

## **SPENDA LIMITED**

### **CORPORATE GOVERNANCE STATEMENT**

**31 August 2023**

#### **Introduction**

Spenda Limited (“Spenda” or the “Company”) is an Australian Securities Exchange (ASX) listed entity.

The Board of Directors is responsible for establishing the corporate governance framework of the Company and establishing appropriate Corporate Governance policies and procedures having regard to the ASX Corporate Governance Council (CGC) published guidelines as set out in its “Corporate Governance Principles and Recommendations” (Revised Principles, 4<sup>th</sup> Edition). The Board of Directors continues to review the framework and practices to ensure they meet the interests of shareholders.

This Corporate Governance Statement is structured with reference to the CGC’s published guidelines containing 8 key principles. The Board of Directors has adopted the best practice recommendations as outlined by the CGC to the extent that is deemed appropriate considering the current size and operations of Spenda. Therefore, where the Board considers that the cost of implementing a recommendation outweighs any potential benefits, those recommendations have not been adopted.

The Company’s Corporate Governance charters and policies can be found on the Company’s website, [www.investors.spenda.co](http://www.investors.spenda.co). This Corporate Governance Statement was approved by the Board on 31 August 2023.

#### **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

##### **ROLE OF THE BOARD AND MANAGEMENT**

The Board of Directors of Spenda, together with management, is collectively experienced in the management of listed companies.

The Board is responsible for providing strategic guidance and for contributing to the development of the corporate strategy and performance objectives, including the implementation of a business strategy, the annual budget and financial plan, monitoring the Company’s financial performance and ensuring that appropriate management is in place to achieve these objectives. The Board monitors risk, compliance and financial reporting. The Board is responsible for approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures of assets. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board may delegate to its sub-committees, an officer of a group company, or any other person an authority to perform any of its functions and exercise any of its powers, in the ordinary course of business. This includes the day to day administration of its assets, including ensuring that assets are adequately insured where necessary; that detailed market investigations and effective due diligence is carried out on proposed investments, acquisitions or joint ventures; that capital required to develop the Company’s intellectual property, proposed investments or acquisitions as well as general working capital requirements is adequate; and that there is effective risk management, financial management and compliance management of the Company’s assets.

##### **BOARD APPOINTMENTS**

The Company undertakes reference and background checks prior to appointing a director or senior executive or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing.

##### **COMPANY SECRETARY**

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board on governance matters, monitoring that Board policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

## *DIVERSITY*

The Company is an equal opportunity employer and values diversity within the Company. At this stage, the Board does not consider it relevant to establish a diversity policy due to the current size of the Company and the scale of its operations.

The Company does not have a diversity policy and therefore has not set any measurable objectives for achieving gender diversity. There are currently no women on the Board of Directors (0 of 4), two of six senior managers are female and of 64 other employees, 14 are female.

The Board will consider implementing a diversity policy and measurable objectives to achieving greater diversity in the next financial year.

## *BOARD AND KMP PERFORMANCE*

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance.

The Board has adopted a self-evaluation process to measure its own performance. The performance of the Board and individual directors is reviewed when considered necessary by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company. A Board and Board committee review was conducted during the 2023 financial year.

When applicable, the Board or Managing Director assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. Review of KMP performance by the Board or Managing Director and feedback to KMP occurs during the year each year.

## *INDEPENDENT ADVICE*

Directors collectively or individually have the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities. All advice obtained is made available to the Full Board.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE ADD VALUE**

### *STRUCTURE AND COMPOSITION OF THE BOARD*

The skills, length of service, experience, and expertise relevant to each position held by each director in office at the date of the annual report and throughout the 2023 financial year is included in the Directors' Report.

The Board assesses whether a director is independent in accordance with the CGC's independence guidelines. The Board consists of a majority of independent directors with three of four directors being independent. Peter Richards (Chair), Howard Digby and Stephan Dale are considered to be independent directors. The Board notes that Peter Richards, Stephen Dale and Howard Digby have previously received options as part of their remuneration, the Board does not consider the issue of such options impacts their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the Company and all shareholders. The Company's Chair, Peter Richards, is independent and role of the CEO and Chair are not exercised by the same individual.

### *NOMINATION OF DIRECTORS*

The Board is responsible for the nomination and selection of directors. A separate Nomination Committee has not been formed. The Board considers that at this stage in the Company's development, no benefits or efficiencies are to be gained by delegating this function to a separate committee.

Directors are appointed based on the specific skills required to effectively govern the Company. The Board periodically assesses the competencies and experience of each Board member and the experiences and skills required at Board level to meet its operational objectives. The Board has not developed and disclosed a formal Board skill matrix. The Board will consider developing a formal Board skills matrix during the next financial year.

## *INDUCTION OF DIRECTORS AND PROFESSIONAL DEVELOPMENT*

A new director induction program is in place and existing Directors are required to undergo periodic reviews to evaluate whether there is a need to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

## **PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY**

### *VALUES*

The Company's values are:

The Company values high standards of professional conduct and ethics in dealing with all of our stakeholders. The Company is committed to complying with all applicable state, national and international laws. These values and standards are set out in the Company's code of conduct.

### *CODE OF CONDUCT*

The Board of Spenda is committed to its Code of Conduct.

The Code of Conduct aims to promote ethical and responsible decision making. The Code of Conduct requires all employees to exhibit honesty, loyalty, integrity, professionalism and trust in their dealings, both internally and externally. Spenda aims for good corporate governance and in summary, requires employees/directors to:

- avoid situations which may give rise to a conflict of interest;
- avoid situations where they may profit from their position with the Company and gain any benefit which competes with Spenda's business;
- comply with all laws and regulations and Company policies and procedures;
- not undertake activities inconsistent with their employment with Spenda;
- properly use Spenda's assets for legitimate business purposes; and
- maintain privacy and confidentiality in both Spenda's business and the information of all its stakeholders.

The Code of Conduct ensures the board or a committee of the board is informed of any material breaches of the code.

### *WHISTLEBLOWER POLICY*

The Company's whistle-blower is available on its website. The Board will be informed of any material incidents reported under that policy.

### *ANTI-BRIBERY AND CORRUPTION POLICY*

The Company has an anti-bribery and corruption policy which is available on the Company's website.

### *CONFLICTS OF INTEREST*

The Board of Spenda is committed to good corporate governance and aims for continuous improvement in these practices. Spenda embraces high ethical standards and requires its employees to demonstrate both personal and corporate responsibility. Directors, officers and employees are required to safeguard the integrity of the Company and to act in the best interests of its stakeholders, generally shareholders.

There must be no conflict, or perception of a conflict, between the interests of any Spenda Director, officer or employee and the responsibility of that person to the Company and to the stakeholders. All Spenda Directors, officers and employees may never improperly use their position for personal or private gain for themselves, a family member, or any other person ("associates").

As a general rule, a conflict of interest, or the perception of a conflict, may arise if their duties involve any actual or potential business with a person, entity or organisation in which they, or their associates, have a substantial personal or financial interest. Accordingly, the following rules apply:

- Without prior Board approval, Directors, officers and employees may not act on behalf of Spenda in connection with any business or potential business involving any person, entity or organisation in which they or their associates have direct or indirect managerial influence (such as serving as an Executive Officer, Director, general partner or similar position or holding a substantial ownership or beneficial interest); and
- Where a potential conflict exists, this should be disclosed to the Chairman prior to any dealings taking place.

## **SHARE TRADING POLICY**

The Company has a securities trading policy that regulates the dealings by Directors, Officers and Consultants, in shares, options and other securities issued by the Company. The policy has been formulated to ensure that Directors, Officers, Employees and Consultants who work on a regular basis for the Company are aware of the legal restrictions on trading in Company securities while in possession of unpublished price-sensitive information.

## **PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTING**

### **AUDIT COMMITTEE**

The Board has assumed the responsibilities normally delegated to the Audit and Risk Committee as set out in the Company's Audit and Risk Committee Charter. Due to the size of the Company, the Board does not believe it is necessary to establish a separate Audit and Risk Committee structure.

In fulfilling the responsibilities of the Audit and Risks Committee, the Board:

- Meets with the external auditors at every year and reviews any significant disagreements between the auditors and management irrespective of whether they have been resolved;
- Review of the audit plan with the external auditors and evaluates the effectiveness of the external audit; and
- Fulfils all obligations of the Audit and Risk Committee as set out in the Company's Audit and Risk Committee Charter.

### **CEO & CFO DECLARATIONS**

The CEO and CFO (or equivalent) have provided the Board with a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### **EXTERNAL AUDITOR**

The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

Where a periodic corporate report is to be released to the market without an audit or review by an external auditor, the Company will disclose the process conducted to verify the integrity of any such report.

## **PRINCIPLE 5: MAKING TIMELY AND BALANCED DISCLOSURE**

Spenda's Continuous Disclosure Policy is designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by Spenda. The Company is committed to complying with the continuous disclosure obligations contained in the listing rules of the Australian Securities Exchange (ASX) and under the *Corporations Act* and ensuring that all shareholders and the market have an equal opportunity to obtain and review full and timely information about Spenda's securities. The Company will also ensure a copy of any new and substantive investor or analyst presentation materials will be released on the ASX Markets Announcements Platform ahead of the presentation.

The Listing Rules and the *Corporations Act* require that a listed entity disclose to the market matters which a reasonable person would expect to have a material effect on the price or value of the entity's securities. A reasonable person is taken to expect information to have a material effect on the price or value of securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

The Board controls all of Spenda's ASX communications with assistance from the Company Secretary in carrying out this responsibility. The Board as a whole are the only persons authorised to approve the release of material information to the market. The Company Secretary is responsible for administering this policy and is responsible for dealing with the ASX in relation to all listing rule issues. The Company also ensures that the Board receives copies of all material market

announcements before and promptly after they have been made such that the Board has timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures.

The procedures which have been developed to comply with these rules include immediate reporting of any matter which could potentially have a material effect, via established reporting lines to the Managing Director, Chairman and/or the Company Secretary.

Disclosure of such price-sensitive information to the ASX must not be delayed and is disclosed, in the first instance, to the ASX. Material information must not be selectively disclosed (i.e. to analysts, the media or shareholders) prior to being announced to the ASX, and all media releases must be referred to the Board for approval prior to any release.

#### *TRADING POLICY*

Spenda's Securities Trading Policy ensures that unpublished price sensitive information about the Company is not used in an unlawful manner. The main provisions of this policy are governed by:

- the specific requirements of the *Corporations Act*;
- a prohibition of short-term trading in Spenda securities;
- when Directors and employees may trade in Spenda securities; and
- prior notification by Directors, officers and employees of their intention to deal in Spenda securities.

A summary of the Policy is as follows:

In accordance with the insider trading provisions of the *Corporations Act*, all of the Company's directors, officers and employees are prohibited from trading in the Company's shares while in possession of Inside Information concerning the Company.

Directors, officers and employees should never communicate any inside Information to any other person, including family members and associates.

"Inside Information" means information that is not disclosed or generally available and, if it were disclosed or generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's shares.

In addition, directors, officers and employees are prohibited from trading in the Company's shares during:

- each period of 30 days immediately prior to the intended date upon which the Company releases its annual financial statements to the ASX;
- each period of 30 days immediately prior to the intended date upon which the Company releases its half year financial statements to the ASX;
- each period of 30 days immediately prior to the intended date upon which the Company holds its annual general meeting; and
- each period of 24 hours immediately after the date upon which the Company issues a price-sensitive ASX announcement.

No director, officer or employee may deal in Company shares at any time for short term gain, including buying and selling Company shares in a 3-month period, without the written approval of the Chairman or in the case of the Chairman the remaining Board members.

In order to ensure compliance with the Policy all directors, officers and employees must discuss any proposed dealing with the Chairman or the Company Secretary prior to trading Company shares at any time.

#### **PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

Spenda's communication strategy is to promote effective communication with shareholders.

Spenda is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about Spenda's activities in a balanced and understandable way;
- complying with continuous disclosure obligations contained in the applicable Australian Securities Exchange (ASX) Listing Rules and the *Corporations Act* in Australia; and
- communicating effectively with its shareholders and making it easy for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the ASX;
- through the distribution of the Annual Report and Notices of Annual General Meetings;
- through shareholder meetings;
- through letters and other forms of communications directly to shareholders;
- by posting relevant information on Spenda's website; and
- by providing shareholders with a choice of information delivery options i.e. paper or electronic means.

The Company maintains information in relation to its corporate governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

The external Auditors attend the Annual General Meeting and are available to answer shareholders' questions about the conduct of the audit and preparation of the Auditor's Report.

At general meetings, the Company will ensure that all substantive resolutions at a meeting of shareholders are decided by a poll rather than by a show of hands.

#### **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

The Board of Spenda takes a proactive approach to the Company's risk management and internal compliance and control system. The Board implements and maintains risk management and internal control systems to manage the Company's material business risks. The Board reviews the Company's risk management framework at least annually to satisfy itself that it continues to be sound. A review of the Company's risk management framework occurred during the year.

The Board of Spenda is responsible for ensuring that risks are identified and mitigated on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board of Directors. An internal audit function has not been established as the Board considers that at this stage in the Company's development, no benefits or efficiencies are to be gained by delegating the tasks to a separate function.

The Company's risk management processes aimed at achieving the following:

- a culture of risk control and the management of risk throughout the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and
- adoption of practices and procedures to minimise many of the standard commercial risks, i.e., taking out the appropriate insurance policies and ensuring compliance reporting is up to date.

Management reports to the Board on the effectiveness of the Company's management of its material business risks. In addition, the Board undertakes a review of all major activities to assess risk and the effectiveness of strategies implemented to manage risk. During the reporting period, management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

#### **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

The Board is responsible for the Company's remuneration policy and has adopted a Remuneration Policy which outlines processes by which the Board reviews officer and management remuneration.

A remuneration committee has been established, the members of the Committee are Howard Digby (Chair), Peter Richards and Stephan Dale who are all considered to be independent directors. The Company is committed to remunerating its officers and executives fairly and to a level which is commensurate with their skills and experience and which is reflective of their performance.

The Board monitors and reviews:

- the remuneration arrangements for the Chief Executive Officer and other executive directors and set parameters within which the Chief Executive Officer will review arrangements for other senior executives;
- the remuneration policies, personnel practices and strategies of the Company generally;
- any employee incentive schemes;
- the remuneration arrangements for non-executive Directors;

- the size and composition of the Board and criteria for Board membership; and
- the membership of the Board and candidates for consideration by the Board.

The Company remunerates directors and key executives fairly and appropriately with reference to the skills and experience of the director/executive and employment market conditions. Any bonus or incentive payments made to directors and executives are based on the achievement of set financial and/or operational performance targets. Payment of equity-based remuneration is made in accordance with thresholds set in plans approved by shareholders. Participants in an equity-based remuneration scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

The Company is committed to remunerating its staff, executives and consultants in a manner that is market-competitive and consistent with 'Best Practice' as well as supporting the interests of Shareholders. Senior Management may receive a remuneration package based on fixed and variable components, determined by their position and experience. Shares and/or Options may also be granted based on an individual's performance.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by Shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance-based cash bonuses and do not participate in Equity Schemes of the Company without prior Shareholder approval.

The Company has provided disclosure of a summary of its remuneration policies for the Company's officers in Directors' Report.

Payment of equity-based remuneration is made in accordance with thresholds set in plans approved by shareholders.

There is no scheme to provide retirement benefits other than statutory superannuation to non-executive directors. For details of the amount of remuneration, and all monetary and non-monetary components, for each of the five highest-paid executives during the year and for all directors, refer to the Directors' report.