

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

AusCann Group Holdings Ltd

ACN

008 095 207

Financial year ended:

30 June 2021

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

☐ These pages of our annual report:

☒ This URL on our website:

<https://auscann.com.au/investors/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 27 August 2021 and has been approved by the board.

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

Date: 27 August 2021

Name of authorised officer
authorising lodgement:



Susan Park
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 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 |
|---|---|---|--|
| 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. | <input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: https://auscann.com.au/investors/corporate-governance/ | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> 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 <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 |
|--|---|---|
| <p>1.5 A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(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</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(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</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>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.</p> | <p><input checked="" type="checkbox"/> and we have disclosed a copy of our diversity policy at: https://auscann.com.au/investors/corporate-governance/ and we have disclosed the information referred to in paragraph (c) in our Corporate Governance Statement.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| <p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | <p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) in our Corporate Governance Statement and whether a performance evaluation was undertaken for the reporting period in accordance with that process is disclosed in our Corporate Governance Statement.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

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 <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 |
|--|--|---|--|
| 1.7 | <p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | <input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) in our Corporate Governance Statement and whether a performance evaluation was undertaken for the reporting period in accordance with that process in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE | | | |
| 2.1 | <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a 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.</p> | <input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee at: https://auscann.com.au/investors/corporate-governance/ and the information referred to in paragraphs (4) and (5) in our 2021 Annual Report. | <input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 2.2 | <p>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.</p> | <input checked="" type="checkbox"/> and we have disclosed our board skills matrix at: https://auscann.com.au/investors/corporate-governance/ | <input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

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 <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 |
|---|--|---|--|
| 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. | <input checked="" type="checkbox"/> and we have disclosed the names of the directors considered by the board to be independent directors in our Corporate Governance Statement and the 2021 Annual Report and, where applicable, the information referred to in paragraph (b) in our Corporate Governance Statement and the length of service of each director in our 2021 Annual Report. | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 2.4 | A majority of the board of a listed entity should be independent directors. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY | | | |
| 3.1 | A listed entity should articulate and disclose its values. | <input checked="" type="checkbox"/> and we have disclosed our values at: https://auscann.com.au/investors/corporate-governance/ | <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed our code of conduct at: https://auscann.com.au/investors/corporate-governance/ | <input type="checkbox"/> set out in our Corporate Governance Statement |

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 <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 |
|---|---|---|--|
| 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. | <input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: https://auscann.com.au/investors/corporate-governance/ | <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: https://auscann.com.au/investors/corporate-governance/ | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 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. | <input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee at: https://auscann.com.au/investors/corporate-governance/ and the information referred to in paragraphs (4) and (5) in our 2021 Annual Report. | <input type="checkbox"/> set out in our Corporate Governance Statement |

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 |
|---|---|---|--|
| 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. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 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. | <input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: https://auscann.com.au/investors/corporate-governance/ | <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: https://auscann.com.au/investors/corporate-governance/ | <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement |

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 |
|--|--|---|--|
| 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. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement |
| PRINCIPLE 7 – RECOGNISE AND MANAGE RISK | | | |
| 7.1 | <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | <input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee at: https://auscann.com.au/investors/corporate-governance/ and the information referred to in paragraphs (4) and (5) in our 2021 Annual Report. | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 7.2 | <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p> | <input checked="" type="checkbox"/> and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement |

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 <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 |
|--|---|---|--|
| 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. | <input checked="" type="checkbox"/> and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 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. | <input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 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. | <input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee at: https://auscann.com.au/investors/corporate-governance/ and the information referred to in paragraphs (4) and (5) in our 2021 Annual Report. | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> 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. | <input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives in our Annual Report and the Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

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 <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 |
|---|--|--|--|
| 8.3 | <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p> | <input checked="" type="checkbox"/> and we have disclosed our policy on this issue or a summary of it in our Corporate Governance Statement. | <p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |



**AUSCANN GROUP HOLDINGS LTD
ACN 008 095 207
(COMPANY)**

**CORPORATE GOVERNANCE STATEMENT
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2021**

The Board of AusCann Group Holdings Ltd (ASX:AC8) ("AusCann" or "the Company") has responsibility for corporate governance for the Company and its subsidiaries (the Group) and has implemented policies, procedures and systems of control with the intent of providing a strong framework and practical means for ensuring good governance outcomes which meet the expectations of all stakeholders.

This Corporate Governance Statement is current as at 27 August 2021 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company has, during the financial year ending 30 June 2021, followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations 4th Edition (**Recommendations**). The Company will continue to review its policies to ensure they reflect any changes within the Company, or to accepted principles and good practice.

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

The Company's Corporate Governance Plan and other corporate governance policies are available on the Corporate Governance page on the Company's website at –

<https://auscann.com.au/investors/corporate-governance/>.

This Statement sets out corporate governance practices adopted by the Board and which were in place during the financial year ending 30 June 2021.

By order of the Board

A handwritten signature in black ink, appearing to be "SPK", followed by a period.

Susan Park
Company Secretary

| RECOMMENDATIONS (4 TH EDITION) | COMPLY | EXPLANATION |
|---|--------|---|
| Principle 1: Lay solid foundations for management and oversight | | |
| Recommendation 1.1 A listed entity should have and disclose a board charter setting out: <ul style="list-style-type: none"> 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. | YES | <p>The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> |
| Recommendation 1.2 A listed entity should: <ul style="list-style-type: none"> 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. | YES | <p>(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Remuneration and Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Remuneration and Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director. These checks take place prior to putting forward a Director to security holders for election at a General Meeting or Annual General Meeting.</p> <p>(b) Under the Remuneration and Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a director of the Company (including biographical details, qualifications, the candidate's independence and a statement from the Board as to whether it supports the candidate's existing directorships (if any)) must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director. The Board will ensure this material information is included in the Company's 2021 Notice of Annual General Meeting.</p> |
| Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | YES | <p>The Company's Remuneration and Nomination Committee Charter requires the Remuneration and Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> |

| RECOMMENDATIONS (4 TH EDITION) | COMPLY | EXPLANATION | | | | | | | | | | | | |
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| | | The Company has had written agreements with each of its Directors and senior executives for the past financial year. | | | | | | | | | | | | |
| 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. | YES | The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. | | | | | | | | | | | | |
| Recommendation 1.5 A listed entity should: <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: <ul style="list-style-type: none"> (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. | YES | <ul style="list-style-type: none"> (a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender 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 in achieving them. (b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website. (c) The Board did not set measurable gender diversity objectives for the past financial year because the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles would, given the small size of the Company and the Board, unduly limits the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit. <p>The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) as at 30 June 2021 is disclosed below –</p> <table> <tr> <th></th><th>Female</th><th>Male</th></tr> <tr> <td>Board</td><td>29%</td><td>71%</td></tr> <tr> <td>Senior Executive*</td><td>33%</td><td>67%</td></tr> <tr> <td>Whole organisation</td><td>47%</td><td>53%</td></tr> </table> <p>* The Senior Executives are the individuals at the highest level of organisational management who have the day-to-day responsibilities of managing the Company below the Board. The Senior Executives include the Company's Chief Executive Officer, Chief Financial Officer and the Company Secretary.</p> | | Female | Male | Board | 29% | 71% | Senior Executive* | 33% | 67% | Whole organisation | 47% | 53% |
| | Female | Male | | | | | | | | | | | | |
| Board | 29% | 71% | | | | | | | | | | | | |
| Senior Executive* | 33% | 67% | | | | | | | | | | | | |
| Whole organisation | 47% | 53% | | | | | | | | | | | | |

| RECOMMENDATIONS (4 TH EDITION) | COMPLY | EXPLANATION |
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| Recommendation 1.6 A listed entity should: <ul style="list-style-type: none"> (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. | YES | <ul style="list-style-type: none"> (a) As documented in the Company's Board Charter and the Remuneration and Nomination Committee Charter, the Company's Board, with the advice and assistance of the Remuneration and Nomination Committee, review and evaluate the performance of the Board, each board committee, and each individual director against the relevant charters, corporate governance policies, and agreed goals and objectives annually. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website. (b) The Board, its committees and individual directors did not undertake a formal performance evaluation during the financial year given the changes to the Board members and Committee memberships during the year. Whilst no formal performance evaluations in respect of the Board and individual Directors was undertaken during the past financial year, the performance of the Board and the Directors was regularly assessed by the Chair, appropriate feedback provided and any issues promptly resolved. The Chair maintained open and honest communication with all Board members and Committee Chairs throughout the year. The Chair was responsible for evaluation of the Board, its Committees and its members on an informal and as required basis throughout the financial year. The Board undertook an analysis of the Board Committee memberships and operation in February 2021 where the Board resolved to act as the Remuneration and Nomination Committee. |
| Recommendation 1.7 A listed entity should: <ul style="list-style-type: none"> (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. | YES | <ul style="list-style-type: none"> (a) The Company's Board, with the advice and assistance of the Remuneration and Nomination Committee (if applicable), review and evaluate the remuneration and performance of the Company's senior executives annually. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director. (b) The Company has completed performance evaluations in respect of the senior executives for the past financial year in accordance with the applicable processes. |
| Principle 2: Structure the Board to be effective and add value | | |
| Recommendation 2.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and | YES | The full Board to acted in the capacity of the Remuneration and Nomination Committee under the adopted Charter of the Remuneration and Nomination Committee up until 19 April 2021. The members of the Remuneration and Nomination Committee post 19 April 2021 were Mr. G. Starr (Chair), Mr. R. M. |

| RECOMMENDATIONS (4 TH EDITION) | COMPLY | EXPLANATION |
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| <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a 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.</p> | | <p>Johnston (member) and Dr K. Adams (member). All members, including the Chair, are independent non-executive Directors of the Company.</p> <p>The number of times the Committee met during that year and the individual attendances of the members at those meetings is disclosed in the Company's Annual Report. The Annual Report also includes the qualifications and experience of all Directors including the Directors that were members of the Committee.</p> <p>The Charter of the Remuneration and Nomination Committee is included in the Corporate Governance Plan which is located in the Corporate Governance page of the Company's website.</p> <p>Prior to April 2021, the Board devoted time to discuss Board succession issues and to assessing the Company's Board skills with all Board members being involved in the process.</p> |
| <p>Recommendation 2.2</p> <p>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.</p> | YES | <p>Under the Remuneration and Nomination Committee Charter (in the Company's Corporate Governance Plan), the Remuneration and Nomination Committee (or in its absence the Board) is required to create and maintain a Board skills matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.</p> <p>The Company has a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. A copy is available on the Company's website.</p> <p>Full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report.</p> |
| <p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, 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</p> <p>(c) the length of service of each director.</p> | YES | <p>(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The independence of the Directors of the Company during the financial year is disclosed in the Annual Report.</p> <p>The Company has six independent Directors, Mr. M. Johnston (Chair), Mr. B. McHarrie (Non-executive Director), Ms. K. Bates (Non-executive Director), Mr. R. Clifford (Non-executive Director), Dr. K. Adams (Non-executive Director) and Mr. G. Starr (Non-executive Director). Mr. C. Mews is not considered to be independent as he represents a substantial shareholder, Merchant Group Pty Ltd, on the Board of AusCann.</p> <p>(b) There are no independent Directors who fall into this category.</p> |

| RECOMMENDATIONS (4 TH EDITION) | COMPLY | EXPLANATION |
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| | | (c) The Company's Annual Report discloses the length of service of each Director. |
| Recommendation 2.4 A majority of the board of a listed entity should be independent directors. | YES | <p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent. Throughout the year, the Board had a majority of independent Directors.</p> <p>The Board currently has a majority of independent directors and had a majority of independent directors during the financial year.</p> <p>The Company has six independent Directors, Mr. M. Johnston (Chair), Mr. B. McHarrie (Non-executive Director), Ms. K. Bates (Non-executive Director), Mr. R. Clifford (Non-executive Director), Dr. K. Adams (Non-executive Director) and Mr. G. Starr (Non-executive Director). Mr. C. Mews is not considered to be independent as he represents a substantial shareholder, Merchant Group Pty Ltd, on the Board of AusCann.</p> |
| 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. | YES | <p>The Chair of the Board Mr Robert Maxwell (Max) Johnston is considered to be independent and is not the CEO of the Company.</p> |
| 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. | YES | <p>The Remuneration and Nomination Committee (or in its absence the Board) is responsible for the establishment and facilitation of the induction program for new directors with all such information and advice which may be considered necessary or desirable for the director to commence their appointment to the Board.</p> <p>The Company Secretary is responsible for facilitating inductions and professional development. The Company Secretary regularly provides information to the Directors which may assist in their ongoing professional development.</p> |
| Principle 3: Instil a culture of acting lawfully, ethically and responsibly | | |
| Recommendation 3.1 A listed entity should articulate and disclose its values. | YES | <p>The Board has adopted a set of values which are the foundation for how the Company achieves its business objectives. Our values are supported by the Corporate Code of Conduct and other key governance principles and policies which are approved by the Board. The Company's values are available on the Company's website.</p> |
| Recommendation 3.2 A listed entity should: | YES | <p>AusCann is committed to acting ethically and responsible.</p> |

| RECOMMENDATIONS (4 TH EDITION) | COMPLY | EXPLANATION |
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| <ul style="list-style-type: none"> 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. | | <p>The Company's Corporate Code of Conduct applies to the directors (executive or non-executive), officers, employees, authorised representatives, contractors and consultants of the Company.</p> <p>The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.</p> <p>The Board is informed of any material breaches of the Code. Each Board meeting has a standard agenda item on 'Corporate Governance' whereby breaches of any codes, policies or charters, if any, are disclosed to the Board.</p> |
| <p>Recommendation 3.3</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (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. | YES | <p>The Company's Whistleblower Policy is available on the Company's website.</p> <p>The Board is informed of any material breaches of this Policy. Each Board meeting has a standard agenda item on 'Corporate Governance' whereby breaches of any codes, policies or charters, if any, are disclosed to the Board.</p> |
| <p>Recommendation 3.4</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> 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. | YES | <p>The Company's Anti-bribery and Corruption Policy is available on the Company's website.</p> <p>The Board is informed of any material breaches of this Policy. Each Board meeting has a standard agenda item on 'Corporate Governance' whereby breaches of any codes, policies or charters, if any, are disclosed to the Board.</p> |
| <p>Principle 4: Safeguard the integrity of corporate reports</p> | | |
| <p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or | YES | <p>The Company has an Audit and Risk Committee. The members of the Audit and Risk Committee were Mr. B. McHarrie (Chair), Ms. K. Bates (member) and Mr. C. Mews (member) until 19 April 2021. Following 19 April 2021, the members were Mr. B. McHarrie (Chair), Ms. K. Bates (member), Mr. C. Mews (member) and Mr. R. Clifford (member). The Committee was chaired by an independent Director during the financial year.</p> <p>The Committee had a majority of independent Directors during the financial year.</p> <p>The number of times the Committee met during that year and the individual attendances of the members at those meetings is disclosed in the Company's Annual Report. The Annual Report also includes the qualifications and experience of all Directors including the Directors which are members of the Committee.</p> <p>The Charter of the Audit and Risk Committee is included in the Corporate Governance Plan which is located in the Corporate Governance page of the Company's website.</p> |

| RECOMMENDATIONS (4 TH EDITION) | COMPLY | EXPLANATION |
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| (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 Company's auditors attend and present their closing audit report to the Audit and Risk Committee prior to approval of both the Half Year and Full Year Financial Statements. The auditor's closing report is also circulated to the full Board. |
| 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. | YES | The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms. The Company has obtained a sign off on these terms in the past financial year. |
| 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. | YES | The Company's Corporate Governance Plan provides that the Company must have policies and comprehensive practices in place to verifying the integrity of the Company's periodic reports which are not audited or reviewed by an external auditor, to satisfy the Board that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions. Where a periodic corporate report, such the Company's quarterly report, are not required to be audited or reviewed by an external auditor, AusCann conducts an internal verification process to confirm the integrity of the report, to ensure that the content of the report is materially accurate, and to provide investors with appropriate information to make informed investment decisions. Appropriate supporting information for such corporate reports are sought and retained on preparation of the report and the full Board reviews and approves the release of such reports. Copies of all market announcements are also required to be circulated to the Board promptly, to ensure the Board has timely oversight of the nature and quality of information being disclosed to the market. |
| Principle 5: Make timely and balanced disclosure | | |
| 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. | YES | (a) The Company's Corporate Governance Plan details the Company's Continuous Disclosure policy. (b) The Corporate Governance Plan, which incorporates the Continuous Disclosure policy, is available on the Company's website. |

| RECOMMENDATIONS (4 TH EDITION) | COMPLY | EXPLANATION |
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| Recommendation 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made. | YES | Copies of all market announcements are circulated by the Company Secretary promptly to the Board to ensure the Board has timely oversight on the information being disclosed to the market. |
| 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. | YES | The Company's Continuous Disclosure Policy which forms part of the Company's Corporate Governance Plan provides that any new and substantive investor or analyst presentations will be released on the ASX Market Announcements Platform ahead of the presentation. The Chair, CEO and Company Secretary ensure that any new and substantive investor or analyst presentations are released to ASX ahead of the presentation. Where practicable, the Company will consider providing shareholders the opportunity to participate in such presentations. |
| Principle 6: Respect the rights of security holders | | |
| Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website. | YES | Information about the Company and its governance is available in the Corporate Governance section 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. | YES | The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan. |
| Recommendation 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders. | YES | Shareholders are encouraged to participate at all general meetings and the Annual General Meeting of the Company. Shareholder meeting materials include a statement encouraging all shareholders to participate in 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. | YES | The Board Charter provides that the Chair must ensure all substantive resolutions at shareholder meetings will be decided by a poll rather than a show of hands. The Company's share registry will assist with the running of the poll. |
| 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. | YES | The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report |

| RECOMMENDATIONS (4 TH EDITION) | COMPLY | EXPLANATION |
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| | | and half yearly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries are referred to the Company Secretary in the first instance. |
| Principle 7: Recognise and manage risk | | |
| Recommendation 7.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (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. | YES | <p>The Company has an Audit and Risk Committee. The members of the Audit and Risk Committee were Mr. B. McHarrie (Chair), Ms. K. Bates (member) and Mr. C. Mews (member) until 19 April 2021. Following 19 April 2021, the members were Mr. B. McHarrie (Chair), Ms. K. Bates (member), Mr. C. Mews (member) and Mr. R. Clifford (member).</p> <p>The Committee was chaired by an independent Director during the financial year. The Committee had a majority of independent Directors during the financial year.</p> <p>The number of times the Committee met during that year and the individual attendances of the members at those meetings is disclosed in the Company's Annual Report. The Annual Report also includes the qualifications and experience of all Directors including the Directors which are members of the Committee.</p> <p>The Charter of the Audit and Risk Committee is included in the Corporate Governance Plan which is located in the Corporate Governance page of the Company's website. The Charter outlines the process of risk management and internal compliance and control.</p> |
| Recommendation 7.2 The board or a committee of the board should: <ul style="list-style-type: none"> (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. | YES | <ul style="list-style-type: none"> (a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee should, at least annually, consider the overall risk management framework and risk profile and annually review its effectiveness in meeting sound corporate governance principles and keep the Board informed of all significant business risks. (b) The Company's Board is focused on the management of risk. Risk is a standing agenda item at each Board meeting. The Company's Risk Register is monitored and updated by management periodically. The Company's Audit and Risk Committee also reviews the Company's risk management framework at least annually. The Company has completed a review of the Company's risk management framework during 2021. |
| Recommendation 7.3 A listed entity should disclose: | YES | <p>The Company does not currently have a formal internal audit function, however the Board oversees the effectiveness of governance, risk management and internal control processes.</p> |

| RECOMMENDATIONS (4 TH EDITION) | COMPLY | EXPLANATION |
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| <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p> | | <p>Management is charged with resourcing, operating and monitoring the system of internal control, incorporating risk responses in the form of controls into its management systems, and reporting results of the effectiveness of these systems to the Board.</p> <p>Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems adopted by the Company have been designed to meet the Company's specific needs and the risks to which it is exposed. Internal control measures currently adopted by the Board include:</p> <ul style="list-style-type: none"> (i) monthly reporting to the Board in respect of operational and financial performance; (ii) authority limits established for management which must not be exceeded unless prior Board approval is obtained; (iii) a compliance procedure and policy for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and (iv) regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks. <p>The Board monitors the need for an internal audit function having regard to the size, location and complexity of the Company's operations.</p> <p>The Board reviews risk management and internal compliance procedures at each Board meeting under the heading of 'Risk' and monitors the quality of the accounting function.</p> |
| <p>Recommendation 7.4</p> <p>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.</p> | YES | <p>The Audit and Risk Committee Charter requires the Audit and Risk Committee to assist management determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> <p>The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company's exposure to material economic, environmental and social sustainability risks, if any, is included in the Operations Review, Directors' Report and the financial statements all contained in the Annual Report and under its continuous disclosure obligations.</p> |

| RECOMMENDATIONS (4 TH EDITION) | COMPLY | EXPLANATION |
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| Principle 8: Remunerate fairly and responsibly | | |
| Recommendation 8.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (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. | YES | <p>The full Board acted in the capacity of the Remuneration and Nomination Committee under the adopted Charter of the Remuneration and Nomination Committee up until 19 April 2021. The members of the Remuneration and Nomination Committee post 19 April 2021 were Mr. G. Starr (Chair), Mr. R. M. Johnston (member) and Dr K. Adams (member). All members, including the Chair, are independent non-executive Directors of the Company.</p> <p>The number of times the Committee met during that year and the individual attendances of the members at those meetings is disclosed in the Company's Annual Report. The Annual Report also includes the qualifications and experience of all Directors including the Directors which are members of the Committee.</p> <p>Prior to April 2021, if remuneration matters were discussed during meetings of the full board, Directors were excluded from individual discussions as required. The Board will continue to assess the Company's circumstances and will establish a separate Remuneration Committee when deemed appropriate. The procedures detailed in the Remuneration and Nomination Committee Charter continue to be relevant and outlines the process employed by the Board of Directors for determining the structure of remuneration for Directors and senior executives.</p> <p>The Charter of the Remuneration and Nomination Committee is included in the Corporate Governance Plan which is located in the Corporate Governance page of the Company's website.</p> |
| 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. | YES | <p>The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in the Remuneration Report contained in the Company's Annual Report as well as being disclosed on the Company's website.</p> |
| Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> (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. | YES | <ul style="list-style-type: none"> (a) The Company had an equity based remuneration scheme during the past financial year. The Company's policies and practices regarding the remuneration of Directors and senior executives, including equity-based remuneration, is disclosed in the Remuneration Report in the Annual Report. (b) Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in equity based remuneration or in unvested entitlements. |