



Corporate Governance Statement

2024



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CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

Corporate Governance at AUCloud

Effective corporate governance is crucial for maintaining the integrity, transparency and accountability of **Sovereign Cloud Holdings Limited** and its subsidiaries (collectively “**AUCloud**” or “**SOV**” or “**Group**” or the “**Company**”).

The Statement describes the governance framework for AUCloud, guided by the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (4th Edition) (the “Recommendations”), corporate best practices, and our commitment to the best interests of shareholders. AUCloud recognises that effective corporate governance is essential for creating, protecting and enhancing shareholder value.

The Statement details the core elements of our governance structure, reports on our compliance with the Recommendations, and highlights any governance

practices that were updated during the year. AUCloud remains dedicated to adopting best practices in corporate governance where they align with our business needs.

This Statement is current as of 27 September 2024 and confirms our adherence to the Recommendations.

The Board has endorsed, and consistently applied, the ASX Corporate Governance Principles and Recommendations (4th Edition) throughout FY24 and up to the date of this Corporate Governance Statement.

References to the ‘Annual Report’ pertain to the Company’s 2024 Annual Report, published on 27 August 2024, and available on our website at: <https://investor.australiacloud.com.au/investors/>.



CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

Principle 1: Lay Solid Foundations for Management and Oversight

Sovereign Cloud Holdings Limited's Board Charter, available in the Corporate Governance section of the Company's website, outlines the Board's roles, responsibilities, and decision-making authority, ensuring effective governance for the Company's long-term success.

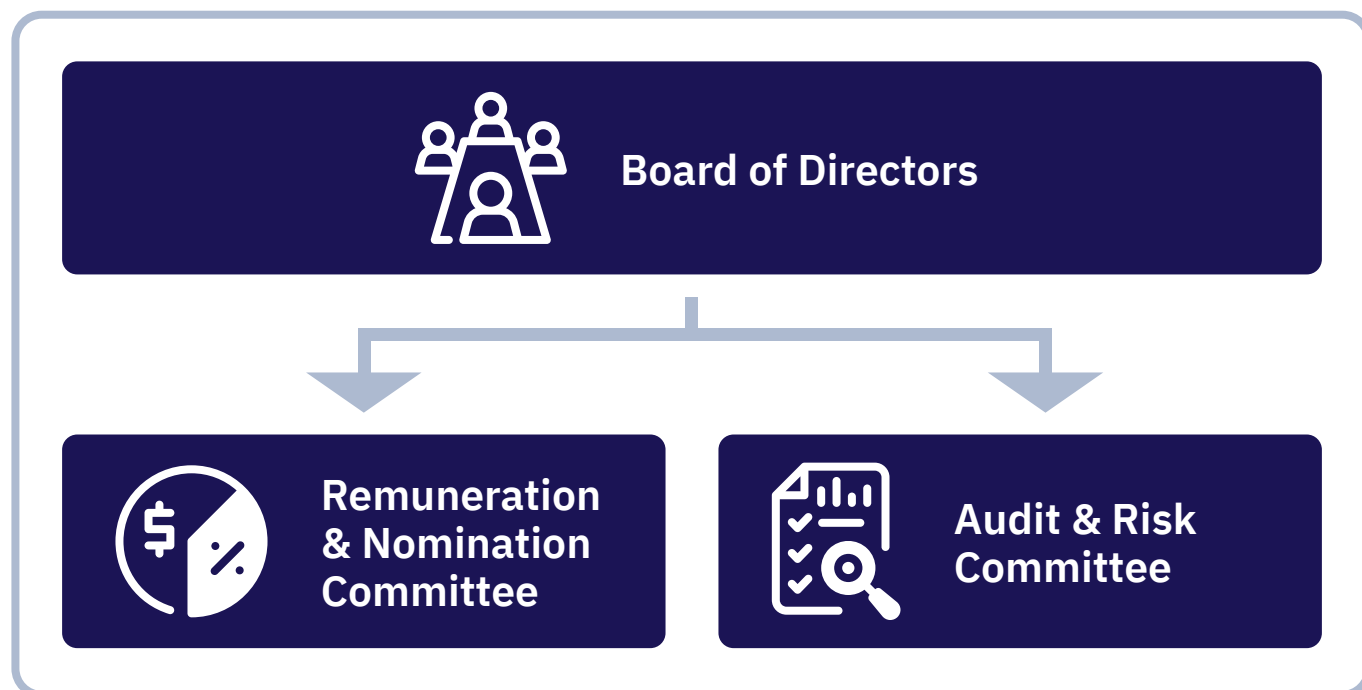
1.1 Board Charter

Sovereign Cloud Holdings Limited has a Board Charter, publicly available on the Company's website, which sets out:

- a) The respective roles and responsibilities of the Board; and
- b) Those matters expressly reserved to the Board and those delegated to management.

1.2 Roles and Responsibilities of the Board and Management

The Board is responsible for the corporate governance of the Company. The Board accepts this role with the objective of ensuring the long-term prosperity of the Company for the benefit of its shareholders, employees, contractors, consultants, and clients.



CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024



1.3 Appointment and Re-election of Board Members

The Remuneration and Nomination Committee assists the Board in decision making by reviewing and making recommendations in relation to the appointment of new Directors.

Prior to appointing a new director, the Company conducts background and reference checks and criminal/police checks.

The Company provides shareholders with material information, including the Board's recommendations that are relevant to a shareholder's decision regarding whether to elect or re-elect a Director at the Annual General Meeting.

1.4 Terms of Appointment

The Company has a written agreement in place with each of its Directors.

1.5 Company Secretary

The responsibilities of the Company Secretary are outlined in Section 4.6 of the Board Charter, including the accountability that the Company Secretary has to the Board (through the Chair) on all matters relating to the proper functioning of the Board. The Board is responsible for the appointment and, where appropriate, the replacement of the Company Secretary.



CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

1.6 Diversity

The Board is committed to workplace diversity and is conscious of building a diverse and inclusive workforce. The Company's Diversity Policy is available on the Company website at: <https://aucloud.com.au/corporate-governance/>.

The Board endorsed the following diversity objectives for the financial year to 30 June 2024 ("FY24"):

Diversity Objective	Status
Maintain a minimum of 20% female Board representation	 Achieved
Maintain the gender balance within our employee base	 Achieved

1.7 A Commitment to Gender Diversity

Promoting and improving gender equality in the workplace is a central focus for AUCloud, guided by the principles established by the Workplace Gender Equality Agency, an Australian Government statutory body created under the Workplace Gender Equality Act 2012.

As part of our commitment to fostering a diverse and inclusive work environment, we have set targets to achieve a balanced representation within our workforce. By 2030, we aim to have 40% of our employees identify as 'female', 40% as 'male' and 20% as 'other'.

To achieve these targets, we will employ a multi-faceted approach by implementing a comprehensive range of initiatives, strategies and supporting policies. Our focus will center on enhancing recruitment processes and refining employee benefits to attract and retain a diverse and inclusive talent pool, to support our diversity objectives.

1.8 Board, Committee and Director Performance Evaluation

The Board is committed to regular assessment of its effectiveness and believes that the contribution of individual Directors is essential to improve the governance and guidance of the Company.

In accordance with Section 2.6 of the Board Charter, the performance of the Board and each individual Director is required to be assessed each year. The Company has an informal process for evaluating the effectiveness, process and structure of the Board, its Committees and individual Directors. An assessment was completed in the 2024 financial year.

1.9 Senior Executive Performance Evaluation

There is a performance evaluation system in place throughout the financial year to assess employees, including senior executives. This includes setting and assessing key performance indicators for each employee on an annual basis.

A performance evaluation was completed in the 2024 financial year.

CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

Principle 2: Structure the Board to be Effective and Add Value

The Remuneration and Nomination Committee assists the Board in appointing Directors and executives, structuring remuneration packages, and designing employee benefit programs, with its charter and membership details available on the Company's website at: <https://aucloud.com.au/corporate-governance/>.

2.1 Remuneration and Nomination Committee

The Remuneration and Nomination Committee Charter outlines the role of the Committee which is to assist the Board in decision making by reviewing and making recommendations in relation to the appointment of new Directors, senior executives, the structure of remuneration packages to attract and motivate high performers, the design of the equity-based initiative plans and other employee benefit programs.

The members of the Remuneration and Nomination Committee are:

- **Ms. Cathie Reid AM** (Non-Executive Chair) – Chair of Committee; and
- **Mr. Ross Walker** (Non-Executive and Independent Director) – Member of Committee.



Ms. Cathie Reid AM
Chair



Mr. Ross Walker
Member

The charter of the Remuneration and Nomination Committee is available on the Company's website at: <https://aucloud.com.au/corporate-governance/>. The number of Remuneration and Nomination Committee meetings convened in the last financial year is disclosed in the Annual Report.

CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

2.2 Board Skills Matrix

The Board's current skills matrix as at the date of this Report is summarised below:

 Industry Knowledge & Experience	<ul style="list-style-type: none"> • Industry/sector knowledge
 Technical Skills & Experience	<ul style="list-style-type: none"> • Accounting/Finance • Information Technology • Sales & Marketing • Risk Management • HR/Remuneration Experience • Executive Leadership • Strategic & Commercial Acumen • Acquisition Experience
 Governance	<ul style="list-style-type: none"> • Director and Listed Company Experience • Governance of Risk Management & Compliance • Public/Reputation Management

2.3 Independent Directors

The Company considers Mr. Walker to be an Independent Director. The length of service of each Director is disclosed each year in the Annual Report.

CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

2.4 Majority of the Board should be Independent Directors

The current Directors of the Board are listed in the Annual Report.

One of the three Non-Executive Directors, is considered to be an Independent Director, Mr. Walker. The two Non-Independent Directors, Ms. Reid and Mr. Scroggie are associated with separate entities that are each considered major shareholders of the Company.

The Board recognises that the majority of its Directors are not “independent”, although, given the Company’s age, size and stage of growth, the Board considers the representation to be appropriate. To ensure transparency and ethical conduct, clear guidelines and processes for managing conflicts of interest have been established.

The Board will consider the appointment of additional Independent Directors once the Company’s overall size warrants a larger and more diverse Board of Directors.

2.5 Chair of the Board

Ms. Reid is the Non-Executive Chair of Sovereign Cloud Holdings Limited. She is not considered to be an Independent Director because of her major shareholding in the Company.

While the Board recognises the principle that the Chair should be an Independent Director, the Board believes that Ms. Reid is the most appropriate person to lead the Board as Chair given her long-standing leadership and business experience. The Board remains confident that Ms. Reid can bring quality and independent judgement to relevant issues falling within the scope of the role of Chair.

Further the Board has processes in place to identify and manage any conflict of interest. For example, at each Board, where relevant, the Chair asks for, and records, any conflicts as they relate to the agenda and Directors may either not participate in the decision-making process or seek independent advice where there is a potential conflict.

2.6 Director Induction and Professional Development

Under Section 3.6 of the Board Charter, each new Director will, upon appointment, participate in an informal induction program.

This includes meeting with a member of the existing Board, Company Secretary, Management and other relevant executives to familiarise themselves with the Company, its procedures and prudential requirements and Board practices and procedures.

The Board performance assessment process provides an opportunity for Directors to periodically review their professional development needs and identify opportunities to develop and maintain their skills and knowledge including professional memberships.



CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

Principle 3: Instil a Culture of Acting Lawfully, Ethically and Responsibly

The Board's Code of Conduct, alongside the Whistleblower and Anti-Bribery and Corruption Policies, fosters a culture of strong governance and ethical behaviour, with all documents and material incident reports accessible on the Company's website.

3.1 Code of Conduct

The Board has adopted a Code of Conduct and articulated the conduct expected of Directors, employees and contractors to encompass a strong corporate governance, sound business practices and good ethical conduct.

In addition, the Company has a Whistleblower Policy to encourage the disclosure of any wrongdoing while ensuring individuals who disclose wrongdoing can do so safely with confidence they will be supported and protected.

The Company has also implemented an Anti-Bribery and Corruption Policy as part of its commitment to complying with applicable laws and regulations and acting in an ethical manner consistent with the principles and values set out in the Code of Conduct.

The Code of Conduct, Whistleblower Policy and Anti-Bribery and Corruption Policy are all available on the Company's website at: <https://aucloud.com.au/corporate-governance/>. Under Board reporting practices, the Board, or a Committee of the Board, will be informed of any material incidents reportable under the Code of Conduct, Whistleblower Policy and Anti-Bribery and Corruption Policy.



CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

Principle 4: Safeguard the Integrity of Corporate Reports

The Audit and Risk Committee ensures the integrity of corporate reports by overseeing financial reviews, maintaining auditor independence, and adhering to stringent internal and external approval processes.

4.1 Audit Committee

The Company has an Audit and Risk Committee to ensure its corporate reporting is adequately reviewed and that the external auditors are independent.

The Committee's structure, roles and responsibilities are detailed in the Audit and Risk Committee Charter, which is available on the Company's website at: <https://aucloud.com.au/corporate-governance/>. The relevant qualifications and experience of each member of the Audit and Risk Committee are disclosed in the Annual Report.

The Audit and Risk Committee has three members:

- **Mr. Ross Walker** (Non-Executive and Independent Director) – Chair of Committee; and
- **Ms. Cathie Reid AM** (Non-Executive Chair) – Member of Committee; and
- **Mr. Peter Maloney** (Managing Director and CEO) – Member of the Committee.



Mr. Ross Walker
Chair



Ms. Cathie Reid AM
Member



Mr. Peter Maloney
Member

The Company has implemented an Audit and Risk Committee that has three members as above. The Audit and Risk Committee Charter requires a maximum of three members, all of whom must be Non-Executive Directors. While the Board recognises that Mr. Maloney is not a Non-Executive Director, the Board remains confident that Mr. Maloney can bring quality and independent judgement to relevant issues falling within the scope of the role as a Member of the Audit and Risk Committee.

CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024



The qualifications of the Committee Members and the number of Committee meetings they convened in the last financial year are disclosed in the Annual Report.

For periodic corporate reports that are not audited or reviewed by an external auditor, the Company has an internal approval process to ensure that the reports are materially accurate, balanced and provide investors with appropriate information to make informed decisions.

4.2 CEO & CFO declaration

The Board receives representations from the CEO and CFO prior to approving financial statements that, in their opinion:

- The financial records of the entity have been properly maintained;
- The financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position of the performance of the entity; and
- The opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.3 External auditor attendance at AGM

The Company's external auditor attends the Company's AGM and is available to answer questions from shareholders relevant to the audit.

CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

Principle 5: Make Timely and Balanced Disclosure

The Company's Continuous Disclosure Policy ensures timely, balanced, and equal access to material information for shareholders and the market, in compliance with ASX Listing Rules and the Corporations Act 2001.

5.1 Continuous disclosure obligations

The Company is committed to promoting investor confidence and ensuring that both shareholders and the ASX are provided with timely and balanced disclosure of all material matters concerning the Company, as well as ensuring that all shareholders have equal and timely access to externally available information issued by the Company.

The Company has adopted a Continuous Disclosure Policy to outline responsibilities in relation to disclosing information to the market and shareholders, and to ensure compliance with the continuous disclosure regime under ASX Listing Rules and the Corporations Act 2001 (Cth).

A copy of the presentation materials of any new investor presentations are released on the ASX Market Announcements Platform ahead of the presentation.

The Company Secretary ensures that the Board receives copies of all market announcements promptly after they have been made.

A copy of the Continuous Disclosure Policy is available on the Company's website at:

<https://aucloud.com.au/corporate-governance/>.



CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

Principle 6: Respect the Rights of Security Holders

The Company's investor website (<https://investor.australiacloud.com.au/investors/>) offers comprehensive information and resources, including governance policies, financial reports and interactive tools for shareholder communication and participation.

6.1 Investor Website

The Company's website contains information about the Company and its corporate governance policies. The web address is <https://aucloud.com.au/>.

6.2 Investor Relations Program

The Company has an investor relations program to facilitate effective two-way communication with investors. The program includes the Company's AGM, Annual Report, full year and interim financial statements, investor presentations and ASX Announcements.

6.3 Security Holder Participation at Meetings

The Company and its Board encourage shareholders to actively participate at its AGM's and other meetings including providing shareholders with the opportunity to question the Board concerning operations of the Company. Security holders' option to receive and send communications electronically.

Shareholders are encouraged to receive communications from, and send communications to, the Company and its share registry electronically.

The Company has an Investor Centre on its website (<https://investor.australiacloud.com.au/investors/>) allows anyone to access:

- Information about the Company's operations
- Annual and half year reports
- Market announcements
- Notices of meetings of shareholders
- Policies and charters
- Interview and presentations
- Key dates for shareholders
- Shareholder maintenance forms
- Information on ownership restrictions

The Company also has a web portal where shareholders can register to view their holdings, update their details and vote online. The web portal is accessible at <https://investor.australiacloud.com.au/investors/?page=My-Shareholding>.

Shareholders can communicate with the Company's Registry via email, phone, or post.



CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

Principle 7: Recognise and Manage Risk

The Audit and Risk Committee ensures robust internal control and risk management systems, with its structure and responsibilities detailed in the Committee Charter available on the Company's website at:

<https://aucloud.com.au/corporate-governance/>.

7.1 Risk Committee

The Company has an Audit and Risk Committee that focuses on maintaining an effective system of internal control and risk management.

The Committee's structure, roles and responsibilities are detailed in the Audit and Risk Committee Charter, which is available on the Company website at <https://aucloud.com.au/corporate-governance/>.

The Audit and Risk Committee has three members:

- **Mr. Ross Walker** (Non-Executive and Independent Director) – Chair of Committee; and
- **Ms. Cathie Reid AM** (Non-Executive Chair) – Member of Committee; and
- **Mr. Peter Maloney** (Managing Director and CEO) – Member of the Committee.



Mr. Ross Walker
Chair



Ms. Cathie Reid AM
Member



Mr. Peter Maloney
Member

The Audit and Risk Committee is currently chaired by an independent Director. The committee members are considered to be the best qualified to serve their respective roles on the Committee given their background and experience.

The number of Committee meetings that were convened in the last financial year is disclosed in the Annual Report.

CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

7.2 Review of Risk Management Framework

The Company has a risk management framework, that assesses the key financial and non-financial risks that have the potential, should they occur, to result in significant consequences to the Company. The framework is integrated into the daily management of the business.

The Audit and Risk Committee periodically assesses the effectiveness of the Company's financial and operating risk management framework, including the management of new and emerging risks.

The Audit and Risk Committee also periodically reviews the Company's risk matrix, including discussion of the key internal and external risk sources that could adversely affect the Company's prospects for future financial years.

7.3 Internal Audit Function

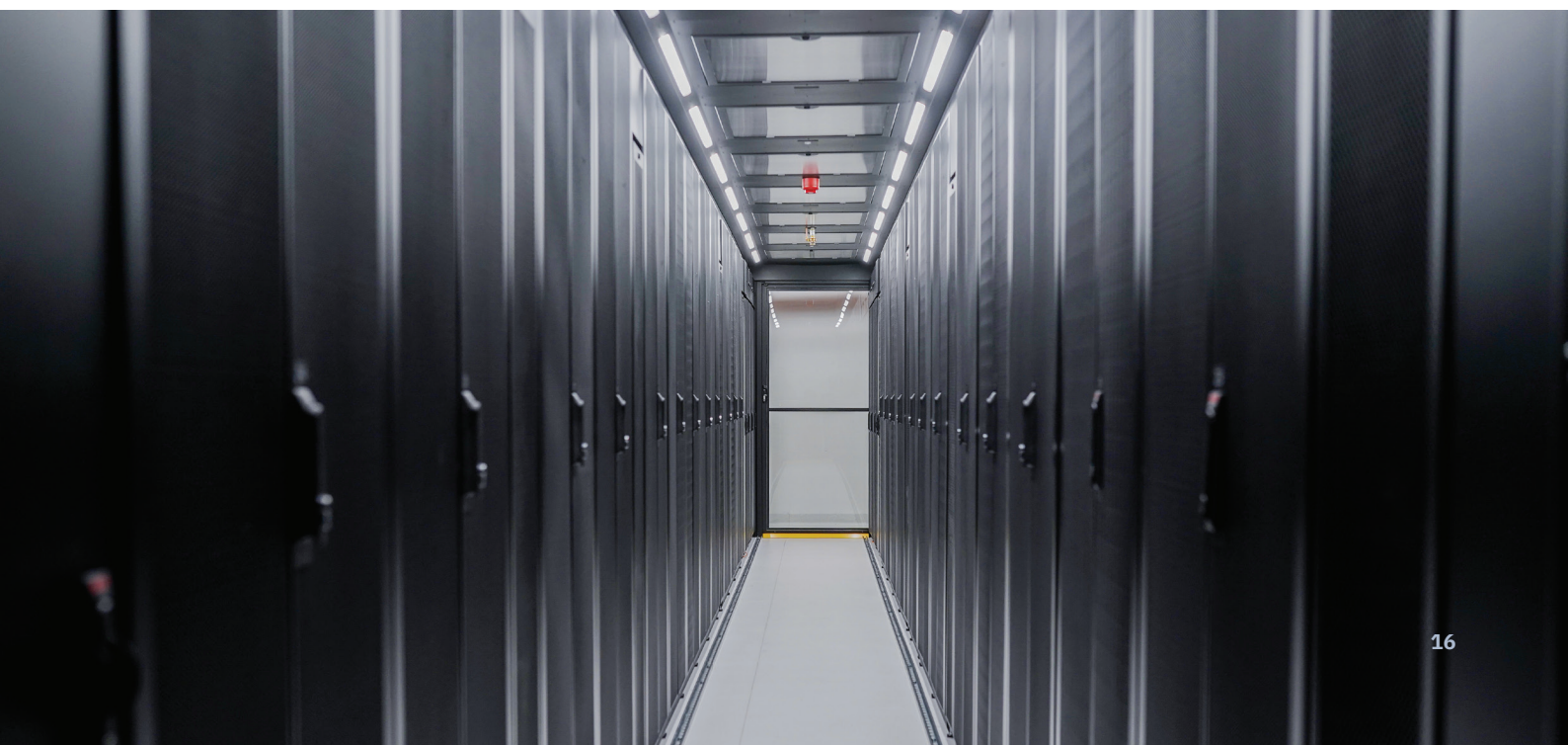
Given the Company's current size and stage of development, the Company does not currently have an internal audit function. The process for evaluating and continually improving the effectiveness of the Company's risk management and internal control processes is overseen by the Audit and Risk Committee as outlined in Sections 4.1, 7.1 and 7.2.

7.4 Material exposure to environmental and social sustainability risks

The Company is committed to ensuring environmental and social risks are identified and managed responsibly in our business activities and relationships.

These risks, along with other business risks, are managed in accordance with the Company's risk management framework discussed in Section 7.2.

As at the publication of this report, the Company does not consider that it has a material exposure to environmental risks.



CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

Principle 8: Remunerate Fairly and Responsibly

The Company's Remuneration and Nomination Committee oversees Director and senior management compensation, equity-based schemes, and trading policies, with details available in the Committee Charter and Annual Report.

8.1 Remuneration Committee

The Company has a Remuneration and Nomination Committee with its own charter. The charter is available on the Company's website at <https://aucloud.com.au/corporate-governance/>.

The members are:

- **Ms. Cathie Reid AM** (Non-Executive Chair) – Chair of Committee; and
- **Mr. Ross Walker** (Non-Executive and Independent Director) – Member of Committee.

The number of Committee meetings convened in the last financial year is disclosed in the Annual Report.



Ms. Cathie Reid AM
Chair



Mr. Ross Walker
Member

8.2 Remuneration policies and practices

The Company's Remuneration and Nomination Committee Charter provides separate policies and practices regarding the remuneration of non-executive Directors and the remuneration of Directors and senior management.

Further information can be found in the Remuneration Report within the Annual Report.

CORPORATE GOVERNANCE STATEMENT continued

FOR THE YEAR ENDED 30 JUNE 2024

8.3 Equity-based remuneration scheme

The Company has an equity-based remuneration scheme.

Under the Company's Trading Policy, Directors and all staff are prevented from trading in the Company's shares during the "black out" periods, including from the end of a statutory reporting period until the next business day after the financial results for that period are released.

Further, Key Management Personnel are prohibited from entering into transactions in products associated with the Company's securities which operate to limit the economic risk of their security holding in the Company.

The Securities Trading Policy is available on the Company's website at:

<https://aucloud.com.au/corporate-governance/>.



