

## Corporate governance statement For the year ended 30 June 2019

### Introduction

The Board of the Company is committed to protecting shareholders' interests and ensuring investors are fully informed about the performance of the company's business. The Directors have undertaken to perform their duties with honesty, integrity, care and diligence, according to the law and in a manner that reflects the highest standards of corporate governance.

The policies and practices of the company are in accordance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3<sup>rd</sup> Edition".

Unless otherwise indicated, the best practice principles of the ASX Corporate Governance Council and suggested disclosures, have been adopted by the company for the year ended 30 June 2019 as relevant to the size and complexity of the company and its operations.

The Corporate Governance Statement is current at the date of approval of the annual report and has been approved by the Board of Directors.

### Principle 1: Lay Solid Foundations for Management and Oversight

#### ***Recommendation 1.1: Respective roles and responsibilities of the Board and management.***

The Board charter sets out the function and responsibilities of the Board. The Directors of the Company are accountable to shareholders for the proper management of business and affairs of the company.

The key responsibilities of the Board are to:

- establish, monitor and modify the corporate strategies of the company;
- ensure proper corporate governance;
- monitor and evaluate the performance of management of the company;
- ensure that appropriate risk management systems, internal control and reporting systems and compliance frameworks are in place and are operating effectively;
- assess the necessary and desirable competencies of Board members, review Board succession plans, evaluate its own performance and consider the appointment and removal of Directors;
- consider Executive remuneration and incentive policies, the company's recruitment, retention and termination policies and procedures for senior management and the remuneration framework for Non-Executive Directors;
- monitor financial performance;
- approve decisions concerning the capital, including capital restructures, and dividend policy of the company; and
- comply with the reporting and other requirements of the law.

The Board delegates responsibility for day-to-day management of the company to the Chief Executive Officer (CEO), subject to certain financial limits. The CEO must consult the Board on matters that are sensitive, extraordinary, of a strategic nature or matters outside the permitted financial limits.

## Corporate governance statement (continued)

### For the year ended 30 June 2019

#### **Recommendation 1.2: Directors appointment**

Non-Executive Directors appointed during the year hold office until the next annual general meeting, where they must stand for re-election. Each year one third of the Board of Directors (excluding the Managing Director) must retire and if they wish seek re-election at the annual general meeting. Board support for a Director's re-election is not automatic and is subject to satisfactory Director performance.

Appropriate background checks are undertaken before a Director is nominated. At the annual general meeting shareholders are provided with all material information concerning the Director seeking election or re-election.

#### **Recommendation 1.3: Terms of appointment**

The Company has written agreements with all senior executives setting out the terms of their appointment. Written agreements have now been implemented for all new director appointments. The duties of the Directors as detailed above were provided to all directors.

#### **Recommendation 1.4: Company secretary**

The appointment and removal of the Company Secretary is a decision of the Board. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters relating to the proper functioning of the Board and is responsible for ensuring compliance with Board procedures and governance matters. All Directors have direct access to the Company Secretary.

#### **Recommendation 1.5: Diversity policy**

The Group's ultimate success is under-pinned by its employees. To maximise success, the Group encourages a diverse population of employees within its operations.

Diversity is defined to include race, ethnicity, gender, sexual orientation, socio-economic status, culture, age, physical ability, education, skill levels, family status, religious, political and other beliefs and work styles. The Group recognises that differences in ideas, backgrounds, patterns of thinking and approaches to work can generate value for the Group's stakeholders: its customers, shareholders, personnel and the communities in which it operates. It is the Group's policy to promote these differences within a productive, inclusive and performance-based environment in which everybody feels valued, where their skills are fully utilised, their performance is recognised, professional accountability is expected and organisational goals are met.

The Group's approach to diversity is based on the following objectives:

- retain, promote and hire the best people possible, focusing on actual and potential contribution in terms of performance, competence, collaboration and professional accountability;
- foster an inclusive culture and ensure that current and future employee opportunities are based on competence and performance, irrespective of race, ethnicity, gender, sexual orientation, socio-economic status, culture, age, physical ability, education, family status, religious, political and other beliefs and work styles. This includes being intolerant of behaviour that denigrates or otherwise diminishes such attributes or that discriminates on the basis of such attributes;
- create and manage appropriate human resource processes which take a unified and talent-based approach to recruitment, training and development, performance management, retention and succession planning;
- provide a fair level of reward in order to attract and retain high calibre people – and build a culture of achievement by providing a transparent link between reward and performance; and
- be compliant with all mandatory diversity reporting requirements.

## Corporate governance statement (continued)

### For the year ended 30 June 2019

#### The group's measurable objective and current gender profile:

The Group's measurable objective for increasing gender diversity is to increase the representation of women at all levels of its organisation over time. The Group's progress towards achieving that objective, along with the proportion of women employees within the Group, women in senior Executive positions and women Non-Executive Directors, is set out in the table below:

Measure	2019		2018	
	No.	%	No.	%
Women employees	31	8	25	7
Women Senior Executives *	-	-	-	-
Women Non-Executive Directors	-	-	-	-

\* This includes both employees and specific contractors engaged by the Group.

#### Recommendation 1.6: Board and committee performance

The Board and its committees undertook self-assessment in accordance with their relevant charters during the financial year. The Chairman conducts annual one-on-one personal performance discussions with each of the individual Directors.

The Board was provided with all company information it needed in order to effectively discharge its responsibilities and were entitled to, and did, request additional information when considered necessary or desirable.

#### Recommendation 1.7: Senior executive performance

Reviews of the performance of Senior Executives are undertaken annually against established key performance indicators. At the same time goals and targets for the coming year are discussed and implemented. The annual evaluation of the CEO's performance is a specific function of the Remuneration Committee.

#### Principle 2: Structure the board to add value

##### Recommendation 2.1: Nomination committee

The company has a duly appointed nomination committee. The committee operates pursuant to a nomination committee charter. The charter sets out the responsibilities of the committee including reviewing Board succession plans to ensure an appropriate balance of skills and expertise, developing policies and procedures for the appointments of Directors and identifying Directors with appropriate qualifications to fill Board committee vacancies. The term of Non-Executive Directorships is set out in the company's constitution.

Given the size of the Board, the Board has determined it appropriate for the nomination committee to consist of the full Board of Directors.

##### Recommendation 2.2 and 2.3: Board composition

The Company's Board is comprised of Non-Executive Directors.

Details of Directors and relevant skills are detailed in the following tables:

## Corporate governance statement (continued)

### For the year ended 30 June 2019

#### Details of directors

Director	Term in office	Qualifications	Status
Graham Burns	Appointed 1 February 2008	FAICD	Independent
Robert Edgley	Appointed 26 August 2011	BEC	Independent
Ian Luck	Appointed 3 July 2017	B Tech. Civil Engineering	Independent

#### Areas of competence and skills of the board of directors

Area	Competence and skills
Leadership	Business leadership Public listed company experience
Business & Finance	Accounting expertise Business strategy Corporate turnarounds Corporate financing Mergers and acquisitions Risk management Commercial agreements
Sustainability and Stakeholder management	Corporate governance Remuneration
Market and Industry	Financial services expertise
International	Geographical experience and international business management

#### Recommendation 2.4: Director independence

All Directors including the chairman, are Non-Executive and independent Directors. Profiles of the Directors are set out in this annual report. All Directors are subject to retirement by rotation in accordance with the Company's constitution but may stand for re-election by the shareholders. The composition of the Board is determined by the Board and, where appropriate, external advice is sought. The Board has adopted the following principles and guidelines in determining the composition of the Board:

To be independent, a Director ought to be Non-Executive and:

- not a current Executive of the company;
- ideally not held an Executive position in the company in the previous three years;
- not a nominee or associate of a shareholder holding more than 10% of the company's shares;
- not significantly involved in the value chain of the organisation, either upstream or downstream; and
- not a current advisor to the company receiving fees or some other benefit, except for approved Director's fees.

## **Corporate governance statement (continued)**

### **For the year ended 30 June 2019**

Directors are encouraged to be long term shareholders in the company. Directors shareholdings are disclosed in the annual report. Any change in Directors' shareholdings are disclosed in accordance with ASX Listing Rules. The Company's policies allow Directors to seek independent advice at the Company's expense.

#### **Recommendation 2.5: Independence of chairman**

The chairman, Graham Burns, is an Independent Director. He is responsible for the leadership of the Board and he has no other positions that hinder the effective performance of this role. The role of Chairman is independent to the role of CEO, which is held by Scott Farthing. There is a clear division of responsibility between these roles.

#### **Recommendation 2.6: Induction and training**

Any new Director will receive a letter of appointment. Directors are provided access to the company's policies including the Board's Charter. At Board meetings Directors receive regular updates and also undertake site visits, attend customer and financier meetings as required. These assist Directors to keep abreast of relevant market and industry developments.

### **Principle 3: Act ethically and responsibly**

#### **Recommendation 3.1: Code of conduct**

The company has developed codes of conduct to guide all of the company's employees, particularly Directors, the CEO, the CFO and other senior Executives, in respect of ethical behaviour. These codes are designed to maintain confidence in the company's integrity and the responsibility and accountability of all individuals within the company for reporting unlawful and unethical practices. These codes of conduct embrace such areas as:

- conflicts of interest
- corporate opportunities
- confidentiality
- fair dealing and trade practices
- protection of assets
- compliance with laws, regulations and industry codes
- 'whistle-blowing'
- security trading
- commitment to and recognition of the legitimate interests of stakeholders

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

#### **Recommendation 4.1: Audit committee**

The Board-appointed audit committee operates in accordance with the audit committee charter. The details of the committee meetings held during the year and attendance at those meetings are detailed in the Directors' meeting schedule in the Directors' report.

The audit committee consists of:

- Robert Edgley - Chairperson
- Ian Luck
- Graham Burns

## Corporate governance statement (continued)

### For the year ended 30 June 2019

Each of the members of the committee is an independent, Non-Executive Director and the Chairman of the committee is not the Chairman of the Board. The CEO and the CFO/Company Secretary may attend the meetings at the invitation of the committee. All members of the committee are financially literate (i.e. they are able to read and understand financial statements) and have an understanding of the industry in which the company operates.

The audit committee provides an independent review of:

- financial information produced by the company;
- the accounting policies adopted by the company;
- the effectiveness of the accounting and internal control systems and management reporting which are designed to safeguard company assets;
- the quality of the external audit functions;
- external auditor's performance and independence as well as considering such matters as replacing the external auditor where and when necessary; and
- identifying risk areas.

#### **Recommendation 4.2: CEO and CFO assurance**

The CEO and CFO have provided to the Board formal declarations that the integrity of the financial statements is founded on a system of risk management and internal control which supports the policies adopted by the Board and that the company's risk management and internal control system is operating effectively in all material respects to manage the company's material business risks.

#### **Recommendation 4.3: Auditor attendance**

The Company's Auditor is Grant Thornton. The Auditor has and will continue to attend the Annual General Meeting in order to be available to answer questions relating to the audit raised by security holders.

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

The Board recognises that the company, as an entity listed on the ASX, has an obligation to make timely and balanced disclosure in accordance with the requirements of the Australian Securities Exchange Listing Rules and the Corporations Act 2001. The Board also is of the view that an appropriately informed shareholder base and market is essential to an efficient market for the company's securities. The Board is committed to ensuring that shareholders and the market have timely and balanced disclosure of matters concerning the company. In demonstration of this commitment, the company has adopted a formal external communications policy including a continuous disclosure policy.

In order to ensure the company meets its obligations of timely disclosure of such information, the company has adopted the following policies:

- immediate notification to the ASX of information concerning the company that a reasonable person would expect to have a material effect on the price or value of the company's securities as prescribed under listing rule 3.1, except where such information is not required to be disclosed in accordance with the exception provisions of the listing rules;
- the company has a website where all relevant information disclosed to the ASX will be promptly placed on the website following receipt of confirmation from the ASX and, where it is deemed desirable, released to the wider media; and
- the company will not respond to market rumours or speculation, except where required to do so under the listing rules.

## **Corporate governance statement (continued)**

### **For the year ended 30 June 2019**

Based on information provided to the company secretary by Directors, officers and employees, the company secretary is responsible for determining which information is to be disclosed and for the overall administration of this policy.

#### **Principle 6: Respect the rights of shareholders**

##### **Recommendation 6.1: Website**

The Company has a website which includes details of the Company and the operating entities in the Group. The website also includes the Company's annual report which contains within it the Company's Corporate Governance statement. The Company is currently updating this website to include a separate Corporate Governance page.

##### **Recommendation 6.2: Communications with investors**

The Board recognises that shareholders are the beneficial owners of the company and respects their rights and is continually seeking ways to assist shareholders in the exercise of those rights. The Board also recognises that as owners of the company the shareholders may best contribute to the company's growth, value and prosperity if they are appropriately informed. To this end the Board seeks to empower shareholders by:

- communicating effectively with shareholders;
- enabling shareholders to have access to balanced and understandable information about the company and its operations; and
- promoting shareholder participation in general meetings.

All shareholders are entitled to receive a copy of the company's annual report. In addition, the company's website will provide opportunities to shareholders to access company announcements, media releases and financial reports.

##### **Recommendation 6.3: Participation at meetings by security holders**

The Board is committed to assisting shareholders' participation in meetings and has adopted the following measures:

- adoption of the ASX Corporate Governance Council's recommendation and guidelines as published in the Council's *Corporate Governance Principles and Recommendations* in respect of notices of meetings;
- providing sufficient time and adequate opportunity at meetings for shareholders to ask questions and make comments to the Board, and
- ensuring that a representative of the company's external auditor, subject to availability, is present at all annual general meetings and that shareholders have adequate opportunity to ask questions of the auditor at that meeting concerning the audit and preparation and content of the auditor's report.

The current size of the Company prohibits technology such as live webcasting and meetings across multiple venues linked by live telecommunications. The Company allows electronic lodgement of proxies for its meetings.

##### **Recommendation 6.4: Electronic communication**

The Company provides security holders with the option to receive communications from the entity and its security registry, such as notice of meetings, explanatory memorandums, proxy forms and annual reports electronically. A corporate email address is provided via the website to allow security holders to communicate with the Company.



## **Corporate governance statement (continued)**

### **For the year ended 30 June 2019**

The Company allows electronic lodgement of proxies for its meetings.

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

##### **Recommendation 7.1: Risk committee**

Overall risk management is the responsibility of the Audit Committee and covered within that Committee's Charter.

The Board has overall responsibility to all stakeholders for the identification, assessment, management and monitoring of the risks faced by the company. The company currently has informal policies and procedures for risk management and the audit committee seeks to ensure compliance with regulatory requirements. The operational risks are managed at the senior management level and escalated to the Board for direction where the issue is exceptional, non-recurring or may impose a material financial or operational burden on the company. The relatively small size of the company means that communication and decision-making is predominantly centralised allowing early identification of risks by senior management. It also allows senior management to respond to each risk as appropriate without the need for a written risk management policy. In addition, a monthly risk report is tabled at the Board meeting for consideration.

##### **Recommendation 7.2: Risk management framework**

Given the relatively small and centralised management team, the nature of the business of the company and that a majority of independent Directors sit on the audit committee, the Board is continuously kept informed of the effectiveness of the company's internal control systems. In addition, a monthly risk report is tabled at the Board meeting for consideration.

##### **Recommendation 7.3: Internal audit**

The Company does not currently have any internal audit function. The Board considers that given the Company's current size there is no benefit in having an internal audit function. Independent advice will be sought as necessary. The Board has overall responsibility for the identification, assessment, management and monitoring of the risks faced by the company.

##### **Recommendation 7.4: Risk management**

The Board monitors its exposure to all risks, including economic, environmental and social sustainability risks on a monthly basis. Any material business risks will be disclosed in the annual report, which also outlines the activities, performance, financial position of the Company and its businesses.

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

##### **Recommendation 8.1 and 8.2: Remuneration committee and policies**

The company has a duly appointed remuneration committee. The committee operates pursuant to the remuneration committee charter.

The remuneration committee consists of:

- Ian Luck
- Graham Burns
- Rob Edgley



## Corporate governance statement (continued)

### For the year ended 30 June 2019

The Company's approach to remuneration is set out in the Remuneration Report contained within this annual report.

The primary responsibilities of the remuneration committee are:

- Establish appropriate remuneration policies for Directors, the CEO and other senior Executives which are effective in attracting and/or retaining the best Directors and Executives to monitor and manage EVZ Limited, whilst ensuring goal congruence between shareholders, Directors and Executives.
- Ensuring appropriate disclosure of remuneration in line with the Corporations Act, ASX Listing Rules and Corporate Governance guidelines.

Non-Executive Directors are remunerated by way of fees. They may receive options (subject to shareholder approval) but there is no scheme for retirement benefits, other than statutory superannuation. Executives are paid a salary and may be provided, under the Directors' and Employees' Benefits Plan, with shares, performance rights and/or options and bonuses as part of their remuneration and incentive package.

There are no Executive Directors.

#### **Recommendation 8.3: Equity based remuneration scheme**

There is currently in place an EVZ Directors' and Employees' Benefits Plan (the "Plan") which allows employees, Directors and others ("Eligible Persons") to be granted shares, options and performance rights in the Company. The object of this Plan is to help the Company recruit, reward, retain and motivate its employees and Directors.

Such shares, options and performance rights would be offered only to those Eligible Persons entitled to receive an invitation. Those Eligible Persons would be:

- a Director or Secretary of a Group Company;
- an employee in permanent full-time or permanent part-time employment of a Group Company; or
- a contractor to a Group Company.

Invitations to Eligible Persons will be made by the Board and may be made subject to such conditions and rules as the Board determines, including:

- In the case of Options, the exercise period, the exercise price and the exercise conditions.
- In the case of Shares, the issue price payable on acceptance of the application by the Company and issue of the shares and any other specific terms and conditions of issue.
- In the case of Performance Rights, the performance criteria and the performance period in which those performance criteria must be satisfied.

The issue of any securities (including options or performance rights) issued to any Director or their associates will still require shareholder approval under ASX Listing Rule 10.14.

The maximum number of shares issued pursuant to the Plan would be not more than 5% of the equity interests in the Company.