

# Corporate Governance Statement

For the reporting period ended 30 June 2023 as at 28 September 2023

## Approach to Corporate Governance

Advanced Share Registry Ltd (**Group**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Group has referred to the ASX Corporate Governance Council Principles and Recommendations 4th edition (**Principles & Recommendations**).

The Group has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Group's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Group's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Group has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Group's website at <https://www.advancedshare.com.au/About-Us/Corporate-Governance>:

### Charters

Board

Audit and Risk Committee

Remuneration and Nomination

### Policies and Procedures

Corporate Code of Conduct

Risk Management Policy

Continuous Disclosure Policy

Securities Dealing Policy

Shareholder Communication Policy

Whistleblower Policy

Anti-Bribery and Corruption Policy

The Company reports below on whether it has followed each of the recommendations during the financial year ended 30 June 2023 (**Reporting Period**). The information in this statement is current at 28 September 2023.

## Principle 1 – Lay solid foundations for management and oversight

The Company has followed the principle of clearly delineating the respective roles and responsibilities of the Board and management and regularly reviewing the performance by implementing the recommendations as outlined below.

## **Recommendation 1.1 – Board Charter**

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter. The Board Charter is disclosed in full on the Company's website.

The Board has a responsibility for protecting the rights and interests of shareholders and is responsible for the overall direction, monitoring and governance of the Company.

The Board has delegated authority for the operations and administration of the Group to the Managing Director/Chief Executive Officer, Mr Kim Chong.

The Board is responsible for promoting the success of the Group in a manner designed to create and build sustainable value for shareholders and in accordance with the duties and obligations imposed upon them by the Constitution, and the law, while having due regard to other stakeholder interests and the requirements of the ASX Listing Rules.

In addition to matters it is expressly required by law to approve, the Board is responsible for:

- a) providing leadership and setting the strategic direction of the Group, establishing goals to ensure these strategic objectives are met and monitoring the performance of management against these goals and objectives;
- b) providing operating frameworks and budgets for the Group and monitoring management's performance within those frameworks;
- c) determining the high-level health and safety strategy for the Group, including providing a statement of vision, belief and policy and actively monitoring management's implementation of that policy, processes and procedures;
- d) approving significant and or material investments and projects, and monitoring the progress, outcomes and return on those investments and projects;
- e) ensuring that the available financial and operational resources are sufficient to meet the Group's objectives;
- f) appointing and removing the Chief Executive Officer or Managing Director and other senior executives (as the case may be) and the determination of their terms and conditions including remuneration and termination;
- g) evaluating the performance of the Board and its Directors on an annual basis;
- h) determining remuneration levels of Directors;
- i) ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- j) approving and monitoring financial reporting, annual budget and capital management;
- k) ensuring the Group satisfies its continuous disclosure obligations under the ASX Listing Rules and that the market has available all relevant information required to make informed investment decisions and assessments of the Group's prospects, in accordance with the Group's Continuous Disclosure Policy.
- l) monitoring the financial solvency of the Group;
- m) ensuring that effective audit controls and systems, and other risk management procedures are in place and are being adhered to;

- n) overseeing the integrity of the Group's procedures for ensuring the Group's compliance with the law, and financial and audit responsibilities, including the appointment of an external auditor and reviewing the Board's financial statements, accounting policies and management processes.
- o) approving the issue of securities in the Group (subject to compliance with the ASX Listing Rules).
- p) ensuring the adequacy of the Group's risk management framework and setting the risk appetite within which the Board expects management to operate.
- q) providing a specific governance focus on risks relating to the Group's physical operations, health and safety policy and risk mitigation programs;
- r) reviewing performance, operations and compliance reports from the Managing Director and CFO, including reports and updates on strategic issues and risk management matters;
- s) overseeing the Group's process for making timely and balanced disclosure of all material information concerning the Group that a reasonable person would expect to have a material impact on the price or value of the Group's shares;
- t) promoting and authorising ethical and responsible decision-making by the Group;
- u) ensuring that any necessary statutory licenses are held, and compliance measures are maintained to ensure compliance with the law and license(s);
- v) ensuring that the Group has appropriate corporate governance structures in place including standards of ethical behaviour and a culture of corporate and social responsibility and monitoring the effectiveness of those governance practices; and
- w) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Group.

### **Recommendation 1.2 – Information on Directors and Proposed Directors**

The Board conducts appropriate checks before appointing a new Director or putting a new Director forward for election, and provides all material information held by the Company about a Director relevant to a decision on whether to elect or re-elect that Director. In so doing, the Board will make a clear statement of whether it supports the election or re-election of a Director including the reasons why.

### **Recommendation 1.3 – Written Agreements with Directors and Senior Executives**

The Company has written agreements with each senior executive outlining the terms of their appointments.

The agreements with non-executive Directors are being considered with each of them personally and will provide for the requirement to notify the Company of their interests or matters that could affect their independence, the requirement to comply with the Company's policies, the requirement to advise or seek approval for the acceptance of any role that may impact the Director's role with the Company, outlining the Company's policy on when and how the Director may seek independent advice, the insurance and indemnity arrangements of the Company, and the ongoing rights to access corporate information and the ongoing obligation of confidentiality. These matters are currently informally understood by the

Directors and have been applied throughout the period even though not formally documented.

The agreement with the executive Director outlines the roles and responsibilities of their engaged position in addition to the relevant items noted above.

#### **Recommendation 1.4 – Company Secretary**

The Company Secretary is accountable to the Board, through the Chair, on all matters associated with corporate governance.

The Company Secretary monitors compliance with Board and committee policy and procedures, advises the Board on its corporate governance requirements, ensures that Board papers and information are provided to the Board in a timely manner, and that the minutes of Board meetings accurately reflect the business of those meetings.

The Board has the power to appoint or remove a Company Secretary at its discretion, which would only be exercised after due deliberation.

#### **Recommendation 1.5 – Diversity**

The Board has a diversity policy for the Group and is committed to achieving the goals of providing access to equal opportunities at all levels based on merit and fostering corporate culture that embraces and values diversity.

The Company's diversity in its Board, Senior Managers and whole of workforce:

	Men	(%)	Women	(%)	Total
Board	5	100	0	0	5
Senior Managers	2	33.4	4	66.6	6
Whole of workforce	13	54.2	11	45.8	24

Senior Managers are those identified within the organisation taking lead roles for customer service management or operational management.

The Board has set a target of maintaining at least 40% of Board and senior positions to be filled by women. As at 28 September 2023, 36.4% (4 of 11 people) who occupy these positions are women.

#### **Recommendation 1.6 and 1.7 – Board and Senior Executive Evaluation**

The Company does not have a formal policy for the evaluation of the Board, its committees and its Non-Executive Directors although it does have a process outlining that the Chairman assesses the performance of the Board and individual directors on an informal basis. The Board also considers the competitive environment in which the Group operates provides a measure of the performance of the Board and its Directors. No formal evaluation of the Board has occurred in the period.

The Company's Executive Director is assessed against annual performance objectives and metrics which emphasise the Company's values and are set after consultation with the Directors and Executive so that the measures are tailored to the areas where each executive has a level of control.

## **Principle 2 – Structure the Board to be effective and add value**

The Board believes that is of an appropriate size for the Company and, amongst its Directors, has the necessary skills, commitment and knowledge of the Company and the industry in which it operates to enable it to discharge its duties effectively and to add value.

Composition of the Board is determined by the following principles in conjunction with the Principles & Recommendations:

- i) Directors appointed by the Board are subject to election by shareholders at the next General Meeting following their appointment and thereafter are subject to re-election in accordance with the Company's constitution;
- ii) The Chair will be a non-executive independent Director;
- iii) The Board will comprise at least three Directors, increasing where additional expertise is considered desirable in certain areas, or when an outstanding candidate is identified; and
- iv) The Board should comprise Directors with an appropriate range of qualifications and expertise.

### **Recommendation 2.1 – Nomination Committee**

The Board has not established a separate Nomination and Remuneration Committee but undertakes the functions of the Committee itself in accordance with the charter developed by the Board. The Board believes the present size and complexity of the Group does not warrant the use of a separate Committee at this time and will continue to reassess that need as the Group grows. The charter outlines the responsibility for determining and reviewing compensation arrangements for the Directors and Executive Team. The Company has adopted a policy and procedure for the selection and appointment/reappointment of Directors.

### **Recommendation 2.2 – Skills Matrix**

The Board is presently comprised of Directors possessing significant experience and knowledge in the share registry and associated services business in which the Group operates. This experience and knowledge is used primarily to identify opportunities for new services, opportunities from new uses of technology to add to and increase service offerings, and consideration of strategic positions within the Group's business developments. In addition to the knowledge associated with the share registry business and corporate regulations, the Board has the necessary skills in areas of finance and corporate governance as required to review and understand the principal activities of the Group.

## **Recommendations 2.3 and 2.4 – Director Independence**

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations and applicable materiality thresholds. The Board has agreed that the materiality thresholds applicable to assessing the independence of directors will be determined on a case by case basis.

The Board has a majority of directors who are considered to be independent. The Board has considered the factors relevant to assessing the independence of the directors and has determined Mr Simon Cato, Mr Stuart Third, Mr Michael Pixley and Mr Alvin Tan to be independent directors.

Mr Simon Cato is independent as he is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement. His tenure as Director of 16 years has also not impacted his independence from management and substantial shareholders.

Mr Stuart Third is independent as he is a non-executive director who is not a member of management. Although Mr Third, through Winduss & Associates Pty Ltd, previously provided professional accounting services to the Company on normal commercial terms, the Board considered the professional services engagement to be at arms' length and not a material supply contract for the Company.

Mr Michael Pixley and Mr Alvin Tan are independent as they are non-executive directors who are not members of management. Both Mr Pixley and Mr Tan are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

Mr Kim Chong is the Board's only executive director being the Group's Managing Director and Chief Executive Officer who has served as Director for 16 years.

The Board considers that given the scope of the Company's current operations, and the relevant experience of the Board members in the share registry services and corporate regulatory environment, the Board is appropriately structured to discharge its duties in a manner that is in the best interests of the Company from both a long term strategic and operational perspective. The non-executive directors are able to effectively question or challenge the executive director on matters requiring review to ensure that there is adequate oversight of management by the Board.

## **Recommendation 2.5 – Independent Chair**

The Company has followed the recommendation that the Chair be an independent director and not the Chief Executive Officer of the Company through the appointment of Mr Simon Cato as the Chair.

## **Recommendation 2.6 – Director Induction and Professional Development**

The Company has a process for inducting new Directors on to the Board of the Company involving providing the Directors with historical understanding of the establishment, growth and culture of the company, with an understanding of the corporate and regulatory framework that the Company operates under being a listed entity in Australia, and an understanding of the Company's policies and procedures.

The Board considers the need for Directors' continuing professional development on an ongoing basis and to ensure that the Board remains across new developments and regulatory changes impacting on the Company and its governance.

## **Principle 3 – Instil a culture of acting lawfully, ethically and responsibly**

The Board has developed an organisational culture that encourages all employees to act lawfully, ethically and responsibly, and provides the ability for employees to disclose conduct that is contrary to the Company's values.

### **Recommendation 3.1 – Company Values**

The Board seeks to maintain the highest levels of ethical behaviour and standards within the Group through instilling a culture of integrity, objectivity and responsibility. The nature of the Group's principal activities are such that these values are intrinsically required and are considered integral to the Group's recruitment of staff.

### **Recommendation 3.2 – Code of Conduct**

The Company has established a corporate Code of Conduct which is disclosed on the Company's website.

### **Recommendation 3.3 – Whistleblower Policy**

The Company has established a Whistleblower Policy which is disclosed on the Company's website.

### **Recommendation 3.4 – Anti-corruption and Bribery**

The Company has established an Anti-corruption and Bribery Policy which is disclosed on the Company's website.

## **Principle 4 – Safeguard the integrity of corporate reports**

The Company has policies and procedures in place to ensure the integrity of its corporate reports.

#### **Recommendation 4.1 – Audit Committee**

The Group has established an Audit and Risk Committee Charter but has not yet established an Audit and Risk Committee. This role is being conducted by the full Board of Directors. The Board has strong skills and experience in area of finance and corporate management and considers these skills adequate to enable the board to fulfil the requirements of an Audit and Risk Committee.

The role of the Audit and Risk Committee will be undertaken by the full Board operating under the Corporate Governance Policies until such time as the Board determines that is appropriate to have a separate Committee established.

Whilst not in accordance with the best practice recommendation, the Board is of the view that the experience and professionalism of the Directors on the Board is sufficient to ensure that all significant matters are addressed and actioned. Further, the Board does not consider that the Group is of sufficient size to justify the appointment of additional directors, and to do so for the sole purpose of satisfying this requirement would be cost prohibitive and counterproductive.

The Company has not established a procedure for the selection, appointment and rotation of its external auditor, however, complies with its obligations as set out in the *Corporations Act 2001* in relation to the appointment and rotation of its external auditor. The performance of the external auditor is reviewed on an annual basis by the Board. The Company's external auditor is required to attend the Annual General Meeting of the Company and to be available at that meeting to answer questions relevant to the audit.

#### **Recommendation 4.2 – CEO and CFO Declaration for Financial Statements**

Prior to the approval of the Company's financial statements, the Board requires its Chief Executive Officer to provide a declaration that, in their opinion, the financial records of the Company have been properly maintained, and that the financial statements comply with the appropriate accounting standards giving a true and fair view of the financial position and performance of the Company, which is also required under the *Corporations Act 2001*. The Company does not have a nominated Chief Financial Officer who is also required under the *Corporations Act 2001* to provide the declaration to the Board, however, the Board recognises the Company Secretary's experience and knowledge of the financial systems of the Group to permit the Company Secretary to provide the declaration that would normally be provided by the Chief Financial Officer. The opinion of these officers is to be formed based on the system of risk management and internal controls that the Company has adopted to minimise the risks associated with the recording and reporting of its financial information.

#### **Recommendation 4.3 – Integrity of Reports not Audited or Reviewed by External Auditor**

Information released to the market in periodic corporate reports is internally reviewed by senior executives of the Company and, where appropriate, the Board prior to its release to ensure that the information contained in the reports is verified. Periodic corporate reports in this category include the Directors' Report within the Annual Report and other relevant

reports on the Company's activities that may have an impact on an investor's investment decisions.

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

The Company has resolved to make timely disclosures of all matters that could reasonably be expected to have a material impact on the price or value of its shares.

### **Recommendations 5.1, 5.2 and 5.3 – Continuous Disclosure, Board Notification and Investor/Analyst Briefings**

The Company has a written continuous disclosure policy published on its website outlining the Company's commitment to, and its procedures in relation to, ensuring that all material that a reasonable person could expect to have a material impact on the Company's share price or value.

Where the Board is not directly involved in authorising the release of an announcement, the Directors are informed of the announcement at the time the announcement is released to ensure that all Directors are aware of the information provided to the market.

The Company rarely conducts investor or analyst briefings as the Board believes that the information contained within the Company's announcements and periodic reports provides investors and analysts with sufficient insight to the Company's operations and strategy to make an informed decision. Where such briefings are held, the Company will make an announcement to release the information relating to the briefing prior to the briefing occurring.

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

The Company believes that all shareholders should be provided with appropriate information and facilities to allow them to effectively exercise their rights as shareholders of the Company.

### **Recommendation 6.1 – Corporate Website**

The Company's website provides detailed information of the Group and its operations and corporate governance. In relation to the corporate governance of the Company, the charters, policies and procedures relevant to governance are disclosed in full on the website.

The Company periodically reviews its website with a view to enhancing investor experience where possible.

### **Recommendations 6.2 and 6.5 – Communication Program and Electronic Communication**

Shareholders are able to make contact via the website, email or telephone to seek further information on the Company.

In addition, the Company allows its shareholders to track their investment in the Company through utilising the registry services for investors available on its website.

The Company encourages electronic communication through the website registry. When preparing reports, the Company is mindful that they will usually be viewed on electronic devices rather than in print form endeavouring to ensure the reports can be access from different devices.

### **Recommendations 6.3 and 6.4 – Participation in and Voting at General Meetings**

The Company's general meetings, when conducted physically, are held in Perth, Western Australia. As a result of the COVID-19 pandemic, the Company adopted a virtual meeting platform to allow shareholders to participate online through the Investor Portal which permits shareholders to ask questions and generally participate in the meeting. Future meetings of the Company, including the next Annual General Meeting, will be held as a hybrid meeting permitting shareholders to attend either at the physical venue or online. Shareholders unable to attend a physical meeting or choose to attend online are currently able to exercise their voting rights by either appointing a proxy to attend or by providing voting instructions for a proxy at the meeting, and it is possible for a shareholder to upload their proxies through the Investor Portal for either a physical or virtual meeting.

Given the Board's decision to conduct future meetings in hybrid format, voting on all resolutions will be way of poll to permit all shareholders in attendance, including those attending online, to be able to vote on the resolutions before the meeting if they have not appointed a proxy.

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

The Company has established a risk management framework which is reviewed regularly for effectiveness.

### **Recommendation 7.1, 7.2 and 7.4 – Risk Committee and Charter, Review of Risk Management and Exposure to Environmental or Social Risks**

The Board has adopted a Risk Management Policy that sets out a framework for a system of risk management and internal compliance and control whereby the Board delegates day-to-day management of risk to the Chief Executive Officer. The Chief Executive Officer, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

The Board, as it exercises the function of the Audit and Risk Management Committee, is responsible for supervising the management's framework of control and accountability systems to enable risk to be assessed and managed.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established defined guidelines for capital expenditure. These include levels of authority, appraisal procedures and due diligence requirements on potential acquisitions or disposals;
- the Board has adopted a continuous disclosure policy for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board, through the Chief Executive Officer, has implemented internal controls and procedures to mitigate the risk of errors or fraud occurring within its business functions.

The Company's risk management strategy is evolving and an ongoing process, and it is recognised that the level and extent of the strategy will develop with the growth and change in the Company's activities. The Board aims to review the Company's risk management framework at least annually.

The categories of risk reported on as part of the Company's systems and processes for managing material business risks are financial and operational. The Group's risks are inherently within the parent entity of the Group as it operates the critical component of the Group's business, being the share registry services. The Board considers that the risk management strategies currently adopted are effective, and will continue to monitor for any additional risks that had not previously been considered.

The Board has considered the Group's exposure to economic, environmental and social sustainability risks. The Group's main activities are conducted electronically and require minimal inputs other than technology for the processing of transactions and human resources for ensuring accuracy of the data processing.

The Group's exposure to economic risk is generally associated with its clients' ability to continue to operate as an economic downturn which results in securities being traded by clients' investors will continue to generate revenue for the Group. The risk to the Group will fall into the ability of the Group to collect payments from its clients during these times.

The Group has minimal exposure to other economic, environmental and social sustainability risks. The Board will continue to monitor developments in these areas, including those associated with climate change as economies transition to lower-carbon requirements and the impacts that will have on issues relevant to the Group such as technology, energy consumption and human resources.

The impact of the COVID-19 pandemic has been of concern to the Board. Accordingly, the Board reviewed the risk management framework in order to determine whether there had been any risks needing to be reclassified or new risks to be added to the framework.

A copy of the Company's Risk Management Policy is disclosed on the Company's website.

### **Recommendation 7.3 – Internal Audit**

The Company has an internal audit function which is predominately a function of oversight on its operations in providing share registry services and is overseen by the Managing Director.

Outside of the specific task noted above, the Group does not have an internal audit function established. The Board recognises the importance of ensuring the internal controls and processes of the Group are working and followed to minimise and mitigate potential risks that may arise, and as such, considers its role in oversight on these matters to be critical. However, the Board considers the size and scale of the Group's activities do not warrant a larger scale internal audit function than exists at this time, but will reconsider the need on a regular basis.

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

The Company has undertaken to remunerate its Directors and Senior Executives such that the goals of the Company and the recipient of the remuneration are aligned for the benefit of the Company and ultimately its shareholders. The remuneration policy considers that retention of high quality personnel is desirable, and is structured to meet the Company's values and risk appetite whilst still providing value to the personnel and the Company alike.

### **Recommendations 8.1, 8.2 and 8.3 – Remuneration Committee, Policies and Equity Based Remuneration**

The Board has not established a separate Remuneration Committee but carries out the functions of the Committee as outlined in the Nomination and Remuneration Committee Charter itself. The Charter is disclosed on the Company's website.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report of the Annual Report. The Company's policy on remuneration distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's equity-based remuneration is part of its short term incentive program which rewards employees based on predetermined measures of performance. The Board may, at its discretion, award bonuses through cash and/or equity-based remuneration for exceptional performance in relation to an employee's pre-agreed Key Performance Indicators. The Directors, including the Managing Director, do not participate in the Company's established equity-based performance plan, although the Board may determine, with shareholder approval, to provide for equity-based remuneration as it has previously done.

The Company has a Securities Dealing Policy which is set out on the Company's website. It is applicable to any equity instruments issued as part of the equity-based remuneration. Employees who are able to obtain equity-based remuneration are not permitted to enter into transactions which limit the economic risk of participating in the equity based remuneration scheme.