

CORPORATE GOVERNANCE STATEMENT

Duxton Water Ltd
ACN 611 976 517

DUXTON WATER LTD

CORPORATE GOVERNANCE STATEMENT

The Directors of Duxton Water Ltd (the Company) are committed to achieving and demonstrating the highest standards of corporate governance. The Board regularly reviews the corporate governance framework and practices of the Company to ensure they deliver best practice outcomes to employees, consultants, contractors, shareholders and all other stakeholders involved or benefitting from the operations of the Company.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place since incorporation and remain in place.

In February 2019, the ASX Corporate Governance Council released the 4th Edition of its Corporate Governance Principles and Recommendations (4th Edition Recommendations). The Company reviewed its corporate governance and reporting practices under these principles and the disclosures in this Corporate Governance Statement reflect this. As at the date of this statement, the Company complies with the 4th Edition Recommendations (unless otherwise stated).

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – Recommendation followed

A listed entity should have and disclose a board charter setting out:

- (a) the respective roles and responsibilities of its board and management; and*
- (b) those matters expressly reserved to the board and those delegated to management.*

The relationship between the Board and the Investment Manager is critical to the Company's long-term success. The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

The responsibilities of the board include:

- demonstrating leadership;
- providing strategic guidance to the Company including defining its purpose and strategic objectives and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- appointment and performance assessment of the Investment Manager (IM);
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the Investment Manager, including the Company Secretary;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;

- ensuring that the Company has an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the board expects the Investment Manager to operate.
- overseeing the Company's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the entity's securities;
- satisfying itself that the entity's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- ensuring appropriate resources are available to the Investment Manager; and
- monitoring the effectiveness of the entity's governance practices

The roles and responsibilities of the Board are set out within the Board Charter. The Board Charter also sets out those matters that are expressly reserved to the board and those delegated to management.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Investment Manager. This delegation is reviewed in accordance with the Investment Management Agreement. The Board Charter is available online at: www.duxtonwater.com.au

Recommendation 1.2 – Recommendation followed

A listed entity should:

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

The Board is responsible for evaluating Board candidates and recommending individuals for appointment to the Board. The Board evaluates prospective candidates against a range of criteria including the skills, experience, expertise and diversity. It also considers the strengths and weaknesses of the Board composition at time and how potential candidates will enhance Board effectiveness. The Board undertakes appropriate background and screening checks prior to nominating a director for election by shareholders, and provides to shareholders all material information in its possession concerning the director standing for election or re-election in the explanatory notes accompanying the notice of meeting.

Recommendation 1.3 – Recommendation followed

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

A written agreement is executed with each director setting out the terms of their appointment, including the basis upon which they will be indemnified. The letter of appointment clearly defines the role of directors, including the expectations in terms of independence, participation, and time commitment. The letter of appointment also makes it clear that directors are required to disclose circumstances that may affect, or be perceived to affect, their ability to exercise independent judgement so that the Board can assess independence on a regular basis.

A written agreement has been executed with the Investment Manager detailing the terms of appointment, including roles and responsibilities, key performance indicators and remuneration. The Company currently has no employees.

Recommendation 1.4 – Recommendation followed

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 is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for maintaining the information systems and processes that are appropriate for the Board to fulfil its role and to achieve the objective of the Company. The Company Secretary is also responsible for ensuring that the Board procedures are complied with and advising the Board on governance matters. All directors and Committees of the Company have access to the Company Secretary for advice and services. Independent advisory services are retained by the Company Secretary at the request of the Board or Committees.

Recommendation 1.5 – Recommendation not followed

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 the 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.*

The Company does not have a diversity policy, due to the current size of the Company, and it having no employees, the Board does not consider it appropriate, at this time, to formally set measurable objectives for gender diversity.

The current board composition is six (6) directors with one (1) female member on the board. The company currently has no employees, thus no senior executive positions, however the current company secretary is female. The Company has not disclosed in this Corporate Governance Statement its measurable objectives for achieving gender diversity due to the current size of the organisation and therefore has not complied with recommendation 1.5(a) of the Corporate Governance Principles and Recommendations.

Recommendation 1.6 – Recommendation Followed

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, for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.*

The Board will at least annually evaluate its performance and the performance of its committees and individual directors to determine whether or not it is functioning effectively by reference to the current best practices. The Board continually evaluates the composition of the Board, and evaluates its performance and the performance of its committees and individual directors during the year.

Recommendation 1.7 – Recommendation followed

A listed entity should:

- (a) have and disclose a process for periodically 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 will review the performance of the Investment Manager in line with the Investment Management Agreement. The Investment Manager Assessment Committee comprising the Company's independent directors, Messrs Wiedmann, Rinaldi and Mutton and Dr Brand, independently review the performance of the Investment Manager.

The performance of the Investment Manager is reviewed on an ongoing basis by comparing performance against agreed measures, examining the effectiveness and results of its contribution and identifying areas of potential improvements.

Principle 2: Structure the board to be effective and add value

The board of a listed entity should be of an appropriate size and collectively have the skills commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value

Recommendation 2.1 – Recommendation followed

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, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Board has not established a nomination committee, and therefore not complied with recommendation 2.1(a) of the Corporate Governance Principles and Recommendations; however in line with 2.1(b) the Directors takes ultimate responsibility in addressing board

succession issues and to ensure the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. The Board closely assesses diversity criteria when considering Board candidates.

Recommendation 2.2 – Recommendation followed

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 Company's desired mix of skills and competence is listed below. The Board considers its current composition adequately meets these required competencies.

| Area | Competence |
|--|--|
| <i>Leadership</i> | Business Leadership, Public Listed Company Experience |
| <i>Business and Finance</i> | Accounting, Audit, Business Strategy, Competitive Business Analysis, Corporate Financing, Financial Literacy, Mergers and Acquisitions, Risk Management, Tax – International, Commodity Trading, Investment Management, Agricultural Investing |
| <i>Sustainability and Stakeholder Management</i> | Community Relations, Corporate Governance, Health & Safety, Human Resources, Remuneration |

Recommendation 2.3 – Recommendation followed

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 or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and*
- (c) the length of service of each director*

| Director Name | Independent Director? | Commencement Date | Length of Service as at 31 December 2023 |
|--------------------|-----------------------|-------------------|--|
| Mr Ed Peter | No | 19 April 2016 | 7 years, 8 months |
| Mr Stephen Duerden | No | 19 April 2016 | 7 years, 8 months |
| Mr Dirk Wiedmann | Yes | 3 June 2016 | 7 years, 6 months |
| Mr Dennis Mutton | Yes | 20 December 2016 | 7 years |
| Dr Vivienne Brand | Yes | 25 November 2020 | 3 year, 1 month |
| Mr Brendan Rinaldi | Yes | 1 April 2022 | 1 year, 8 months |

The Board considers this to be an appropriate composition given the size and development of the Company at the present time and continually assesses the composition of the Board to ensure its membership maintains a combination of skills and experience that ensure the Board has the expertise to meet both its responsibilities to stakeholders and its strategic objectives.

The names of directors including details of their qualifications and experience available on the Company's website:

www.duxtonwater.com.au

Recommendation 2.4 – Recommendation followed

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

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision-making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

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 judgement.

The Board has accepted the following definition of an independent Director:

“An independent director is a director who is not a member of management, is a Non-Executive Director and who:

- is not, or has not been, employed in an executive capacity by the Company and there has been a period of at least three years between ceasing such employment and serving on the Board;
- is not, or has not within the last three years been, a partner, director or senior employee of a provider of material professional services to the Company;
- is not, or has not within the last three years been, in a material business relationship (e.g. as a supplier or customer) with the Company, or an officer or, or otherwise associated with, someone with such a relationship;
- is not a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the entity;
- does not have a material contractual relationship with the Company other than as a director; or
- has not been a director of the entity for such a period that his or her independence may have been compromised.”

In accordance with the definition above, Dirk Wiedmann, Dennis Mutton, Vivienne Brand and Brendan Rinaldi are considered independent.

The Board Charter requires that where practical the majority of the Board will be independent.

The Board has determined that four (4) of the six (6) Directors are independent as defined under Recommendation 2.4. The Company therefore has complied with Recommendation 2.4 of the Corporate Governance Principles and Recommendations.

Recommendation 2.5 – Recommendation not followed

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 Company's Chairman, Mr Ed Peter is not an independent director, as he controls the Investment Manager, although he does not fulfil the role of CEO. The Company therefore has not complied with recommendation 2.5 of the Corporate Governance Principles and Recommendations. However, the Board considers that, having regard to his wealth of experience and industry knowledge, Mr Peter is the most suitable person to occupy the position of Chairman of the Company.

The Board Charter provides that where practical, the Chairman of the Board will be a non-executive, independent director.

Recommendation 2.6 – Recommendation followed

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

The Company maintains a program for inducting new directors, for which the Company Secretary is responsible for. The Company also ensures that appropriate professional development opportunities are provided to directors to ensure they develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

Recommendation 3.1 – Recommendation followed

A listed entity should articulate and disclose its values

EXCELLENCE & PROFESSIONALISM

- We conduct our business considering the interest of key stakeholders
- We strive to provide excellent service, quality and performance for our shareholders
- We adapt to changes and always look for opportunities
- We learn from our mistakes
- We are professional

INTEGRITY & HONESTY

- We address risk head-on and develop suitable risk management practices
- We act honestly with our shareholders, customers and all stakeholders
- We are committed to maintaining high ethical practices
- We respect and consider the communities and regions in which we participate
- We take seriously our compliance legal and regulatory obligations

STRENGTH & RELIABILITY

- We deliver strong, reliable shareholder outcomes
- We value and strive to meet our shareholder's expectations
- We have a positive, safe working environment
- We pursue stable and effective investment targets
- We challenge our practices and always seek improvement

Recommendation 3.2 – Recommendation followed

A listed entity should:

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and*
- (b) ensure that the board or a committee of the board is informed of any material breaches of that code*

The Company has developed a Code of conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

A copy of the Code of Conduct can be found online at: www.duxtonwater.com.au

Recommendation 3.3 – recommendation followed

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*

Recommendation 3.4 – recommendation followed

A listed entity should:

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

Principle 4: Safeguard the integrity of corporate reports

Recommendation 4.1 – recommendation followed

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 corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner

| | | |
|---------------------------|------------------------------------|----------------------|
| Mr Dennis Mutton | Independent Non-executive Director | (Committee Chairman) |
| Mr Stephen Duerden | Non-executive Director | (Committee Member) |
| Dr Vivienne Brand | Independent Non-executive Director | (Committee Member) |
| Mr Brendan Rinaldi | Independent Non-executive Director | (Committee Member) |

Mr Mutton, Dr Brand and Mr Rinaldi are independent and the chairman of the Committee is not the chairman of the Board.

The relevant qualifications and experience of each of the members of the Committee can be found in the director profiles contained within the Annual Report and on the Company's website at: www.duxtonwater.com.au.

All members of the Audit and Risk Management committee are financially literate and have an appropriate understanding of the industries in which the Company operates.

The Committee has met five (5) times during the period.

The Audit and Risk Management committee operates in accordance with a charter which is available on the Company website at: www.duxtonwater.com.au

The Audit and Risk Management Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

The Board reviews the membership and charter of the Committee annually.

Recommendation 4.2 – Recommendation followed

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, 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.

The Chief Executive Officer and the Finance Manager of the Investment Manager have certified to the Board that the financial statements are founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects. This declaration is provided to the Board before it approves the Company's financial statements for a financial period, and declares 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 and give a true and fair view of the financial position and performance of the entity.

Recommendation 4.3 – Recommendation followed

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.

The Company's board of Directors has overall responsibility and oversight of the Company's documentation that has not been audited or reviewed by an external auditor prior to its release to the market. The board of Directors will always review the authenticity and relevance of all documentation and the impact that it will have in relation to the shareholders to ensure that it is communicated in a way that any relevant information is disclosed in full and in a timely manner.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would have expect to have a material effect on the price or value of its securities.

Recommendation 5.1 – Recommendation followed

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 a Continuous Disclosure Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its communications to the market. A summary of this policy is available on the Company's website at: www.duxtonwater.com.au.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility in assisting the Board to ensure compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. The Company's website also enables users to provide feedback on Company matters and includes a "Corporate Governance" landing page that discloses all relevant corporate governance information, including policies and procedures.

Recommendation 5.2 – Recommendation followed

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

Once the release of an ASX announcement has been confirmed a copy of the release will be immediately available on the Company website and will immediately be distributed to each member of the board.

Recommendation 5.3 – Recommendation followed

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.

The Company will not disclose market sensitive information to any analyst or investor unless it has first provided that information to the market and received an acknowledgement that the information has been released.

Any new and substantive analyst or investor presentations will be released on the ASX Market Announcements Platform prior to the presentation.

Principle 6: Respect the rights of security holders

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

Recommendation 6.1 – Recommendation followed

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

The Board strives to ensure that security holders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. The Company provides all information about itself and its corporate governance via its website at: www.duxtonwater.com.au

Recommendation 6.2 – Recommendation followed

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

The Company has a shareholder communication policy which outlines the various medium through which the Company communicates with security holders. A copy of this policy can be viewed online at: www.duxtonwater.com.au

Recommendation 6.3 – Recommendation followed

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

Shareholders are encouraged to participate at all Annual General Meetings and other General 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 meetings shall also be conducted to allow questions and feedback to the Board and the Manager of the Company.

Recommendation 6.4 – Recommendation followed

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.

All resolutions at the 2023 Annual General Meeting were decided by way of a poll rather than a show of hands.

Recommendation 6.5 – Recommendation followed

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

The Company aims to promote effective communication to and from shareholders. Members are encouraged to register with the company's share register to receive formal notices and material electronically and to communicate electronically.

Members are also encouraged to contact the Company via its website or directly to the registered office should they have any specific queries concerning the Company's performance.

Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1 – Recommendation followed

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, all of whom are non-executive directors, and 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 processes it employs for overseeing the entity's risk management framework.

| | | |
|---------------------------|------------------------------------|----------------------|
| Mr Dennis Mutton | Independent Non-Executive Director | (Committee Chairman) |
| Mr Stephen Duerden | Non-Executive Director | (Committee Member) |
| Dr Vivienne Brand | Independent Non-Executive Director | (Committee Member) |
| Mr Brendan Rinaldi | Independent Non-executive Director | (Committee Member) |

Mr Mutton, Dr Brand and Mr Rinaldi are independent and the chairman of the Committee is not the chairman of the Board.

The Audit and Risk Management Committee operates in accordance with a charter which is available on the Company website at: www.duxtonwater.com.au

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit Risk Management

Committee and reviewed by the full board. A review took place during the reporting period.

The Committee met five (5) times during the period.

Recommendation 7.2 – Recommendation followed

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 that the entity is operating with due regard to the risk appetite set by the board; and*
- (b) disclose, in relation to each reporting period, whether such a review has taken place.*

The Manager is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Audit, Business Risk and Compliance Committee on the effectiveness of:

- the risk management and internal control system during the year, and
- the Company's management of its material business risks.

The Company's Risk Management Policy can be viewed online at: www.duxtonwater.com.au.

The Audit and Risk Management Committee reviewed the Company's risk management framework during the period and was satisfied that it continued to be sound and the Company is operating with due regard to the risk appetite set by the Board.

Recommendation 7.3 – Recommendation followed

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 and internal control processes.*

The Company does not have an internal audit function due to the size and nature of the Company, however the Audit and Risk Management Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Committee monitors the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the Committee:

- reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system;
- reviews group-wide objectives in the context of the abovementioned categories of corporate risk;
- reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the Company's exposure to risk;
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis, and
- reviews compliance with agreed policies.

The Committee recommends any actions it deems appropriate to the Board for its consideration.

Recommendation 7.4 – Recommendation followed

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.

The Company's policy is to identify and manage potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management policy 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 – Recommendation followed

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.

The Company has appointed Duxton Capital (Australia) as its Investment Manager to manage its assets and implement its investment strategy. The Company does not have any employees and therefore does not see the need for a remuneration committee.

The Board has established an Investment Manager Assessment Committee, to monitor and review the activities of the investment manager to ensure probity and the interests of shareholders are protected in regard to those issues pertaining to the relationship between the Company and the Investment Manager ("Manager").

Pursuant to the Investment Manager Assessment Committee Charter, the Investment Manager Assessment Committee currently:

- Comprises only Independent Non-Executive Directors; and
- Is chaired by a non-executive independent Director who is not Chairman of the Board.

The Investment Manager Assessment Committee consists of the following directors:

- Mr Dennis Mutton (Committee Chairman)
- Mr Dirk Wiedmann
- Dr Vivienne Brand
- Mr Brendan Rinaldi

The Company's policies and practices regarding the remuneration of the Investment Manager and the non-executive Directors are set out in the Remuneration Report in the Company's Annual Report which is available on the Company's website.

Recommendation 8.2 – Recommendation followed

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

The company's policy is to remunerate Independent Non-Executive Directors at market rates in comparison to other companies for time, commitment and responsibilities. Fees for Non-Executive Directors are not linked to company performance.

The company reviews local and international trends among comparative companies and industries to ensure remuneration is in line with companies with similar market capitalisations. The reviews are performed to confirm that non-executive remuneration is in line with market practices and is reasonable in respect to Australian executive reward practices.

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 participating in the scheme; and*
- (b) Disclose that policy or a summary of it.*

The Company does not have an equity-based remuneration scheme.

This Corporate Governance Statement is accurate and up to date as at 29 February 2024 and has been approved by the Board.