

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance Practices adopted and approved by the Board of Cann Group Limited (**Cann** or **Company**) on 25 August 2023.

Principle 1: lay solid foundations for management oversight

Recommendation 1.1

A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management.

The Company has adopted a board charter.

The board charter sets out the role, functions, powers and specific responsibilities of the board, requirements as to the board's composition, the roles and responsibilities of the chairman, details of board processes, the delegation of powers to board committees, details of the board's delegations to the CEO and management and details of the board's performance review.

A copy of the Company's board charter is available on the Company's website.

The board's primary role is the protection and enhancement of long term shareholder value.

To fulfil this role, the board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The board is responsible for, amongst other things:

- providing entrepreneurial leadership for the Company;
- appointment and removal of the Chief Executive Officer;
- setting corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, delegation manuals and legal compliance;
- approving and monitoring capital expenditure, capital management and acquisitions and divestitures; and
- monitoring management's performance and implementation of strategy and ensuring appropriate human and financial resources are available; and
- approving and monitoring capital expenditure, capital management and acquisition and divestitures.

Recommendation 1.2

A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and***
- (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.***

The Company has detailed guidelines for the appointment and selection of directors. The board is required to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. This includes checks required by the Office of Drug Control as to the suitability of a prospective director in compliance with the Narcotic Drugs Act.

All material information relevant to a decision on whether or not to elect or re-elect a director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a director will be voted on.

For further details please refer to the board charter which is on the Company's website.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The board ensures that each director and senior executive is a party to a written agreement with the Company which sets out the terms of that director's or senior executive's appointment.

The terms and conditions of the appointment and retirement of non-executive directors are set out in the letter of appointment. The appointment letter includes the following matters:

- details of the induction process;
- the manner in which remuneration is determined;
- the term of the appointment (subject to shareholder approval);
- the expectations of the board in relation to attendance and preparation for all board meetings;
- the committees to which the director may be expected to be appointed;
- the procedures for dealing with conflicts of interest;
- the availability of independent professional advice;

- the acceptance of other directorships; and
- a copy of the Constitution of the Company is also provided.

Senior executives are provided with contracts of employment incorporating formal job descriptions and performance parameters.

The board has resolved that the appointment and/or removal of a company secretary shall be a matter for decision by the board as a whole.

For further details please refer to the board charter which is on the Company's website.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The company secretary provides administrative assistance to the board and manages the relationship between the Company and the ASX, other regulators, the Company's share registry and other service providers. The company secretary assists in the conduct of board meetings by despatching agendas and board papers and taking minutes at meetings. All directors have access to the company secretary who is accountable to the board, through the chair, on all matters to do with the proper functioning of the board.

Recommendation 1.5

A listed entity should:

- (a) have and disclose a diversity policy;***
- (b) through its board or a committee of the board, set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and***
- (c) disclose in relation to each reporting period:***
 - (1) the measurable objectives set for that period to achieve gender diversity;***
 - (2) the entity's progress towards achieving those objectives; and***
 - (3) either:***
 - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or***
 - (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.***

In July 2022, the Company adopted a diversity policy, a copy of which is available on the Company's website. The policy has assisted the Company in achieving

diversity in the composition of its board, senior executives and workforce generally.

The Diversity Policy provides a framework for Cann to achieve:

- a diverse and skilled workforce, leading to continuous improvements in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity,

collectively, the **Objectives**

The Company's workforce is comprised of people from different backgrounds with a range of skills, values and experiences. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

All executives, managers and employees are responsible for promoting workplace diversity.

The Company is committed to providing an environment in which all employees are treated with fairness and respect and have equal access to opportunities available in the workplace. The Company is also committed to recruiting employees from a diverse pool of qualified candidates.

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Board.

As at 31 July 2023, the Group had 144 employees of which 63 were female representing an increase of 31% from the prior year. In the last 12 months the senior leadership team has increased the number of female members by 100% from two female members to four. The senior leadership team consists of nine executives who are employees that report directly to the Chief Executive Officer.

There are five directors on the board of which one is female.

Recommendation 1.6

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and***

(b) disclose in relation to each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The board is responsible for evaluating the performance of the board and individual directors will be evaluated on an annual basis according to the basis specified in the board charter. It may do so with the aid of an independent external advisor.

During the reporting period, the board has undertaken regular informal reviews and evaluations of its performance. It has also reviewed and updated the board charter.

For further details please refer to the board charter which is on the Company's website.

Recommendation 1.7

A listed entity should:

- (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and**
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

The Company undertakes an annual performance review process for all staff, including its senior executives. The board reviews the outcomes of this process on an annual basis. The board also reviews the performance of the CEO on an annual basis. The Company has completed performance evaluations in respect of all employees, including senior executives, for the past financial year, in accordance with the Company's performance review process.

Principle 2: structure the board to add value

Recommendation 2.1

The board of a listed entity should:

- (a) have a nomination committee which:**
 - (1) has at least three members, a majority of whom are independent directors; and**
 - (2) is chaired by an independent director, and disclose:**
 - (3) the charter of the committee;**
 - (4) the members of the committee; and**
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate**

balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.

Due to the size and nature of the existing board and the magnitude of the Company's operations, the Company has a combined remuneration and nomination committee. All members of the board are also members of this committee.

The board understands the benefits in having a diversity of directors with a mix of skills, knowledge and independence to enable the board to discharge its duties and responsibilities effectively.

The board will seek external advice where necessary in connection with the recruitment and appointment of additional directors.

The board devotes time on an annual basis to discuss board succession issues. All members of the board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.

The board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

The board is required to prepare a board skill matrix setting out the mix of skills that the board currently has (or is looking to achieve). The composition of the board is to be reviewed regularly against the Company's board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.

A copy of the board skills matrix is available on the Company's website. Further, in the Director's Report included in the annual report of the Company, further information in relation to the skills, experience and expertise of each director is disclosed.

Recommendation 2.3

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;**
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (4th Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an**

explanation of why the board is of that opinion; and

(c) the length of service of each director.

The board charter provides for the disclosure of the names of directors considered by the board to be independent. The board has determined that all of the directors as at the date of this statement (namely Allan McCallum, Doug Rathbone, Jenni Pilcher, Julian Chick and Robert Barnes) are independent directors and that none of the interests that they hold in the Company would compromise that independence.

The board charter requires directors to disclose their interest, positions, associations and relationships and requires that the independence of directors is regularly assessed by the board in light of the interests disclosed by directors. Details of the directors' interests, positions, associations and relationships are provided in the annual report.

The board charter provides for the determination of the directors' terms and requires the length of service of each director to be disclosed. The length of service of each director is provided in the annual report.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

The board charter contains independence measures including ensuring the board comprises a number of independent non-executive directors determined by the board as appropriate.

For further details please refer to the board charter which is on the Company's website.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The board charter provides that where practical, the chairman of the Board will be a non-executive director. The chairman is a non-executive director and is defined to be independent. The chairman is not the CEO of the entity.

For further details please refer to the information about our board and management team and the board charter which is on the Company's website.

Recommendation 2.6

A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.

The board charter states that a specific responsibility of the board is to procure appropriate professional development opportunities for directors.

Newly appointed directors are provided with an induction process during which they receive information on the Company's strategies, objectives and operations.

All directors have ongoing access to information on the Company's activities and operations.

Directors collectively or individually have the right to seek independent professional advice at the Company's expense to assist them to carry out their responsibilities. The written approval of the chairman must be obtained before any expenditure is incurred on behalf of the Company. directors are also able to request the assistance of the company secretary to enable them to fulfil their duties.

Principle 3: act ethically and responsibly

Recommendation 3.1

A listed entity should articulate and disclose its values.

The Company's values are disclosed on the Company's website. These values are referenced throughout all parts of the Company, and form an important part of the recruitment, induction and ongoing performance review of all employees.

Recommendation 3.2

A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and***
- (b) disclose that code or a summary of it.***

The Company has a code of conduct for its directors, senior executives and employees and a copy of that is available on the Company's website. The code of conduct incorporates references to the Company's values, and must be read in conjunction with other policies in place within the Company that are applicable to personnel. Under the policy, the board is informed of any material breaches of the code.

Recommendation 3.3

A listed entity should:

- (a) have and disclose a whistleblower policy; and**
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.**

The Company has a whistleblower policy that is available on the Company's website. Under the policy, the board will be informed of any material incidents reported under that policy should they occur.

Recommendation 3.4

A listed entity should:

- (a) have and disclose an anti-bribery and corruption policy; and**
- (b) ensure that the board or committee of the board is informed of any material breaches of that policy.**

The Company has an anti-bribery and corruption policy, that is available on the Company's website. Under the policy, the board will be informed of any material breaches of that policy should they occur.

Principle 4: safeguard integrity in financial reporting

Recommendation 4.1

The board of a listed entity should:

- (a) have an audit committee which:**
 - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**
 - (2) is chaired by an independent director, who is not the chair of the board, and disclose:**
 - (3) the charter of the committee;**
 - (4) the relevant qualifications and experience of the members of the committee; and**
 - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;**
- or**
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.**

The Company has an audit and risk committee. The audit and risk committee operates under the written terms of reference for that committee which are on the

Company's website. The audit and risk committee consists of independent directors.

The audit and risk committee ("**Committee**") is a committee established by the board of the Company to give additional assurance regarding the quality and reliability of financial information used by the board and financial information provided by the Company pursuant to its statutory reporting requirements.

The board of the Company believes that having raised funds from the public, it has a responsibility to ensure independent accountability exists. The focus of the activities of this Committee is to increase confidence in the credibility and reliability of financial statements and other financial information released to the public.

The Committee has been established by way of a board resolution and has the power to obtain information from management and to consult directly with the auditors of the Company.

The Committee also has the right to seek independent professional advice, when considered necessary. The Committee should not, under any circumstances accept the delegation of executive power in respect to the operations of the Company or undertake activities in a manner which could be construed to impinge on the executive role of the Company.

In terms of the role, the Committee shall consider any matters relating to the financial affairs of the Company, compliance with statutory requirements and issues relating to internal and external audit. In addition, the Committee shall examine any other matters referred to it by the board.

The Committee devotes time annually to fulfilling the roles and responsibilities associated with maintaining the Company's arrangements with external auditors. All members of the Committee are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.

Composition of the audit and risk committee

The Committee shall consist of a minimum of three (3) non-executive directors appointed by the board.

The board shall determine the chair of the Committee and the chair of the Committee may choose to expand the membership of the Committee by the appointment of external professionals to the Committee or by the appointment of further non-executive directors of the Company to the Committee. The chair of the Committee will be a non-executive director. If the chair of the Committee is absent from a meeting, the members of the Committee present shall appoint an acting chair for that meeting.

The Chief Executive Officer and other senior management of the Company may be invited to attend Committee meetings. Advisers and other parties

external to the Company may also be invited to attend meetings of the Committee as the chairman considers appropriate.

Meetings

The content of the meetings shall be determined with regard to the financial reporting and audit cycle of the Company.

For further details refer to the audit and risk committee charter which is on the Company's website.

Responsibilities

Refer to the audit and risk committee charter which is on the Company's website.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that 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.

It is the duty and responsibility of the board to ensure that before the board approves the entity's financial statements for a financial period, the CEO and CFO have declared 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. Prior to the board approving any financial statements for a financial period, it receives a written declaration and assurance from the CEO and CFO in accordance with this recommendation.

Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

In addition to its half-year and annual reports, the Company releases quarterly reports to the market in compliance with the ASX Listing Rules relating to quarterly reports, namely the Appendix 4C and quarterly market activity reports. These reports are not audited nor are they necessarily reviewed by an external auditor. In preparing such reports, the CFO prepares the financial reports in accordance with accounting standards and the CEO and company secretary prepare the market activity reports in consultation with senior management. These

documents then undergo an internal verification process. The quarterly reporting documents are provided to the board for review and approval, along with a declaration of assurance from the CEO and CFO.

Principle 5: make timely and balanced disclosure

Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.

The Company has adopted a written continuous disclosure and shareholder communications policy that is available on the Company's website.

Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The board approves all material market announcements before they are made to the market, and receives copies of all material market announcements immediately after they have been made.

Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

In accordance with the Company's continuous disclosure and shareholder communications policy, a copy of any new and substantive investor or analyst presentation is released to the ASX market announcements platform prior to any such presentation being given.

Principle 6: respect the rights of security holders

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

Information about the Company and its governance is available in this Corporate Governance Statement which is published on the Company's website, under a dedicated 'Corporate Governance' section. Further information about how the Company communicates with its shareholders is set out in the continuous disclosure and shareholder communications policy, which is available on the Company's website.

Recommendation 6.2

A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

The Company has adopted an investor communications strategy which aims to promote and facilitate effective two-way communication with investors. This strategy outlines a range of ways in which information is communicated to investors. The Company's CEO and CFO both provide investor relations support, and the Company employs a Senior Communications Manager, and utilises the services of an external media advisor to assist with investor relations. Further information about how the Company communicates with its shareholders is set out in the continuous disclosure and shareholder communications policy, which is available on the Company's website.

Recommendation 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

The investor communication strategy states that as a part of the Company's developing investor relations program, shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the annual report, half yearly reports and quarterly reports. Links will be made available to the Company's website on which all information provided to the ASX is immediately posted.

Shareholders are encouraged to participate at all meetings of the Company. Upon the despatch of any notice of meeting to shareholders, the company secretary shall send out material with that notice of meeting stating that all shareholders are encouraged to participate at the meeting.

The board encourages full participation of shareholders at the annual general meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

At meetings of shareholders, the Company generally seeks to have substantive resolutions decided by a poll rather than by a show of hands.

Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send

communications to, the entity and its security registry electronically.

Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholder queries should be referred to the company secretary at first instance. Further information about how the Company communicates with its shareholders is set out in the continuous disclosure and shareholder communications policy, which is available on the Company's website.

Principle 7: recognise and manage risk

Recommendation 7.1

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

- (1) has at least three members, a majority of whom are independent directors; and***
- (2) is chaired by an independent director,***

and disclose:

- (3) the charter of the committee;***
- (4) the members of the committee; and***
- (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;***

or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.

The role and responsibilities of the audit and risk committee ("Committee") are outlined in Recommendation 4.1 of this Corporate Governance Statement. The Committee consists of non-executive independent directors and membership is specified in the annual report of the Company.

The board devotes time annually to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.

Recommendation 7.2

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and***
- (b) disclose, in relation to each reporting period, whether such a review has taken place.***

The Company process for risk management and internal compliance at each board meeting includes a requirement to identify risks and refer to the audit and risk committee to measure those risks, monitor the environment for emerging factors and trends that affect

these risks, formulate risk management strategies and monitor the performance of risk management systems.

During FY23 the board, through the audit and risk committee, has continued working on the Company's risk management framework. The Company is continually reviewing processes to improve risk management processes, particularly with the Mildura facility construction having been completed during FY22 and the facility scaling up in FY23.

The board is required to disclose the number of times the board and/or the audit and risk committee met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's annual reports.

Recommendation 7.3

A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs;

or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Due to the size and nature of the existing board and the magnitude of the Company's operations, the Company does not currently have an internal audit function. The board reviews management accounts and reports, including cashflow forecasts, monthly and reviews and amends internal controls processes as appropriate. The Company's external auditors also provide recommendations to the board where internal control weaknesses have been identified.

Internal control framework

The board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the board has adopted policies and procedures that can be described under the following headings:

- Financial reporting - there is a comprehensive budgeting system with an annual budget approved by the board of directors. Monthly actual results are reported against budget and revised forecasts for the year are prepared quarterly. The Company reports to shareholders half-yearly.
- Continuous disclosure - the Company has a policy that all shareholders and investors have equal access to the Company's information and has procedures to ensure that price sensitive information is reported to the ASX in accordance

with disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

- Quality and integrity of personnel - the Company's policies are detailed in a human resources policy manual and personnel receive detailed induction programs when they commence working for the Company and receive regular training during the course of their employment. The company policies and procedures as published on the Company's Intranet and contained in the Company's human resources manual. Formal appraisals are conducted at least annually for all employees. Further, owing to the nature of the Company's business and its obligations to the Office of Drug Control to only employ 'suitable persons' as that term is defined in the Narcotic Drugs Act 1967 (Cth), and the necessary criminal checks that are undertaken regarding all prospective employees, the Company has robust and detailed screening processes.
- Financial controls - various policies and procedures are in place for financial controls including a delegations policy.
- Investment appraisal - the Company has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements if any businesses are to be acquired or divested.
- The CEO and the CFO each provide to the board a statement that the Company's financial reports present fairly, in all material respects, the Company's financial condition and operating results in accordance with relevant accounting standards.
- Further, the CEO and CFO formally state to the board that the statement given about the integrity of the financial statement is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
- Finally, the CEO and CFO confirm they have disclosed to the audit and risk committee and the external auditor any significant deficiencies of material weaknesses in internal control and financial reporting and they have disclosed any significant changes that have occurred that effected internal controls over the financial reporting period and whether any corrective actions were taken if any significant deficiencies and material weaknesses were identified.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

See information related to recommendations 4.1 and 7.3 for details of the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). The current operations of the Company are not subject to any significant environmental regulations under Commonwealth or state legislation.

Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.

Principle 8: remunerate fairly and responsibly

Recommendation 8.1

The board of a listed entity should:

(a) have a remuneration committee which:

- (1) has at least three members, a majority of whom are independent directors; and***
- (2) is chaired by an independent director,***

and disclose:

- (3) the charter of the committee;***
- (4) the members of the committee; and***
- (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;***

or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Due to the size and nature of the existing board and the magnitude of the Company's operations, the Company has a combined remuneration and nomination committee. All members of the board are also members of this committee.

The remuneration and nomination committee determines remuneration packages and policies applicable to the Chief Executive Officer, senior executives and the directors themselves (subject to a cap imposed by shareholders).

This also includes responsibility for future entitlements under any option plan and share plan, incentive performances packages, superannuation entitlements, retirement and termination entitlement and fringe benefit policies.

To the extent that any members have a conflict of interest in respect to remuneration policies they abstain.

Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. Where appropriate, the remuneration committee seeks independent advice on the appropriateness of remuneration packages.

The shareholders determine at a general meeting the total remuneration to be paid to non-executive directors. When setting fees and other compensation for non-executive directors, the board takes independent advice and applies Australian and international benchmarks.

Any share plan, incentives or option incentives are predicated on the enhancement of shareholder value and the achievement of specific corporate milestones.

The remuneration and nomination committee has determined that:

- Non-executive directors should be remunerated by way of fees and should not participate in schemes designed for the remuneration of executives.
- Non-executive directors are only entitled to receive retirement benefits as determined by the law.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.

The Company's remuneration policy requires the board to disclose its policies and practices regarding the remuneration of non-executive and executive directors and other senior employees. Such disclosures are contained in the annual report. A copy of the remuneration policy is available on the Company's website.

Remuneration paid to senior executives is distinguished from that paid to non-executive directors.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and***
- (b) disclose that policy or a summary of it.***

The board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The remuneration and nomination committee must review and approve any equity-based plans.

A copy of the remuneration policy is available on the Company's website.