentiality and any declarations of potential conflicts.	Expert
Financial Acumen	Experience in accounting and finance to analyse statements, critically assess financial viability and performance, contribute to financial planning, monitor operating and capital expenditure budgets and monitor debt and funding arrangements.	Strong
Industry Experience	Good understanding of the real estate sector, property and other sectors in which the Company operates.	Very Strong
Information Technology & Innovation	Good understanding of IT strategies and infrastructure, networks; and latest innovations in data security and storage.	Strong
Leadership & Culture	Make decisions and take necessary actions in the best interest of the Company and represent the Company favourably.	Very Strong
Legal & Governance	Ability to review legal, regulatory and governance developments and compliance and assess the impact on the Company.	Strong
Marketing and communications	Experience in marketing strategies (including social media and emerging digital channels), customer segmentation, stakeholder management, internal and external communications, public and media relations.	Very Strong
Mergers & Acquisitions	Experience in identifying and managing the process for mergers and acquisitions, including integration.	Strong
People	Experience in managing human capital, remuneration and reward, industrial relations, workplace health and safety and strategic workforce planning	Very Strong

Skills and Experience	Overview	The extent to which these skills & experience are present amongst directors
Remuneration	Ability to review and make recommendations regarding remuneration structures, including equity incentives.	Strong
Risk Management	Ability to identify or recognise key risks to McGrath across its various operations and monitor risk management frameworks.	Strong
Senior Executive Experience	Experience in evaluating performance of the CEO and Senior Management and oversee strategic human capital planning.	Strong
Strategy	Ability to think strategically and identify and critically assess strategic opportunities and potential threats to the Company and develop effective strategies to meet McGrath's identified objectives.	Very Strong
Sustainability	Demonstrates an understanding of health and safety practices and understands the risks and opportunities regarding climate change.	Strong

Recommendation 2.3

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;*
- (b) if a director has an interest, position or relationship of the type described in Box 2.3 (of the ASX Guidelines), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and*
- (c) the length of service of each director.*

Composition of the Board

The directors of McGrath bring to the Board relevant skills, experience, expertise, independence, knowledge and diversity, including in the areas of the Australian real estate sector, building, construction and property, international retail and fast-moving consumer goods, entrepreneurial and technology based businesses, investment banking and financial services, strategic media and telecommunications advisory, government relations, operational excellence, corporate strategy and corporate governance.

The Board currently comprises four non-executive directors and one executive director. The Company's Constitution provides for a minimum of three and maximum of eight directors. The Board continues to hold a diverse range of skills and experiences to act effectively and in the best interests of the Company's shareholders. The Company's current executive director is Mr John McGrath, Founder, Managing Director & CEO.

Director independence

The Company recognises that a majority of its directors should be independent, and the Board reviews director independence at least annually. In assessing the independence of non-executive directors, the Board has considered the criteria detailed in the Board Charter and the ASX Guidelines, including whether a director:

- is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the entity;

- is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the entity or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
- is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a director of the entity for such a period that their independence from management and substantial holders may have been compromised.

For the reporting period, the Board assessed the independence of each director in accordance with the Board's independence criteria.

The Board has determined that Peter Lewis and Juliana Nguyen are independent directors.

Mr. Mo is not considered independent due to his current employment as CEO of AL Capital Holdings Pty Ltd, a substantial shareholder of the Company.

As founder and executive director, as well as being a substantial shareholder of the Company, Mr. McGrath is not considered independent.

Mr. Smollen is not considered independent as he is a substantial shareholder of the Company and continues to advise McGrath's sales management team with a focus on productivity and revenue growth.

Recommendation 2.4

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

The majority of the Board is not currently considered to be independent. The Board considers the current composition of the Board to be appropriate for the size and position of the Company and each director brings a unique set of skills to the Board.

Director	Independent status	Appointment date
Peter Lewis (Chair)	Independent non-executive director	19 February 2018
John McGrath	Non independent executive director	10 September 2015
Wayne Mo	Non independent non-executive director	27 June 2018
Juliana Nguyen	Independent non-executive director	28 January 2022
Shane Smollen	Non independent non-executive director	3 September 2020

Each director is required to immediately disclose to the Board any information, facts or circumstances that will or may affect the director's independence.

Details of the current directors' qualifications, skills, and experience can be found under the heading *Board of directors* on pages 7 and 8 of the 2023 Annual Report.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Board Chair

In accordance with the Board Charter, the Board Chair is an independent director. The roles and responsibilities of the Board Chair are contained within the Board Charter and the roles of the Board Chair and CEO are not exercised by the same individual.

Recommendation 2.6

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

Induction and education

The Remuneration and Nomination Committee is responsible for the effective training and continuous education program for all new and existing directors, ensuring that McGrath provides appropriate professional development opportunities for directors.

The Company has an induction process for new directors to inform them of the nature of the Company's business, strategies, risks and issues, and expectations about director performance, including awareness of continuous disclosure principles. The Company's induction process also includes meetings with senior management, including the heads of the Company's business units and administrative functions. The Company has completed the induction process for all of its current directors.

To ensure that existing directors maintain the skills and knowledge required to perform their role effectively, the Board regularly considers the skills and knowledge relevant to the Company, the industry in which the Company operates and the obligations of a listed company director and ensures that directors engage in continuing education in respect of these skills where gaps are identified. In addition, the Company occasionally engages professional advisors and other third parties to assist with the directors' awareness of regulatory developments and matters impacting the discharge of their duties

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

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

Recommendation 3.1

A listed entity should articulate and disclose its values.

Statement of Values

The Board has established a Statement of Values, which are the guiding principles and norms that define what type of organisation McGrath aspires to be and what the Board requires from its directors, senior executives, and employees to achieve that aspiration.

McGrath's Values create a link between the Company's purpose and its strategic goals by expressing the standards and behaviours the Board expects from its directors, senior executives, and employees to fulfil its purpose and meet its goals.

There are **5 key values** that guide how we work are:

- | | |
|-------------------|--|
| Integrity | Owens the word "Integrity" in conducting themselves and in how they treat others, communicates openly and honestly with colleagues and clients, takes responsibility for themselves and their actions, displays ethical behaviours that encourage others to do the same. |
| Passion | Approaches every situation with intense enthusiasm and excitement. |
| Excellence | Provides "Six Star Service", to meet and exceed the expectations of McGrath colleagues, managers, and external clients, maintains quality despite pressure and time restraints. |
| Simplicity | Remain uncomplicated and easy to understand. "The quality of being simple". |

Community Collaborates with other McGrath team members to achieve the most desirable outcome for all stakeholders, involved in the local community, gives 100% with little expectation of reward in return.

We value technical excellence and innovation, and we aim to attract and retain the best people for jobs at all levels. We lead by example, supporting each other to act with integrity, be accountable, and consistently live our values every day. A copy of McGrath's Statement of Values is available on McGrath's website at www.mcgrath.com.au/about/investorcentre.

Recommendation 3.2

A listed entity should:

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

Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct, which outlines how McGrath expects its representatives to behave and conduct business in the workplace and covers compliance with applicable laws and guidelines on appropriate ethical standards.

The Code of Conduct sets out how the Code operates alongside other Company policies, the appropriate reporting procedures should a breach of the Code occur, protection for whistleblowers, dealing with conflicts of interest, privacy, public communications and disclosure, employment practices including anti-discrimination and workplace health and safety, as well as the proper use of Company property and information.

All employees of McGrath (including McGrath's directors, temporary employees, sales agents, and franchisees) must comply with the Code of Conduct. A copy of the Code of Conduct is available on the McGrath website at www.mcgrath.com.au/about/investorcentre.

Securities Trading Policy

McGrath has adopted a *Securities Trading Policy* that is intended to:

- explain the types of conduct in relation to dealings in securities that are prohibited under the *Corporations Act 2001* (Cth) (**Corporations Act**); and
- establish a best practice procedure for the buying and selling of securities that protects McGrath, directors, and employees against the misuse of unpublished information that could materially affect the value of securities.

A copy of the Securities Trading Policy is available on the McGrath website at: www.mcgrath.com.au/about/investorcentre.

Recommendation 3.3

A listed entity should:

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

Whistleblower Policy

The Board has adopted a *Whistleblower Policy*. The Board wishes to promote an organisational culture that values open, transparent, ethical, legal, and compliant behaviour and does not tolerate behaviour that departs from the high standards expected of McGrath directors and employees.

This Policy is intended to reinforce that culture and to provide a safe, secure, and confidential means whereby persons with concerns over any breaches, including any unlawful conduct, misconduct, malpractices, violation of any legal or regulatory provisions that has, or may have occurred, can report it without fear of reprisal, discrimination or harassment of any kind. It is expected that the protected disclosures will be made in confidence, knowing that they will be properly investigated and escalated to be properly addressed. A copy of the Whistleblower Policy is available on the McGrath website at: www.mcgrath.com.au/about/investorcentre.

Recommendation 3.4

A listed entity should:

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

Anti-Bribery and Corruption Policy

The Board has adopted an *Anti-Bribery and Corruption Policy*. The purpose of the Policy is to provide clarity of expectations, which helps to reinforce and strengthen our understanding of our responsibilities as well as those with whom we engage and also provide guidance in dealing with incidents or suspected incidents of bribery and corruption, should they occur.

The Policy complements McGrath's other related policies, in particular, the Code of Conduct. The Policy harmonises with McGrath's Statement of Values that emphasises principles of fairness, imagination, reflection, togetherness and honesty in our relationships and business dealings with both our internal and external stakeholders.

Principle 4: Safeguard the integrity of corporate reports

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

Recommendation 4.1

The board of a listed entity should:

- (a) have an audit committee which:*
 - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*
 - (2) is chaired by an independent director, who is not the chair of the board, and disclose:*
 - (3) the charter of the committee;*
 - (4) the relevant qualifications and experience of the members of the committee; and*
 - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

Audit and Risk Committee

During most of FY23, the Audit and Risk Committee comprised of four members: two independent non-executive directors, Peter Lewis and Juliana Nguyen, as well as Wayne Mo (Chair) and Shane Smollen, who are both non-independent non-executive directors.

In June 2023, the composition of the Audit and Risk Committee was updated and now comprises Wayne Mo (Chair) and directors Peter Lewis and Juliana Nguyen. Accordingly, the Audit and Risk Committee is now comprised of a majority of independent directors, all of whom are non-executive directors. The Chair of the Committee is not the Chair of the Board.

The Board considers the current composition of the Audit and Risk Committee to be appropriate for the size and position of the Company and each director brings a unique set of skills to the Committee.

The Audit and Risk Committee:

- was chaired by an independent non-executive director for the reporting period;
- has a Charter that is available on the McGrath website at: www.mcgrath.com.au/about/investorcentre;
- meets as often as the Audit and Risk Committee considers necessary, however it is intended that the committee will meet at least four times a year; and
- meets in-camera with the external auditor as appropriate.

In accordance with its Charter, it is intended that all members of the Audit and Risk Committee should be financially literate, and the Audit and Risk Committee Chair should have significant and relevant financial experience.

The primary role of the Audit and Risk Committee includes:

- overseeing the process of financial reporting (including assisting the CEO and CFO to provide their declaration under section 295A of the Corporations Act), internal control, continuous disclosure, financial and non-financial risk management and compliance and external audit;
- monitoring McGrath's compliance with laws and regulations and McGrath's own policies;
- the encouragement of effective relationships with, and communication between, the Board, management, and McGrath's external auditor; and
- evaluating and making recommendations in relation to the adequacy and effectiveness of McGrath's risk management and internal control processes established to identify and manage areas of potential risk and to seek to safeguard the assets of McGrath, noting that McGrath does not have a formal internal audit function.

The Audit and Risk Committee's role in relation to external audit includes reviewing and making recommendations to the Board in relation to:

- reporting of financial information;
- the appropriate application and amendment of accounting policies; and
- the appointment, independence, and remuneration of the external auditor.

Under the Audit and Risk Committee Charter, it is required that McGrath's external audit firm be independent. The Audit and Risk Committee reviews and assesses the independence of the external auditor on an annual basis.

The Audit and Risk Committee may obtain information from, and consult with, management, the external auditor, and external advisers, as it considers appropriate. The Audit and Risk Committee also has access to the external auditor to discuss matters without management being present.

Details of the qualifications and experience of each Audit and Risk Committee member can be found under the heading "Board of Directors" on pages 7 and 8 of the 2023 Annual Report. Details regarding the number of Audit and Risk Committee meetings and the attendance of each director at those meetings can be found under the heading "Attendance at meetings" on page 8 of the Company's 2023 Annual Report.

Further detail in relation to the Audit and Risk Committee's function as a risk committee is available within this Corporate Governance Statement under Principle 7.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

CEO and CFO declaration

Prior to the Board's approval of McGrath's annual financial reports, the CEO and CFO must provide the Board with the declarations required under section 295A of the Corporations Act and Recommendation 4.2 of the ASX Guidelines.

The declarations confirm that, in the opinion of the CEO and CFO, the financial records of McGrath have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company.

For the financial year ended 30 June 2023, the CEO and CFO made a declaration in accordance with section 295A of the Corporations Act.

The declaration was formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

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

McGrath's financial reports for the half-year ended 31 December and the full year ended 30 June are respectively reviewed and audited by KPMG, the Company's external auditor. McGrath has a thorough review process in place for its annual and other corporate reports to ensure that they are accurate, factual and balanced.

Reports are subject to verification testing of content and a review and sign-off by management prior to the Board formally approving the release of material public information, including periodic corporate reports that are not audited or reviewed by the external auditor.

The process followed is specific to the nature of the relevant announcement or report and includes review by the relevant senior management expert and review against source documentation and relevant regulations.

The non-externally audited components of the Annual Report and this Corporate Governance Statement have been verified consistent with this process.

Principle 5: Make timely and balanced disclosure

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

Recommendation 5.1

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

Continuous Disclosure Policy

It is the intention of the Board to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of McGrath.

McGrath has a *Continuous Disclosure Policy* to ensure compliance with disclosure obligations under the Corporations Act and ASX Listing Rules.

The Board bears the primary responsibility for McGrath's compliance with its continuous disclosure obligations and is therefore responsible for overseeing and implementing this policy. The Board makes the ultimate decision on whether there is any materially price sensitive information that needs to be disclosed to the ASX. It is a standing agenda item at all Board meetings to consider any information that may be required to be disclosed to the ASX in accordance with the Company's continuous disclosure obligations.

Under the Continuous Disclosure Policy, the Board has appointed the Company Secretary with responsibility for compliance with McGrath's continuous disclosure obligations. The Board must approve:

- any release which relates to a matter which is both material and strategically important for McGrath;
- any other release considered under the Continuous Disclosure Policy which includes disclosure of a profit projection or forecast; and
- any decision to request a trading halt or voluntary suspension of trading pending an announcement, except where the disclosure or decision is urgent, and a meeting of the Board cannot be called at short notice.

Except as described above, the CEO or (where appropriate) the Board Chair, must approve and be accountable for the disclosure of material information to the market. The Company Secretary has primary responsibility for all communication with the ASX in relation to ASX Listing Rule matters. The Continuous Disclosure Policy is available on McGrath's website at:

www.mcgrath.com.au/about/investorcentre.

Recommendation 5.2

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

Each director automatically receives a copy of each ASX announcement directly from the ASX Market Announcements Platform as soon as it has been released by ASX.

Recommendation 5.3

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

In accordance with McGrath's Continuous Disclosure Policy, any new and substantive investor or analyst presentation is released on the ASX Market Announcements Platform ahead of the presentation.

Principle 6: Respect the right of security holders

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

Recommendation 6.1

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

Recommendation 6.2

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

Recommendation 6.3

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

Recommendation 6.4

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

Recommendation 6.5

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

McGrath respects the rights of its Shareholders and to facilitate the effective exercise of those rights, McGrath's policy is to promote effective two-way communication with Shareholders and other stakeholders so that they are fully informed of McGrath's business, governance, financial performance and prospects, and understand how to assess relevant information about McGrath and its corporate activities.

Company website

McGrath's website is at www.mcgrath.com.au and is regularly kept up to date to maintain effective communication with Shareholders and stakeholders.

The following information is available on McGrath's website:

- a profile of McGrath, its businesses, location of offices, and media stories;
- director and management profiles;
- Corporate governance overview, including copies of the Company's Constitution, Board and Board committee charters and Board approved policies;
- all ASX announcements made to the market since listing on the ASX, including annual and half year financial results;
- half year and full year financial statements and McGrath's Annual Reports as well as notices of Shareholder meetings;
- investor services including a link to McGrath's share registry, managed by Link Market Services at registrars@linkmarketservices.com.au; and
- share price and tools and investor contact details.

Alternatively, McGrath ASX announcements can be accessed from the 'Announcements' section of the ASX website (ASX code: **MEA**) at www.asx.com.au.

Investor relations program

It is the Company's current intention to hold its AGM in November 2023 and the Board Chair, CEO and CFO will engage with Shareholders in advance of the AGM, as appropriate.

McGrath has appointed the CEO (or in his absence, his delegate), as authorised spokespersons. Further details are contained in the Continuous Disclosure Policy.

Further, McGrath recognises the importance of its relationships with investors and analysts. Following the Company's release of its half year and annual financial statements, McGrath conducts investor briefings (via teleconference calls) and investor roadshows with institutional groups and

analysts. Copies of these presentations are made available to all Shareholders on McGrath's website at: www.mcgrath.com.au/about/investorcentre.

Shareholder engagement and participation

The contact details of McGrath and its share registry (see below under the heading 'Electronic communications') are available to Shareholders to address and facilitate any Shareholder-related enquiries and are contained on McGrath's website at: www.mcgrath.com.au/about/investorcentre.

Electronic communications

McGrath's contact details are available on the McGrath website under Investor Centre. Shareholders can email McGrath at investorcentre@mcgrath.com.au or contact its share registry, Link Market Services at: registrars@linkmarketservices.com.au.

Shareholders may elect to receive all Shareholder communications (including notification that the annual report is available to view, notices of meetings and any dividend payment statements) by email. Electronic communications have the added advantage of being timelier and more cost effective, which benefits all Shareholders. Shareholders should contact Link Market Services if they wish to elect to receive electronic communications.

Shareholder engagement and participation at Annual General Meetings

To encourage shareholder engagement and participation at the Company's Annual General Meeting (AGM), shareholders have the opportunity to attend the meeting, ask questions, participate in voting and meet the Board and Management in person.

Shareholders who are unable to attend the AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form that accompanies the notice of meeting, or online through the share registry's website.

Shareholders also have the opportunity to submit written questions and comments to McGrath and its external auditor prior to the meeting.

All resolutions considered by shareholders at shareholder meetings will continue to be conducted by poll.

Presentations and speeches made by the Chair and CEO at the AGM are made available on the ASX announcements platform, and McGrath's website before the commencement of the meeting.

The results of the AGM will be lodged with the ASX and made available on the Company's website following the conclusion of the meeting.

Principle 7: Recognise and manage risk

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

Recommendation 7.1

The board of a listed entity should:

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

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Audit and Risk Committee

In its function as a risk committee, the Audit and Risk Committee assists the Board in fulfilling its corporate governance responsibilities with regard to providing oversight and ensuring the soundness of McGrath's risk management framework and internal control systems.

McGrath considers risk management integral to the Company's achieving and maintaining its operational and strategic objectives. The Board is responsible for approving the Company's risk management approach, reviewing and monitoring significant business risks and overseeing risk mitigation strategies. The Board has delegated to the Audit and Risk Committee the responsibility of reviewing and making recommendations to the Board on the Company's overall risk profile and risk appetite.

McGrath's Audit and Risk Committee Charter sets out the requirements, roles, and responsibilities for managing risks across McGrath. The Audit and Risk Committee Charter is available on the McGrath website at www.mcgrath.com.au/about/investorcentre.

The Audit and Risk Committee's primary role with respect to risk management is to:

- review and endorse McGrath's risk management framework and significant variations to it, including overseeing its effectiveness, enabling timely and effective identification of material risks to McGrath;
- receive and review reports concerning the appropriateness of the risk management framework and risk mitigation strategies and approve or vary them as necessary;
- review and make recommendations to the Board on the Company's overall risk profile and risk appetite as well as the Company's risk profile in each risk area of market, liquidity, equity, credit, regulatory, and operational. There should also be a review of:
 - developments in technologies and markets in which McGrath operates;
 - the appropriate level of insurance cover that McGrath should maintain, including the terms and conditions of any such insurances; and
 - experience in each risk category, providing confidence that McGrath's policies reflect and are consistent with experience;
- review and make recommendations to the Board on McGrath's capital management plan, including information on McGrath's capital adequacy and economic capital model;
- review and approve risk matters requiring Board approval, including significant variations to policies, limits, and delegations of authority where these have not been reviewed by the Board;
- review any matters that may involve breaches of delegated authority limitations or other policy breaches, in particular where there are implications for the risk management framework; and

- assess the risk management framework against the expectations of corporate regulators.

Management of risk is embedded in the culture of the Company's management, with risk management practices in place across the business.

McGrath's risk management system explicitly identifies business risks and has measures and risk mitigation strategies in place to minimise those risks.

Recommendation 7.2

The board or a committee of the board should:

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

McGrath's risk management framework accounts for key enterprise risks to be identified and categorised according to whether they are regulatory risk, strategic risk, operational risk, people risk or financial risk and identifies an owner of each risk.

Management has reported to the Board (through the Audit and Risk Committee) on the effectiveness of the management of the material risks faced by McGrath during the financial year ended 30 June 2023.

During the reporting period, the Board with the assistance of the Audit and Risk Committee, reviewed McGrath's risk management framework, its material risks and the relevant controls as identified on the risk register to ensure its currency and effectiveness.

Recommendation 7.3

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or*
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.*

Internal audit

Given the size and scale of McGrath's current operations, McGrath has not established an internal audit function.

Oversight of the effectiveness of McGrath's risk management and internal control processes currently forms part of the responsibilities of management.

As McGrath's business operations continue to develop, the Audit and Risk Committee may consider establishing an independent internal audit function.

Recommendation 7.4

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

Economic, environmental, and social sustainability risks

As set out above, McGrath has a risk management framework which accounts for key enterprise risks to be identified and categorised according to whether they are regulatory risk, strategic risk, operational risk, people risk or financial risk.

McGrath's Prospectus dated 12 November 2015 (**Prospectus**), (a copy of which is available on the ASX website by reviewing the Company's 2015 announcements or via the Company's website via the ASX announcements and scrolling to the 2015 announcements), outlines McGrath's exposure to a

number of risks. The Board continues to monitor these risks, as well as new and emerging risks. The following economic risks as recognised by the Company:

- **Australian residential real estate market** - McGrath generates the majority of its income from the Australian residential real estate market through commission revenue generated by agents on the sale of properties, property management commissions and commissions on the arrangement of mortgages. The risk of a reduction in sales transaction volumes or prices is a material risk for McGrath and could be impacted by general economic conditions and factors beyond the Company's control such as housing affordability, employment, interest rates, domestic investor growth and demand, foreign investment and consumer confidence.
- **increased competition and disintermediation** - McGrath operates in a highly competitive environment and constantly monitors the market and the competitive environment. McGrath is also potentially exposed to disintermediation, whereby buyers and sellers are able to transact directly in private sales without using the services of an agent. McGrath prides itself on delivering exceptional client service and providing a market-leading experience.
- **digital disruption** - McGrath focuses on five key service offerings, including: (a) residential property sales, (b) property management; (c) mortgage broking; (d) auction services; and (e) career training. As technological advancements occur, there is a risk that new entrants into the market or larger established corporations may offer alternative services and products to those of the traditional real estate service offerings. These may impact McGrath's market share. McGrath continues to monitor the emergence of these disruptor technologies, and as part of its longer-term strategy, is placing additional emphasis on innovation and technology throughout the Group to add value to its existing service offerings.
- **loss of key agents** - McGrath relies significantly on its agents to deliver its services to its clients and promote the reputation of the Company through their dealings with clients and there is a risk that McGrath may lose agents to competitors and/or other industries. The McGrath Future Program, a commission and incentive program, is designed to assist in attracting and retaining high performing residential sales agents. McGrath currently has in place the *Equity Incentive Plan* that provides McGrath with the ability to offer equity, subject to specific performance and vesting criteria, in the Company as an incentive and retention tool to continue to attract and retain professional, experienced and highly qualified agents.
- **regulatory risks** - McGrath currently has business operations in three states and one territory within Australia, with regulations and legislation varying in each state and territory. McGrath relies on licences and approvals issued by various regulatory bodies to carry out its services. Non-compliance may result in penalties and a negative impact on McGrath's operations and reputation. Additionally, changes and developments in legislation and/or regulation and policy in different jurisdictions may impact McGrath's operations. McGrath mitigates regulatory risks through monitoring the regulatory and legislative environment, providing appropriate staff training, and maintaining relationships with regulatory bodies or industry organisations. McGrath also participates in various industry events.

These risks are carefully managed by the Company, including by:

- Management regularly reviewing and monitoring the market and sales and any potential risks to McGrath's operations;
- expanding McGrath's footprint and increasing the geographic diversity of the Company to protect against losses suffered in particular regions as a result of adverse change in those particular regions;
- focussing on the performance and retention of high performing agents;
- focussing on continuing to deliver market leading service and exceptional customer experiences;
- continually testing and considering ways to diversify the business model; and

- continually assessing the Company's remuneration policy to ensure that it is market competitive and attracts and retains quality, experienced real estate agent professionals.

McGrath does not have material exposures to environmental and social sustainability risks, although McGrath's approach to managing these risks is outlined below.

McGrath has clearly defined values that include integrity, passion, excellence, simplicity, and community. A copy of McGrath's Statement of Values is available on McGrath's website at:

www.mcgrath.com.au/about/investorcentre.

All personnel are expected to uphold the Company's commitment to pursue good corporate citizenship while engaging in its corporate activities. McGrath supports its team's efforts to actively contribute to the needs of the community.

McGrath is committed to doing business in an environmentally responsible manner and to identifying environmental risks that may arise from its operations.

Principle 8: Remunerate fairly and responsibly

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

Recommendation 8.1

The board of a listed entity should:

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Remuneration and Nomination Committee

Details of the Remuneration and Nomination Committee are set out above.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Remuneration and Nomination Committee assists the Board in fulfilling its corporate governance responsibilities in regard to:

- assessing the remuneration policy and compliance with legal and regulatory requirements;
- reviewing material changes to the remuneration policy, including remuneration structure, retention, and termination policies for all staff;
- reviewing material changes to the recruitment policies, procedures, and remuneration approach for the Company's management;
- recommending performance-based (at-risk) components of remuneration and targets for the Company's financial performance as they relate to incentive plans, including equity-based payments; and

- assessing overall remuneration outcomes, including by gender.

Details of the Remuneration and Nomination Committee are contained in the disclosure within this Corporate Governance Statement under Principle 2. For details regarding the number of Remuneration and Nomination Committee meetings and the attendance at those meetings, refer to the “Board of directors - Attendance at meetings” section contained within the Annual Report.

Remuneration Report and remuneration policies

With the assistance of the Remuneration and Nomination Committee, the Board has established a remuneration philosophy to ensure that it remunerates its people fairly and responsibly. The remuneration philosophy is designed to ensure a competitive structure that is reasonable and appropriate for the results delivered, and which is aimed at attracting and retaining talented and motivated directors and employees, who the Board recognises are essential to delivering the long-term success of the Group.

Details about McGrath’s remuneration philosophy, policies and practices are provided within the Remuneration Report, which is part of the Directors’ Report within the Annual Report.

As detailed in the Remuneration Report, the structure of non-executive directors’ remuneration and that of Executives is clearly distinguished.

Non-executive directors receive fees, including superannuation, that do not include any incentive payments that are linked to the performance of McGrath. This is to ensure that independence of thought on the Board is protected and maintained. The level of remuneration of directors’ fees is set by the Board with the assistance of the Remuneration and Nomination Committee and within the remuneration pool as approved by Shareholders in general meetings.

Non-executive directors’ fees are considered appropriate compensation for the time commitment each director spends in relation to their membership on the Board and any Board committees. McGrath will reimburse directors for reasonable out-of-pocket expenses incurred in connection with the performance of their duties as members of the Board. There are no retirement schemes for non-executive directors.

McGrath’s executive director and management remuneration contains a mix of base fees plus short term and long-term incentives, which include participation in incentive plans to align their interests with those of Shareholders, the details of which are provided in the Remuneration Report.

Equity-based remuneration scheme

McGrath has established the *McGrath Equity Incentive Plan*, that was approved by Shareholders at the Company’s 2019 AGM, where Eligible Participants may receive:

- **Options:** an entitlement to receive shares on satisfaction of specified conditions and payment of a specified exercise price;
- **Performance Share Rights:** an entitlement to receive shares for no consideration on satisfaction of specified conditions; and
- **Restricted Shares:** are fully paid ordinary shares subject to a restriction on sale that may be forfeited if certain performance hurdles are not met.

The Board will consider the use of equity-based remuneration to reward, motivate, and retain management.

Recommendation 8.3

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

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) disclose that policy or a summary of it.*

Details of the Company's Securities Trading Policy are set out on page 14 above.

Under the Policy employees and directors are not permitted to enter into margin lending arrangements in relation to the securities of the Company as the terms may require the securities be sold when the employee or director possesses inside information.

The Company encourages all employees and directors to adopt a long-term attitude to their investment in the Company. Consequently, in accordance with the Policy, they should not engage in short-term trading (that is, trading in and out of securities over a period of 3 months or less) or speculative trading in the securities.

Additionally, employees and directors should not engage in short selling of securities.

Under the McGrath Equity Incentive Plan, participants in the Equity Incentive Plan are prohibited from entering into any arrangement, including any financial product that operates to limit the economic risk of the Options and Performance Share Rights, prior to vesting or becoming exercisable (as relevant), including where a holding lock has been applied.