

IMEXHS LTD
ACN 096 687 839

CORPORATE GOVERNANCE STATEMENT
FEBRUARY 2023

IMEXHS LTD CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 28 February 2023 and has been approved by the Board of the Company.

This Corporate Governance Statement ('Statement') discloses the extent to which IMEXHS Limited ('Company') followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations 4th Edition (Recommendations). The Recommendations are not mandatory, however the Recommendations that have not been followed have been identified and reasons for not following them, along with any alternative governance practices that have been adopted in lieu of the Recommendation have been disclosed in the Statement.

The Company has adopted a Corporate Governance Plan which provides written terms of reference for the Company's corporate governance practices.

The Company's Corporate Governance Statement and Plan is available on the Company's website at www.imexhs.com

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 role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the Company's Constitution.

The Board is responsible for and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Managing Director.

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In addition to matters it is expressly required by law to approve, the Board has reserved the following matters to itself:

- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Appointment, and where necessary, the replacement, of the Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Approving the Company's remuneration framework;
- Monitoring the timeliness and effectiveness of reporting to Shareholders;
- Reviewing and ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting such that the financial performance of the Company has sufficient clarity to be actively monitored;
- Approving the annual, half yearly and quarterly accounts;

- Approving significant changes to the organisational structure;
- Approving decisions affecting the Company's capital, including determining the Company's dividend policy and declaring dividends;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making; and
- Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director responsibility for the management and operation of IMEXHS. The Managing Director is responsible for the day-to-day operations, financial performance, and administration of IMEXHS within the powers authorised to him from time-to-time by the Board. The Managing Director may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter which is contained within the Corporate Governance Plan available on the IMEXHS website.

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 Company undertakes comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company maintains written agreements with each Director and senior executive. The written agreements outline all relevant roles and obligations. Further, Directors and senior executives are provided with all other information they may require to fulfill their obligations and duties

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.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

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) 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).

The Board has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity.

The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

- Women employees in the Company 62%
- Women in senior management positions 33%
- Women on the Board – Nil

The Company's Diversity Policy is available on the IMEXHS website.

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.

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- comparison of the performance of the Board against the requirements of the Board charter;
- examination of the Board's interaction with management;
- the nature of information provided to the Board by management; and
- management's performance in assisting the Board to meet its objectives.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;

- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

A performance evaluation has been undertaken in accordance with the above process during 2022.

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.

The Board conducts an annual performance assessment of the Managing Director against agreed key performance indicators.

The Managing Director conducts an annual performance assessment of senior executives against agreed key performance indicators.

Performance evaluations have taken place in accordance with the above process during 2022.

Principle 2: Structure the board to be effective to 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.

The Board has a Nomination and Remuneration Committee. Details of the Committee can be found in Recommendation 8.1.

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.

The Board has established a Board Skills Matrix. The Board Skills Matrix includes the following areas of knowledge and expertise:

- strategic expertise;
- accounting and finance;
- legal;
- managing risk;
- managing people and achieving change;
- experience with financial markets; and
- investor relations.

The Board has assessed that it currently has adequate coverage of these skills.

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 the Principles and Recommendations 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.

During the financial year and as at the date of this report the Board was comprised of the following members:

- **Mr Douglas Flynn** (Independent Non-Executive Chairman appointed 12 March 2020)
- **Dr Douglas Lingard** (Independent Non-Executive Director appointed 10 December 2018)
- **Mr Carlos Palacio** (Independent Non-Executive Director appointed 28 August 2018)
- **Mr Damian Banks** (Independent Non-Executive Director appointed 22 May 2020)
- **Dr German Arango** (Executive Director appointed 28 August 2018)

Mr. Flynn, Lingard and Banks are considered as independent as they are Non-Executive Directors of the Company. Dr Arango is not considered to be independent by virtue of being Managing Director and a substantial shareholder of the Company.

The Company reviews the composition of the Board periodically.

IMEXHS has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.

Recommendation 2.4 A majority of the board of a listed entity should be independent directors.

Refer to 2.3 above.

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.

At the date of this Statement Mr. Douglas Flynn, an independent Director, is the Chairman of the Board.

Dr. German Arango is employed as the CEO of the Company.

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.

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern IMEXHS. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board is responsible for the nomination and selection of directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Instill 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.

The Company has a Statement of Values which is used widely throughout the organisation to inform and guide decisions and behaviours of employees. This Statement of Values is available on the IMEXHS website.

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.**

The Company has implemented a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- maintain high levels of professional conduct;
- respect confidentiality and not misuse Company information, assets or facilities;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary, or in their absence, the Chairman. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

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.**

The Company has a Whistleblower Policy which is available on the IMEXHS website.

All material incidents and actions which may be required as a result of the investigations will be reported to the Board.

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

The Company has a Anti-Bribery and Corruption Policy which is available on the IMEXHS website.

All material incidents will be reported to the Board.

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.

The Board has an Audit and Risk Committee which was established in 2020 and functions as detailed in the Audit and Risk Committee Charter. A copy of the Charter is available on the IMEXHS website.

During the financial year and as at the date of this report the Committee was comprised of the following members:

- **Mr Damian Banks** (Independent Non-Executive Chairman appointed 22 May 2020)
- **Mr Douglas Flynn** (Independent Non-Executive Director appointed 22 May 2020)
- **Dr Douglas Lingard** (Independent Non-Executive Director appointed 22 May 2020)
- **Mr Carlos Palacio** (Non-Executive Director appointed 22 May 2020)

The relevant qualifications and background of the above members and attendance at Committee Meetings is detailed in the Directors' Report contained within the Annual Report.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company throughout the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend IMEXHS's AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Audit Committee Chairman must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the lead engagement partner responsible for the audit not perform in that role for more than five years.

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.

The Board, before it approves the entity's financial statements for a financial period, receives from its CEO and CFO a declaration provided in accordance with Section 295A of the Corporations Act 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.

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.

All periodic reports that are not reviewed by external auditors are prepared by management, reviewed by the Audit and Risk Committee, and approved for release by the Board of Directors.

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.

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

Recommendation 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. All key announcements at the discretion of the Managing Director are to be circulated to and reviewed by all members of the Board.

The Chairman, the Board, Managing Director and the Company Secretary are responsible for ensuring that:

- a) company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
- b) company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

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.

The Company is committed to the equality of information among investors and ensures that a copy of any new or substantive investor or analyst presentation is released on the ASX Markets Announcement platform ahead of the presentation.

Principle 6: Respect the rights 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.

The Company recognises the value of providing current and relevant information to its shareholders. The Board of the Company aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

As part of the Company's developing investor relations program, Shareholders can register with the Company to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.

The Company also makes available a telephone number and email address on its website for shareholders to make enquiries of the Company. These contact details are available on the "Corporate Directory" page of the Company's website.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

Recommendation 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

The Board aims to ensure that the Company is committed to maintaining direct, open, timely and effective two-way communication with all Shareholders.

Information is communicated to Shareholders through announcements to the ASX, the Annual Report, Annual General Meetings, Half yearly and Full year results presentations.

The Company's Shareholder Communication Strategy provides more detail and is available on the IMEXHS website.

Recommendation 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

Shareholders are encouraged to participate at all General and Annual General Meetings of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.

To encourage Shareholder engagement and participation at Meetings, Shareholders will have the opportunity to attend (subject to COVID restrictions), listen to presentations from the Chairman and CEO, ask questions and participate in voting. Shareholders who are unable to attend are encouraged to vote on the proposed resolutions by appointing a proxy via or online through the share registry's website.

Shareholders will have the opportunity to submit written questions to the Company and to the external auditor and access AGM presentations and speeches made by the Chairman and CEO prior to the commencement of the meeting.

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.

All substantive resolutions at a meeting 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 communications from, and send communications to, the entity and its security registry electronically.

Shareholders may elect to, and are encouraged to, receive communications from IMEXHS and IMEXHS's securities registry electronically. Electronic communications have the added advantage of being more timely and cost effective, which benefits all shareholders.

The contact details for the registry are available on the "Corporate Directory" page of the "Investor Relations" section of the Company's website.

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.

The Board has an Audit, Risk and Compliance Committee. Refer Recommendation 4.1 for details.

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.

The Board is committed to the identification, assessment and management of risk throughout IMEXHS's business activities. The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework.

IMEXHS's Risk Management Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

IMEXHS believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, IMEXHS is committed to the ongoing development of a strategic and consistent enterprise-wide risk management program, underpinned by a risk conscious culture.

IMEXHS accepts that risk is a part of doing business. Therefore, the Company's Risk Management Policy is not designed to promote risk avoidance. Rather, IMEXHS's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

IMEXHS assesses its risks on a residual basis; that is, it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, IMEXHS applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage IMEXHS's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board reviews the Company's risk management framework at least annually to ensure that it continues to effectively manage risk. A review has taken place in accordance with the above process during 2021.

Management reports to the Board as to the effectiveness of IMEXHS's management of its material business risks at each Board meeting.

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.**

The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework. IMEXHS has established policies for the oversight and management of material business risks.

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.

The Company does not have any material exposure to environmental or social risks to disclose during the reporting period.

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.

The Company has a Remuneration and Nomination Committee with the functions detailed in the Remuneration Committee Charter. This Committee regularly reviews the structure of remuneration within the company.

During the financial year and as at the date of this report the Committee was comprised of the following members:

- **Mr Carlos Palacio** (Non-Executive Chairman appointed 22 May 2020)
- **Mr Damian Banks** (Independent Non-Executive Director appointed 22 May 2020)
- **Mr Douglas Flynn** (Independent Non-Executive Director appointed 22 May 2020)
- **Dr Douglas Lingard** (Independent Non-Executive Director appointed 22 May 2020)

The Chair of the Committee is not independent however the Committee has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively

The relevant qualifications and background of the above members and attendance at Committee Meetings is detailed in the Directors' Report contained within the Annual Report.

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.

IMEXHS has a Remuneration Policy which is designed to recognise the competitive environment within which IMEXHS operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained performance improvement. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of IMEXHS.

The key principles are to:

- review and approve the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensure that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- fairly and responsibly reward executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- remunerate fairly and competitively in order to attract and retain top talent;
- recognise capabilities and promote opportunities for career and professional development; and
- review and approve equity based plans and other incentive schemes to foster a partnership between employees and other security holders.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors and senior management based on an annual review process.

IMEXHS's executive remuneration policies and structures and details of remuneration paid to directors and key management personnel (where applicable) are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options.

The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is \$400,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

Executive Directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

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.

Long term incentives are provided to the Managing Director and other senior executives under the IMEXHS Long Term Incentive Plan. Participants in the Company's LTIP are prohibited from entering into any

transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Further details in relation to the Company's remuneration policies are contained in the Remuneration Report, within the Directors' Report of the Annual Report.