

# Corporate Governance Policy



**Adherium Limited**

ACN 605 352 510

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# Corporate Governance Policy

## Introduction

Corporate governance refers to the system by which companies are directed and managed. It influences how the objectives of a company are set and achieved, how risk is monitored and assessed, and how performance is optimised. What constitutes good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet those circumstances.

## ASX's best practice recommendations

The ASX Corporate Governance Council (**Council**) released the 4th Edition of the Corporate Governance Principles and Recommendations on 27 February 2019. This document articulates 8 core principles and 35 best practice recommendations that in the Council's view, are likely to achieve good governance outcomes and meet the reasonable expectations of most investors in most situations.

The board of directors (**Board**) of **Adherium Limited** ACN 605 352 510 (**Company**) supports the core principles and best practice recommendations published by the Council. The current policies, procedures and practices of the Company as contained in this Corporate Governance Policy (**Policy**) comply with the Council's principles and best practice recommendations.

## Company corporate governance policy and charters

The Company has adopted the following corporate governance charters:

1. Primary Board Charter
2. Diversity Charter
3. Trading Charter
4. Audit and Risk Charter
5. Nomination and Remuneration Charter
6. Supplementary policies (including code of conduct)

Attached are copies of each of the above charters as adopted by the Board.

## 1. Primary Board Charter

This policy sets out the major principles adopted by the Board to manage its affairs and enable it to discharge its responsibilities. It operates in conjunction with the constitution of the Company and relevant laws (including under the *Corporations Act 2001 (Cth)* (**Corporations Act**) and ASX Listing Rules.

### 1.1 Responsibilities and functions of the Board

The Board is responsible for setting the purpose, values and strategic direction of the Company and for overseeing and monitoring its businesses and affairs. Directors are accountable to the shareholders for the Company's performance. The Board's overriding objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of all shareholders, whilst ensuring that the Company is properly managed. Directors must fulfil their fiduciary obligations to shareholders, but will also take into consideration the interests of other stakeholders in the Company, including employees, customers, creditors and others with a legitimate interest in the Company's affairs.

The Board reviews and approves the Company's business plans and guiding policies. Day to day management of the Company's affairs and implementation of its strategy and policy initiatives are delegated to the Chief Executive Officer (or equivalent role) and by him or her to other senior executives. For guidance, the Board has also developed a broad set of policies (attached as Section 0 to this Policy) describing an employee code and standards of conduct, the position on bribery, corruption, gifts and donations, how to deal with conflicts of interest, disclosure to the investment community, shareholder communication strategy and performance evaluation of the Board.

The primary functions of the Board include:

- » Defining the purpose, approving the corporate values and code of conduct, and setting overall goals for the Company;
- » setting strategies, objectives and plans for the Company's businesses to achieve these goals;
- » ensuring that business risks are identified and approving systems and controls to manage those risks and monitor compliance;
- » monitoring the effectiveness of the governance framework;
- » approving the Company's major human resources policies for alignment with its purpose and values, and overseeing the development strategies for senior and high performing executives;
- » approving financial plans and annual budgets;
- » monitoring executive management and business performance in the implementation and achievement of strategic and business objectives;
- » approving key management recommendations (such as major capital expenditure, acquisitions, divestments, restructuring and funding);
- » appointing and removing the Chief Executive Officer and ratifying the appointment and removal of executives reporting directly to the Chief Executive Officer (senior executives);
- » reporting to shareholders on the Company's strategic direction and performance including constructive engagement in the development, execution and modification of the Company's strategies;
- » overseeing the management of occupational health and safety and environmental performance;
- » determining that satisfactory arrangements are in place for auditing the Company's financial affairs;

- » meeting statutory and regulatory requirements and overseeing the way in which the business risks and the assets of the Company are managed.

## 1.2 Composition of the Board

The composition of the Board is determined using the following principles:

- » The Board is comprised of a minimum of **3** and a maximum of **10** directors. The directors have power under the Company's constitution to determine the maximum number of directors from time to time, above **3** but not more than **10** directors.
- » The Chairman of the Board is to be an independent non-executive director and is not to be the Chief Executive Officer of the Company.
- » Independent non-executive directors shall always comprise at least half of the Board.
- » The Board in considering "independence" is to have regard to the ASX's published "Corporate Governance Principles and Recommendations" (**ASX Recommendations**) and in particular the ASX views of the factors relevant to independence (as outlined in **Box 2.3 of the ASX Recommendations**) in each case, the materiality of the interest, position, association or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.

## 1.3 Appointment and retirement of directors

The Nomination and Remuneration Committee will regularly review the composition of the Board and if it is considered appropriate to appoint new directors to the Board, will arrange for the matter to be discussed at a full Board meeting. Nominations are received and reviewed by the Board. The Board will then determine any special qualifications, experience or other prerequisites for the new director, and the manner of selecting such a director. The Nomination and Remuneration Committee will ensure that appropriate checks (including checks as to the person's character, experience, education, criminal record and bankruptcy history) are undertaken before it appoints a person, or puts forward to shareholders a new candidate for election as a director.

The Nomination and Remuneration Committee may use external consultants to access a wide base of potential directors, considering the range of skills and experience required in light of:

- » the current composition of the Board;
- » the need for independence;
- » the need for diversity in succession planning
- » the strategic direction and progress of the Company
- » knowledge of specific aspects of the industry; and
- » the geographic spread and diversity of the Company's business.

If the need for a new Board member is identified and appointed as a casual vacancy, the appointee must stand for election at the next general meeting of shareholders. In order to provide greater transparency around the appointment process, the Company will provide the following information to shareholders on the election of directors:

- » an overview of the process used to identify candidates, including use of a skills matrix or external consultants;

- » steps taken to ensure a diverse range of candidates are considered;
- » factors taken into account in the selection process; and
- » a statement from the Board as to whether it supports the proposed candidate(s) nomination.

The following information about the candidate standing for election or re-election as a director should be provided to shareholders to enable them to make an informed decision on whether or not to elect or re-elect the candidate:

- » biographical details, including their relevant qualifications and experience and the skills they bring to the Board;
- » details of any other material directorships currently held by the candidate;
- » in the case of a candidate standing for election as a director for the first time:
  - any material adverse information revealed by the checks the Company has performed about the director;
  - details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally;
  - if the Board considers that the candidate will, if elected, qualify as an independent director, a statement to that effect;
- » in the case of a candidate standing for re-election as a director:
  - the term of office currently served by the director;
  - if the Board considers the director to be an independent director, a statement to that effect; and
- » a statement by the Board as to whether it supports the election or re-election of the candidate, and a summary of the reasons as to why the Board has taken this view.

A candidate for appointment or election as a non-executive director should provide the Board or nomination committee with the information above and a consent for the Company to conduct any background or other checks the Company would ordinarily conduct. The candidate should also provide details of his or her other commitments and an indication of time involved, and should specifically acknowledge to the Company that he or she will have sufficient time to fulfil his or her responsibilities as a director.

No director except a Managing Director may hold office for a period in excess of 3 years, or beyond the third annual general meeting (**AGM**) following the director's election, whichever is the longer, without submitting himself or herself for re-election.

One third of all directors, except a Managing Director, will retire by rotation each year but may offer themselves for re-election for a further 3-year period.

The Company does not have a policy with regard to establishing a maximum term for the appointment of a director.

The Company will enter into written agreements with each director and senior executive, which will set out the terms of their appointment.

In the case of a non-executive director, the agreement should generally set out:

- » the term of appointment;
- » the time commitment envisaged, including any expectations regarding involvement with committee work and any other special duties attaching to the position;
- » remuneration, including superannuation entitlements;
- » the requirement to disclose directors' interests and any matters which may affect the director's independence;
- » the requirement to comply with key corporate policies, including the Company's code of conduct and its trading policy;
- » the Company's 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.

In the case of an executive director or other senior executive, the agreement should generally set out the information above (to the extent applicable), as well as:

- » a description of their position, duties and responsibilities;
- » the person or body to whom they report;
- » the circumstances in which their service may be terminated (with or without notice); and
- » any entitlements on termination.

#### **1.4 Board meetings**

Board meetings will be held on a quarterly basis at a minimum. All directors are expected to prepare fully for all Board meetings, and to attend as many Board meetings as is reasonably practicable.

The Board meeting agenda and relevant papers will be distributed to all directors at least 4 business days prior to the meeting.

Directors are expected to be available (including via telephone or video conference) for the full duration of the meeting as notified in the meeting agenda.

Directors will keep confidential Board discussions, deliberations and decisions that are not publicly known. Outside the boardroom, directors support the letter and spirit of Board decisions.

Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been properly authorised, or is required by law.



The Board has established a number of Board committees to assist in the execution of its responsibilities. In addition to these permanent committees, it is the practice of the Board to establish ad hoc sub committees on an "as needed" basis. All directors are expected to be available for membership of these committees, to prepare fully for relevant committee meetings, and to attend as many meetings of Board committees and sub-committees, of which they are a member, as is reasonably practicable. The agenda and papers for Board committee meetings will be distributed at least 4 business days prior to each meeting.

In addition to formal Board and committee meetings, directors are also required to attend functions and activities on behalf of the Company. This will include meetings with staff, customers and suppliers. All directors are expected to make themselves available for these functions and activities.

## **1.5 Remuneration of directors**

Executive directors receive no extra remuneration for their service on the Board beyond their executive salary package and participation in any employee share purchase plan as approved by shareholders.

Remuneration of non-executive directors is determined in maximum aggregate by the shareholders, and is allocated by the Board on the recommendation of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee will take independent advice in respect to directors' fees on an as needed basis.

Directors' fees are paid on a gross fees basis (except GST where applicable). There is no separate payment made for attendance at Board committee meetings or for other attendances to Company or Board activities. Directors do have the option of packaging their fees on the same basis as executives (e.g. superannuation, motor vehicles).

Directors are not required to hold shares in the Company as part of their appointment.

The reasonable expenses incurred by a director in discharging their obligations and performing their duties will be reimbursed by the Company, consistent with Company policies which are established from time to time.

There is no remuneration, reward or other benefits to non-executive directors upon the cessation of them holding office as a director.

## **1.6 Board appraisal**

A structured process has been established to review and evaluate the performance of the Board. Annually a survey of directors is coordinated by the Chairman to review the role of the Board, to assess the performance of the Board over the previous period and to examine ways of assisting the Board in performing its duties more effectively, such as through further education.

## **1.7 Directors' other interests**

Directors' other interests, which are likely to conflict with the interests of the Company, are declared by the relevant director at the time the interest arises or the potential conflict becomes apparent. If a conflict actually arises, the director concerned will absent himself from the meeting at which the issue is discussed and will abstain from voting on the issue.

Each director is required to provide and to continually update the Company with details of their other interests (for example employment, directorships, potential conflicts of interest, interests in contracts to which the Company is party, related party transactions, family ties) both before and during the holding of office. Directors are also asked to seek the Company's approval before accepting any new role that could impact upon the time commitment expected of the director or give rise to a conflict of interest.

## 1.8 Independent professional advice

Each director has the right, with the prior approval of the Chairman, not to be withheld except in case of an unreasonable request by a director, to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil his or her duties and responsibilities as a director.

Where the Chairman wishes to obtain independent professional advice, the Chairman must obtain the prior authorisation of the chairman of the Audit and Risk Committee, not to be withheld except in case of an unreasonable request by the Chairman.

A copy of all such advice must be provided immediately to the Chairman, and made available at the next Board meeting following receipt of the advice, unless it is privileged according to law and would thereby be available to another party to proceedings to which the director is also a party.

## 1.9 Agreement for provision of information to ASX

Where the Company is required under the ASX Listing Rules and in contracts relevant to its securities to provide information to the ASX, then the Company will enter into an agreement with each of the directors obliging them to provide the necessary information to the Company to enable the Company to discharge those obligations.

All directors are required to enter into such an agreement and to provide the specified information within the agreed timeframe.

## 1.10 Buying and selling shares

The Corporations Act prohibits "insider trading" and imposes significant penalties where a breach of the insider trading laws occur.

Examples of "inside information" are profit projections, knowledge of large contracts won or lost, knowledge of a merger or takeover or sale or knowledge of a significant change in personnel. The offence is to use information to trade or cause others to trade in the Company's shares. Causing others to trade means to incite, induce, encourage, or tip off.

In response to the above, the Company has developed a separate Trading Charter which directors comply with in all trading activities. This Trading Charter:

- » recognises that it is the individual responsibility of each director, officer and employee to ensure that they comply with the spirit and the letter of the law of the insider trading laws;
- » prohibits directors, executive and employees from directly or indirectly buying, selling or otherwise trading in the Company's shares, or in shares of any other corporation where by reason of being a director of the Company or any other corporation they possess material, price sensitive information which is not generally available, or where buying or selling those shares in some way infringes the law against insider trading.

## 1.11 Continuous disclosure

The Board is aware of its obligations with respect to continuous disclosure of material information and embraces the principle of providing access to that information to the widest audience of investors. The Board will regularly review the effectiveness of the Company's procedures to ensure that continuous disclosure is maintained.

The Company, in accordance with the provisions of the Corporations Act and the ASX Listing Rules, advises ASX of any transaction conducted by directors in securities in the Company. A Board policy "*Disclosures to*

*the Investment Community*” has been issued and all directors are required to comply with that policy. A copy of the policy forms part of Section 0 of this Policy.

### **1.12 Director education**

The Company has an informal process to educate new and existing directors about the nature of its business, current issues and the corporate strategy, and the expectations concerning performance of directors.

### **1.13 Compliance officer**

The Board ensures that at all times a responsible executive of the Company is appointed as the Compliance Officer of the Company. That Compliance Officer is responsible for arranging, monitoring and reporting to the Board upon the performance of all the compliance obligations of the Company. Unless a more appropriate officer is available, the Secretary of the Company will be appointed as the Compliance Officer.

### **1.14 Board committees**

To ensure that the Board has adequate time to concentrate on strategy, planning and performance enhancement, the Board will delegate certain specific duties to Board committees. There are currently two committees that have been established, each with a defined charter, to assist and support the Board in the conduct of its duties and obligations. The structure and membership of the Committees and their charters are reviewed annually. Other committees may be constituted from time to time, as required.

### **1.15 Company Secretary**

The Secretary of the Company is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The role of the Company Secretary includes, among other things:

- » advising the Board and its committees on governance matters;
- » monitoring that Board and committee policy and procedures are followed;
- » coordinating the timely completion and despatch of Board and committee papers;
- » ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- » helping to organise and facilitate the induction and professional development of directors

The decision to appoint a Company Secretary will be formally resolved by the Board in accordance with section 204D of the Corporations Act. The decision to remove a Company Secretary will be made or approved by the Board.

## 2. Diversity Charter

This policy sets out the Company's approach to diversity including the key principles and measurable objectives used to support the achievement of diversity at all levels of the Company's workforce. The Company recognises that diversity occurs in many forms including, but not limited to, gender, age, ethnicity and cultural background.

The Company acknowledges that increased gender diversity is associated with better financial performance, greater innovation and has a positive impact on the entire economy. The Company aspires to promote a workplace environment that attracts, retains and supports a diverse range of talent. The Company recognises that, where possible, attracting and maintaining workforce diversity will enable us to most effectively achieve a leadership position in the field of digital health technologies addressing sub-optimal medicine use and remote patient management in chronic disease.

### 2.1 Key principles

The following principles underpin the Company's approach to diversity:

- » fostering a culture supportive of diversity at all levels within the Company will enhance the recruitment, development and retention of a talented and motivated workforce;
- » achieving an appropriate level of diversity will require establishing and maintaining career and leadership development programs;
- » a necessary aspect of achieving diversity includes removing barriers to diversity;
- » measurable objectives should be transparent and fit for purpose; and
- » steps taken to support the Company's diversity objectives should be consistent with the established approach to performance and reward.

### 2.2 Measurable objectives

The Board is required to establish measurable objectives for achieving gender diversity and may choose to establish such objectives in relation to other aspects of diversity. On an annual basis, the Board will review these objectives and any progress made towards achieving them. Additionally, the Board, or an appropriate Board committee, should annually review and report on the placement of men and women in the workplace, their relative proportions and the roles in which they are employed.

The Board, and/ or relevant Board Committee will establish the following measurable objectives:

- » an internal review mechanism that assesses the effectiveness of the diversity policy; and
- » appropriate workforce representation targets or other measurement tools that will identify the achievement of gender diversity objectives.

In addition, the measurable objectives may include:

- » developing and implementing a diversity plan;
- » reviewing recruitment procedures; and
- » reviewing female participation in leadership development initiatives.

Achievement of the measurable objectives, including outcomes of the internal review, will be linked to key performance indicators for the Board and senior management team.

### 2.3 Disclosure requirements

The Company will include in the corporate governance statement in the annual report or related filing with the ASX an account of the mix of skills and diversity it seeks to achieve in membership of the Board.

Additionally, in each annual report or related filing with the ASX the Company will disclose the measurable objectives for achieving gender diversity in accordance with the diversity charter and any progress towards achieving them. In particular, the Company will disclose the proportion of women employees in its workforce, in senior management and on the Board.

The Company will post this Diversity Charter on its website.

## 3. Trading Charter

The Board has adopted the following policies regarding the buying and selling of the Company's securities, and communication of inside information by directors, officers and other employees. If any material changes are to be made to this policy the Company must, within 5 days, give the amended trading policy to the company announcements office for release to the market.

### 3.1 Meanings

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means ASX Limited ACN 008 624 691;

**Inside Information** means any information that is not generally available but which, if it were, a reasonable person would expect that information to have a material effect on the price or value of the Company's Securities;

**Insider Trading** means buying or selling, or procuring or encouraging another person to buy or sell Securities whilst in the possession of Inside Information;

**Security** means:

- (a) a share in the Company; or
- (b) a debenture of the Company; or
- (c) a right or interest in a share or debenture of the Company; or
- (d) an option to acquire a share, debenture, or right or interest in a share or debenture of the Company.

### 3.2 Trading in Securities - position at law

The Company's shares are listed on ASX. Under Australian law, it is a serious offence for a person who possesses Inside Information to:

- (a) engage in Insider Trading; or
- (b) communicate (directly or indirectly) Inside Information to another person if he or she knows or ought to know that the other person would be likely to engage in Insider Trading.

A single offence for breach of Insider Trading provisions carries a penalty of a fine of up to \$220,000 or 5 years imprisonment or both, in addition to other remedies (e.g. paying compensation for damages suffered by the other party to the transaction or banning orders (which prohibit a person from supplying financial services) issued by ASIC).

Information possessed by one person may in certain circumstances be deemed to be possessed by another (e.g. information obtained by a director in the course of performing his or her duties is imputed to the company, information obtained by a member of a partnership in his or her capacity as a member is imputed to the partnership) and therefore care must be taken to ensure that one does not unintentionally breach the relevant provisions due to information being in another's possession.

### 3.3 Communication of Inside Information policy

Any director, officer or employee in possession of Inside Information concerning the Company has a duty to:

- (a) keep that information confidential;
- (b) take all reasonable steps to secure and keep secure that information in their possession; and
- (c) not disclose or communicate that information to any person without the prior written consent of the Board, except:
  - (i) where necessary to comply with any court order, applicable law or the rules of any applicable securities exchange provided that written notice is first given to the Board of the proposed disclosure and, to the extent practicable, reasonable endeavours are made to comply with any request by the Board concerning the proposed disclosure; or
  - (ii) to any fellow employee, professional adviser, banker, auditor or other consultant of the Company (**Receiving Party**) strictly on a "need to know basis", provided that prior to disclosure, the Receiving Party is notified of the confidential nature of the information to be disclosed and gives a signed undertaking (for the benefit of the Company) agreeing to be bound by the confidentiality and other obligations in this policy in relation to that information.

### 3.4 Securities trading policy

This is a very broad prohibition. It applies to all directors, officers and employees of the Company at all times, even during trading periods permitted under this policy. The Company requires strict compliance with this policy.

- (a) General prohibition

Trading in the Securities by all directors, officers and employees of the Company is prohibited when the relevant person is aware of any Inside Information. Without limiting the application of this general prohibition, the Chairman of the Company may from time to time declare a "closed period" where there is the possibility of any person possessing Inside Information.

- (b) Trading notice:

Where any employee of the Company (including its directors) proposes dealing at any time in the Securities, prior approval from the Chairman is required in order to determine whether such a transaction might be sensitive or infringe the general prohibition on Insider Trading (see paragraph 3.4(a) above). For this purpose, the relevant person must seek the written permission of the Chairman at least 7 days prior to the proposed trading in the Securities. This request may be a "standing notice" that the relevant person intends to buy or sell the Securities over a specified period (up to a maximum of 5 business days after expiry of the notice to the Chairman) after the initial 7 day period or may specify that the relevant person intends to buy or sell the Securities up to a maximum amount as specified in the request to the Chairman.

## (c) Specific "closed period"

Trading in the Securities is not permitted in the period leading up to the publication of yearly and half-yearly results. No director, officer or employee may buy or sell any Securities at any time during the following periods:

- from 1 July until one week after the release of the Company's full year results; and
- from 1 January until one week after the release of the Company's half year results.

## (d) Trading during a "closed period" in exceptional circumstances

The Company recognises that directors, officers or employees may need to trade in the Company's securities in exceptional circumstances (even during a "closed period").

Company securities may be traded due to exceptional circumstances if:

- the circumstances relate to severe financial hardship that cannot be satisfied other than by selling the securities;
- the person is not in possession of inside information; and
- the person has complied with the approval process contained in this policy.

If a director, officer or employee wishes to trade in securities of the Company in exceptional circumstances he/she must give written notice (which includes by email) to the chairman seeking consent no less than 5 business days before the proposed trade. Such notice must set out:

- the number of securities to be traded;
- the proposed date(s) for the trade(s);
- the exceptional circumstances involved; and
- a statement confirming that they are not in possession of any inside information.

The director, officer or employee must not trade the Company securities unless and until receiving permission for the proposed trade. A decision to permit or not to permit the proposed trade is at the sole discretion of the Chairman, taking into account the person's circumstances and the ASX Listing Rules. Where permission is given, the notification must set out the period in which the securities can be traded and be advised in writing (which includes email).

Permission to trade is an exemption from the operation of this policy and is not an approval to trade. The person intending to deal in Company securities is personally responsible for any decision to trade or otherwise deal and for compliance with the law.

## (e) Excluded trades

The following types of trades are expressly excluded from the operation of this policy

- transfer of securities already held into a superannuation fund;
- acceptance of a takeover offer

## (f) Register of Dealings

Any director of the Company selling any of his or her Securities in the Company or a related body corporate must submit a section 205G notice to the Company Secretary who will keep a register of

all such dealings. The register will be tabled at each Board meeting and will be available for inspection by directors at any time (section 205G of the Corporations Act requires notification to ASX within 14 days of the appointment of the director to the company, and thereafter within 14 days of a change in the director's interest in Securities of the Company and its related bodies corporate). The Company Secretary will prepare and circulate to directors in advance of each Board meeting a summary of transactions notified since the previous Board meeting.

(g) Notifiable interests

Despite the provisions of section 205G, the Company requires all directors to provide in a timely manner (and in any event not more than 2 business days after any change in their notifiable interests in the Securities) details of any change. Under ASX Listing Rule 3.19A.2 the Company is required to complete and lodge with ASX an appendix 3Y within 5 business days after the change in the relevant director's notifiable interest.

Details of purchases or sales of Securities by officers and employees must also be notified as soon as possible in writing to the Company Secretary to be recorded in the register kept for that purpose.

Each director, officer and employee is obliged to ensure that each of his or her related or associated entities complies with this securities trading policy. A related or associated entity includes:

- a spouse and any non-adult children;
- a "Family Company" or "Family Trust" (as those terms are defined in the ASX Market Rules); and
- a company in which a director, officer or employee of the Company is a director, has a "relevant interest" (as that term is defined in sections 608 and 609 of the Corporations Act) or in which he or she holds voting power in respect of 20% or more of the shares of that company.

(h) Breach

Any breach of this policy must be immediately advised to the Company Secretary, who, in turn, will report to the Board.

A breach of this policy may result in disciplinary action, which may include termination of employment in serious cases.

## 4. Audit and Risk Charter

### 4.1 General scope and authority

The Audit and Risk Committee is a committee of the Board and is established in accordance with the authority provided in the constitution. The Board has resolved to establish this committee and to adopt these terms of reference to govern the proceedings and meetings of the Audit and Risk Committee.

The primary role of the Audit and Risk Committee is to monitor and review the effectiveness of the Company's control environment in the areas of operational risk, legal and regulatory compliance and financial reporting. The Audit and Risk Committee also has the responsibility for the review of the Company's corporate governance policy. The Committee will advise and assist the Board in the discharge of its responsibility to exercise due care, diligence and skill in relation to:

- » reporting of financial information to users of financial reports, in particular the quality and reliability of such information;



- » assessing the consistency of disclosures in the financial statements with other disclosures made by the Company to the financial markets, governmental and other public bodies;
- » review and application of accounting policies;
- » financial management;
- » review of internal and external audit reports to ensure that where weaknesses in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- » evaluation of the Company's compliance and risk management structure and procedures, internal controls and ethical standards;
- » review of business policies and practices;
- » conduct of any investigation relating to financial matters, records or accounts, and reporting those matters to the Board;
- » protection of the Company's assets;
- » compliance with applicable laws, regulations, standards and best practice guidelines; and
- » review of the Company's corporate governance policy.

## 4.2 Composition

The Audit and Risk Committee consists of a minimum of 3 directors of the Board, with a majority of independent directors. Executive directors are not permitted to be members of the Audit and Risk Committee. All members (including the chairman) of the Audit and Risk Committee are appointed by the Board. The chairman of the Audit and Risk Committee will be a non-executive director who is not the Chairman of the Board. All members of the Audit and Risk Committee are to be financially literate. The Chairman of the Board is an ex-officio member of the Committee. An appointment to the Audit and Risk Committee will automatically terminate on that member ceasing to be a director of the Company.

The Audit and Risk Committee comprises:

- » Bruce McHarrie Independent Chairman
- » Matt McNamara Independent member
- » Bryan Mogridge Independent member

The secretary of the Audit and Risk Committee will be the Company Secretary.

## 4.3 Meetings

The Audit and Risk Committee will meet as frequently as required but not less than **quarterly**. The Audit and Risk Committee may also meet at other times during the year to address specific issues referred by the Board and to review financial reports prior to presentation to the Board.

Any member of the Audit and Risk Committee may call a meeting of the Audit and Risk Committee.

A notice of meeting confirming the date, time, venue and agenda will be forwarded to each member of the Audit and Risk Committee in the week prior to the date of the meeting. The notice of meeting will include relevant supporting papers for the agenda items to be discussed.

The quorum for a meeting is **2** members or any greater number determined by the Audit and Risk Committee from time to time.

Other directors, executives and other parties may attend Audit and Risk Committee meetings but only at the invitation of the chairman of the Audit and Risk Committee.

The Audit and Risk Committee may conduct meetings without all members being in the physical presence of one another provided that all Audit and Risk Committee members involved in the meeting are able to participate in discussion.

The chairman of the Audit and Risk Committee, or his or her delegate, will report to the Board following each meeting.

If the chairman of the Audit and Risk Committee is absent from a meeting and no acting chairman has been appointed, the members of the Audit and Risk Committee present at the meeting have authority to choose 1 of their number to be chairman for that particular meeting.

Minutes of proceedings and resolutions of the Audit and Risk Committee meetings shall be kept by the secretary. Minutes will be distributed to all Audit and Risk Committee members after preliminary approval has been given by the Audit and Risk Committee chairman.

At the end of the Company's reporting period, the number of times the Audit and Risk Committee met through the period and the individual attendances of the members of the Audit and Risk Committee will be included in the "Directors' Report " contained in the Company's annual report.

#### **4.4 Authority**

The Audit and Risk Committee has the authority to seek any information it requires to carry out its duties from any officer or employee of the Company or related parties and such officers or employees shall be instructed by the Board to cooperate fully in the provision of such information.

The Audit and Risk Committee shall maintain free and open communications with the Company's external auditors, internal auditors and management. The Audit and Risk Committee will periodically meet with the external auditors without representatives of management present to discuss the adequacy of the Company's disclosures and policies, and to satisfy itself regarding the external auditors' independence.

The Audit and Risk Committee also has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.

The Audit and Risk Committee discharges its responsibilities by making recommendations to the Board, however it does not have any executive powers to commit the Board or management to their implementation. The Audit and Risk Committee is not responsible for supervising the performance of executives and is not involved in day-to-day operations, management functions or decision making.

#### **4.5 Duties and responsibilities**

The Audit and Risk Committee's main responsibilities are as follows:

(a) External Reporting

- Consider the appropriateness of the Company's accounting policies and principles and any changes, as well as the methods of applying them, ensuring that they are in accordance with the stated financial reporting framework.
- Assess significant estimates and judgements in financial reports by making inquiries of management about the process used in making material estimates and judgments and then making inquiries of the internal and external auditors as to the basis of their conclusions and the reasonableness of management's estimates.
- Review management's processes for ensuring compliance with laws, regulations and other requirements (including the Australian Accounting Standards, the Corporations Act, bribery

and corruption related law, the ASX Listing Rules and the ASX Market Rules) relating to the external reporting of financial and non-financial information, including any periodic corporate report that is not audited or reviewed by the external auditor.

- Ensure that a comprehensive process is established by management to capture issues for the purposes of continuous reporting to ASX.
- Assess information from internal and external auditors that affects the quality of financial reports (e.g. actual and potential material audit adjustments, financial report disclosures, non-compliance with the laws and regulations, internal control issues).
- Ask the external auditor for an independent judgement about the appropriateness of accounting principles used and the clarity of the financial disclosure practices used or proposed to be used as put forward by management.
- Review documents and reports to regulators and make recommendations to the Board on their approval or amendment.
- Assess the management of non-financial information in documents (both public and internal) to ensure the information does not conflict inappropriately with the financial statements and other documents and assess internal control systems covering information releases that have the potential to adversely reflect on the Company's conduct.
- Review the completeness and accuracy of the reporting of the Company's main corporate governance practices as required under the ASX Listing Rules of any stock exchange where the securities of the Company are quoted.
- Recommend to the Board whether the financial and non-financial statements should be signed based on the Audit and Risk Committee's assessment of them.
- Require the Chief Executive Officer and the Chief Financial Officer (or each person who performs each of those roles) to provide a declaration in the form of a certification (**Declaration**) 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. The Declaration must be given before the Board approve the financial statements for the financial year.

(b) Related party transactions

Review and monitor the propriety of related-party transactions.

(c) Internal control and risk management

An internal officer of the Company is to be appointed and responsible for reporting to the Audit and Risk Committee concerning:

- Assessment of the internal processes for determining and managing key risk areas, particularly:
  - » monitoring any non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
  - » important judgements and accounting estimates;
  - » contractual risks and indemnities;

- » emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches;
  - » litigation and claims;
  - » insurance program;
  - » fraud and theft; and
  - » relevant business risk other than those that are dealt with by other specific Board committees.
- Ensure that the Company has an effective risk management system.
  - Receive from management reports on all suspected and actual frauds, thefts and breaches of laws.
  - Address the effectiveness of the internal control system with management and the internal and external auditors.
  - Evaluate the process for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
  - Assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
  - Assess the effectiveness of and compliance with the corporate code of ethical conduct.
  - Meet periodically with key management, internal and external auditors and compliance staff to understand and discuss the control environment.
  - Ensure that the Chief Executive Officer/Managing Director and Chief Financial Officer each provide a written statement to the Board that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

(d) Internal audit

The internal audit function is to provide an independent assessment of risk and compliance with internal controls. The results of internal audits are reported to senior management and to the Audit and Risk Committee on a regular basis. In addition, processes have been put in place to ensure that appropriate follow up actions are taken in relation to significant audit findings and identified areas of risk.

The Audit and Risk Committee's internal audit responsibilities include:

- reviewing the internal auditor's mission, charter and resourcing (including qualifications, skills, experience, funding and equipment);
- reviewing and approving the scope of the internal audit plan and work program;
- monitoring the progress of the internal audit plan and work program and considering the implications of internal audit findings for the control environment;
- monitoring and critiquing management's responsiveness to internal audit's findings and recommendations;

- evaluating the process which the Company has in place for monitoring and assessing the effectiveness of the internal auditor;
- overseeing the co-ordination of the internal auditor with the external auditor; and
- providing the opportunity for Audit and Risk Committee members to meet with the internal auditors without management personnel being present at least once a year.

(e) External audit

The Board and management need to ensure that the statutory auditor is both independent and seen to be independent. The purpose of an independent statutory audit is to provide shareholders and investors with reliable and clear financial reports on which to base investment decisions.

The Audit and Risk Committee's external audit responsibilities include:

- making recommendations to the Board on the appointment, remuneration and monitoring of the performance and independence of the external auditor;
- ensuring that any suggestions by management that the auditor needs to be replaced or that the audit needs to be put out to tender are referred to and examined carefully by the Audit and Risk Committee with it reporting to the Board on its examination before any decision is made by the Board;
- reviewing the external auditor's fees and being satisfied that an effective, comprehensive and complete audit can be conducted for the set fee;
- at the start of each audit, agreeing on the terms of the engagement with the external auditor;
- inviting the external auditor to attend Audit and Risk Committee meetings to, at least, review the audit plan, discuss audit results and consider the implications of the external audit findings for the control environment;
- together with the external auditor, reviewing the scope of the external audit (particularly the identified risk areas) and any additional agreed-upon procedures on a regular and timely basis;
- enquiring of the auditor if there have been any significant disagreements with management irrespective of whether or not they have been resolved;
- monitoring and critiquing management's responsiveness to the external auditor's findings and recommendations;
- reviewing all representation letters signed by management and ensuring that the information provided is complete and appropriate;
- providing the opportunity for the Audit and Risk Committee members to meet with the external auditors without management personnel being present at least once a year;
- reviewing the external auditor's independence based on the external auditor's relationships and services with the Company and other organisations that may impair or appear to impair the external auditor's independence.
- request the external auditor to attend the AGM of the Company to answer any audit related questions from shareholders.

## (f) Corporate Governance

The Audit and Risk Committee will review the corporate governance procedures of the Company and, on a regular basis, consider:

- external trends and developments in relation to corporate governance issues;
- the position which the Company should take in respect of those issues;
- the adequacy of the Company's corporate governance policies and practices; and
- the Company's communications with respect to corporate governance issues.

**4.6 Fees and expenses**

Audit and Risk Committee members are not entitled to receive any additional remuneration for their role as members of the Audit and Risk Committee. Directors' fees are set to include membership of any Board committees.

The reasonable expenses incurred by Audit and Risk Committee members in discharging their obligations and attending Audit and Risk Committee meetings will be reimbursed by the Company, consistent with Company policies which are established from time to time.

**4.7 Review of terms of reference**

The Audit and Risk Committee's terms of reference (the Company's risk management framework) are to be reviewed at least annually by the Audit and Risk Committee to ensure they remain consistent with the Audit and Risk Committee's authority, objectives and responsibilities. Any significant changes to the terms of reference are to be recommended by the Audit and Risk Committee to the Board for approval.

**4.8 Distribution of terms of reference**

Key features of the Audit and Risk Committee's terms of reference are included in the "Directors' Report" contained in the Company's annual report.

**5. Nomination and Remuneration Charter****5.1 General scope and authority**

The Nomination and Remuneration Committee proposes candidates for director appointment for the Board's consideration, reviews the fees payable to both executive and non-executive directors and reviews and advises the Board in relation to chief executive officer succession planning.

The Nomination and Remuneration Committee is a committee of the Board and is established in accordance with the authority provided in the Company's constitution. The Board has resolved to establish this committee and to adopt these terms of reference to govern the proceedings and meetings of the Nomination and Remuneration Committee.

The Board is responsible to shareholders for ensuring that the Company:

- » has coherent remuneration policies and practices which are observed and which enable it to attract and retain executives and directors who will create value for shareholders and support the Company's purpose, strategic goals, values and risk appetite;
- » fairly and responsibly rewards executives having regard to the performance of the Company, the performance of the executive and the general pay environment;

- » provides disclosure in relation to the Company's remuneration policies to enable investors to understand the costs and benefits of those policies and the link between remuneration paid to directors and key executives and corporate performance; and
- » complies with the provisions of the ASX Listing Rules and the Corporations Act.

The primary purpose of the Nomination and Remuneration Committee is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is appropriately remunerated, structured and comprised of individuals who are best able to discharge the responsibilities of directors by:

- » assessing the size, composition, diversity and skills required by the Board to enable it to fulfil its responsibilities to shareholders, having regard to the Company's current and proposed scope of activities;
- » assessing the extent to which the required knowledge, experience and skills are represented on the Board;
- » establishing processes for the identification of suitable candidates for appointment to the Board;
- » overseeing succession planning for the Board and the Chief Executive Officer;
- » establishing processes for the review of the performance of individual directors and the Board as a whole;
- » assessing the terms of appointment and remuneration arrangements for non-executive directors; and
- » assessment and reporting to the Board in relation to:
  - executive remuneration policy;
  - the remuneration of executive directors;
  - the remuneration of persons reporting directly to the Chief Executive Officer, and as appropriate, other executive directors;
  - diversity plans, measurable diversity objectives and ensuring equality in remuneration across gender aligned, where relevant, with the ASX Corporate Governance Guidelines;
  - the Company's recruitment, retention and termination policies and procedures;
  - superannuation and retirement plan arrangements; and
  - all equity-based plans.

## 5.2 Composition

The Nomination and Remuneration Committee consists of a minimum of **3** directors of the Board. Where possible and to reduce the potential for conflict of interest, the Nomination and Remuneration Committee should be comprised of a majority of non-executive directors. All members (including the chairman) of the Nomination and Remuneration Committee are appointed by the Board. An appointment to the Nomination and Remuneration Committee will automatically terminate on that member ceasing to be a director of the Board.

The Nomination and Remuneration Committee comprises:

- » Bryan Mogridge Independent Chairman
- » Jeremy Curnock Cook Independent Member
- » James Ward-Lilley Independent Member

The Company Secretary will act as secretary of the Nomination and Remuneration Committee.

### 5.3 Meetings

The Nomination and Remuneration Committee will meet as frequently as required but not less than *twice a year*.

Any member of the Nomination and Remuneration Committee or the secretary may call a meeting of the Nomination and Remuneration Committee.

A notice of meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Nomination and Remuneration Committee in the week prior to the date of the meeting. The notice of meeting will include relevant supporting papers for the agenda items to be discussed.

The quorum for a meeting is 2 members or any greater number determined by the Nomination and Remuneration Committee from time to time.

Other directors, executives and/or parties external to the Company may attend Nomination and Remuneration Committee meetings but only at the invitation of the chairman of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee may conduct meetings without all Nomination and Remuneration Committee members being in the physical presence of one another provided that all Nomination and Remuneration Committee members involved in the meeting are able to participate in discussion.

The Nomination and Remuneration Committee should be chaired by an independent non-executive director, who is not the Chairman of the Board.

The chairman of the Nomination and Remuneration Committee, or his or her delegate, will report to the Board following each meeting.

If the chairman of the Nomination and Remuneration Committee is absent from a meeting and no acting chairman has been appointed, the members of the Nomination and Remuneration Committee present at the meeting have authority to choose one of their number to be chairman for that particular meeting.

Minutes of proceedings and resolutions of Nomination and Remuneration Committee meetings shall be kept by the secretary. Minutes will be distributed to all Nomination and Remuneration Committee members after preliminary approval has been given by the Nomination and Remuneration Committee chairman.

At the end of the Company's reporting period, the number of times the Nomination and Remuneration Committee met through the period and the individual attendances of the members of the Nomination and Remuneration Committee will be included in the "Directors' Report" contained in the Company's annual report.

### 5.4 Authority

The Nomination and Remuneration Committee has the authority to seek any information it requires to carry out its duties from any officer or employee of any entity of the Company or related parties and such officers



or employees shall be instructed by the Board of the Company employing them to cooperate fully in the provision of such information.

The Nomination and Remuneration Committee also has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.

The Nomination and Remuneration Committee discharges its responsibilities by making recommendations to the Board, but it does not have any executive powers to commit the Board or management to their implementation. The Nomination and Remuneration Committee is not responsible for supervising the performance of executives and is not involved in day-to-day operations, management functions or decision making.

## 5.5 Duties and responsibilities

### (a) Board composition

The Nomination and Remuneration Committee will:

- devise the criteria for Board membership and periodically assess the size, diversity and membership of the Board and the skills required to competently discharge the Board's duties, having regard to the strategic direction of the Company, and report the outcome of that assessment to the Board;
- make recommendations to the Chairman of the Board on means by which skill levels of existing directors can be enhanced;
- as and when it considers appropriate, but in any event on each occasion when an existing director retires, assess the mix of skills, experience, expertise and diversity represented on the Board by the directors and determine whether that mix meets the required director competencies as identified;
- inform the Board of those directors who are retiring in accordance with the provisions of the constitution and make recommendations to the Board as to whether the Board should support the re-nomination of the retiring director(s). In making such recommendations, the Nomination and Remuneration Committee will review (by whatever means it considers appropriate) each retiring director's performance during his or her tenure on the Board;
- having regard to the skills required and the skills represented, implement a process for the identification of suitable candidates for appointment to the Board. In determining such a process, the Nomination and Remuneration Committee will ordinarily ensure that a search is undertaken by an appropriately qualified independent third party acting on a brief prepared by the Nomination and Remuneration Committee which identifies the skills sought;
- make recommendations to the Board on candidates it considers appropriate for appointment;
- ensure that an effective induction process is in place for new directors and regularly review this process for its effectiveness;
- regularly review whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and on Board committees effectively and, where any gaps are identified, consider what training or development could be undertaken to fill those gaps;
- review fees payable to non-executive directors of the Board; and
- review Board and CEO succession planning and advise the Board of any progress.

A member of the Nomination and Remuneration Committee shall not participate in the review of his or her own performance.

(b) Executive remuneration policy

The Nomination and Remuneration Committee will:

- review and report upon the Company's policy for determining executive remuneration, and any amendments to that policy proposed from time to time;
- review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs; and
- oversee the implementation of this remuneration policy within the Company.

(c) Executive directors and senior management

The Nomination and Remuneration Committee will:

- consider and make recommendations to the Board on the entire specific remuneration for each executive director (including base pay, incentive payments, equity awards, retirement rights, service contracts). The Nomination and Remuneration Committee will need to determine whether any shareholder approvals are required; and
- review and report upon the proposed remuneration (including incentive awards, equity awards and service contracts) of "Chief" level executives, and as appropriate, other executive directors.

(d) Executive incentive plans

The Nomination and Remuneration Committee will:

- review and report upon the design of all executive incentive plans; and
- review and report upon the total proposed payments from each executive incentive plan.

(e) Equity Based Plans

The Nomination and Remuneration Committee will:

- review and report upon the design of all equity-based plans;
- ensure that payment of equity-based executive remuneration is made in accordance with thresholds approved by shareholders;
- continually review all plans under review in light of legislative, regulatory and market developments;
- for each equity-based plan, recommend to the Board whether awards should be made under that plan;
- review and recommend proposed awards under each plan;
- in addition to considering awards to executive directors and "Chief" level executives, review and recommend proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Nomination and Remuneration Committee; and

- review and make recommendations about performance criteria for each equity-based plan.

(f) Approvals

The Nomination and Remuneration Committee must, if requested by the Board, review and report to the Board upon proposals concerning:

- changes to the remuneration or contract terms of executive directors and “Chief” level executives and, as appropriate, other executive directors;
- the design of new, or amendments to current, equity-based plans or executive cash-based incentive plans;
- the total level of remuneration proposed from equity-based plans or executive cash-based incentive plans; and
- termination payments to the Chief Executive Officer, “Chief” level executives and, as appropriate, other executive directors. Termination payments to other departing executives should be reported to the Nomination and Remuneration Committee at its next meeting.

## 5.6 Fees and expenses

Nomination and Remuneration Committee members are not entitled to receive any additional remuneration for their role as members of the Nomination and Remuneration Committee. Directors' fees are set to include membership of any Board committees.

The reasonable expenses incurred by Nomination and Remuneration Committee members in discharging their obligations and attending Nomination and Remuneration Committee meetings will be reimbursed by the Company, consistent with Company policies which are established from time to time.

## 5.7 Review of terms of reference

The Nomination and Remuneration Committee's terms of reference are reviewed annually by the Nomination and Remuneration Committee to ensure they remain consistent with the Nomination and Remuneration Committee's authority, objectives and responsibilities. Any significant changes to the terms of reference are to be recommended by the Nomination and Remuneration Committee to the Board for approval.

## 5.8 Distribution of terms of reference

Key features of the Nomination and Remuneration Committee's terms of reference are included in the "Directors' Report" contained in the Company's annual report.

## 6. Supplementary policies (including Code of Conduct)

### 6.1 Code of Conduct

Directors, management and staff are expected to perform their duties in a professional manner and act with the utmost integrity, objectivity and in accordance with appropriate ethical standards in all dealings with each other, the Company, customers, suppliers and the community, striving at all times to enhance the reputation and performance of the Company. All directors and employees are required to abide by laws and regulations, to respect confidentiality and the proper handling of information.

The Company's Code of Conduct consists of the following principles:

- » The Company will conduct its business operations ethically, responsibly and with full regard to and compliance with all legal obligations of the Company.
- » The Company's employees, contractors and agents:
  - will strive to the utmost of their abilities to deliver quality services to meet customers' needs and to treat customers with respect, courtesy and a caring attitude toward their business requirements;
  - will present themselves in a fit and tidy condition for work and be fully equipped to perform their work safely and competently;
  - will, when working for customers, adhere to all workplace and occupational health and safety requirements, work instructions and directives and will refrain from any irresponsible, negligent or unsafe actions or work;
  - are expected to work in a supportive and cooperative manner, and the Company will not condone any form of harassment of fellow workers. All cases of harassment will be promptly resolved through counselling and conciliation processes;
  - will not knowingly reveal confidential information, trade secrets or information concerning intellectual property or practices, which could be injurious to customers or the Company's own business interests.
- » The Company encourages the reporting of unlawful/unethical behaviour by its directors, employees, contractors and agents and will actively promote ethical behaviour and protection for those who report violations in good faith as outlined in the Company's Whistleblower Policy.
- » The Company encourages individuals to join appropriate organisations and associations that can effectively represent their work interests.
- » The Company will communicate the code of conduct to all its employees, contractors and agents.

The Board will be informed of and review any material breach of the Code of Conduct.

### 6.2 Standards of Conduct

The Company has established the following Standards of Conduct within the principles of the Code of Conduct, with which it expects all employees to comply.

#### (a) Private work

Employees may not engage in work unrelated to the Company's activities in their own time unless agreed to and approved in writing by the Company. However, such work must not interfere with or affect the efficiency of the performance of the employee's normal Company duties.

Employees must not carry out any work or activity that draws upon the resources of the Company or that has any association with the Company for private profit or material gain. Employees may be dismissed for undertaking such action.

Acceptance of paid employment during periods of recreation, sick or long service leave is not permitted and employees may be dismissed for breach of this requirement.

(b) Defence reserves and civic duties

The Company recognises that employees with "defence reserve" status may be required to participate in exercises on an annual basis or to travel overseas to fulfil defence obligations. Paid or unpaid leave to attend to such commitments may be granted after considering each application, which shall be determined by the Chairman.

Paid or unpaid leave may be available for some recognised civic duties such as local government appointments, emergency services and similar volunteer work. Each case will be determined on its merits by the immediate/local manager.

(c) Use of the Company's motor vehicles

It may be necessary, as part of their job function, for employees to use a Company vehicle. Such vehicles can be used on work-related business and for limited private purposes, such as taking the employee's family shopping. The vehicle must be left locked and parked safely while not in use and kept in a clean and tidy state.

(d) Absence from duty

Employees unable to report to work for any reason must advise their manager before the shift starts or as early in the day/shift as possible, giving the reason for the absence and its probable duration. If the anticipated length of the absence is not known immediately, (eg. pending the advice of a doctor) employees should arrange for their manager to be kept informed of progress. The appropriate leave application must be completed immediately upon return to work.

(e) Absence from the workplace

When it is necessary for an employee to leave the workplace for any reason, their manager must be informed.

(f) Punctuality

If an emergency prevents the employee from starting work on time, at either the beginning of work or after a break, the employee must contact either his or her manager or the customer (as the case may be) or both as soon possible to explain the circumstances.

(g) Confidential work and Company property

Confidentiality must be strictly observed and confidential information must not be disclosed unless it is appropriate in the normal course of the employee's duties. Any unauthorised disclosure of confidential information will result in disciplinary action. Employees are prohibited from removing Company documents or information (in whatever form) from Company premises or vehicles without authority. All Company property must be returned to the Company upon an employee ceasing employment with the Company.

(h) Respect and care for the property of others

All employees must demonstrate respect and consideration for the property and belongings of others (the Company, a colleague, the customer or the general public). Employees shall not damage, tamper with, remove or steal property or belongings which are not their own. Any employee proven

to have done so will be subject to the Company's disciplinary process, which may result in the employee's dismissal and/or criminal and civil action being taken against him or her.

### 6.3 Conflict of interest

Employees must avoid any circumstances which may lead to a conflict of interest between their personal or their family's private interests or activities and the interests or activities of the Company.

Employees must declare any such circumstances so that either proper approval to continue those interests or activities can be given or the conflict may be avoided.

Such matters may include:

- » employees and/or their families benefiting from a business transaction that rightfully should be made available to the Company;
- » personal transactions, situations or involvement in which employees and/or their family's personal interests actually conflict or have the appearance of conflicting with those of the Company or its related parties (eg interests in companies in competition with the Company);
- » employees engaging in other employment or activity that prevents or restricts the employees from performing to their best ability;
- » Company information of a confidential nature being used or disclosed without proper authorisation; and
- » business actions which have the potential to embarrass or harm an employee or the Company.

### 6.4 Anti-bribery and Corruption Policy

The Company is committed to the highest levels of ethical behaviour and has a zero tolerance for bribery or corruption in any form, whether from Employees or third parties who provide services to or on behalf of the Company. Serious criminal and civil penalties may be incurred and reputational damage may be done if the organisation is involved in bribery or corruption.

The Company complies with anti-bribery and corruption laws in all markets and jurisdictions in which the Company operates, including but not limited to the *Criminal Code Act 1995* (Cth), the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth), the *Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2017* (Cth), and the *US Foreign Corrupt Practices Act 1977*.

The Company will:

- deal with others in a way that is fair, and will not engage in deceptive practices;
- conduct all business in an honest and ethical manner;
- not permit bribery or corrupt practices in any form (whether direct or indirect);
- not be involved in any financial transactions derived from or proposed to be used for criminal activities;
- resist efforts made by others to improperly influence any decision-making process in order to achieve any personal or business advantage not legitimately due;
- expect all of its agents, contractors, suppliers, and each third party with which the Company does business to act in accordance with this anti-bribery and corruption policy, and implement and enforce their own effective systems to counter bribery and corruption;

- periodically review this policy to check that it is operating effectively and whether any changes are required to the policy.

No Employee, or a third party who provides services to or on behalf of the Company, may give, offer or receive a bribe or secret commission in order to obtain an advantage for the Company or themselves. A ‘bribe’ means anything of value given or offered for the purposes of obtaining or retaining business, or for any other improper purpose or business advantage. A benefit may constitute a bribe whether offered to a government official, a private individual, or a company, whether offered directly or through an intermediary.

Facilitation payments (that is, payments made to secure or speed up a routine governmental function, such as payments to expedite the clearance of goods through customs) must not be paid unless they are the payment of fees approved by a government or regulatory authority that are described on an official government website.

If an Employee or third-party suspects that a bribe or facilitation payment has been made or offered, it should immediately be reported to their manager or in accordance with the Company’s Whistleblower Policy.

Employees should note that, aside from disciplinary action by the Company, they may face serious criminal penalties for engaging in bribery or corruption.

Consistent with its obligations under the law, the Company will cooperate with any investigation by law enforcement or regulatory authorities into suspected bribery by an Employee.

This prohibitive conduct described in this section 8 does not include a monetary or in-kind donation or grant for a legitimate charitable purpose which brings no tangible benefit to the Company or an individual Employee.

The Company will provide Employees with appropriate training so that they know how to recognise and deal with these issues.

The Board will be informed of and review any material breach of this policy.

## 6.5 Gifts, Hospitality and Entertainment Policy

Employees must exercise care when giving or receiving gifts, hospitality or entertainment to ensure that it is legally and ethically appropriate.

‘Gifts’ can include cash, cash equivalents (such as gift cards), or other items of value. ‘Hospitality’ includes dining and accommodation. ‘Entertainment’ includes attendance at concerts, plays, and sporting events amongst other activities.

Employees must not offer, give or receive gifts, hospitality or entertainment from a third party unless:

- it would not influence the behaviour of the other party;
- it is in line with common, legitimate, local business practises;
- it is appropriate in the circumstances;
- it is not a gift in the form of cash or a cash equivalent;
- it is not a benefit which has been frequently given;
- it is not of unreasonably high monetary value; and
- it would not damage the Company’s reputation if publicised.

If there is any doubt as to these requirements, the gift, hospitality or entertainment should not be offered or accepted.

Employees must not solicit gifts, hospitality or entertainment from a third party.

Any gifts, hospitality or entertainment given or received which exceed A\$200 in value must be reported to the Company Secretary for recording in the Company's Gifts and Entertainment Register and periodic reporting to the Board.

## 6.6 Donations and Sponsorships

The Company does not make political donations. Employees may make donations in their capacity as private individuals only.

The Company may provide sponsorships to organisations or events. Employees must ensure that such sponsorships are provided for a legitimate business objective and could not be perceived as being for the purpose of obtaining or retaining an undue benefit or advantage for the Company or any Employee or related individuals.

All Company donations and sponsorships must be pre-approved by the Chief Executive Officer.

## 6.7 Disclosures to the Investment Community

### (a) Background

As part of our overall policy of open disclosure, the Company ensures that all material communications regarding its operations are made available to all interested stakeholders in a timely fashion. To ensure that information about or concerning the Company which is to be given to the news media is timely, accurate, consistent, appropriate and conforms with Company policy, no public statement may be made on any matter concerning the Company's work, employees or customers except in accordance with this policy.

The ASX Listing Rules and the Corporations Act require listed companies to immediately advise ASX of any material information which is price sensitive (unless one of the exceptions applies).

### (b) Board policy on disclosure

The Board is aware of its continuous disclosure obligations in respect of material information, and embraces the principle of providing access to that information to the widest audience.

To ensure that these principles are appropriately actioned, the Board has in place a Communications and Disclosure Policy specifying processes to ensure the Company complies with continuous disclosure requirements.

To safeguard against inadvertent disclosure of price sensitive information, the Board has agreed to keep to a minimum the number of directors and staff authorised to speak on the Company's behalf. Company spokespeople and communications guidelines are set out in the Company's Communications and Disclosure Policy. In addition, to ensure that the Board has timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures, all directors are registered under the Company's ASX online portal to receive notification of all market announcements.

The Company has determined that the Company Secretary must be made aware of any information disclosures in advance, including information to be presented at private briefings. This will minimise the risk of breaching the continuous disclosure requirements.

The Company Secretary is responsible for:



- ensuring that the Chairman and the Chief Executive Officer are aware of new and substantive information that may be required by the ASX Listing Rules and the law to be publicly released through ASX before disclosing it to any person, including analysts, investors and others outside the Company;
- ensuring that all information released through ASX is promptly made available to its bankers and other parties to whom it has a similar reporting responsibility;
- the further dissemination of information, after it has been released through ASX, to investors and other interested parties;
- posting such information on the Company's website immediately after ASX confirms that it has received such announcements;
- reviewing all briefings and discussions with media representatives, analysts and major shareholders, to check whether any price sensitive information has been inadvertently disclosed. If so, to immediately announce the information through ASX.

Responses to enquiries from market analysts are to be confined to errors in factual information and underlying assumptions. Earnings expectations are to be managed by using the continuous disclosure regime and any change to expectations is to be made by ASX announcement before commenting to anyone outside the Company.

## 6.8 Shareholder communications strategy

The Board acknowledges the need for effective communications with, and to respect the rights of, shareholders and has adopted the following strategy:

- » shareholder meetings are structured to provide effective communication to shareholders and allow reasonable opportunity for informed shareholder participation;
- » substantive resolutions at a meeting of shareholders will be decided by a poll;
- » the external auditor attends the AGM and is available to respond to shareholder questions in relation to any audit related questions;
- » if a shareholder is unable to attend the AGM they may pose questions to the Company via email communication (please refer to the Company's website) or by written or telephone correspondence to the Company Secretary, and where appropriate these questions may be answered at the AGM, either by being read out and then responded to at the AGM or by providing a transcript of the question and a written answer at the meeting;
- » the Company's share registry enables shareholders to elect to receive electronic communications;
- » the Company's annual report is available online and in hard copy form at shareholder request;
- » in addition to the annual report, the Company issues a report with the release of the half-year and full-year financial results, which is available online;
- » the Company posts on its website all relevant announcements made to the market (including information used for analyst briefings and press releases) after they have been released to ASX;
- » the Company posts on its website all of its relevant corporate governance information, including the following information:
  - an overview of the Company's current business;
  - a description of how the Company is structured;

- a summary of the Company's history;
- once they are known, the time, venue and other relevant details for results presentations and the AGM;
- copies of media releases the Company makes;
- contact details for enquiries from security holders, analysts or the media;
- contact details for its share registry;
- the names, photographs and brief biographical information for each of its directors and senior executives;
- its constitution, its Board charter and the charters of each of its Board committees;
- the corporate governance policies and any other relevant corporate governance materials;
- copies of its annual reports and financial statements;
- copies of its announcements to ASX;
- copies of notices of meetings of security holders and any accompanying documents;
- webcasts and/or transcripts of investor or analyst presentations and copies of any materials distributed at those presentations;
- » the Company will disclose on its website whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages or intends to manage those risks – especially where those risks could affect the Company's achievement of its financial performance or outcomes disclosed;
- » where possible, the Company will post advance notification of significant group briefings (e.g. results announcements) through the Company's website and social media; and
- » general shareholder questions may be posed to the Company and/or its share registry via email communication (please refer to the Company's website) or by written or telephone correspondence to the Company Secretary or its share registry as applicable.

## 6.9 Directors and Board performance evaluation

The Chairman of the Board has authority (including use of third party advisers or tools) to develop key performance indicators for Board members to assess the performance of the Board as a whole, their own performance and the performance of each of their fellow directors.

A sample of such issues is as follows:

- (a) Board - General
- Board agenda and papers
  - Conduct of Board meetings
  - Committee structure and performance
  - Effectiveness of Board working together
  - Relationships with senior executives

- Relationships with shareholders
  - Conduct of the AGM and other shareholder meetings
- (b) Board - Activities
- Quality of strategy and performance indicators
  - Adequacy of risk management practices
  - Corporate governance practices
  - Performance of Auditor
  - Quality of management presentations
  - Management disclosure of key information
- (c) Individual performance evaluations
- Contribution of individual directors
  - Performance of senior executives
  - Performance of Company Secretary
- (d) Looking forward
- Mix of skills – current and future requirements
  - Areas for improvement
- (e) Process

The Chairman will have individual meetings with each director and selected senior executives to assess their views on these issues and to identify any areas of concern or opportunity for improvement of performance of the Board and/or individual directors.

The Chairman will provide a summary of his or her findings to the Nomination and Remuneration Committee and to the full Board and is responsible for ensuring that agreed actions are implemented. It is recognised that some findings will be of a sensitive nature and will not be included in the Chairman's report but will be acted upon by the Chairman on a one to one basis.

This process occurs at least once each calendar year and more frequently at the discretion of the Chairman. It is anticipated that the Chairman will undertake this performance evaluation during August and September each year and will report his/her findings to the next Board meeting.

## 6.10 Senior Management and Board performance evaluation

The Board will regularly review the performance of its senior executives and address any issues that may emerge from that review. The Board has authority to develop key performance indicators for management to assess the performance of each senior executive according to key performance criteria agreed to within the context of each executive's employment contract.

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