



Corporate Governance Statement 2024

The Board of Directors (**Board**) of Envirosuite Limited (**Envirosuite**, **EVS** or the **Company**) is pleased to present the Company's 2024 Corporate Governance Statement, which provides information regarding the corporate governance of Envirosuite and its subsidiaries (**the Group**) of which the Board is responsible. 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 offered full disclosure of the nature and reason for the departure.

The corporate governance framework plays an integral role in supporting the business and helping to deliver on strategy and business objectives. The Board will continue to regularly review and develop its governance policies and practices in light of current emerging corporate governance developments of relevance to the Company, and to reflect market practice and expectations, 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 20 August 2024.

Principle 1: Lay solid foundations for management and oversight

1.1 Board and management functions

The Board has formalised its roles and responsibilities within its Corporate Governance Charter, which 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 as set out in section 1 of the Corporate Governance Charter and summarised below:

- 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 managements' 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 the exercise of such powers under the *Corporations Act 2001* (Cth).

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

- developing and implementing corporate strategies set by the Board, within the risk appetite determined by the Board, and making recommendations on significant corporate strategic initiatives;
- reporting to the Board in a timely manner and ensuring that all reports to the Board are clear, accurate and present a true and fair view of the Company's financial position and operating results;
- 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 the Board has set; 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 and education as well as 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.

When an existing Director is standing for re-election, the Company will provide the following information to shareholders to enable them to make an informed decision:

- biographical details, including 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 Board appoints the Company Secretary and is accountable directly to the Board. The Company Secretary supports the effectiveness of the Board. In performing this role, the Company Secretary has the following core responsibilities, without limitation:

- advising the Board and Committees on governance matters;
- monitoring that Board and Committee policies and procedures are followed;
- coordinating all Board business including the timely completion and dispatch of Board and Committee papers;
- recording the minutes of meetings; and
- assisting in the induction and professional development of Directors.

1.5 Diversity

The Board has a formal Diversity Policy that is included in its Corporate Governance Charter, which is available on the website.

The Company considers, respects, and values diversity through a number of lenses, including, but 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.

The Company is attuned to the benefit of diversity and inclusion throughout the Company to enrich the Company's perspective, improve corporate performance, increase shareholder value and maximise the probability of achieving 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 Company is conscious of ensuring the right balance of skills, knowledge, experience, and diversity on its Board, its senior management, and throughout the organisation.

The Company recognises the need to increase the level of representation of women within the Group. However, due to significant internal restructuring and personnel changes that occurred in the financial year 2024, specific measurable objectives were not set for the period. The board is committed to developing a plan in conjunction with its human resource advisors to further support the diversity objectives in the financial year 2025.

The comparative statistics between the current and previous financial year are outlined in the following table.

Item	2023	2024
Percentage of female NED Board members	20%	20%
Percentage of female employees in Senior Leadership	23%	28%
Percentage of female Group Employees	27%	25%

While ultimately retaining accountability for the Diversity Policy, the Board has delegated the responsibility for implementing it to the Nominations Committee.

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

The Company was not in the S&P / ASX 300 Index at the commencement or at any time during the reporting period and is consequently not required to have a minimum 30% of board representation of each gender.

1.6 & 1.7 Board & Executive Performance Evaluation

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

The Board recognises the importance of continuously monitoring and improving its performance, that of its Committees, and that of its individual Directors. The Board regularly evaluates its own performance, that of individual Directors (including Executive Directors), and that of committee functions.

The Chair meets with the Directors to discuss their performance, and the Board evaluates the Chair’s performance. Prior to the Board endorsing their candidature, Directors retiring by rotation undergo an evaluation by the Chair. The evaluation considers performance in key areas of responsibility relating to factors such as capability, skills, industry understanding, and value-adding contribution. The outcomes of the assessment program are used to gather relevant information about performance to determine strengths, and areas of refinement of individual Directors, and the Board collectively, and that of the Executives.

Similarly, the Chief Executive Officer assesses the performance of Executives at least annually based on assigned goals and the above factors.

During the 2024 financial year, the company conducted an assessment program for the Board and Executives in accordance with its process.

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, which is publicly available on the Company's website.

The NRC is responsible for:

- developing criteria for seeking and reviewing candidates for a position on the Board, or as a Senior Executive of the Company;
- identifying suitable candidates from diverse backgrounds for appointment to the Board, and key management personnel roles (KMP)
- undertaking appropriate checks and reviewing appropriate applications for positions on the Board and for KMP roles and making recommendations to the Board; and
- ensuring the Company enters into a written agreement with each Director.

When a Director vacancy arises, the NRC identifies 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.

The Committee's duties encompass reviewing and advising on the Company's remuneration policies and practices. The NRC is tasked with making recommendations to the Board regarding several key aspects:

- ensuring that executive and management compensation is aligned with the Company's strategic objectives, industry norms, and shareholder interests. This aims to cultivate a performance-driven and accountable culture;
- overseeing the execution of the remuneration policy to ensure its effective implementation; and
- ensuring that non-executive Director remuneration adheres to the policy outlined in section 4 of the Remuneration Committee Charter.

During the reporting period, the NRC comprised of three members:

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

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

The 2024 Annual Report sets out the committee members' skills and experience, together with the number of meetings held and the number of meetings attended by each member in the reporting period.

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.

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 Board's composition and capabilities.

Section 1.1 of the Corporate Governance Charter includes a formal Board Skills Matrix (Matrix). The Matrix is designed to identify and evaluate the skills, experience, qualifications, and diversity of the Directors, enabling them 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 in the context of the overall board mix at that time.

The Matrix covers a wide range of areas, including but not limited to finance, legal, governance, health and 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 the details of the length of service, are set out in the Director's Report in the 2024 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 five Directors, four of whom are non-executive Directors, four independent directors, and one who serves as the Chief Executive Officer and Managing Director.

The table below sets out the details of the Directors who served on the board during FY24, their length of service, and their status of independence.

Table 1 – Director details and independence

Name	Position	Appointed (- Resigned)	Independence
David Johnstone	Non-executive Chair	10 February 2014	Independent
Susan Klose	Non-executive Director	1 December 2020	Independent
Jason Cooper	Managing Director and Chief Executive Officer	1 March 2022	Not Independent
Stuart Bland	Non-executive Director	1 March 2022	Independent
Colby Manwaring	Non-executive Director	1 September 2023	Independent
Hugh Robertson	Non-executive Director	2 November 2018 – 1 September 2023	Not Independent

In regard to the current directors as of the reporting date, Jason Cooper is not independent due to his executive role as Chief Executive Officer.

The 2024 Annual Report and the Company's website provide detailed information on the Directors' profiles, tenure, qualifications, skills, experience, and expertise.

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 Director's exercise of objective, unfettered, or independent judgement 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. Each non-executive Director must disclose all interests that may affect independent judgment prior to their appointment and promptly if circumstances change.

The board assesses the independence of Directors by considering 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 2024, the roles of Chair and Chief Executive Officer were held by different people. The Chair is an independent Director elected by the Board. The current Chair, David Johnstone, was appointed as a non-executive director in February 2014 and elected Chair in September 2016.

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

The Board recognises that Board renewal and well-planned transitions are important for ensuring effective and sustainable Board performance. The Company has announced and reaffirmed David Johnstone's intention to step down as Chair, subject to identifying and appointing a suitable successor.

2.6 Induction program & professional development

All new non-executive Directors are offered an induction program appropriate to their experience upon appointment to assist them in understanding matters relating to the business, Group structure, strategic planning and 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 Chair, 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 provides Directors with pertinent information on corporate governance matters and other relevant and practical information to assist them in the discharge of 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 Board acknowledges that Company culture is critical in enabling the Company to deliver on strategy and function efficiently and effectively and is underpinned by the Company's purpose and values.

The Company has a strong commitment to their common language of core values. These values, which include continuous improvement, reflection, dependability, honesty and collaboration, are embedded and reinforced across the Company, including leadership, policies, processes, and development.

Further information about the Company's values is available on its website at:
<https://envirosuite.com/company/about-us>.

3.2 Code of Conduct

Envirosuite is committed to encouraging a safe, supportive, lawful and productive work environment. For this to occur, Directors, Executives, and employees must follow established standards of conduct.

The Board has an approved Corporate Code of Conduct, which applies to all Directors, Executives, management, and employees without exception. This code of conduct sets the standard that the Board, Executives, management, and employees of the Company are expected to comply with when dealing with each other, shareholders, and the broader community.

The Company's Code of Conduct is included in section 1.8 of the Corporate Governance Charter, which is publicly available on its website.

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

The Company's code of conduct plays a critical role in the success of the business, its ability to generate business value, and its adherence to all relevant laws. The policy contains principles and standards of conduct that affirm the Company's commitment to Corporate responsibility.

The Code is regularly reviewed and updated, and each employee and officeholder is expected to understand and comply with it at all times.

The Board is informed of any material breaches 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 its zero-tolerance stance regarding bribery, corruption, and anti-competitive conduct.

The policy provides Envirosuite's position regarding 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, misleading, and deceptive conduct.

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

Concerns regarding compliance with the policy can be raised to the Company Secretary and internal head of legal, 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, one of whom is Chair. The Chair of the ARC 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 the Corporate Governance Charter, which is publicly available on the Company's website.

The Committee oversees:

- the corporate reporting process; and
- the Company's risk management framework.

The Committee holds the responsibility of:

- independently verifying and safeguarding the integrity of its corporate reporting, including but not limited to the appointment and removal of the external auditor and the rotation of the audit engagement partner;
- evaluating and continually improving the effectiveness of its risk management and internal control processes, noting that the Company does not currently have an internal audit function; and
- overseeing the entity's risk management framework.

During the reporting period, the ARC consisted of the following three independent Directors:

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

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 2024 Annual Report sets out 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.

4.2 CEO and CFO declaration

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 2024 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 that ensures all relevant stakeholders have reviewed and approved all reports prior to their submission 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, which is available on the website.

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. The most current online briefing is recorded and made publicly available on the Company's website. Historical market announcements and financial reports are also 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, leadership and governance, including associated policies and charters on the website. In addition, financial reports, market announcements and Board information are readily available on the Company's website at: <https://envirosuite.com/company/investors>

6.2 Investor relations program

The Company has approved specific internal personnel to be involved in investor relations and communications, with the goal of encouraging and facilitating investor comments and questions and providing effective communication.

In addition, initiatives that have been implemented by the Company to provide greater two-way communication with investors include:

- inviting shareholders and investors to contact the Company on each external communication and ASX release;
- arranging investor webinars following the release of significant results, such as half and full-year results. Investors are invited to join the webcasts, ask questions during an allocated time and submit questions ahead of the events; and
- encouraging shareholders to sign up to receive periodic updates and information electronically by registering their email addresses 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. Members of the executive team monitor this mailbox, and investor questions are reviewed and responded to without delay.

6.3 Security holder participation at meetings

Shareholders are encouraged to attend all AGMs and other general meetings. Management responds to information requests 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 facilitate involvement of shareholder participation in meetings:

- 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.

Documents, including holding statements, annual reports, notices of meeting, and proxy forms, are sent by email unless the shareholder requests otherwise.

The Company's share registry, Boardroom Limited, has run a specific campaign in the past 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 Company's size and the board's composition, 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 ARC's responsibilities and functions 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.

The ARC consists of three independent members - David Johnstone, Stuart Bland and Susan Klose, who serves as the ARC Chair.

The 2024 Annual Report records the number of times the committee met and the individual attendances of its members.

At least annually, the Committee reviews the Company's risk management framework and internal compliance and control systems. This has been conducted during the 2024 reporting period.

7.3 Internal audit function

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

Through the risk management processes undertaken by management and the Audit and Risk Management Committee, the Board regularly monitors the Company's operational and financial performance against budget and other key performance measures.

The Board receives management reports on the effectiveness of the Company's approach to material business risks and advice on operational and financial risk areas. In response, the Board reviews and develops strategies, in conjunction with management, to mitigate those risks.

7.4 Economic, environmental and social sustainability

While committed to corporate social responsibility, the Company considers that its size and nature of operations currently limit 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 have a significant and direct impact on 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 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 develop a comprehensive understanding of the Company's operations, 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 NRC's responsibilities and functions are set out in the Corporate Governance Charter in sections 4 and 5 (Charters).

8.2 Non-executive Director & Executive remuneration

Shareholders approve the aggregate remuneration of non-executive Directors.

The board determines individual Directors' remuneration within the approved aggregate total. In determining the appropriate level of Director's fees, the NRC benchmarks data from other public companies similar in size and industry to Envirosuite.

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 shareholders approve the issuance of those shares.

The NRC reviews the compensation arrangements for the Chief Executive Officer and Senior Executives annually, and any recommendations are submitted to the Board for approval.

The Company has policies and practices regarding Executive remuneration and incentive plans including, but not limited to:

- pension and superannuation rights and compensation payments and any amendments to that policy proposed from time to time by Executives;
- reviewing the ongoing appropriateness and relevance of the Executive remuneration policy and other benefit programs;
- determining whether shareholder approval of the Management remuneration is required;
- reviewing and approving the total proposed payments from each member of Management, reviewing the competitiveness of the Company's Management compensation programmes to ensure the programmes are attractive, with a view to ensuring the retention of the Company's Management;
- considering and making recommendations to the Board on the entire specific remuneration for each individual of the Executive (including fixed remuneration, performance-based remuneration, equity-based remuneration, termination benefits, retirement rights, service contracts and superannuation), having regard to the Management remuneration policy.

The Company has equity plans that provide the Board with the discretion to grant equity to eligible Directors (subject to shareholder approval), Executives, employees, and consultants to incentivize them and align their interests with those of shareholders. The Board ensures that equity-based remuneration is paid in accordance with thresholds and rules established by the applicable plan rules.

The Company's policies relating to the remuneration of Directors and KMP and the level of remuneration paid each year (including components) are detailed in the Remuneration Report of the 2024 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. Importantly, 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 Company's long-term success, and safeguarding the interests of its shareholders.