

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors (Board) is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders. The Company's corporate governance policies and procedures comply with Annexure 1 of the National Securities Exchange of Australia (NSX) Practice Note 14. In addition, the Company's corporate governance policies and procedures also incorporate those recommendations referred to in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Principles).

### Principal 1: Lay solid foundations for management

#### Role of the Board and Management

The Board is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight of management. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has delegated responsibility for day-to-day management of the Company to the Chief Executive Officer (CEO) and there is a formal delegation structure in place which sets out the powers delegated to the CEO and those specifically retained by the Board, these delegations are reviewed on a regular basis.

#### Responsibilities of the Board

The Board is responsible for:

- Overseeing the Company, including its control and accountability systems;
- Overseeing the integrity of the accounting and corporate systems, including external audit;
- Appointing and removing the CEO/Managing Director;
- Where appropriate, ratifying the appointment and removal of senior executives;
- Providing input into and final approval of management's development of corporate strategy and performance objectives;
- Reviewing, ratifying and monitoring systems of risk management and internal controls, codes of conduct and legal compliance;
- Monitoring senior executives' performance and implementation of strategy;
- Ensuring timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the operating budgets and progress of major capital expenditure, capital management and acquisitions and divestures; and
- Monitoring the effectiveness of the entity's governance practices.

#### Allocation of individual responsibilities

Formal letters of appointment are provided to all new Directors and Senior Executives setting out key terms and conditions of their appointment.

#### Responsibilities of management

Management is responsible for implementing the strategic objectives of the Company and operating within the risk appetite set by the Board as well as other aspects of the day-to-day running of the Company.

Management is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

## Induction

All new Directors participate in a formal induction process coordinated by the Company Secretary. This induction process includes briefings on the Company's financial, strategic, operational and risk management position, the Company's governance framework and key developments in the Company and the industry and environment in which it operates.

## Role and accountability of the Company Secretary

The Company Secretary is appointed by the Board and is responsible for:

- Advising the Board and its Committees on Governance matters;
- Monitoring compliance with Board policies and procedures;
- Co-ordinating Board papers;
- Accurately recording decisions and discussions from Board meetings; and
- Co-ordinating the induction and professional development of Directors.

In addition to the above responsibilities, the Company Secretary, played an integral role in assisting with the conduct and processes of the Board, as well as the dispatch of material to the Board members.

## Ongoing training

Directors identify additional training needs on an ongoing basis and attend these as necessary to ensure they have the appropriate skills and knowledge to perform their role.

## Appointment of Board Members

Prior to appointing or putting forward a candidate for election to the Board, appropriate checks such as character, experience, criminal records and education are performed. All material information in the Company's possession is provided to security holders to allow them to make an informed decision about the suitability of the candidate at the Company's next Annual General Meeting of shareholders.

## Principle 2: Structure the Board to add value

The Board's policy is that the Board needs to have an appropriate mix of skills, experience, expertise and diversity to be well equipped to help the Company navigate the range of challenges it faces.

The names, independence status, terms of service, experience, expertise and qualifications, of the members of the Board as at the date of this report are set out in the Director's Report.

The Company does not have a majority of independent Directors. The Board considers this to be satisfactory considering the size and complexity of the business.

## Composition of the Board

The Board's composition is determined based on criteria set out in the Company's constitution and the Board Charter.

The Board seeks to ensure that:

- At any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective;
- There is a sufficient number of Directors to serve on Board committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities; and
- The size of the Board is appropriate to facilitate effective discussion and efficient decision making.

In accordance with the NSX Listing Rules, the Company must hold an election of Directors each year.

## Board committees

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following Board committees:

- Audit and Risk Management Committee; and
- Remuneration and Nomination Committee.

Each of these committees has established charters and operating procedures in place, which are reviewed on a regular basis. The Board may establish other committees from time to time to deal with matters of special importance. The Committees have access to the Company's executives and senior management as well as independent advice. Copies of the minutes of each Committee meeting are made available to the full Board, and the Chairman of each Committee provides an update on the outcomes at the Board meeting that immediately follows the Committee meeting.

### **Board skills matrix**

The key skills required by the Board are highlighted in the matrix below, the Board believes that there are sufficient Directors with these skills and there are no deficiencies in these skills in the current board.

- Risk and compliance: Identify key risks to the Company related to each key areas of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements.
- Financial and Audit: Experience in accounting and finance to analyse statements, assess financial viability, and contribute to financial planning, oversee budgets and funding arrangements.
- Strategy: Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context of our policies and business objectives.
- Policy development: Ability to identify key issues for the organisation and develop appropriate policy parameters within which the Company should operate.

### **Independent decision making**

The Board recognises the important contribution independent Directors make to good corporate governance. All Directors, whether independent or not, are required to act in the best interests of the Company and to exercise unfettered and independent judgment.

A Director is considered to be independent if he or she is free 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 security holders generally.

If any Director believes there is a change in their independence status, they are required to notify the Board as soon as possible.

The Board has adopted specific principles in relation to Directors' independence and considers the following, at least annually, when determining if a Director is independent:

Whether the Director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
- Is employed, or has previously been employed in an executive capacity, by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board.
- Has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided.
- Is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has a material contractual relationship with the Company or another group member other than as a Director.

### Role of the Chairman

The Chairman of the Board is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning.

The Chairman facilitates the effective contribution of all Directors and promotes constructive and respectful relations between Directors and between Board and management.

### Nomination Committee

The Nomination Committee meets as required during the year to assist the Board in fulfilling its corporate governance responsibilities in regard to:

- Board appointments, re-elections and performance and general succession planning for Board / Senior Management;
- Directors' induction and continuing development;
- Board Committee membership; and
- Endorsement of Executive appointments.

The Nomination Committee's Charter sets out the Committee's responsibilities, which include making recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position following the annual assessment of the Board. When a vacancy exists or there is a need for particular skills, the Committee, in consultation with the Board, determines the selection criteria based on the skills deemed necessary. Board appointees must stand for election at the next Annual General Meeting of shareholders.

The Committee also makes recommendations to the Board and oversees implementation of the procedure for evaluating the Board's performance.

### Access to information

The Board is provided with the information it needs to discharge its responsibilities effectively and all Directors have complete access to senior management through the CEO or Company Secretary.

In certain circumstances, each Director has the right to seek independent professional advice at the Company's expense, within specified limits, or with the prior approval of the Board.

## Principle 3: Act ethically and responsibly

### Code of Conduct

The Company's Corporate Ethics Policy and Corporate Code of Conduct sets out the behavior required of Directors, employees and contractors as appropriate and include the observance of legal and other compliance obligations that relate to the Company's activities from time to time. The Board acknowledges and emphasizes the importance of all Directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A Corporate Code of Conduct has been established requiring Directors and employees to:

- Act in the best interest of the entity;
- Act honestly and with high standards of personal integrity;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflicts of interest;
- Comply with the laws and regulations that apply to the entity and its operations;
- Not knowingly participate in any illegal or unethical activity; and
- Comply with the share trading policy outlined in the Code of Conduct.

A Corporate Governance Charter and Board Charter has been adopted which regulates the duties of Directors and their dealings with the Company (including the trading of shares in the Company) both internally and externally.

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

**Audit and Risk Management Committee**

The Audit and Risk Management Committee assists the Board in fulfilling its corporate governance responsibilities in regard to:

- The adequacy of the entity's corporate reporting processes;
- Whether the entity's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the entity;
- The appropriateness of the accounting judgements or choices exercised by management in preparing the entity's financial statements;
- The appointment or removal, rotation, independence and performance of the external auditor;
- The scope and adequacy of the external audit and any non-audit services;
- If, and when, the Company establishes an internal audit function:
  - the appointment or removal of the head of internal audit;
  - the scope and adequacy of the internal audit work plan; and
  - the objectivity and performance of the internal audit function.

The members of the Audit and Risk Management Committee throughout the Reporting Period were:

Name	Executive / Non-Executive	Independent?
Kosmas Dimitriou	Non-Executive	No
John Stratilas	Non-Executive	No

Accordingly, the Company does not have a majority of independent committee members. The Board considers this to be appropriate considering the size and complexity of the business.

The qualifications and experience of the Audit and Risk Management Committee members and their attendance at Committee meetings is included in the Directors' report.

The Audit and Risk Management Committee reports to the full Board after every meeting on all matters relevant to the committee's roles and responsibilities.

**External auditor**

The Audit and Risk Management Committee oversees the relationship with the external auditor. In accordance with the Corporations Act 2001, the lead Audit Partner on the audit is required to rotate at the completion of a 5-year term.

The external auditor attends the AGM and is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

The Board have received from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained, 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 this opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.



### Internal control

The Board is responsible for reviewing the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board has received assurance from the Chief Executive Officer and the Chief Operating Officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

### Principle 5: Make timely and balanced disclosure

iQX Limited has established policies and procedures to ensure timely and balanced disclosures of all material matters concerning the Company, and to ensure that all investors have equal and timely access to information on the Company's financial performance.

These policies and procedures include a comprehensive disclosure policy that includes identification of matters that may have a material effect on the price on the Company's securities, quality control procedures over announcements, notifying them to the NSX, posting relevant information on the Company's website and issuing media releases.

The Annual Report includes relevant information about the operations of the Company during the year, key financial information, changes in the state of affairs and indications of future developments. The Annual Reports for the current year and for previous years are available under the Investor Relations section of the Company website.

The half year and full year financial results are announced to the NSX and are available to shareholders via the Company and NSX websites.

All announcements made to the market, and related information (including presentations to investors and information provided to analysts or the media during briefings) are made available to all shareholders under the investor relations section of the Company website after they are released to the NSX. All NSX announcements, media releases and financial information are available on Company website within one day of public release.

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

The Company Secretary has been nominated as the person responsible for communications with the NSX.

All Executive Management have an ongoing obligation to advise the Company Secretary of any material non-public information which may need to be communicated to the market.

The Company has an Investor Relations Program which promotes effective communication with shareholders, encourages participation at general meetings and encourages communications throughout the year.

The Company engages with its security holders through:

- Giving them ready access to information about the entity and its governance via the Company website;
- Communicating openly and honestly with them;
- Encouraging and facilitating their participation in meetings of security holders; and
- Providing an email address and telephone number on all communication for security holders who wish to contact the Company

The Company makes all NSX announcements available via its website. In addition, shareholders who are registered receive email notification of announcements.

The Notice of Annual General Meeting (AGM) will be provided to all shareholders and posted on the Company's website. Notices for general meetings and other communications with shareholders are drafted to ensure that they are honest, accurate and not misleading and that the nature of the business of the meeting is clearly stated and explained where necessary.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Company's strategy and goals.

An AGM question form will accompany the Notice of Meeting, giving shareholders the opportunity to forward questions and comments to the Company prior to the AGM. The external auditor is available to answer questions at the AGM.

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

The Board considers identification and management of key risks associated with the business as vital to maximize shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks.

The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the Audit and Risk Management Committee and the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The recent economic environment has emphasised the importance of managing and reassessing its key business risks.

The Board is responsible for reviewing the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board requires management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively.

The Company does not presently have an internal audit function. The evaluation of the risk management and internal control process is the responsibility of the Audit and Risk Management Committee and is performed in conjunction with senior executives. External consultants may be used in certain circumstances, however have not been used during the financial year.

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

The Company's remuneration policy is designed in such a way that it:

- Motivates senior executives to pursue the long-term growth and success of the Company; and
- Demonstrates a clear relationship between senior executives' performance and remuneration.

The remuneration policy, which sets out the remuneration framework for the key management personnel (KMP) was developed by the Remuneration and Nomination Committee after seeking professional advice from independent consultants and was approved by the Board.

All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The Remuneration and Nomination Committee reviews executive remuneration policies and practices to ensure that executive packages are referable to the Company's performance, its executives' performance, comparable information from industry sectors and other listed corporations and independent advice. The performance of executives is measured against criteria agreed half yearly which are based on the forecast growth of the Company and shareholder value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives. It will also provide executives with the necessary incentives to achieve long-term growth in shareholder value.

The Company's policies and practices surrounding the payment of bonuses, options and other incentive payments are reviewed by the Remuneration and Nomination Committee annually as part of the review of executive remuneration policies and practices and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria.

Further information about the Company's remuneration strategy and policies and their relationship to Company performance can be found in the Remuneration Report which forms part of the Directors' report, together with details of the remuneration paid to key management personnel.

#### **Remuneration and Nomination Committee**

The responsibilities of the Remuneration and Nomination Committee include a review of and recommendation to the Board on:

- the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives;
- senior executives' remuneration and incentives;
- superannuation arrangements; and
- the remuneration framework for Directors.

Each member of the Remuneration and Nomination Committee:

- is familiar with the legal and regulatory disclosure requirements in relation to remuneration; and
- has adequate knowledge of executive remuneration issues, including executive retention and termination policies and short term and long-term incentive arrangements.

The members of the Remuneration and Nomination Committee throughout the Reporting Period were as set out in the Remuneration Report which is part of the Director's Report.

The Company does not have a majority of independent committee members, as the Board considers this to be satisfactory considering the size and complexity of the business.