

# Corporate Governance Statement 2023

The Board of Directors (**Board**) of Envirosuite Limited (**Envirosuite, EVS or the Company**) is responsible for the corporate governance of Envirosuite and its subsidiaries (**the Group**). The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Commensurate with the spirit of the ASX Corporate Governance Principles and Recommendations (4th Edition) (Principles or Recommendations), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for the corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where the Company's corporate governance practices depart from the recommendations, the Board has fully disclosed the nature and reason for the departure.

The Board will continue to periodically review and develop its governance policies and practices as the Company grows in size and complexity.

The Company's core governance policies, including the Corporate Governance Charter, are available on Company's website at:

<https://envirosuite.com/company/investors>

This Corporate Governance Statement was adopted and approved by the Board effective 22 August 2023.

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

### 1.1 Board and management functions

The Board has formalised its roles and responsibilities into a Charter within its Corporate Governance Charter that is available on the Company's website. The Board Charter defines the matters that are reserved for the Board and those that the Board has delegated to management.

In summary, the responsibilities of the Board include:

- oversight of the Company, including its control and accountability systems;
- setting the Company's major goals, including the strategies and financial objectives to be implemented by management;
- appointing, removing and managing the Chief Executive Officer;
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and/or Company Secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;

- monitoring senior management's performance and implementation of strategy, and ensuring that appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting; and
- instilling sound corporate governance practices in the board and executive.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board Committee, a Director or an employee. However, the Board acknowledges that it retains the ultimate responsibility for exercising such powers under the *Corporations Act 2001 (Cth)*.

The Board has delegated the lead responsibility to the Chief Executive Officer for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- developing the Company's annual budget, recommending it to the Board for approval and managing day-to-day operations within the budget;
- managing day to day operations in accordance with standards for social and ethical practices which have been set by the Board; and
- approval of capital expenditure and business transactions within predetermined limits set by the Board.

## **1.2 Appointment of Directors**

The Company performs appropriate checks on any person to be appointed as a Director, either by the Board or nominated by shareholders. These checks include details of the person's character, experience, education, and other factors.

As the ASX Governance Recommendations require, all material information in the Company's possession relevant to a Director's election or re-election is provided to shareholders in the relevant notice of meeting for each Annual General Meeting (AGM).

The Company will provide the following information to shareholders to enable them to make an informed decision as to whether to elect a Director for the first time:

- biographical details, including relevant qualifications, experience and skills that they bring to the Board;
- details of any other material Directorships currently held;
- any materially adverse information revealed by the checks the Company has performed about the candidate;
- any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the candidate's 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;
- whether the Board considers that, if elected, the candidate will qualify as an independent Director; and
- whether the Board supports the election of the candidate.

The Company will provide the following information to shareholders to enable them to make an informed decision as to whether to re-elect a Director standing for re-election:

- biographical details;
- relevant qualifications, experience and skills they bring to the Board;
- details of any other material Directorships currently held;
- term of office currently served;
- whether the Board considers the Director an independent Director; and
- if the Board supports their re-election.

### **1.3 Written Agreements**

The Company ensures that all Directors and senior executives enter into written agreements setting out the terms of their appointment to ensure that they clearly understand their roles and responsibilities and the Company's expectations of them. Material terms of contracts of employment are included in the Remuneration Report, which is published in the Annual Report each year.

### **1.4 Company Secretary**

The Company Secretary is accountable directly to the Board. The Company Secretary advises the Board on governance matters, ensures Board policies and procedures are followed, dispatches board papers, records the minutes of meetings and assists in the induction and professional development of Directors. The appointment or removal of the Company Secretary is a matter for the Board.

The relevant skills, qualifications and experience of the Company Secretary are set out in the 2023 Annual Report.

### **1.5 Diversity**

The Board has a formal Diversity Policy that is included in its Corporate Governance Charter.

In summary, the Company respects and values diversity (which includes but is not limited to gender, age, disability, ethnicity, marital or family status, religious beliefs, socio-economic background, perspective, experience, cultural background, sexual orientation and gender identity), and the benefit of its integration throughout the Company to enrich the Company's perspective, improve corporate performance, increase shareholder value and the achievement of the Company's goals. The Company acknowledges that diversity is important to the Company's ability to attract, retain and motivate employees from the widest possible pool of available talent and the Company is committed to diversity at all levels.

The Board adopted an updated Diversity Policy as part of the updated Corporate Governance Charter on 23 August 2022. The Company aims to achieve an appropriate mix of diversity on its Board, in senior management and throughout the organisation. As of the 2023 Annual Report date, 23% of the roles were held by females in the Senior Leadership Team, and 27% of Group employees were female, which has decreased from 29.5% at the date of the 2022 Annual Report.

The Company recognises that there is more that needs to be done to increase the level of representation of women within the Group. The Board set a target in the 2021 financial year to achieve at least 40% female representation in its employee base by 30 June 2023, which it failed to achieve. The Executive, together with the support of the Nomination and Remuneration Committee and the Board, is currently developing a comprehensive Human Resource plan that will further support the diversity objectives.

Envirosuite is a 'relevant employer' as defined under the Workplace Gender Equality Act.

### **1.6 & 1.7 Board & Executive Performance Evaluation**

The Company defines its Senior Executives as the CEO and its executive leadership group, including executive Key Management Personnel (KMP).

The Board regularly evaluates its own performance, as well as the performance of individual Directors (including Executive Directors) and committee functions.

The Chairman meets with Directors to discuss their performance, and the Board evaluates the Chairman's performance. Prior to the Board endorsing their candidature, Directors retiring by rotation undergo an evaluation by the Chairman. The evaluation considers factors such as capability, skills, industry understanding, value-adding contribution, and performance in key areas of responsibility.

Similarly, the Chief Executive Officer assesses the performance of executives based on assigned goals and the above factors. The evaluation occurs annually and aims to enhance the effectiveness of the Directors, the Board, and executives.

The assessment program was conducted in accordance with the Company's process during the 2023 financial year. The outcomes of the assessment program are used to enhance the effectiveness of individual Directors and the Board collectively, and that of the executives.

## **Principle 2: Structure the Board to add value.**

### **2.1 Nomination Committee**

The Company has a formal Nomination and Remuneration Committee (NRC), which is a sub-committee of the Board. The Charters for Remuneration and Nomination are set out in sections 4 and 5 of its Corporate Governance Charter (in this section **Charters**) and can be viewed on the Company's website.

The NRC is responsible for reviewing and advising on executive remuneration policies and practices. By ensuring that executive remuneration aligns with the Company's strategic objectives, industry standards, and shareholder interests, the NRC helps foster a performance-oriented and accountable culture.

During the reporting period, there was a reshuffle of members of the committees, and from 1 February 2023, the NRC comprises:

- Stuart Bland, independent director (Member and Chairman)
- David Johnstone, independent director (Member)
- Susan Klose, independent director (Member)

\*For the period 1 July 2022 – 31 January 2023 – the NRC members were Stuart Bland and David Johnstone as Chair. The appropriate composition of the Committees was reviewed and resolved in January 2023, effective from 1 February 2023, as per above.

Updates on any new or continuing matters are provided to the Board at its regular monthly Board meetings or more frequently or immediately when appropriate.

The skills and experience of the Committee members, together with the number of meetings held and the number of meetings attended by each Committee member in the reporting period, are set out in the 2023 Annual Report.

The Charters do not stipulate a set number of meetings of the committees, only that meetings will be held as required to fulfil the obligations set out in the Charters. Each formal Board meeting includes a standing item for the NRC to provide an update summarising activities and matters relevant to the Charters.

When a Director vacancy arises, the NRC identifies suitable candidates, with support from external consultants and advisors as required. The appointed candidate must stand for election at the next annual general meeting. The process for the re-election of Directors is set out in the Company's Constitution, which requires at least a third of the Directors to retire each year at the annual general meeting and stand for re-election if they wish to continue serving.

## **2.2 Skills matrix**

The Board appreciates and values the importance of having an appropriate mix of skills, knowledge, and experience to effectively oversee the Company's operations and make informed decisions. To fulfil this principle, the Company has implemented a Board Skills Matrix as a valuable tool for assessing and enhancing the composition and capabilities of the Board.

A formal Board Skills Matrix (**Matrix**) is included in Section 1.1 of the Corporate Governance Charter. The Matrix is designed to identify and evaluate the skills, experience, qualifications, and diversity of the Directors, enabling the Board to assess any gaps in skills or knowledge and address them through appropriate recruitment, training, or other initiatives. The Matrix serves as a base guide and is further developed by the NRC for each contemplated Director appointment.

The Matrix covers a broad range of areas, including but not limited to finance, legal, governance, health & safety, technology, human resources and strategy. Each Director's skills and experience are assessed and mapped against these criteria, providing a clear overview of the collective strengths and areas that may require further development or focus.

By utilising the Matrix, the Company strives to maintain a diverse and highly skilled Board that can effectively guide and govern the organisation, make informed decisions, and adapt to the changing business landscape. This commitment to a robust and dynamic Board composition enhances the Company's ability to deliver long-term value to its stakeholders and achieve sustainable growth in a rapidly evolving business environment.

More information about the Board Skills Matrix can be found in the Corporate Governance Charter.

Details of the Directors, including their qualifications and experience, together with details of the length of service, are set out in the Directors Report in the 2023 Annual Report.

### 2.3 Director details

In view of the size of the Company and the nature of its activities, the Board considers that the current mix of skills, experience, qualifications and experience on the Board is consistent with the short to medium-term interests of the Company.

The Board consists of a total of five Directors, with four being Non-executive Directors, three independent and one serving as the Chief Executive Officer and Managing Director.

The below table sets out the details of the Directors who served on the Board during FY23, their length of service and their status of independence.

*Table 1 – Director details and independence*

<b>Name</b>	<b>Position</b>	<b>Appointed</b>	<b>Independence</b>
David Johnstone	Non-Executive Chairman	10 February 2014	Independent
Susan Klose	Non-Executive Director	1 December 2020	Independent
Hugh Robertson	Non-Executive Director	2 November 2018	Not Independent
Jason Cooper	Managing Director and Chief Executive Officer	1 March 2022	Not independent
Stuart Bland	Non-Executive Director	1 March 2022	Independent

The Board considers that Hugh Robertson is not independent due to the level of assistance that his employer, Bell Potter Securities, provided to the Company for historical capital raisings. The last capital raise undertaken occurred in December 2021.

Jason Cooper is not independent due to his executive role.

Detailed information on the Directors' profiles, tenure, skills, experience, and expertise Directors' Report in the 2023 Annual Report and on the Company's website.

### 2.4 Independence

The majority of the Board are independent Directors.

The Board considers a Director to be independent where he or she is:

- independent of management; and

- independent of any business interest, position, association or other relationship that could materially influence (or be reasonably perceived to materially influence) the exercise of objective, unfettered or independent judgement by the Director or the Director's ability to act in the best interests of the Company and its shareholders as a whole.

Materiality is assessed on a case-by-case basis by reference to the Director's individual circumstances rather than any general materiality thresholds.

In assessing the independence of Directors, the Board considers various factors such as relationships, affiliations, and potential conflicts of interest.

*Table 1* under section 2.3 of this Corporate Governance Statement sets out the independence status of the Directors.

## **2.5 Chair and CEO of entity**

For the full financial year ended 30 June 2023, the roles of Chairman and CEO were held by different people, and the Chairman is an independent director. The Chairman is elected by the Board. The current Chairman, David Johnstone, was appointed as a non-executive director in February 2014 and elected Chairman on 2 September 2016.

Jason Cooper was appointed as Chief Executive Officer on 1 March 2021 and Managing Director on 1 March 2022.

As part of a Board renewal program, the Company has announced the intention for David Johnstone to step down as Chairman in the current financial year, subject to a suitable successor being identified and appointed.

## **2.6 Induction program & professional development**

All directors are offered an induction program appropriate to their experience upon appointment so as to familiarise them with matters relating to the business, strategy and any current issues under consideration by the Board. This program consists of written background material on the Company, its products, services and operations, and meetings with the Chairman, CEO and members of the Executive Team.

The Board encourages directors to continue their education by participating in applicable workshops and seminars, attending site visits, and undertaking relevant external education.

The Company Secretary provide directors with pertinent information on corporate governance matters and other relevant and practical information to assist them in discharging their duties and obligations.

Board agendas are structured throughout the year in order to ensure that each of the significant responsibilities of the Board are addressed. Directors receive financial, operational and strategy reports and presentations from senior management who are available during meetings and, as requested, to answer questions and provide insights to the Board.

All directors can access the Company's records and information and receive regular detailed financial and operational reports from senior management.

## **Principle 3: Act Ethically and Responsibly**

### **3.1 Disclosure of values**

The Company's values are available on its website at: <https://envirosuite.com/company/about-us>

### **3.2 Code of Conduct**

The Board has an approved Corporate Code of Conduct, which applies to all Directors, executives, management and employees without exception. Consistent with the Corporate Code of Conduct, the Company also has a Code of Conduct specific to employees that is available on the Company's website as a separate document -

[https://envirosuite.imgix.net/governance-documents/code\\_conduct\\_policy\\_.pdf](https://envirosuite.imgix.net/governance-documents/code_conduct_policy_.pdf)

The Corporate Code of Conduct ('the Code') is included in section 1.8 of the Corporate Governance Charter on the website -

[https://envirosuite.imgix.net/governance-documents/EVS---Corporate-Governance-Charter\\_FINAL.pdf](https://envirosuite.imgix.net/governance-documents/EVS---Corporate-Governance-Charter_FINAL.pdf)

The Board is informed of any material breaches as part of the monthly reporting processes or immediately if appropriate.

### **3.3 Whistleblower policy**

Envirosuite's Whistleblower policy encourages employees, former employees and external stakeholders, to report suspected or actual, improper or unlawful conduct in the workplace.

The policy can be accessed on the Company's website at:

[https://envirosuite.imgix.net/whistleblower\\_policy.pdf](https://envirosuite.imgix.net/whistleblower_policy.pdf)

The policy is supported by a confidential whistleblower service, which is maintained by an external service provider, Whispli, and is available across the Group's operations globally.

The Board is informed of any material incidents as part of the monthly reporting processes or immediately if appropriate.

### **3.4 Anti-bribery and corruption policy**

The Company's Anti-Bribery and Corruption policy highlights the Company's zero-tolerance stance in relation to bribery and corruption and anti-competitive conduct.

The policy provides Envirosuite's position in relation to the giving and receiving of gifts, prohibitions on conflicts of interest, facilitation payments and kickbacks, economic sanctions and export control, as well as expected behaviour when dealing with customers, suppliers and third parties, including prohibitions on anti-competitive and misleading and deceptive conduct.

The Anti-Bribery & Corruption Policy is available on the Company's website at:

[https://envirosuite.imgix.net/Anti\\_Bribery\\_Corruption\\_anti-competitive\\_conduct\\_policy.pdf](https://envirosuite.imgix.net/Anti_Bribery_Corruption_anti-competitive_conduct_policy.pdf)



Concerns regarding compliance with the policy can be raised to the General Counsel and the Company Secretary, who are each empowered to review all matters raised and escalate to the appropriate levels (including the Board for material breaches).

The Board is informed of any material breaches as part of the monthly reporting processes or immediately if appropriate.

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

### **4.1 Audit Committee**

The Company has a formal Audit and Risk Management Committee (ARC) comprised of three independent directors, and the Chair is not the Chair of the Board. The Committee operates in accordance with the Audit and Risk Management charter, which is set out in Section 3 of its Corporate Governance Charter (in this section **Charter**).

During the reporting period, there was a reshuffle of members of the committees, and effective from 1 February 2023, the ARC comprises:

- Susan Klose, independent director (Member and Chairman)
- David Johnstone, independent director (Member)
- Stuart Bland, independent director (Member)

\*For the period 1 July 2022 – 31 January 2023 – The ARC consisted of two members - David Johnstone and Susan Klose (ARC Chair). Stuart Bland was added as a third member on 1 February 2023, from which point the Company fully complied with Principle 4.1.

Updates on any new or continuing matters are provided to the Board at its regular monthly Board meetings or more frequently or immediately when appropriate.

The relevant qualifications and experience of the Committee members, together with the number of meetings held and the number of meetings attended by each Committee member in the reporting period, are set out in the 2023 Annual Report.

### **4.2 CEO and CFO Declaration**

Each year the Chief Executive Officer and the Chief Financial Officer provide the Board with written confirmation that:

- The consolidated financial statements for each half year and full financial year present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with accounting standards; and
- The declarations provided in accordance with Section 295A of the Corporations Act are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board has received this assurance from the Chief Executive Officer and the Chief Financial Officer for the 2023 financial year.

### **4.3 Verification of periodic reports**

Envirosuite seeks to provide accurate, balanced and appropriate disclosure in its periodic reports and has established a disclosure drafting and approval process which ensures all relevant stakeholders have reviewed and approved all reports prior to these being provided to the ASX. These processes include ensuring:

- all content in periodic reports is prepared by the relevant domain experts within the business;
- all material statements in any report are reviewed by the relevant Heads of Department and Executive team to ensure that they are accurate and meet legal and ASX listing rule requirements;
- any information in a report that relates to the Company's financial position must be reviewed and approved by the CFO; and
- prior to the report being released, final approval must be received from members of the Executive, the CEO and the Board.

The Company continuously evaluates and enhances its review mechanisms to align with evolving regulatory requirements, industry best practices, and emerging reporting standards. It maintains open communication channels with the independent reviewers, the Board, and relevant stakeholders to ensure a collaborative and rigorous approach to preparing, reviewing, and disseminating non-audited or reviewing periodic corporate reports.

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

### **5.1 Written disclosure policy**

The Company has established comprehensive procedures to identify and disclose matters that may have a material impact on the price or value of its securities in compliance with ASX disclosure requirements. The Continuous Disclosure policy is set out in Section 7 of the Corporate Governance Charter.

Supported by the Company Secretary and the Company's external advisors as appropriate, the senior management and the Board scrutinise events and information to determine the necessity and timeliness of disclosure. This shared responsibility ensures a comprehensive and balanced assessment of potential disclosure matters. Senior management, led by the Chief Executive Officer, monitors ongoing developments within the Company, evaluates their potential impact, and promptly informs the Board about significant events or information that may require disclosure.

### **5.2 Material market announcements provided to Board**

Envirosuite has established an approval process that ensures all directors have reviewed and approved all material market announcements before these are provided to the ASX.

The Company Secretary is responsible for lodging all communications with the ASX and provides a confirmation of release to Directors for all material market announcements.

All information disclosed to the ASX is also posted on the Company's website at: <https://envirosuite.com/investors/market-announcements>

### **5.3 Investor presentations**

All live presentations where Envirosuite provides financial results or new and substantive content for the first time occur following the market release of the written information. The Company typically releases investor briefing notifications for its periodical reports, including a general invitation to all interested parties to attend online presentations. Recordings are also made publicly available on the Company's website.

When appropriate and to meet the Company's disclosure obligations, summaries of the questions and answers provided in these presentations are also compiled and released both via the ASX Markets Announcements Platform and the Company website.

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

### **6.1 Company & governance information**

The Company provides general and current information regarding its purpose, Board and leadership and the activities that form its approach to governance as well as its associated policies and charters on its website at: <https://envirosuite.com/company/investors>

### **6.2 Investor relations program**

The Company has an internal Investor Relations person and made their contact details available on investor communications to encourage and facilitate comments and questions.

While the Company encourages two-way communication by inviting shareholders and investors to contact the company on each external communication and ASX release, it also arranges investor webinars following the release of each financial report that includes an allocation of time for investor questions as well as encouraging the submission of online questions.

Other initiatives the Company has implemented to provide greater two-way communications with investors include:

- the Company has streamed presentations following the release of significant results such as half year and full year results, inviting investors to join the webcasts and provide questions ahead of time; and
- the Company encourages shareholders to sign up to receive periodic updates and information electronically by registering their email address with the Company's share registry.

These initiatives are in addition to the existing ability for investors to communicate with the Company via a dedicated email address: [investors@envirosuite.com](mailto:investors@envirosuite.com). This email mailbox is monitored by members of the executive team, and investor questions are reviewed and responded to.

### **6.3 Security holder participation at meetings**

Shareholders are encouraged to attend all AGMs and other general meetings. In addition, management responds to meeting or information requests by shareholders in a timely manner.

The Company uses its general meetings (GM) as an opportunity to further engage with its shareholders and seek their comments and questions. The Company undertakes a number of steps to seek to maximise shareholders' ability to participate in meetings by:

- ensuring that Directors, members of management and the external auditor are available at general meetings;
- allowing shareholders a reasonable opportunity to ask questions regarding the items of business, including questions to the external auditor regarding the conduct of the audit and the preparation and content of the auditor's report; and
- providing shareholders who are unable to attend a meeting with an opportunity to submit questions in advance of the meeting.

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

The Board has determined that all resolutions at general meetings will be decided by poll.

### **6.5 Electronic communication**

Electronic communications from shareholders for the submission of queries, comments and voting including proxy forms, are encouraged by Envirosuite via the dedicated Investor email address: [investors@envirosuite.com](mailto:investors@envirosuite.com). Documents including holding statements, annual reports, notices of meeting and proxy forms are conveyed by email unless otherwise requested by the shareholder.

The Company's share registry, Boardroom Limited, has run a specific campaign encouraging shareholders to provide their consent to receive electronic communications from the Company.

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

### **7.1 & 7.2 Risk Committee & review**

In consideration of the size of the Company and the composition of the Board, the Board has elected to combine and delegate the functions of Audit and Risk oversight to the Audit and Risk Management Committee (ARC). The details of the responsibilities and functions of the ARC are set out in section 3 of the Corporate Governance Charter.

Details of the ARC are set out in section 4.1 of this Corporate Governance Statement.

\*For the period 1 July 2022 – 31 January 2023 – The ARC consisted of two members - David Johnstone and Susan Klose (ARC Chair). Stuart Bland was added as a third member on 1 February 2023, from which point the Company fully complied with Principle 4.1.

### **7.3 Internal audit function**

The Company has not implemented an internal audit function due to the relatively small size of its current operations. The Board believes that the Audit and Risk Management Committee and the external auditors are able to monitor the effectiveness of the Company's control environment at this stage of the Company's development.

Through the risk management processes undertaken by management and the Audit and Risk Management committee, the Board regularly monitors the operational and financial performance of the Company against budget and other key performance measures. The Board also receives and reviews advice on operational and financial risk areas and develops strategies, in conjunction with management, to mitigate those risks.

Management reports to the Board on the effectiveness of the Company's management of its material business risks in respect of each financial year.

### **7.4 Economic, Environmental or Social Sustainability**

While being committed to corporate social responsibility, the Company considers the size and nature of operations currently limits its exposure to economic, environmental, and social sustainability risks.

The Board has assessed that the economic risks associated with traditional industries, such as resource depletion, supply chain disruptions, or market fluctuations, do not significantly directly impact the Company's operations. Additionally, the Company's business model largely aligns with more environmentally friendly practices, such as digital delivery for the majority of our services, which comparatively lessens our environmental footprint.

While the Company acknowledges the importance of economic, environmental, and social sustainability, it maintains transparency by openly disclosing the assessment of these risks and its current position. This allows investors and stakeholders to understand the Company's operations comprehensively, including the extent of its exposure to sustainability risks.

As the Company continues to grow and evolve, it remains committed to periodically reassessing its exposure to economic, environmental, and social sustainability risks. This ongoing evaluation will ensure that it adapts its practices and strategies in accordance with emerging sustainability trends, industry best practices, and the evolving expectations of stakeholders.

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

### **8.1 Remuneration Committee**

As detailed in Section 2.1 of this Corporate Governance Statement the Company has a formal Nomination and Remuneration Committee (NRC). The details of the responsibilities and functions of the NRC are set out in the Corporate Governance Charter in sections 4 and 5 (Charters).

\*For the period 1 July 2022 – 31 January 2023 – the NRC members were Stuart Bland and David Johnstone as Chair. The appropriate composition of the Committees was reviewed and resolved in January 2023, effective from 1 February 2023, as per above.

## **8.2 Non-Executive Director & Executive Remuneration** (Fully compliant)

The aggregate remuneration of non-executive Directors is approved by shareholders.

Individual Directors' remuneration is determined by the Board within the approved aggregate total. In determining the appropriate level of Director's fees, the NRC benchmarks data from other public companies of a similar nature to Envirosuite with regard to its size and industry.

Non-executive Directors as applicable, are:

- not entitled to participate in performance-based remuneration practices unless approved by shareholders; and
- remunerated by means of payment of cash benefits in the form of Directors' fees or alternatively by issue of securities in lieu of cash benefits where the issuance of those shares is approved by shareholders.

A review of the compensation arrangements for the Chief Executive Officer and Senior Executives is conducted annually by the NRC, with any recommendations put to the Board for approval.

The Company has equity plans which provide the Board with the discretion to grant equity to eligible Directors (subject to shareholder approval), executives and consultants for the purpose of incentivising them and aligning their interests with those of shareholders. The Board ensures that the payment of equity-based remuneration is made in accordance with thresholds and rules established by the applicable plan rules.

The Company's policies relating to the remuneration of Directors and Senior Executives and the level of remuneration paid each year (including components) is detailed in the Remuneration Report of the Annual Report and Notes to, and forming part of, the Financial Statements.

## **8.3 Hedging arrangements**

The Company strictly prohibits Directors and executives from engaging in hedging arrangements, derivatives trading, or any activities that modify the economic risk associated with the Company's securities. This prohibition extends to various transactions, including but not limited to warrants, equity swaps, put and call options, and contracts for difference.

The prohibition on hedging arrangements and derivatives trading serves multiple purposes. First, it prevents potential conflicts of interest that may arise when Directors or executives have financial interests that are at odds with the Company's performance. It also promotes transparency and fairness by eliminating the possibility of individuals benefiting from short-term fluctuations in the Company's securities at the expense of other shareholders.

By strictly enforcing this prohibition, the Company demonstrates its commitment to fostering a culture of integrity, aligning the incentives of its leadership team with the long-term success of the Company, and safeguarding the interests of its shareholders.