

## **CORPORATE GOVERNANCE STATEMENT**

The Board of Directors of engage:BDR Limited (“**the Company**”) is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

### **CORPORATE GOVERNANCE DISCLOSURES**

The Board and management are committed to good corporate governance and have followed the “Principles of good Corporate Governance and Best Practice Recommendations” issued by the Australian Securities Exchange (“**ASX**”) Corporate Governance Council to the extent that they are applicable to the Company.

In summary, the Company departs from the Guidelines in three key areas:

- First, the Company does not have a separate Nomination Committee. This is a departure from Recommendation 2.4. The full Board attends to the matters normally attended to by a Nomination Committee;
- Second, the Company does not have a separate Remuneration Committee. This is a departure from Recommendation 8.1. The full Board attends to the matters normally attended to by a Remuneration Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced directors and senior executives; and
- Third, the Company currently does not have a separate audit committee. This is a departure from Recommendation 4.1. The Company is of a size and a level of current activity that enables the full Board to be able to attend to the matters normally attended to by the Audit Committee.

### **ROLE OF THE BOARD**

The key responsibilities of the Board include:

- appointing, evaluating, rewarding and, if necessary, the removal of senior management;
- development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management

- monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the financial and general state of the health of the Company;
- overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and financial and other reporting; including reporting under listing rules 3.19A and 3.19B and section 205G of the *Corporations Act 2001*, are in place and functioning appropriately.
- assuring itself that appropriate audit arrangements are in place;
- ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that the Company's practice is consistent with, a number of guidelines, being:
  - Directors and Executive Officers Code of Conduct;
  - Dealings in Securities; and
  - Reporting and Dealing with Unethical Practices.
- reporting to and advising shareholders.

## **STRUCTURE OF THE BOARD**

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

An independent director is a non-executive director (that is, is not a member of management) and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a director after ceasing to hold any such employment;
- is not a principal or employee of a professional advisor to the Company or its subsidiaries whose billings are a material amount of the adviser's total revenue
- is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company are a material

amount of the supplier's total revenue. A significant customer is one whose amounts payable to the Company are a material amount of the customer's total operating costs;

- has no material contractual relationship with the Company or its subsidiaries other than as a director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

In accordance with the definition of independence above, there are currently three non-executive directors of engage:BDR Limited who are considered to be independent.

There are procedures in place, agreed by the Board, to enable the directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The term in office held by each director is as follows:

<b>Name</b>	<b>Term</b>
Mr Ted Dhanik	3 Years
Mr Kurtis Rintala	3 Years
Mr Thomas Anderson	1 Year
Mr Bruce McMenamin	1 Year
Mr Ron Phillips	1 Year

When a Board vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the full Board will recommend a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

### **Remuneration and Nomination Committee**

The Board has not established a separate formal Remuneration or Nomination Committee. The full Board attends to the matters normally attended to by a Remuneration and a Nomination Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced directors and senior executives.

For full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period, please refer to the Replacement Prospectus.

There is no scheme to provide retirement benefits to Non-Executive Directors other than superannuation as required by law.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves.

### **Audit and Risk Management Committee**

The Board has not established a separate Audit and Risk Management Committee. The full Board attends to the matters normally attended to by such a Committee.

The Board acknowledges that when the size and nature of the Company warrants it an Audit and Risk Management Committee will be established and that the Committee will operate under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of key performance indicators.

The Board will delegate responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Management Committee.

The Company's policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Board. The auditors have a policy of rotating the audit partner at least every 5 years.

### **RISK MANAGEMENT**

The Board recognises that the identification and management of risk, including calculated risk taking, is an essential part of creating long term shareholder value. The identification and management of risk by the Board will continue to be monitored. However, until such time as a business or project is acquired by the Company, specific risks related to that business or project are currently unknown.

The Company will undertake a comprehensive due diligence process, in consultation with its external legal, financial and other advisors prior to making any acquisitions. The preparation of a comprehensive risk management matrix will be prepared once a suitable acquisition has been identified.

The equivalent of the CEO and CFO provide written assurance to the Board on an annual basis that to the best of their knowledge and belief, the declaration provided by them in accordance with Section 295A of the *Corporations Act* is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The assurances from the equivalent of the CEO and CFO can only be reasonable rather than absolute due to factors such as the need for judgement and possible weaknesses in control procedures.

Any material changes in the Company's circumstances are released to the ASX and included on the Company's website.

## Corporate Governance Policy

### Principle 1: Recognise and publish the respective roles and responsibilities of the board and management

- 1.1. Formalise and disclose the functions reserved to the Board and those delegated to management
- 1.2. Disclose the process for evaluating the performance of senior executives.
- 1.3. Provide the information indicated in 'Guide to reporting on Principle 1'.

### Principle 2: Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

- 2.1. The Board should establish a Nomination Committee.
- 2.2. Disclose the process for evaluating the performance of the Board, its committees and the individual directors.
- 2.3. Provide the information indicated in 'Guide to Reporting on Principle 2'.

### Principle 3: Promote ethical and responsible decision making

Establish a code of conduct to disclose the code or a summary of the code as to:

The practices necessary to maintain confidence in the Company's integrity.

The practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders.

## Action Taken and Reason if not Adopted

The Company has provided details of any departures from Principle 1

Adopted

Adopted. The Company's Corporate Governance Policies includes a Board Charter which discloses the specific responsibilities of the Board

The Board monitors the performance of senior management including Measuring actual performance against planned performance

The Company has provided details of any departures from Principle 2

The Company is not of a size sufficient to justify having a separate Nomination Committee. Matters typically dealt with by such a committee are currently dealt with by the full Board

The Board has adopted a policy to assist in evaluating Board performance

The Company has provided details of any departures from Principle 3

The Company's Corporate Governance Policies include a Directors and Executive Officers Code of Conduct Policy, which provides a a framework for decisions and actions in relation to ethical conduct In employment

The responsibility and accountability of individuals for reporting or investigating reports of unethical practices.

Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

Disclose in each annual report measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them

Disclose in each annual report the proportion of women employees in the whole organisation, in senior management roles and on the Board

Establish a policy concerning trading in the Company's securities By Directors, Senior Executives and employees and disclose a summary of that policy

**Principal 4: Establish a structure to independently verify and safeguard integrity in financial reporting**

The Board should establish a separate Audit and Risk Committee

Structure of the Audit and Risk Committee

- Only Non Executive Directors
- A majority of Independent Directors
- An Independent Chairperson who is not the Chairman Of the Board

The Audit and Risk Committee should have a formal charter

The Company's Diversity Policy outlines the requirements for the Board to develop measurable objectives for achieving diversity and a annually assesses both the objectives and progress toward achieving those objectives. Accordingly the Board has developed the following Objectives regarding gender diversity and aims to achieve these over the next three (3) years as Director and Senior Executive positions become vacant

Women on the Board	Actual Number	0
Women in Senior Management	Actual Number	3

The Company has provided details of any departures from Principle 4

The Company is not yet of a size and complexity to justify having a separate Audit and Risk Committee. Matters typically dealt with by such a committee are dealt with by the full Board

Not Applicable

Not Applicable

**Principal 5: Make Timely and Balanced Disclosure of all Material Matters concerning the Company**

Adopted

Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.

Adopted. The Company's Corporate Governance Policies includes a continuous disclosure policy which aims to ensure that the market is informed of all material developments concerning the Company

**Principal 6: Respect the rights of shareholders and facilitate the effective exercise of those rights.**

Adopted

Design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose the policy or a summary of the policy.

**Principle 7: Establish a sound system of risk oversight and management and internal control.**

Adopted

The Board or appropriate Board committee should establish policies on risk oversight and management of material business risk and disclose a summary of those policies.

The Company's Corporate Governance Policies includes a Risk Management Policy which aims to ensure that all material risks of Business are identified and mitigated. The Board identifies the Company's risk profile and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal controls

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively.

The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

The Board requires that the CEO designs and implements continuous Risk management and internal control systems and provides ongoing reports to the Board

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.

**Principle 8: Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.**

The Board should establish a Remuneration Committee

The Remuneration Committee should be structured so that it: consists of a majority of independent directors;

- is chaired by an independent director; and
- has at least three members

Clearly distinguishes the structure of non-executive director's remuneration from that of executive directors and senior executives

The Company has provided details of any departures from Principle 8

The Company is not of a size and complexity to justify having a separate Remuneration Committee. Matters typically dealt with by a Remuneration Committee are currently dealt with by the full Board

Not Applicable

The Company's Constitution provides that the remuneration of the Non Executive Directors is not to be more than the aggregated fixed sum agreed at a general meeting of shareholders