

# OREXPLORE TECHNOLOGIES LIMITED

ACN 645 505 406

## CORPORATE GOVERNANCE STATEMENT

Orexlore Technologies Limited (**Company**) and the Board of Directors of the Company (**Board**) are committed to achieving and maintaining high standards of corporate governance.

The Company's practices are largely consistent with the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Recommendations). Given the size and stage of development of the Company, the Board considers that the implementation of a limited number of Recommendations is not appropriate, for the reasons set out below.

The directors of the Company (**Directors**) are responsible to the shareholders for the performance of the Company in both the short and the long term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

As required by the ASX Listing Rules, the Company's main corporate governance policies and practices are summarised below, having regard to the Recommendations. Details of the Company's corporate governance plan and related documents are available online at [www.orexplore.com](http://www.orexplore.com).

This corporate governance statement is current as at 22 November 2021 and has been approved by the Board.

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## 1. Principle 1: Lay solid foundations for management and oversight

### 1.1 Board of Directors and Senior Management – Roles and Responsibilities

#### **Recommendation 1.1**

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

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

The Board has adopted a formal charter that details the functions and responsibilities of the Board and management (**Board Charter**).

The Board is responsible for all matters relating to the running of the Company including all matters relating to the policies, practices, management and operations of the Company. The following decisions must be approved by the Board:

- (a) issuing shares in the Company;
- (b) acquiring, selling or otherwise disposing of property in excess of the amount set out in the Company's approval matrix;
- (c) founding, acquiring or selling subsidiaries the Company, participating in other companies or dissolving or selling the Company's participation in other companies (including project joint ventures);
- (d) acquiring or selling patent rights, rights in registered trademarks, licences or other intellectual property rights of the Company;
- (e) founding, dissolving or relocating branch offices or other offices and facilities;
- (f) starting new business activities, terminating existing business activities or initiating major changes of the Company's business activities;
- (g) approving and/or altering the annual business plan (including financial planning) for the Company;
- (h) taking or granting loans which exceed the amount set out in the Company's approval matrix (including, without limitation, the placing of credit orders, issuing of promissory notes or loans against IOUs);
- (i) granting securities of any type over the assets of the Company;
- (j) granting loans to Company officers or employees and taking over guarantees for the Company's officers and employees;
- (k) determining the total amount of bonuses and gratuities for Company officers and employees;
- (l) determining the appointment, termination, prolongation of employment or amendment to conditions of employment of members of the Board of Directors; and
- (m) granting or revoking a power of attorney or limited authority to sign and/or act on behalf of the Company.

Some board functions will be handled through Board Committees as and when the size and scale of operations of the Company is deemed to require such Committees. However, the Board as a whole is responsible for determining the extent of the powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

The Managing Director (as a delegate of the Board) is responsible for the effective leadership and day-to-day operations and administration of the Company.

The Company's Board Charter is available on the Corporate Governance section of the Company's web-site [www.orexplorer.com](http://www.orexplorer.com).

## 1.2 Board nominations

### Recommendation 1.2

A listed entity should:

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

The Board will consider nominations for appointment or election of Directors that may arise from time to time, having regard to the skills and experience required by the Company and procedures outlined in the Company's constitution and the Corporations Act.

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a Director. Candidates are assessed through interviews, meetings and background and reference checks (which may be conducted both by external consultants and by Directors) as appropriate.

The Company provides shareholders with all material information relevant to the decision whether or not to elect or re-elect a Director, in the notice of meeting and explanatory statement for the relevant meeting.

## 1.3 Directors and Senior Executives - Terms of appointment

### Recommendation 1.3

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

Under the Board Charter, the Company must have a written agreement with each Director and senior executive setting out the terms of their appointment.

Each Non-Executive Director receives a letter formalising their appointment and outlining the material terms of their appointment. Non-Executive Directors of the Company are not appointed for a fixed term.

The Managing Director has signed an executive service agreement setting out their duties, obligations and remuneration.

## 1.4 Company Secretary

### Recommendation 1.4

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

The Company Secretary is accountable to the Board, through the Chair, on all governance matters and reports directly to the Chair as the representative of the Board. The Company Secretary has primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively.

## 1.5 Diversity

### Recommendation 1.5

A listed entity should:

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

The Company's workforce is made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, valued and respected. To enumerate its commitment to diversity in its workforce, including but not limited to gender diversity, the Company has established a Diversity Policy, a copy of which is available on the Corporate Governance section of the Company's web-site.

The overriding objective of the Diversity Policy is to align the Company's business operations with the positive outcomes that can be achieved through a diverse workforce that recognises and utilises the contribution of its diverse skills and talent. The Diversity Policy also seeks to ensure that the Company has a properly functioning workplace where discrimination, harassment and victimisation are not tolerated.

The Board is tasked with responsibility for the Diversity Policy, including the responsibility to regularly review and monitor the effectiveness of the policy.

Due to the current size and composition of the organisation, the Board does not consider it appropriate to provide measurable objectives in relation to gender diversity. The Company is committed to ensuring that the appropriate mix of skills, expertise, and diversity are considered when employing staff at all levels of the organisation and when making new senior executive and Board appointments and is satisfied that the composition of employees, senior executives and members of the Board is appropriate.

The Company currently has no female board members or senior executives.

## 1.6 Board performance review and evaluation

### Recommendation 1.6

A listed entity should:

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

The Company's Board Charter and the Performance Evaluation Policy detail the processes for evaluating the Board, its committees and individual Directors, which includes an annual review of the ongoing development and assessment of the Board's (and individual Director) performance by the Board and any Board Committees. The Performance Evaluation Policy is available on the Corporate Governance section of the Company's web-site.

No performance evaluation was undertaken during the year with respect to the Board, individual Directors or Board committees, as the Company was only incorporated in October 2020.

The Board sets a number of expectations for its committees after considering the results of previous reviews, an assessment of the Company's current and future needs, and a review of each committee's charter or purpose.

The Board will review the performance of the committees, and itself, against expectations. Based upon the review, individuals and groups will be provided with feedback on their performance.

## 1.7 Senior executive performance review and evaluation

### Recommendation 1.7

A listed entity should:

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

All senior executives are subject to an annual performance evaluation. Each year, senior executives (including the Managing Director) are required to establish a set of performance targets. These targets are aligned to overall business goals and the Company's corporate objectives. In the case of the Managing Director, these targets are agreed between the Managing Director and the Board and approved by the full Board.

An informal assessment of progress is carried out throughout the year. A full evaluation of an executive's performance against the agreed targets takes place annually. This will normally occur in conjunction with goal setting for the coming year. As the Company is committed to continuous improvement and the development of its people, the results of the evaluation form the basis of the executive's development plan. Performance pay components of executives' packages are also dependent on the outcome of the evaluation.

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## 2. Principle 2: Structure the Board to be effective and add value

### 2.1 Nomination committee

#### **Recommendation 2.1**

The board of a listed entity should:

- (a) have a nomination committee which:
  - (1) has at least three members, a majority of whom are independent directors; and
  - (2) is chaired by an independent director,and disclose:
  - (3) the charter of the committee;
  - (4) the members of the committee;
  - (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 process 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.

Due to the current size of the Board, the Company does not have a separate nomination committee. The roles and responsibilities of a nomination committee are currently undertaken by the Board.

The duties of the full Board in its capacity as a nomination committee are set out in the Company's Remuneration and Nomination Committee Charter. The Charter describes the role, composition, functions and responsibilities of a Nomination Committee. When the Board meets as a remuneration and nomination committee it carries out those functions which are set out in the Company's Remuneration and Nomination Committee Charter.

The Board as a whole reviews the size, structure and composition of the Board including competencies and diversity, in addition to reviewing Board succession plans and continuing development.

### 2.2 Skills, knowledge and experience

#### **Recommendation 2.2**

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

The Company's objective is to have an appropriate mix of expertise and experience on its Board so that it can effectively discharge its corporate governance and oversight responsibilities. It is the Board's view that the current Directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and progress the Company's strategic objectives. This mix is subject to review on a regular basis as part of the Board's performance review process.

The Board does not maintain a formal matrix of Board skills and experience, however the diversity of experience and assessment of any gaps in skills and experiences are a key consideration for any proposed appointment to the Board.

A profile of each Director setting out their skills, experience and period of office is set out in the Company's prospectus dated 22 November 2022 (**Prospectus**).

## 2.3 Independence and length of service

### Recommendation 2.3

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position or relationship of the type described in Box 2.3 (Factors relevant to assessing the independence of a director) 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.

As at 22 November 2021 (the date of lodgement of the Prospectus with ASIC and ASX), the Board consists of:

Name	Role	Independent?	Date appointed
Brett Giroud	Managing Director	No	1 July 2021
Alan Bye	Non-Executive Director	No	29 October 2020
Kent Swick	Non-Executive Director	No	29 October 2020
Stuart Carmichael	Non-Executive Director	Yes	24 February 2021
Stefan Sädbom	Non-Executive Director	Yes	15 October 2021

Brett Giroud is not considered independent on the basis that he holds the role of Managing Director. Alan Bye is not considered independent on the basis that he has undertaken consulting work for the Company in the 12 months prior to the date of the Prospectus and also on the basis that Dr Bye will receive performance rights from the Company. Kent Swick is not considered independent on the basis that he is a substantial shareholder of the Company.

Despite this, the Board believes that Mr Giroud, Dr Bye and Mr Swick are able, and do make, quality and independent judgments in the best interests of the Company on all relevant issues before the Board.

The Board assesses the independence of Directors on an ongoing basis.

## 2.4 Majority of independent Directors

### Recommendation 2.4

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

Currently, the Board consists of five Directors, of which two are non-executive independent directors.

The Company has, at this stage, decided to select directors with the expertise and experience to support the Company's business strategy rather than strictly adhere with this recommendation. The Company will consider ways of restructuring its Board in the future to ensure that a majority of its members are independent.

## 2.5 Independent Chair

### 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.

The Chair of the Company is Dr Alan Bye who is not considered to be an independent Director on the basis that he has undertaken consulting work for the Company in the 12 months prior to the date of the Prospectus and also on the basis that Dr Bye will receive performance rights from the Company. His role is separate from the role of Managing Director or Chief Executive Officer of the Company.

The Board believes that Dr Bye is able, and does make, quality and independent judgments in the best interests of the Company on all relevant issues before the Board. The Chair is expected to bring independent thought and judgement to their role in all circumstances. Where matters arise in which there is a perceived conflict of interest, the Chair must declare their interest and abstain from any consideration or voting on the relevant matter.

## 2.6 Induction and professional development

### Recommendation 2.6

A listed entity should have a program for inducing 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.

New directors are provided with an induction process which includes meetings with key executives, tours of the Company's premises, an induction package and presentations. The Company also expects all Directors and the Managing Director to commit to ongoing professional development each year and encourages Directors to participate in training and development programs.

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

### 3.1 Statement of values

#### Recommendation 3.1

A listed entity should articulate and disclose its values.

The Board has approved a statement of values with the Directors being responsible for promoting those values across the Company.

A copy of the Company's statement of values is available on the Corporate Governance section of the Company's web-site.



### 3.2 Code of conduct

#### **Recommendation 3.2**

A listed entity should:

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

The Company seeks to encourage and develop a culture which will maintain and enhance its reputation as a valued corporate citizen in the jurisdictions in which it operates.

The Company has established a Code of Conduct that sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standards of behaviour expected from Directors and employees. The Code of Conduct sets out policies in relation to various corporate and personal behaviour including safety, discrimination, respecting the law, anti-corruption, interpersonal conduct and conflict of interest.

The objective of the Code of Conduct is to provide a framework for decisions and actions in relation to ethical conduct in employment, to safeguard the Company's reputation and to make clear the consequences of breaching the Code of Conduct.

A copy of the Company's Code of Conduct is available on the Corporate Governance section of the Company's web-site.

### 3.3 Whistleblower policy

#### **Recommendation 3.3**

A listed entity should:

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

The Board has adopted a whistleblower protection policy to ensure any potential concerns regarding unacceptable conduct including breaches of the Company's code of conduct can be raised on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The purpose of this policy is to promote responsible whistle blowing about issues where the interests of others, including the public, or of the organisation itself are at risk.

A copy of the Company's whistleblower policy is available on the Corporate Governance section of the Company's web-site.

### 3.4 Anti-bribery and corruption policy

#### **Recommendation 3.4**

A listed entity should:

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

The Board has a zero-tolerance approach to bribery and corruption and is committed to the Company acting professionally, fairly and with integrity in all business dealings. The Board has adopted an anti-bribery and anti-corruption policy for the purposes of setting out the

responsibilities in observing and upholding the Company's position on bribery and corruption, reinforce the Company's values as set out in its statement of values and provide information and guidance to those working for the Company on how to recognise and deal with bribery and corruption issues.

A copy of the Company's anti-bribery and corruption policy is available on the Corporate Governance section of the Company's web-site.

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#### **4. Principle 4: Safeguard the integrity of corporate reports**

##### **4.1 Audit committee**

###### **Recommendation 4.1**

The board of a listed entity should:

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

As a consequence of the current size and composition of the Company's Board , the Board does not have a stand-alone audit committee.

The Board as a whole has responsibilities typically assumed by an audit committee, including but not limited to:

- (a) verifying and safeguarding the integrity of the Company's financial reporting;
- (b) reviewing and approving the audited annual and reviewed half-yearly financial reports;
- (c) reviewing the appointment of the external auditor, their independence and performance, the audit fee, any questions of their resignation or dismissal and assessing the scope and adequacy of the external audit.

Matters typically dealt with by an audit committee are dealt with by the full Board.

Information on the Company's procedures for the selection and appointment of the external auditor and the rotation of external audit partners is set out in the Audit Committee Charter, which is available on the Company's web-site.

## 4.2 CEO and CFO declarations

### 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.

Under the Company's Risk Management Policy, the Board receives, prior to their approval of the Company's financial statements for a financial period, written assurances from the Managing Director and the Chief Financial Officer that, in their respective opinions, the financial records of the Company have been properly maintained, comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively, as required under section 295A of the Corporations Act and as per the Recommendations.

No written assurance has been obtained to date due the Company being incorporated in October 2020.

## 4.3 Periodic corporate reports

### 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.

Quarterly and other periodic reports for release to the market shall be prepared and reviewed by the Managing Director before being presented to the Board for review and approval. Such reports shall not be released to market without this review and approval process by executive management and the Board.

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## 5. Principle 5: Make timely and balanced disclosure

### 5.1 Continuous disclosure to ASX

#### Recommendation 5.1

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

The Company has established a Continuous Disclosure Policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all Directors, senior executives and employees of the Company understand their responsibilities under the policy. The Continuous Disclosure Policy is available on the Corporate Governance section of the Company's web-site.

The Continuous Disclosure Policy:

- (a) raises awareness of the Company's obligations under the continuous disclosure regime;
- (b) establishes a process to ensure that information about the Company which may be market sensitive and which may require disclosure is brought to the attention of the relevant person, in a timely manner and is kept confidential; and
- (c) sets out the obligation of Directors, officers and employees of the Company to ensure that the Company complies with its continuous disclosure obligations.

In accordance with the Company's Continuous Disclosure Policy, all information provided to ASX for release to the market is also posted to the Company's web-site.

## **5.2 Copies of market announcements**

### **Recommendation 5.2**

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

Copies of all market announcements released by the Company to the ASX are circulated to directors immediately following lodgement with the ASX.

The Continuous Disclosure Policy of the Company is available on the Corporate Governance section of the Company's web-site.

## **5.3 Presentation materials**

### **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.

As part of the Company's Continuous Disclosure Policy, all substantive presentations to be made by the Company are released to the ASX Market Announcements Platform ahead of the presentation. A copy of the Continuous Disclosure Policy is available on the Corporate Governance section of the Company's web-site.

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## **6. Principle 6: Respect the rights of security holders**

### **6.1 Information available on the Company's website**

#### **Recommendation 6.1**

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

The Board aims to ensure that the Company's shareholders are informed of all major developments affecting the Company's operations.

The Company keeps investors informed through its web-site, [www.orexplore.com](http://www.orexplore.com), which contains information on the Company, the Board and the corporate governance policies and procedures of the Company. Through its web-site, investors can access copies of the Company's annual, half-yearly and quarterly reports, announcements made to the ASX, notices of meeting and investor presentations.

### **6.2 Investor relations**

#### **Recommendation 6.2**

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

The Company has established a Shareholder Communications Policy which is available on the Corporate Governance section of the Company's web-site. The Shareholder Communications

Policy encourages shareholder participation and engagement with the Company. This strategy also facilitates communication directly between shareholders and the Company.

### **6.3 Shareholders' meetings**

#### **Recommendation 6.3**

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

The Shareholder Communications Policy encourages shareholder participation at shareholders' meetings. Shareholders are provided with all notices of meeting prior to meetings. The Company's lead auditor is also requested to be available for questions at the annual general meeting. Shareholders are also given the opportunity to ask questions of the Directors and management, either during or after shareholders' meetings.

### **6.4 Resolutions decided by a poll**

#### **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.

The Company conducts a poll at meetings of security holders to decide the outcome of each resolution.

### **6.5 Electronic communications**

#### **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.

The Company provides information through its web-site, enabling security holders to email the Company and to receive copies of Company announcements by email upon request. The Company's share registry also provides the ability for shareholders to elect to receive electronic communications made by the Company including notices of meetings and annual reports.

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## 7. Principle 7: Recognise and manage risk

### 7.1 Risk committee

#### **Recommendation 7.1**

The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
  - (1) has at least three members, a majority of whom are independent directors; and
  - (2) is chaired by an independent director,and disclose:
  - (3) the charter of the committee;
  - (4) the members of the committee; and
  - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Given the current size and level of activities of the Company, the Board has not established a separate risk committee.

The Board as a whole has responsibilities typically assumed by a risk committee, including but not limited to:

- (a) ensuring that an appropriate risk-management framework is in place and is operating properly; and
- (b) reviewing and monitoring legal and policy compliance systems and issues.

Therefore, matters typically dealt with by a risk committee are dealt with by the full Board.

### 7.2 Internal control

#### **Recommendation 7.2**

The board or a committee of the board should:

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

The Company is committed to the identification, monitoring and management of risks associated with its business activities and has established policies in relation to the implementation of practical and effective control systems. The Company has established a Risk Management Policy, which is available on the Corporate Governance section of the Company's web-site.

Under the Risk Management Policy, the Board reviews all major strategies to assess their impact on the risks facing the Company. The Company also undertakes an annual review of operations to update its risk profile, which normally occurs in conjunction with the strategic planning process. No annual review occurred during the reporting period. The Board also undertakes at least an annual review of the risk areas identified in the Risk Management Policy.

### 7.3 Internal audit

#### Recommendation 7.3

A listed entity should disclose:

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

The Company does not have an independent internal audit function. Due to the nature and size of the Company's operations, and the Company's ability to derive substantially all of the benefits of an independent internal audit function in the manner disclosed below, the additional costs of an independent internal auditor is not considered to be appropriate.

The Board performs all key elements of an internal audit function, including:

- (a) evaluating and seeking and obtaining reasonable assurance that risk management, control and governance systems are functioning as intended and will enable the Company's objectives and goals to be met;
- (b) evaluating information security and associated risk exposures;
- (c) evaluating regulatory compliance programs with consultation from internal and external legal counsel;
- (d) evaluating the Company's preparedness in case of business interruption; and
- (e) providing oversight of the Company's anti-fraud programs.

The Board delegates to the Managing Director the authority to implement any non-strategic amendments to risk management systems arising as a result of changed circumstances, or where the potential for improvement has been identified; reporting all such matters for consideration by the Board. The Managing Director may also seek recommendations from appropriate Senior Executives where strategic changes to risk management and internal control processes are required.

### 7.4 Risk management

#### Recommendation 7.4

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

The Company identifies and manages material exposure to environmental and social risks in a manner consistent with its Risk Management Policy, which is available on the Corporate Governance section of the Company's web-site. The Company has, and continues to, undertake various organisation wide risk reviews to identify potential business risks. The effectiveness of the controls in place to address each risk is reviewed on a regular basis and, where the residual risk is considered outside of acceptable limits, further controls and risk mitigation measures are developed and implemented.

**Environmental:** The Company is subject to, and responsible for, ensuring compliance with various regulations, licenses, approvals and standards so that its activities do not cause unauthorised environmental harm. Through its ongoing management of environmental activities, the Company has been able to operate in an environmentally sustainable and responsible manner.

**Social:** The Company recognises that a failure to manage stakeholder expectations may lead to disruption to the Company's operations. The Company is committed to being supportive of community groups, organisations and charities in the regions in which it operates.

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## 8. Principle 8: Remunerate fairly and responsibly

### 8.1 Remuneration committee

#### **Recommendation 8.1**

The board of a listed entity should:

- (a) have a remuneration committee which:
  - (1) has at least three members, a majority of whom are independent directors;
  - (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 has 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.

Given the size and composition of the Company's Board, the Board does not have a stand-alone Remuneration Committee.

The Board as a whole has responsibilities typically assumed by a remuneration committee, including but not limited to:

- (a) reviewing the remuneration (including short-term and long-term incentive schemes and equity-based remuneration, where applicable) and performance of Directors;
- (b) setting policies for Senior Executive remuneration, setting the terms and conditions of employment for Senior Executives, undertaking reviews of Senior Executive performance, including setting goals and reviewing progress in achieving those goals; and
- (c) reviewing the Company's Senior Executive and employee incentive schemes (including equity-based remuneration) and making recommendations to the Non-Executive Chair on any proposed changes.

Matters typically dealt with by a remuneration committee are dealt with by the full Board.

### 8.2 Remuneration policy

#### **Recommendation 8.2**

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

The Board Charter sets out the policies and practices of the remuneration of Non-Executive Directors, Executive Directors and other senior executives.

Non-executive directors are paid a fixed annual fee for their roles as Non-executive directors.

All Executive Directors of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their respective employment agreements with the Company and potentially the ability to participate in the Company's short term and long term incentive plans.



Details of the remuneration of the Directors and other executives are set out in the Prospectus.

### 8.3 Equity-based remuneration scheme

#### **Recommendation 8.3**

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

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

The Company's Sharetrading Policy prohibits the hedging of unvested equity instruments, including performance share rights, and vested Company securities that are subject to disposal restrictions at all times, irrespective of trading windows. This is in line with the requirements of the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (Cth) and is intended to prevent transactions which could have the effect of distorting the proper functioning of performance hurdles or reducing the intended alignment between management's and shareholders' interests.

For the purposes of this policy, hedging includes the entry into any derivative transaction within the meaning given in section 761D of the Corporations Act (such as options, forward contracts, swaps, futures, warrants, caps and collars) and any other transaction in financial products which operate to limit (in any way) the economic risk associated with holding the relevant securities.

The Sharetrading Policy is available on the Corporate Governance section of the Company's website.