

rhipe

rhipe Limited

Corporate Governance Statement

This Corporate Governance Statement (**Statement**) outlines the main corporate governance practices currently in place for rhipe Limited (**Company** or **rhipe**).

The Company has considered and addressed the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Fourth Edition**) and adopted those principles to the extent it considers appropriate and outlined reasons why the Company doesn't comply, where relevant.

This Statement has been approved by the Company's Board of Directors and is current as at 31 August 2021. All references to the Company's website are to www.rhipe.com

Principle 1 - Lay solid foundations for management and oversight: a listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

The Board of Directors (**Board**) is accountable to security holders for the management of the Company's business and affairs and as such is responsible for the overall strategy, governance, and performance of the Company. To clarify the roles and responsibilities of Board and management, and to assist the Board in discharging its responsibilities, the Company has established a governance framework, which sets out the functions reserved to the Board and provides for the delegation of functions to Board committees (**Committees**) and to senior management.

The Board is responsible for the corporate governance of the Company. The Board assumes the following responsibilities:

- a. Developing initiatives for profit and asset growth;
- b. Reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- c. Acting on behalf of, and being accountable to, the security holders; and
- d. Identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Board has delegated specific authorities to the Chairman and to its various Committees. Subject to these delegated matters, the Chairman is authorised to exercise all the powers of the Directors, except with respect to the following:

- a) Approval of major elements of strategy including any significant change in the direction of that strategy;
- b) Approvals above delegated levels of credit limits, risk exposure, market risk limits and loans and encumbrances;
- c) Capital expenditure in excess of delegated levels of expenditure outside the ordinary course of business;

- d) Certain remuneration matters including material changes to remuneration policies and specific remuneration recommendations relating to the Board members and other executive officers of the Company;
- e) Adoption of the Company's annual budget;
- f) Approval of the interim and final accounts and related reports to the ASX;
- g) Specific matters in relation to continuous disclosure as defined in the Continuous Disclosure Policy;
- h) Any proposal to issue securities of the Company (except under a program previously approved by the Board); and
- i) Other matters as the Board may determine from time to time.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis.

The Company regularly reviews the balance of responsibilities between the Board and management to ensure that the division of functions remains appropriate to the needs of the Company.

Recommendation	Adopted	Reason
Recommendation 1.1	No	The Company does not currently have a formal Board Charter; however, the Board and management are aware of their respective responsibilities and those matters expressly reserved to the Board and those delegated to management.
Recommendation 1.2	Yes	The Company has established a Remuneration and Nomination Committee which oversees the process of undertaking appropriate checks before appointing a director or senior executive or putting someone forward for election as a director and provides security holders with all material information in its possession relevant to a decision on whether to elect or re-elect a director.
Recommendation 1.3	Yes	Non-Executive Directors are appointed pursuant to formal letters of appointment which, alongside other key information, set out the key terms and conditions of their appointment, the Board's expectations in relation to the performance of the Director, procedures for dealing with a Director's potential conflict of interest and the disclosure obligations of the Director, together with the details of the Director's remuneration. All senior executives are issued employment contracts prior to their engagement with the Company, with appropriate performance criteria outlined.
Recommendation 1.4	Yes	The Company Secretary is appointed by, and responsible to, the Board through the Chairman. The Chairman and the Company Secretary co-ordinate the Board agenda. All Directors have access to the Company Secretary.

Recommendation 1.5	Yes	<p>The Company has a Diversity Policy which is available on the Company's website and is reviewed annually.</p> <p>The Board is committed to annually assessing the objectives and its progress towards achieving the measurable objectives. The Board also considers gender diversity as a relevant consideration in its succession planning.</p> <p>The Company is deemed a 'relevant employer' under the Workplace Gender Equality Act and the entity's most recent 'Gender Equality Indicators, as defined in and published under that Act, is available on the Company's website.</p>
Recommendation 1.6	Yes	<p>The Board is committed to enhancing its effectiveness through performance management and review. The Board review process is designed to help enhance performance by providing a mechanism to raise and resolve issues and provide recommendations for additional improvement processes.</p> <p>The performance of the Board as a group and of the Directors individually, is assessed each year. All Directors seeking re-election at an annual general meeting are subject to a performance appraisal to determine whether the Board (absenting themselves) recommends their re-election to security holders.</p> <p>In the future, the Board will conduct a formal, structured evaluation that involves each Director completing a confidential questionnaire covering the role, composition, processes and the carrying out of its responsibilities. The results of the questionnaire and an analysis of these results will be reported to the Board.</p> <p>During the last recruitment process of new directors, an informal board and director evaluation was conducted to enhance the placement of new Directors and therefore, the Company did not undertake a formal performance review during the FY21 reporting period.</p>
Recommendation 1.7	Yes	<p>The Board and senior management team regularly review the performance of its senior executives and address any issues that may emerge.</p> <p>The Company uses a 'balanced scorecard' approach to manage and measure the performance of the business and individuals within it.</p> <p>During the reporting period the Company had formalised performance plans in place for each of the senior executives to be evaluated against. Some but not all formal performance reviews of senior executives were completed during the period.</p>

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.

The Board strives to ensure it is comprised of directors with a blend of skills, experience, and attributes appropriate for the Company and its business.

The Company has disclosed the full details of Directors in the 2021 Directors' Report.

The Board consists of the following Directors:

Name	Director Since	Independent	Executive/Non-Executive
Gary Cox (Chairman)	2019	✓	Non-Executive
Dominic O'Hanlon (Managing Director)	2015	x	Executive
Olivier Dispas	2019	✓	Non-Executive
Dawn Edmonds	2014	✓	Non-Executive
Inese Kingsmill	2019	✓	Non-Executive
Mark Pierce	2014	✓	Non-Executive
Michael Tierney	2017	✓	Non-Executive

When considering the appointment of Directors to the Board, a formal process is undertaken by the Remuneration and Nomination Committee to identify various candidates, with interviews held and appropriate background checks carried out.

Before candidates are selected and recommended to the Board, the current skillset of Directors is considered to ensure the candidates complement the existing Board and add to the further growth of the Company. Candidates are required to disclose their other commitments and confirm they can dedicate enough time to their duties.

The Board considers the candidates and their experience and skillsets carefully and then determines the best fit for the present and future needs of the Company.

Recommendation	Adopted	Reason
Recommendation 2.1	Yes	<p>The Company has a Remuneration and Nomination Committee which has three members, all of whom are independent directors. The Company has disclosed the details of the committee members in the 2021 Directors' Report. The Remuneration and Nomination Committee is chaired by Dawn Edmonds, an independent director.</p> <p>The Remuneration and Nomination Committee Charter is reviewed and approved annually and is available on the Company's website.</p> <p>Details of the committee members, the number of times the committee met during the reporting period and the individual attendances of the members at those meetings are disclosed in the 2021 Directors' Report.</p>
Recommendation 2.2	Yes	<p>The Board developed and adopted a skills matrix in December 2019, a copy of which is available on the Company's website.</p>
Recommendation 2.3	Yes	<p>The Company has disclosed the full details of Directors, their length of service and independence in the 2021 Directors' Report and the table included in this report.</p>
Recommendation 2.4	Yes	<p>The Board has reviewed the position and associations of each of the seven Directors in office and has determined that six of the Directors are independent, representing most of the Board. In making this determination the Board has had regard to the independence criteria in the ASX Recommendations and other facts, information, and circumstances that the Board considers relevant. The Board assesses the independence of new Directors upon appointment and reviews their independence, and the independence of the other Directors, as appropriate.</p>
Recommendation 2.5	Yes	<p>The Chairman, Mr Gary Cox, is a Non-Executive Director. The Board has determined that Mr Cox is deemed an independent Director and is considered by the other Directors to be the most appropriate Director to be Chairman of the Board, due to his experience in the industry.</p> <p>Separate people carry out the duties of Chairman and CEO.</p>
Recommendation 2.6	Yes	<p>Upon appointment, each new Director of the Company participates in an induction program. This includes meeting with members of the existing Board, Company Secretary, management, and other relevant executives to familiarise themselves with the Company, its procedures and prudential requirements, and Board practices and procedures.</p> <p>To achieve continuing improvement in the Board's performance, Directors are also encouraged to undergo professional development and be involved with relevant industry and business organisations.</p>

Principle 3 - Instill a culture of acting lawfully, ethically and responsibly: A listed entity should instill and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

The Company is an Australian company, therefore falling under the jurisdiction of the Corporations Act. All directors are required to act ethically and responsibly at law.

Recommendation	Adopted	Reason
Recommendation 3.1	Yes	<p>The Board is committed to the establishment and maintenance of appropriate ethical standards to instill confidence in both clients and the community in the way the Company conducts its business. These standards are encapsulated in the Code of Conduct which outlines how the Company expects each person who represents it to behave and conduct business.</p> <p>A copy of the Code of Conduct is available on the Company's website.</p>
Recommendation 3.2	Yes	<p>The Company has a Code of Conduct which is distributed to all employees and directors and available on the Company website.</p> <p>The Code of Conduct is reviewed and approved annually by the Board, and Directors are kept informed by management on any material breaches of that code.</p>
Recommendation 3.3	Yes	<p>The Board has adopted a Whistleblower Policy, a copy of which is available on the Company's website.</p> <p>It is the responsibility of the CEO and COO to ensure the Board is informed of any material incidents reported under that policy.</p>
Recommendation 3.4	Partially	<p>The Company has not adopted a specific anti-bribery and corruption policy; however, it is referenced in the Code of Conduct and employees are educated on the matter.</p>

Principle 4 - Safeguard the integrity of corporate reports: A listed entity should have appropriate processes to verify the integrity of its corporate reports.

All ASX listed entities are required by the Listing Rules to report on various matters. The manner and form of reporting is governed by the ASX. All directors are obliged to make declarations as to their obligations in relation to reporting amongst other things. The external auditor provides annual reporting to the Board.

Recommendation	Adopted	Reason
Recommendation 4.1	Yes	<p>The Board has established an Audit and Risk Committee which consists of four members, all of whom are independent directors and non-executive directors. The Company has disclosed the relevant qualifications and experience of the members of the committee in the 2021 Directors' Report.</p> <p>The committee is chaired by an independent director, Mr Mark Pierce, and has adopted a Charter in respect of audit and risk matters.</p> <p>Details of the committee members, the number of times the committee met during the reporting period and the individual attendances of the members at those meetings are disclosed in the 2021 Directors' Report.</p>
Recommendation 4.2	Yes	<p>The CEO and CFO provide a written declaration pursuant to S295A of the Corporations Act for half and full year reports.</p>
Recommendation 4.3	Yes	<p>The process by which the Company verifies information disclosed in periodic corporate reports is set out in its Continuous Disclosure Policy. The Board approves all materials disclosed in periodic corporate reports.</p>

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 expect to have a material effect on the price or value of its securities.

The Company is committed to providing timely, complete and accurate disclosure of information to allow a fair, and well-informed market in its securities and compliance with the continuous disclosure requirements imposed by law including the Corporations Act and the ASX Listing Rules.

Recommendation	Adopted	Reason
Recommendation 5.1	Yes	<p>The Company has a Continuous Disclosure Policy available on its website. It is reviewed and approved annually by the Board.</p> <p>The overarching principle of this policy is governed by Listing Rule 3.1, which requires the Company to immediately notify the ASX of any information that a reasonable person would expect to have a material effect on the price or value of RHP quoted securities, provided the information does not fall within the exception to disclosure under the Listing Rules.</p>
Recommendation 5.2	Yes	The Company's Continuous Disclosure Policy provides that the Board receives copies of all material market announcements promptly after they have been made.
Recommendation 5.3	Yes	The Company's Continuous Disclosure Policy provides that any new and substantive investor or analyst presentations be released to the ASX Markets Announcements Platform ahead of 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.

The Company has instituted an investor relations program to actively engage with security holders. The Company conducts regular institutional investor roadshows and the CEO, CFO and (where required) members of the Board are available to respond to security holder queries. The program permits security holders an opportunity to gain a greater understanding of the Company's business and financial performance.

Recommendation	Adopted	Reason
Recommendation 6.1	Yes	<p>Under the Investors tab of the Company's website all policies and charters of the Company are available for investors.</p> <p>The Company also includes links to all announcements made through the ASX website.</p>
Recommendation 6.2	Yes	The Company has adopted a formal Shareholders' Communications Policy.

		A copy of the Shareholders' Communication Policy is available on the Company's website. The Shareholders' Communication Policy is reviewed and approved annually by the Board.
Recommendation 6.3	Yes	<p>The Company has adopted a formal Shareholders' Communications Policy to facilitate and encourage participation at meetings of security holders.</p> <p>Security holders are informed of their rights and encouraged to participate at meetings of security holders.</p>
Recommendation 6.4	Yes	The Company ensures that all substantive resolutions at a meeting of security holders are decided by poll rather than by a show of hands.
Recommendation 6.5	Yes	<p>The Company gives security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.</p> <p>rhipe is committed to maintaining direct, open and timely communications with all security holders and provides information on the Company and its governance via the Company's website, which is updated regularly.</p> <p>Transcripts of the Chair/CEO presentation and results of the meeting are posted to the ASX and on the Company's website.</p>

Principle 7 - Recognise and manage risk: A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

The Board, at least annually, reviews and approves the risk management and oversight policies of the Company. However, the Board does not consider that disclosure of when these reviews take place is necessary. Such a review took place in the 2021 Financial Year.

All material risks are announced to the market, in accordance with the requirements of the ASX Listing Rules and included in the Company's 2021 Annual Report.

The Board has established the Audit and Risk Committee which reports to the Board. This was formerly an Audit Committee and a Risk Committee, however it was deemed more purposeful to merge the two.

Recommendation	Adopted	Reason
Recommendation 7.1	Yes	<p>The Board has established an Audit and Risk Committee which consists of four members, all of whom are independent directors and non-executive directors. The Company has disclosed the relevant qualifications and experience of the members of the committee in the 2021 Directors' Report.</p> <p>The committee is chaired by an independent director, Mr Mark Pierce, and has adopted Charters in respect of audit and risk matters.</p> <p>Details of the committee members, the number of times the committee met during the reporting period and the individual attendances of the members at those meetings are disclosed in the 2021 Directors' Report.</p>
Recommendation 7.2	Yes	<p>The Board, at least annually, reviews and approves the risk management and oversight policies of the Company. However, the Board does not consider that disclosure of when these reviews take place is necessary. Such a review took place in the 2021 Financial Year.</p>
Recommendation 7.3	Yes	<p>The Company employed PwC to act as an internal audit function in FY21.</p> <p>The Audit and Risk Committee monitors the need for an internal audit function having regard to the size, geographic locations, and complexity of the Company's operations. The Company's management periodically undertakes an internal review of financial systems and processes and when systems are developed.</p> <p>The Audit and Risk Committee also considers reviews of specific areas and monitors the implementation of system improvements.</p>
Recommendation 7.4	Yes	<p>The Company's 2021 Annual Report discloses whether the Company has any material exposure to environmental or social risks, and intended management of those risks, where relevant.</p> <p>This matter is also regularly reviewed and considered by the Audit and Risk Committee.</p>

Principle 8 - Remunerate fairly and responsibly: A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

The remuneration of Non-Executive Directors is structured separately from that of the Managing Director and senior executives.

Recommendation	Adopted	Reason
Recommendation 8.1	Yes	<p>The Company has a Remuneration and Nomination Committee which has three members, all of whom are independent directors. The Company has disclosed the details of the members of the committee in the 2021 Directors' Report. The Remuneration and Nomination Committee is chaired by Dawn Edmonds, an independent director.</p> <p>The Remuneration and Nomination Committee Charter is reviewed and approved annually and is available on the Company's website.</p> <p>Details of the committee members, the number of times the committee met during the reporting period and the individual attendances of the members at those meetings are disclosed in the 2021 Directors' Report.</p>
Recommendation 8.2	Yes	<p>Information on remuneration for Non-executive Directors and Key Management Personnel is in the Remuneration Report in the Company's 2021 Annual Report.</p> <p>Remuneration of non-executive Directors comply with ASX Listing Rules, including that:</p> <ul style="list-style-type: none"> • Fees payable to non-executive directors must be by way of a fixed sum, and not by way of commission on or a percentage of profits or operating revenue; • The remuneration payable to executive directors must not include a commission on or percentage of operating revenue; and • The total fees payable to directors must not be increased without the prior approval of members in a general meeting.

Remuneration of Executive Directors comply with the ASX Listing Rules and the terms of any agreement entered into.

The Board may fix the remuneration of each executive director to comprise salary or commission on or participation in profits of the Company.

Recommendation 8.3	Yes	<p>The Company has a Securities Trading Policy that prohibits directors, officers, and employees from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.</p> <p>A copy of the Company's Securities Trading Policy is available on the Company's website and is reviewed and approved annually by the Board.</p> <p>The Board has adopted an Employee Performance Rights Plan which was last approved at the 2020 AGM.</p>
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