

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

K2fly Limited

ABN/ARBN

69 125 345 502

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://k2fly.com/investors/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 29 September 2021 and has been approved by the board.

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

Date: 29 September 2021

Name of authorised officer
authorising lodgement:

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

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

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

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

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

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

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

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

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	☒ and we have disclosed a copy of our board charter at: https://k2fly.com/investors/corporate-governance/	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

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

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

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <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
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	☐ and we have disclosed a copy of our diversity policy at: [insert location] and we have disclosed the information referred to in paragraph (c) at: [insert location] and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.	☒ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ and we have disclosed the evaluation process referred to in paragraph (a) at: https://k2fly.com/investors/corporate-governance/ and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: Corporate Governance Statement	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ 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
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.	☒ and we have disclosed the evaluation process referred to in paragraph (a) at: https://k2fly.com/investors/corporate-governance/ and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: Corporate Governance Statement	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ 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 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 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a nomination committee and the processes we employ 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 at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	☒ and we have disclosed our board skills matrix at: Corporate Governance Statement	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒ and we have disclosed the names of the directors considered by the board to be independent directors at: Corporate Governance Statement and, where applicable, the information referred to in paragraph (b) at: Corporate Governance Statement and the length of service of each director at: Corporate Governance Statement	☐ 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
2.4	A majority of the board of a listed entity should be independent directors.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	☒ and we have disclosed our values at: https://k2fly.com/investors/corporate-governance/	☐ 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.	☒ and we have disclosed our code of conduct at: https://k2fly.com/investors/corporate-governance/	☐ set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	☒ and we have disclosed our whistleblower policy at: https://k2fly.com/investors/corporate-governance/	☐ 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.	☒ and we have disclosed our anti-bribery and corruption policy at: https://k2fly.com/investors/corporate-governance/	☐ 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
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.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	☒	☐ set out in our Corporate Governance Statement
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	☒	☐ 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
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.	☒ and we have disclosed our continuous disclosure compliance policy at: https://k2fly.com/investors/corporate-governance/	☐ set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	☒	☐ set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	☒	☐ set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	☒ and we have disclosed information about us and our governance on our website at: https://k2fly.com/investors/corporate-governance/	☐ set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	☒	☐ set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	☒ and we have disclosed how we facilitate and encourage participation at meetings of security holders at: Corporate Governance Statement	☐ set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	☒	☐ set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	☒	☐ set out in our Corporate Governance Statement

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
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement
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.	☒ and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: https://k2fly.com/investors/corporate-governance/	☐ 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.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed how our internal audit function is structured and what role it performs at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> 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 at: <i>[insert location]</i>	☒ 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.	☐ and we have disclosed whether we have any material exposure to environmental and social risks at: <i>[insert location]</i> and, if we do, how we manage or intend to manage those risks at: <i>[insert location]</i>	☒ 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
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.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: https://k2fly.com/investors/corporate-governance/ and the information referred to in paragraphs (4) and (5) at: Corporate Governance Statement <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: Corporate Governance Statement	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	☒ 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 at: Corporate Governance Statement and in the Annual Report	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	☐ and we have disclosed our policy on this issue or a summary of it at: Corporate Governance Statement	☐ set out in our Corporate Governance Statement OR ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

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
ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	☐ and we have disclosed information about the processes in place at: [insert location]	☐ set out in our Corporate Governance Statement OR ☒ we do not have a director in this position and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	☐	☐ set out in our Corporate Governance Statement OR ☒ we are established in Australia and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	☐	☐ set out in our Corporate Governance Statement OR ☒ we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable ☐ we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	☐ and we have disclosed the information referred to in paragraphs (a) and (b) at: [insert location]	☐ 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
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	☐ and we have disclosed the terms governing our remuneration as manager of the entity at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement



2021 CORPORATE GOVERNANCE STATEMENT

BASIS OF PREPARATION

The Board of Directors of K2fly Ltd (**Company**) is responsible for the corporate governance of the Company and guides and monitors the business and affairs of the Company on behalf of its shareholders.

The format of this 2021 Corporate Governance Statement is based on ASX Corporate Governance Council's (the **Council**) *Corporate Governance Principles and Recommendations* (4th edition). In accordance with the Council's recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period.

Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. The Company's Corporate Governance Statement is structured with reference to the Council's principles and recommendations, which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Act ethically and responsibly
Principle 4	Safeguard integrity in corporate reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

Commensurate with the spirit of the *Corporate Governance Principles and Recommendations*, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and Board, resources available and activities of the Company. Where the Company's corporate governance practices depart from the *Corporate Governance Principles and Recommendations*, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Company's corporate governance statement and practices were:

- in place throughout the year ended 30 June 2021; and
- approved by the Board.

Registered Office

Level 1, Grand Central, 26 Railway Road
Subiaco WA 6008
T +61 8 6333 1833 • E info@k2fly.com
www.k2fly.com

For further information on the Company's corporate governance statement and adopted policies, please refer to its website: k2fly.com/investors/corporate-governance/.

The Company revised its corporate governance policies on 29 September 2021. The policies referred to in this Corporate Governance Statement are in respect of the policies in place as at 30 June 2021, unless otherwise indicated.

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

The Board is ultimately accountable for the performance of the Company and is responsible for the strategic direction, policies, practices, establishing goals for management and the operation of the Company. It appoints the Chief Executive Officer (Executive Director) and approves the appointment of other Executive Directors and assesses their performance on an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications.

Management is responsible for implementing the Board's strategy, day-to-day operational aspects, and ensuring that all material risks and performance issues are brought to the Board's attention. They must operate within the authority delegated to the position, as set by the Board.

The Company has adopted a Board Charter that sets out the objectives, responsibilities and administration of the board of directors and its relationship with the Chief Executive Officer of the Company, and any committees of the Board that may be established.

A copy of the Board Charter adopted by the Company is available from the Company's website at k2fly.com/investors/corporate-governance/.

Recommendation 1.2

The Company undertakes a comprehensive screening and verification process 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 material 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 Company also undertakes a comprehensive screening and verification process prior to appointing a senior executive.

Recommendation 1.3

The terms of the appointment of non-executive directors, executive directors and senior executives are agreed upon and set out in writing at the time of each appointment. The agreement sets out: remuneration (including superannuation entitlements); requirement to disclose interests and matters which may affect independence; requirement to comply with key corporate policies (including the Company's Code of Conduct and Securities Trading Policy); policy on when directors may seek independent professional advice at the expense of the Company (which generally should be whenever directors, especially non-executive directors, judge such advice necessary for them to discharge their responsibilities as directors); the circumstances in which the director's office becomes vacant; indemnity and insurance arrangements; ongoing rights of access to corporate information; and ongoing confidentiality obligations.

A copy of the Code of Conduct and Securities Trading Policy adopted by the Company are available from the Company's website at k2fly.com/investors/corporate-governance/.

Recommendation 1.4

The Company Secretary reports directly to the Board through the Chair and is accessible to all directors. The Company Secretary advises the Board and its committees on governance matters; monitors that Board and committee policy and procedures are followed; coordinates the timely completion and despatch of Board and committee papers; and ensures that the business at Board and committee meetings is accurately captured in the minutes.

Recommendation 1.5

The Company has recently adopted a formal diversity policy. The Company respects and values the benefit of diversity throughout the Company in order to enrich the Company's perspective, improve corporate performance, increase shareholder value and maximise the probability of achievement of the Company's objectives. The principles of diversity and equal opportunity were incorporated into the Company's Code of Conduct for Directors and Officers, and also its Code of Conduct for Employees and Contractors. It also has a formal Workplace Harassment and Discrimination Policy. The Company is currently satisfied with the level of age, cultural and gender diversity among its employees and executives and therefore has not set measurable objectives in relation to diversity.

As at 30 June 2021, the Company had one female board member (25%), and 25% of its staff were women.

The Company is not a 'relevant employer' for the purposes of the Workplace Gender Equality Act 201, and therefore no gender equality indicators are disclosed.

Recommendations 1.6 and 1.7

The Company has a Performance Evaluation Practices policy which is available from the Company's website at k2fly.com/investors/corporate-governance/.

Performance evaluations are conducted on the Board's performance, and in respect of senior management's performance for the year ended 30 June 2021 and each year are completed, at the latest, prior to the Company's Annual General Meeting

PRINCIPLE 2: STRUCTURE THE BOARD 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 Company does not maintain a nomination committee, as it is considered that the current size of the Board does not warrant the formal establishment of a separate committee. The Board as a whole is responsible for the nomination and selection of directors.

Recommendation 2.2

The Board regularly and at least annually as part of the Board evaluation process conducts a review of its structure, composition and performance. This is also in accordance with the Board Performance Evaluation Policy available from the Company's website at k2fly.com/investors/corporate-governance/.

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

It is intended that the Board should comprise Directors having qualifications, skills, expertise and experience from a diverse range of backgrounds, including financial acumen, governance, regulatory, risk management and industry experience, which will assist the Board in fulfilling its

responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.

When the need for a new director is identified, the required experience and competencies of the new director will be defined in the context of this matrix and any gaps that may exist.

Generally, a list of potential candidates will be identified based on these skills required and other issues such as geographic location and diversity criteria. Candidates will be assessed against the required skills and on their qualifications, backgrounds and personal qualities. In addition, candidates are sought who have a proven track record in creating security holder value and the required time to commit to the position. Appropriate background and other checks are undertaken before finalising the appointment.

This process and the skills matrix are used in the consideration and any new appointments to the Board.

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.

Details of the skills, experience and expertise relevant to the position of each Director who is in office will be included in each Annual Report.

The Board skills matrix set out below, describes the combined skills, experience and expertise presently represented on the Board. To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors.

Skills, Experience and Expertise

- CEO level experience
- ASX listed company experience
- Capital markets
- Finance
- Legal
- Strategy and risk management
- Governance
- Human resources and executive remuneration
- Financial acumen and transaction experience
- Mergers and acquisitions
- Marketing / customers / sales
- International business experience
- Corporate sustainability

Recommendation 2.3

Details of the Board of directors, their appointment date, length of service and independence status is as follows:

Director's name	Role	Length of service	Independent
Brian Miller	Chief Executive Officer and Executive Director	18 November 2016 – present	No
Neil Canby	Non-Executive Director	14 February 2017 – present	Yes
James Deacon	Non-Executive Director	14 February 2017 – present	Yes
Jenny Cutri	Non-Executive Chair	15 September 2017 – present	Yes

Recommendations 2.4 and 2.5

The Board is currently comprised of a majority of independent directors, including an independent chair, with a range of skills and experience.

The Company has adopted a definition of "independence" that is consistent with the ASX's *Corporate Governance Principles and Recommendations*.

Recommendation 2.6

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to obtain independent professional advice on any matter connected with the discharge of their responsibilities, with prior notice to the Chairman, at the Company's expense.

An induction program is followed for any new directors and all 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: ACT 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

The Company has formulated and disclosed values, which form the Company's guiding principles and norms which define the type of organisation it aspires to be. The Company's driving purposes is to have our software and our people contribute to a more sustainable and transparent world and to provide solutions which have a 'net positive benefit'.

Our values are:

- **Integrity** – we will do the right thing and always strive to create value for our clients and our partners. Including we will do what, what we say will do and not be afraid to voice our concerns if we see unethical or inappropriate behaviours.
- **Collaboration** – we will listen, learn and think together, and we will develop a 'One K2fly' culture. We will be an inclusive organisation and we will each take responsibility for outcomes within K2fly and its client base. We will not be restrained by working in silos and we will welcome the engagement of industry partners.
- **Growth** – We will share ideas, knowledge and learning to grow and improve ourselves, each other and our clients. Our goal is to grow to be seen as a thought leader in our specialist areas. We will drive to constantly and consistently improve our solutions and our delivery capability.
- **Customer Focused** – We will develop enhanced client intimacy by establishing a record of consistently delivering and exceeding expectations. Our plan is to "land & expand" within the client base where we deliver more than one solution or service to any given client. This will require the discipline and focus to ensure that the client sees us as a trusted partner who helps them deliver on their targets.
- **Curiosity** –We will be curious, creative and innovative in all that we do. We will work dynamically to ensure that we contribute to the building of new or improved solutions. We will keep a watching brief on external factors, be they economic, political or social to ensure K2fly's commercial success.

Recommendation 3.2

The Company maintains Codes of Conduct for its directors, senior executives, employees and contractors. In summary, the Codes of Conduct require that each person: act honestly and with integrity, operate within the law, follow the Company's policies, act in good faith and in the best interests of the Company; exercise a duty of care; use the powers of office in the best interests of the Company and not for personal gain; declare any conflict of interest; safeguard the Company's assets and information; and not undertake any action that may jeopardise the reputation of Company. The Codes of Conduct also addresses corporate misconduct (including fraud, unlawful or unethical payments or inducements) and the consequences of any breaches to the Codes are reviewed as necessary to ensure they reflect the high ethical standards of conduct necessary to maintain confidence in the Company's integrity.

The Codes of Conduct - are available from the Company's website at k2fly.com/investors/corporate-governance/.

Recommendation 3.3

The Company has established a Whistleblower Policy for its directors, senior executives and employees. The Whistleblower Policy is aligned to the Company's Codes of Conduct and aims to maintain the highest standards of ethical behaviour and integrity.

The Whistleblower Policy is available from the Company's website at k2fly.com/investors/corporate-governance/.

Recommendation 3.4

The Company has established an Anti-bribery and Corruption Policy for its directors, senior executives and employees. The Anti-bribery and Corruption Policy is aligned to the Company's Codes of Conduct and aims to affirm the Company's responsibility and commitment to full compliance with applicable Anti-bribery or anti-corruption laws and the provision of assistance to the relevant authorities to detect and prevent criminal activity.

The Anti-bribery and Corruption Policy is available from the Company's website at k2fly.com/investors/corporate-governance/.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING.

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

Recommendation 4.1

During the year ended 30 June 2021 the Company did not maintain an audit committee, as it was considered that the size and composition of the Board did not warrant the formal establishment of a separate committee. The Board performed the functions of such a committee which included review and monitoring of periodic management information and the systems used to generate financial information that provided the content for the Annual Report. The Board has processes in place to ensure that it can independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external audit and the rotation of the audit engagement partner. If necessary, the Board appoints external independent professionals to provide the necessary independent verification.

The Audit Committee Charter is available from the Company's website at k2fly.com/investors/corporate-governance/.

Recommendation 4.2

In accordance with the ASX Recommendations 4.2 the Company's Chief Executive Officer and equivalent to CFO provided the Board with the required declarations for the financial year ended 30 June 2021 and the half-year ended 31 December 2020.

Recommendation 4.3

In accordance with the ASX Recommendation 4.3, periodic corporate reports are reviewed and approved by the Board prior to release to the market. Where appropriate guidance is sought from its external auditor in terms on how matters should be reported.

PRINCIPLE 5: MAKING 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

The Company has adopted a formal written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.

This policy outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its market communications.

The Company's Continuous Disclosure Policy is available from the Company's website at k2fly.com/investors/corporate-governance/.

Recommendation 5.2

To ensure the Board has timely visibility of the nature and quality of information being disclosed to the market and the frequency of those disclosure, the Board members promptly receive a copy of all material market announcements after they have been made

Recommendation 5.3

The Company released copies of all its investor and analyst presentation materials via the ASX market announcements platform ahead of presentations.

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

The Company maintains information in relation to governance documents, Board and committee charters, annual reports, Australian Securities Exchange announcements and contact details on the Company's website, k2fly.com/investors.

The Company continuously reviews its website to identify ways in which it can promote its greater use by shareholders and make it more informative.

Recommendation 6.2

The Company has a Shareholder Communications Policy which aims to ensure that 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 access market announcements via the Australian Securities Exchange, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the Australian Securities Exchange is immediately posted.

The Company's Shareholder Communication Policy is available from the Company's website at k2fly.com/investors/corporate-governance/.

Recommendation 6.3

The Board engage with investors at general meetings and the AGM as well as responds to shareholder enquiry on an ad hoc basis. Investors are encouraged to attend and participate in shareholder meetings. Material communications are dispatched to investors either via email, surface mail, and/or market announcement.

Recommendation 6.4

The Company confirms that all resolutions at shareholder meetings are decided by poll rather than a show of hands.

Recommendation 6.5

The Company engages its share registry to manage most of its communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through its share registry, Advanced Share Registry at advancedshare.com.au/.

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

During the year ended 30 June 2021 the Company did not maintain a risk committee, as it was considered that the size of the Company and composition of the Board did not warrant the formal establishment of a separate committee.

Recommendations 7.2 and 7.3

During the period the Board as a whole performed the function of such a committee which included setting of corporate governance policy and exercising due care and skill in assessing risk, developing strategies to mitigate such risk, monitoring the risk and the Company's effectiveness in managing it. The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to report back on the efficiency and effectiveness of risk management, and on any risks that have been identified.

The Company has adopted a Risk Management and Internal Compliance and Control Policy which is available from the Company's website at k2fly.com/investors/corporate-governance/.

The Company has developed a risks register/matrix – whereby risks are stated and classified in terms of probability and impact and each risk is given an overall risk rating. The risks register is reviewed by the Board on a regular basis and risks are discussed during Board meetings.

Recommendation 7.4

The Company is of the view that its operations do not create a material exposure to economic, environmental and social sustainability risks.

However, to the extent that any of our clients, which are mainly in the resources and asset intensive industries, are impacted by environmental and social sustainability risks (including climate change) we may be impacted in terms of our contracts and renewals of any contract.

Although it should be noted our business involves the sale of software products and solutions to assist companies to manage and report their environmental, social and governance risks.

In terms of exposure to economic risks, we could be impacted by worldwide matters which have economic impact, such as Covid-19. However, we have clients around the world so our risk is dispersed and not impacted by any one domestic economy.

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

In compliance with the recommendation, the Company has a Remuneration Committee.

James Deacon (Non-Executive Director) is the independent chair of the Remuneration Committee, with Neil Canby and Jenny Cutri (who are also independent Non-Executive Directors) as members. The composition of the Remuneration Committee complies the *Corporate Governance Principles and Recommendations*.

During the year ended 30 June 2021, there was six (6) meetings of the Committee held, attended by all members.

The function of the Committee includes making recommendations in connection with setting the Company's remuneration structure, determining eligibilities to incentive schemes, assessing performance and remuneration of senior management and determining the remuneration and incentives of the Board and Chief Executive Officer.

The Remuneration Committee Charter is available from the Company's website at k2fly.com/investors/corporate-governance/.

Recommendation 8.2

Details in relation to the Company's remuneration policies are contained in the Remuneration Report, within the Directors' Report in the Company's Annual Report. The Company's remuneration policies are considered on annual basis by the Remuneration Committee to ensure they appropriately reflect the differing roles and responsibilities of non-executive directors, executive directors and other senior executives.

If the Remuneration Committee considers it appropriate, independent external guidance is sought from remuneration specialists.

Recommendation 8.3

During the year ended 30 June 2021, the Company granted securities under an equity-based remuneration scheme to employees. The Company's Securities Trading Policy prohibits employees, directors and officers from entering into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair.

This prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

In accordance with the *Corporate Governance Principles and Recommendations*, Non-Executive Directors do not receive performance based remuneration.