

## **SHRIRO HOLDINGS LIMITED CORPORATE GOVERNANCE STATEMENT**

This Corporate Governance Statement outlines the main governance practices of Shriro Holdings Limited and its controlled entities (**Shriro** or the **Company**) for the six-month period ending 30 June 2021 (**reporting period**). Shriro recently changed its financial year end from 31 December to 31 June and so is issuing an annual report and corporate governance statement for the six-month transitional period from 1 January 2021 to 30 June 2021. A copy of this statement can be found on the Company's website at [https://www.shriro.com.au/investor/corporate\\_governance](https://www.shriro.com.au/investor/corporate_governance).

The statement outlines the main corporate governance practices of the Company during the reporting period, which comply with the 4<sup>th</sup> Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations') unless stated otherwise.

The ASX Principles and Recommendations and the Company's response as to how and whether it follows those recommendations are set out below.

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

#### **1.1 Board and management roles and responsibilities**

The Board of Shriro Holdings Limited is responsible for the direction and supervision of the Company's business and for its overall corporate governance. The Board has responsibility for providing good governance, sound strategic guidance and effective oversight of management's performance.

The Board is committed to effective corporate governance in order to ensure accountability and transparency to shareholders and other stakeholders, including customers, employees, staff and regulatory bodies. This includes ensuring that internal controls and reporting procedures are adequate and effective. Responsibility for the management of the day-to-day operations and administration of the Company is delegated to the Managing Director and CEO.

Key responsibilities of the Board include:

- represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance.
- protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed.
- set, review and monitor compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

The Board has a charter which sets out its role and responsibilities and describes the matters reserved for the Board and those that are delegated to senior management. The Board has delegated the day-to-day management of the Company to the CEO and other senior executives (*management team*). The Company's management team is:

- responsible for implementing strategic objectives, plans and budgets approved by the Board;
- accountable to the Board for matters within its delegated authority and for complying with any limits on that authority, including complying with the law and company policies; and
- supplying the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively

Further information on the roles and responsibilities of the board and management team can be found in the board charter which is available on the Company's website.

#### **1.2 Provision of Director Information to security holders**

Before appointing a director, or putting forward to shareholders a director for appointment, the Company undertakes comprehensive reference checks that cover elements such as the person's character, experience, employment history, qualifications, criminal history, bankruptcy history, and disqualified officer status.

An election of directors is held each year. A director that has been appointed during the year must stand for election at the next Annual General Meeting ('AGM'). Ms Abigail Cheadle was elected at the AGM held on 24 May 2021 and Ms Cornelia Meyer and Mr Kim Slater will stand for election at the AGM to be held on 15 December 2021. The Notice of AGM will include information on any director standing for election or re-election including information on the director's background and experience and whether they are considered to be independent.

### **1.3 Agreements with directors and senior executives**

The terms of the appointment of a non-executive director are set out in writing and cover matters such as the term of appointment, time commitment envisaged, required committee work and other special duties, requirements to disclose their relevant interests which may affect independence, corporate policies and procedures, indemnities, and remuneration entitlements.

Executive directors and senior executives are issued with service contracts which detail the above matters as well as the person or body to whom they report, the circumstances in which their service may be terminated (with or without notice), and any entitlements upon termination.

### **1.4 Company Secretary**

Lisa Jones was appointed Company Secretary of Shriro Holdings Limited on 27 January 2021. Ms Jones' skills and experience are set out in the directors' report on page 14 of the 2021 Annual Report. The Company Secretary is appointed by and reports directly to the Board through the Chairman in respect of matters relating to the proper functioning of the Board. All directors have access to the Company Secretary for all board and governance related issues. Further details on the role of the Company Secretary are set out in the Company's Board Charter.

### **1.5 Diversity at Shriro**

The Company has a written Diversity Policy approved by the Board. At a Board and senior management level, gender has been identified as an area of focus for the Company. Accordingly, the primary focus of the Diversity Policy is achieving adequate representation of women in senior management and leadership roles (including on the Board).

The Company aims to achieve greater gender diversity by:

- setting and periodically reviewing measurable objectives to achieve gender diversity;
- broadening the field of potential candidates for senior management and Board appointments;
- having a transparent Board appointment process; and
- embedding the extent to which the Board has achieved the objective of its Diversity Policy in the evaluation criteria for the annual Board performance evaluation.

The Company adopted a target of 40% female representation on the Board to apply during and from the financial year ending 31 December 2021.

The Board has not yet set measurable objectives for achieving gender diversity in the composition of senior management and the workforce generally.

The Company is in the process of recruiting a Chief People Officer, who will be responsible for reviewing diversity and inclusion at Shriro, and working with the Nomination & Remuneration Committee to recommend meaningful measurable objectives to the Board for proportion of females in senior executive roles and across the workforce generally.

The table below sets out the proportion of women in the Company including its subsidiaries as at 4 October 2021.

Shriro Group – Role	Representation of women
Directors <sup>1</sup>	50%
Senior Executive <sup>2</sup>	20%
All employees <sup>3</sup>	42%

1. Includes executive and non-executive directors
2. Senior Executive is defined as the Chief Executive Officer and his direct reports across Australia and New Zealand.
3. Includes Senior Executives

## 1.6 Board performance

During each reporting period, the Chair will conduct individual meetings with directors to discuss the performance of the director and the Board in general as required or requested by any director. This is also the forum in which the director can provide any specific feedback on how the Chair can assist them and/or the Board to become more effective.

Due to the size of the Board, Shriro has elected to conduct a formal board performance evaluation once every two years. This Board performance evaluation includes meetings between the Chair and each director and a performance evaluation questionnaire facilitated by the Company Secretary. The process is confidential and involves both self and peer assessment. The Chair of the Remuneration & Nomination Committee facilitates the performance review of the Chair. The Board may determine, from time to time, to engage an external facilitator to conduct its performance review.

A board performance evaluation was completed in early July 2021.

## 1.7 Senior Executive Performance Evaluation

The Board conducts an annual performance assessment of the CEO and CFO against agreed performance measures determined at the start of the year. The CEO undertakes continuous assessments of senior executives. In assessing the performance of the individual, the review includes consideration of the senior executive's function, individual targets, group targets, and the overall performance of the Company.

The CEO reports to the Board on the performance of senior executives together with remuneration recommendations which must be approved by the Board after consultation with the Remuneration & Nomination Committee. During FY2022, the process for the evaluation of senior executives will be reviewed and updated following the appointment of a Chief People Officer in consultation with the Chair of the Remuneration & Nomination Committee.

## Principle 2: Structure the board to add value

### 2.1 Remuneration & Nomination Committee

The current members of the Remuneration & Nomination Committee are set out below.

Director's name	Executive status	Independence status
Cheryl Hayman (Chair)	Non-Executive Director	Independent
Abigail Cheadle	Non-Executive Director	Independent
Stephen Heath	Non-Executive Chairman	Independent

The charter of the Remuneration & Nomination Committee is available on the Company's website. Details of attendance at the committee meetings are set out on page 16 of the 2021 Annual Report.

## 2.2 Board Skills Matrix

The Board skills matrix below describes the combined skills, experience and expertise presently represented on the Board and which it will aim to maintain.

Skills & Experience
<b>Executive Leadership</b> Proven executive experience in a “C” suite capacity that enables empathy and understanding of management and business operational processes.
<b>ASX Board &amp; Governance</b> Previous experience as either an executive or non-executive director that demonstrates sound understanding of corporate governance principles in an ASX listed company.
<b>Strategic Planning &amp; Execution</b> Experience in developing, implementing, measuring and reporting strategic objectives that succeed in delivering long term sustainable shareholder value.
<b>Financial Acumen</b> Experience in corporate and management financial accounting, management process audit, business risk identification and mitigation and controls, business unit and corporate finance reporting.
<b>Innovative &amp; Entrepreneurial</b> Ability to think and act innovatively with the required entrepreneurial mindset to ensure success in a fast-moving market environment.
<b>Retail Strategy, Operations &amp; Customer Engagement</b> Experience in trading in competitive retail markets and proven ability to successfully service market niches in an Omni-channel environment under ACCC principles. Understanding of consumer brand marketing and new product development.
<b>Capital Markets</b> Experience in sourcing capital through equity and institutional debt facilities. Experience in asset or business portfolio development.
<b>Change Management, Digital Knowledge and/or Manufacturing and Production</b> Experience in a business which faced disruptive change, capable of anticipating risk and managing market dynamics. Knowledge and experience in digital and e-commerce strategy and implementation. Knowledge of supply chain, inventory management and complex manufacturing systems.
<b>Staff Engagement &amp; Executive Remuneration</b> Experience in staff engagement principles and executive remuneration packaging, KPI management and reporting.
<b>Legal</b> Experience in or awareness of legal obligations under the Corporations Act 2001, Competition & Consumer Act 2009, Fair Work Act 2009 & ASX Listing Rules.

### Skills identification

The current skills and expertise of the Board compared to those determined to be required, are measured as part of the Board’s Performance Review Process. In FY2021, the Board appointed Cornelia Meyer and Kim Slater as independent directors, augmenting the international, strategic and operational experience represented on the board.

## 2.3 - 2.5 Director’s Independence & tenure

The Board only considers a director to be independent where he or she is free of any interest, position, or relationship that might influence, or might reasonably be perceived to influence, in a material respect his or her capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party. The Board has adopted a definition of independence based on that set out in Box 2.3 of the ASX Principles and Recommendations.

The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight in the Company and its operation and, therefore, an increasing contribution to the Board as a whole. Accordingly, tenure is just one of the many factors that the Board considers when assessing the independence and ongoing contribution of

a director in the context of the overall Board process.

The Board regularly reviews the independence of each non-executive director in light of information relevant to this assessment as disclosed by each non-executive director to the Board.

Details of the current directors, their appointment date and independence status are as follows:

<b>Director's name</b>	<b>Appointment date</b>	<b>Independence status</b>
Stephen Heath*	24 October 2019	Independent
Cornelia Meyer *	13 September 2021	Independent
Cheryl Hayman	24 October 2019	Independent
Abigail Cheadle	9 June 2020	Independent
Kim Slater	1 October 2021	Independent
Tim Hargreaves	31 December 2017	Non-independent

\* Stephen Heath will retire following lodgement of the Company's 2021 Annual Report and Ms Meyer will assume the Chair role.

The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations. Where it is determined that a non-executive director should no longer be considered independent, the Company shall make an announcement to the market.

The Board currently comprises four independent directors including an independent Chair, and one non-independent director, being the Managing Director and CEO.

## **2.6 Board induction, information and advice**

New directors undertake an induction program coordinated by the Company Secretary on behalf of the Remuneration & Nomination Committee. The program includes strategy briefings, explanations of Company policies and procedures, governance frameworks, cultures and values, Company history, director and executive profiles and other pertinent Company information.

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

### **3.1 – 3.2 Shriro's values and Code of Conduct**

Shriro has adopted a Code of Conduct and other governance policies which are underpinned by the Company's core values. Shriro has not separately articulated its purpose and values but expects to do so in FY22 following the conclusion of its strategic review.

The Code of Conduct applies to its directors, senior executives and employees and is available on the Company's website. The objective of the Code of Conduct is to provide a benchmark for professional and ethical behaviour throughout the Company, support the Company's business reputation and corporate image within the community and make Directors and employees aware of the consequences if they breach the policy. The Code of Conduct details the expectations of the Company for the behaviour of its directors and employees including in relation to:

- compliance with laws and regulations;
- fair trading and dealing;
- conflicts of interest;
- improper use or theft of Company property, assets and email;
- privacy;
- public communications and disclosure;
- employment practices; and
- community engagement;

### **3.3 Whistleblower Policy**

Shriro has adopted a formal Whistleblower Policy to provide a safe and confidential environment for people to raise any concerns about illegal or improper conduct without fear of reprisal. The Board has formed the view that

an independent externally managed whistleblower reporting service is best practice in terms of providing a confidential and, if desired, anonymous, channel for reporting suspected wrongdoing and is in the process of establishing this service.

The Audit, Risk & Compliance Committee has responsibility for reviewing the Company's Whistleblower Policy and recommending any necessary changes to the Board. The Board is immediately informed of any material incidents reported under the Whistleblower Policy and receives regular reports regarding any active whistleblower matter.

### **3.4 Anti-Bribery & Corruption Policy:**

Shriro has adopted an Anti-Bribery and Corruption Policy which expands on the prohibition against bribery and corruption contained in the Code of Conduct and is available on the Company's website. Any material breaches of the Code of Conduct or Anti-Bribery & Corruption Policy are reported to the Board

The Audit, Risk & Compliance Committee has responsibility for reviewing the Company's Anti-Bribery and Corruption Policy and recommended any necessary changes.

## **Principle 4: Safeguard integrity in corporate reporting**

### **4.1 Audit, Risk & Compliance Committee**

The Audit, Risk & Compliance Committee assists the Board in fulfilling its responsibilities in respect of financial and periodic reporting, risk management, compliance and internal controls. The detailed responsibilities of the Audit, Risk & Compliance Committee are set out in the Committee charter available on the Company's website.

The members of the Audit, Risk and Compliance Committee are:

<b>Director's Name</b>	<b>Executive Status</b>	<b>Independence Status</b>
Abigail Cheadle (Chair)	Non-Executive-Director	Independent
Stephen Heath	Non-Executive Chairman	Independent
Cheryl Hayman	Non-Executive Director	Independent

Details of the qualifications and experience of the members of the Committee are set out in the 'Director's Report which forms part of the 2021 Annual Report as are details of attendance at meetings of the Committee during the reporting period.

The CEO, CFO, Company Secretary and external auditor attend meetings of the Committee by invitation. The Committee has unrestricted access to information it considers relevant to its responsibilities. The Committee has rights of access to management and to auditors without management present, and rights to seek explanations and additional information from both management and auditors.

### **4.2 & 4.3 Financial and Corporate Reporting**

Prior to the approval of Shriro's financial statements for any reporting period, the Board receives written declarations from the CEO and CFO that, in their opinion, the financial records of the Company 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 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.

Shriro recognises the importance of having robust processes in place to ensure the integrity of its regular corporate reports and disclosures to the market. The Board has established a Disclosure Committee, comprising the Chair of the ARCC, CEO, CFO and Company Secretary with responsibilities including reviewing and approving proposed external announcements for release to ASX or referring them to the Board as appropriate. The full Board currently reviews and approves all corporate reports released to the market which are not required to be audited or reviewed by the external auditor and questions management, as appropriate, in relation to the basis for any statements made. The Board has recently adopted a formal Verification Procedure which applies to all corporate reports and material ASX announcements.

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

### **5.1 - 5.3 Continuous Disclosure**

The Board has adopted a Disclosure Policy which sets out the process and responsibilities that support Shriro's compliance with its continuous disclosure obligations under the ASX Listing Rules and Corporations Act, and to reinforce Shriro's commitment to providing accurate, balanced and clear announcements that allow investors to assess the impact of the information when making investment decisions.

To oversee the fulfilment and effective operation of the Disclosure Policy, the Board has established a Disclosure Committee to consider continuous disclosure issues as they arise, comprising the Chair of the ARCC, CFO and Company Secretary (or their delegates).

The Disclosure Policy covers, among other things, the following:

- the responsibilities of the Disclosure Committee and the internal reporting obligations to support the disclosure process;
- the responsibilities of the Company Secretary in relation to disclosure and communicating with the ASX;
- the process in relation to seeking a trading halt;
- the policy and procedure for briefing investors, analysts and the media.

The Disclosure Policy is available on the Company's website. All information disclosed to the ASX is promptly posted on Shriro's website. Directors also receive copies of all ASX announcements immediately after they are made. All new and substantive investor or analyst presentations are released to the ASX ahead of the presentation. The Board considers potential disclosure issues at each of its meetings.

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

### **6.1 Communication with security holders via website**

Shriro recognises the importance of providing its shareholders and the broader investment community with timely access to current information about the Company and avenues for effective two-way communication between the Company, the Board and shareholders.

### **6.2 - 6.4 Investor Engagement & Participation at AGM**

Shriro has developed an investor engagement programme for engaging with shareholders, the broader investment community and the media. Shriro communicates information to its shareholders and other stakeholders regularly, including in the following ways:

- Regular investor briefings aligned with half year and full year results and additional ad-hoc briefings;
- Shriro's website at [www.shriro.com.au](http://www.shriro.com.au), provides up to date information on the operations of Shriro, its Board and leadership team, corporate governance structure, ASX announcements, details on upcoming events, investor presentations and reports;
- Shriro encourages its shareholders to participate in annual general meetings attending, voting and asking questions.

All voting at the AGM will be conducted by poll.

### **6.5 Electronic communications**

All of Shriro's shareholders have the option to receive communications from, and send communications to, Shriro and its share registry electronically.

## **Principle 7: Recognise and manage Risk**

## **7.1 Audit, Risk & Compliance Committee**

The Board has overall responsibility for the Company's risk management framework and strategies but has delegated direct oversight of certain areas of risk to the Audit, Risk & Compliance Committee. Responsibility for day-to-day management of risk rests with the management team.

The members of the Audit, Risk and Compliance Committee are detailed in Recommendation 4.1 above.

The responsibilities of the Audit, Risk and Compliance Committee with respect to risk management are detailed in the charter of the Committee which is available on the Company's website.

## **7.2 Risk management framework review**

The Audit, Risk & Compliance Committee reviews the Company's risk management framework at least annually, including the implementation, management and maintenance of appropriate enterprise-wide risk management systems, policies and procedures, reporting protocols and internal controls.

The Company has in place controls designed to safeguard the Company's interests and ensure the integrity of its reporting. These include accounting, financial reporting, tax risk management systems, safety, health and environment and other internal policies and procedures, which are directed at ensuring compliance with regulatory requirements and community standards. The review findings report provided to the ARCC by the Company's external auditors at the completion of each half-year and full-year review categorise review focus areas by area of risk, provide the ARCC with a report detailing review focus areas in relation to area of risk and degree of judgment required. The ARCC discusses the report with the auditors, with material items being referred to the Board.

## **7.3 Internal Audit Function**

Shriro does not have a dedicated internal audit function, however, considerable importance is placed on maintaining a strong control environment in the consolidated entity. There is an organisational structure with clearly drawn lines of accountability and delegation of authority. Internal control reviews are undertaken on a periodic basis and the results are reported to the Audit, Risk & Compliance Committee.

The external audit function is separate and independent of the above processes.

## **7.4 Environmental and Social Risk**

The Company does not consider that it has material exposure to environmental sustainability risks, such as climate change, and the environmental impact of the Company's activities is minimal. However, the Company adopts the approach of a responsible corporate citizen with regard to environmental matters. In particular, the Board accepts the consensus of the international scientific community that global warming is influenced by human activity, and that this results in long-term changes to climate patterns, which have adverse economic and social consequences. The Board supports the global response of the signatories to the UN Framework Convention on Climate Change to keep global temperature rise well below 2° Celsius and to pursue efforts to limit temperature rise further to 1.5° Celsius relative to pre-industrial levels.

Environmental sustainability initiatives undertaken by the Company include:

- management of disposal of packaging, office paper, computers and obsolete IT equipment to ensure compliance with applicable legislation; and
- minimising the use of paper by electronic client records wherever local legislation and operational process allows, reductions in marketing collateral, elimination of hard copy Board and committee papers, and recycling activities undertaken where possible.

The Company is not a significant consumer of electricity, water or gas and accordingly the opportunities for material reductions in power consumption are limited.

In the reporting period, the company undertook a review of its social risks, including in preparation for its first Modern Slavery Statement which was lodged on 30 June 2021.

## **Principle 8: Remunerate fairly and responsibly**

## **8.1 Remuneration & Nomination Committee**

The Board has a Remuneration & Nomination Committee and the members are detailed in Recommendation 2 above. The Chair of the Committee, Cheryl Hayman, is an independent non-executive director.

Details of the qualifications and experience of the members of the Committee are set out on pages 17 and 18 of the 2021 Annual Report.

The Remuneration & Nomination Committee oversees remuneration policy and monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees.

The Committee's charter, which is approved by the Board, sets out the roles and responsibilities, composition and structure of the Committee. The charter is available on the Company's website.

When considered necessary, the Committee may obtain external advice from independent consultants in determining the Company's remuneration practices including remuneration levels.

The number of Committee meetings held and attended by each member is disclosed on page 16 of the 2021 Annual Report.

## **8.2 Remuneration of Non-executive Directors, CEO and Senior Executives**

Details in relation to the Company's remuneration policies are contained in the Remuneration Report starting on page 19 of the 2021 Annual Report.

## **8.3 Limiting economic risk of equity-based remuneration schemes**

Shriro has a Securities Dealing Policy which is available on the Company's website. Under this policy, the use of derivatives or other hedging arrangements for unvested securities of the Company or vested securities of the Company which are subject to a holding lock or restriction on dealing is prohibited.