

## **Wingara Ag Limited ('Wingara' or 'Company') Corporate Governance Statement 2019**

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The board of directors (Board) is responsible for corporate governance of the Company. The Board considers good corporate governance a matter of high importance and aims for best practice in the area of corporate governance. This statement describes the main corporate governance practices of the Company.

Commensurate with the spirit of the ASX Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition ("Recommendations"), the company has followed each recommendation where the board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the company and the board, resources available and activities of the Company. Where the Company's corporate governance practices depart from the Recommendations, the board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Company's corporate governance policies and procedures are available on the Company's website.

### **Principle 1: Lay solid foundations for management and oversight**

#### Board Charter

The Board has adopted a written charter to clarify the roles and responsibilities of Board members. This charter addresses:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management;
- the manner in which the Board monitors its own performance; and
- The role of the Board is to identify the expectations of Shareholders and the ethical and regulatory obligations of the Company.

The Board Charter formalises the functions and responsibilities of the Board. The Board is ultimately responsible for all matters relating to the running of the Company. The responsibilities of the Board include:

- a) formulation, review and approval of the objectives and strategic direction of the Company;
- b) reviewing, monitoring and approving any related party transaction;
- c) monitoring the financial performance of the Company by reviewing and approving budgets and results;
- d) approving all significant business transactions including acquisitions, divestments and capital expenditure;
- e) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- f) review of performance and remuneration of Directors;
- g) review of performance and remuneration of the CEO/Managing Director; and
- h) the establishment and maintenance of appropriate corporate governance and ethical standards.

The Board has procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

Responsibility for the operation and administration of the Company is delegated by the Board to the Executive Chairman/Managing Director and the senior management team. The Board must ensure that the Executive Chairman/Managing Director and senior executives are appropriately qualified and experienced to discharge their responsibilities. The performance of the Executive Chairman/Managing Director and senior executives is assessed annually with reference to agreed milestones.

The Board intends to perform a strategic review of the Company and its business at regular intervals, considering the performance of both itself and individual Directors. This review will be carried out by the Board as a whole, with reference to Company strategy and previously agreed milestones.

#### Board Appointments

The Company undertakes reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company will provide relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

#### The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including; agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

#### Diversity

Wingara values the differences between its personnel and the valuable contribution that these differences can make to the Company. The Company is an equal opportunity employer and aims to recruit staff from as diverse a pool of qualified candidates as reasonably possible based on their skills, qualifications and experience.

The Board believes that multicultural diversity and other diversity factors are equally important as gender diversity within its organisation. The Board has not set any measurable objectives in regards to gender diversity as the Board is currently satisfied with the level of diversity within the Company.

The Company's diversity gender as at 31 March 2019 is detailed below:

- Women on the board: 0 of 3 (0%)
- Women in senior executive positions: 1 of 3 (33%)
- Women in the organisation: 3 of 34 (9%)

### Encourage Enhanced Performance

The performance of the Board, individual Directors and Executive Officers of the Company is monitored and evaluated by the Board. The Board is responsible for conducting evaluations on a regular basis in line with these policy guidelines.

As there were recent changes in the Board, a formal performance evaluation was not conducted by the Board during the year. It is intended that a Board and executive evaluation will be conducted in the coming financial year.

During the year, all Directors have full access to all Company records and receive Financial and Operational Reports at each Board Meeting.

## **Principle 2: Structure the Board to Add Value**

### Board Structure

The Board has been formed so that it has an effective mix of personnel who are committed to discharging their responsibilities and duties and being of value to the Company.

The names of the Directors, their independence, qualifications and experience are stated in the Company's Annual Report along with the term of office held by each.

Having regard to the indicators of independence set out in Principle 2.3 of the Recommendations, the Board considers an independent director to be a non-executive Director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of their judgment. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. The Board currently consists of three members of which one is considered to meet the independence guidelines set out in the Recommendations. Given the size of the Board and the Company and the nature of the Company's operations, the Board has determined that the presence one independent director on the Board provides the Board with sufficient independent presence.

The Board considers that Mr Mark Hardgrave is an independent director for the purpose of the Recommendations and is free from any interest, position, association or relationship that could materially interfere with or reasonably be perceived to materially interfere with, the independent exercise of his judgement.

Mr Zane Banson is not considered to be independent. The Company's Chairman Mr Gavin Xing is not an independent director by virtue of his executive role in the Company. The Board considers that, having regard to the wealth of experience and knowledge which Gavin Xing possesses, despite not being 'independent' within the context of the Recommendations, he is the most suitable person to occupy the position of Chairman of the Company. The Board also considers that it is appropriate to have the Chairman responsible for the management of the Company as the managing director at this critical stage of the Company's development.

Further, the Board considers that any perceived independence-related concerns regarding the position of Mr Gavin Xing as Executive Chairman and Managing Director, is countered by the presence of at least one independent non-executive director on the Board.

### Nomination of Directors

The Board is responsible for the nomination and selection of directors. Given the size of the Board and the Company, the Board does not believe it to be appropriate to establish a Nomination Committee at this time.

Directors are appointed based on the specific skills required to effectively govern the company. The Board periodically assesses the competencies and experience of each Board member and the experiences and skills required at Board level to meet its operational objectives. The Board has not developed a formal Board skill matrix. The Board is satisfied with the skills and experience of each director and the current Board.

### **Induction of New Directors and Ongoing Development**

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

A new director induction program is in place and Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

### **Principle 3: Act Ethically and Responsibly**

#### Code of Conduct

The Company's Code of Conduct addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. The policy outlines its requirements with respect to relationships;

- Compliance with laws and ethics;
- Conflicts of interest;
- Confidentiality; and
- Use of company assets.

### **Principle 4: Safeguard Integrity in Corporate Reporting**

The Board performs the functions of the audit and risk committee as set out in the audit and risk committee charter.

The Board is responsible for ensuring:

The system of internal control which management has established effectively safeguards the assets of the economic entity;

- Accounting records are properly maintained in accordance with statutory requirements;
- Financial information provided to shareholders is accurate and reliable; and
- The external audit function is effective.

The Board is responsible for appointment of the external auditor and ensures that the incumbent firm (and the responsible service team) has suitable qualifications and experience to conduct an effective audit.

The external audit partner will be required to rotate every five years in accordance with CLERP 9 requirements.

The board meets to review the half- year and annual results of the company, and to review the audit process, and those representations made by management in support of monitoring the group's commitment to integrity in financial reporting.

The external auditors attend the AGM and are available to answer questions from security holders relevant to the audit.

#### CEO and CFO (Equivalents) Certifications

The Board has received certifications from the CEO and CFO (Equivalents) in connection with the financial statements for the Reporting Period. The certifications state that the declaration provided in accordance with Section 295A of the Corporations Act as to the integrity of the financial statements is founded on a sound system of risk management and internal control which is operating effectively.

### **Principle 5: Making Timely and Balanced Disclosure**

#### Disclosure Policy

The Company's Disclosure Policy has been adopted with a view to ensuring that the Company complies with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. The policy highlights the requirements for immediate notification, the procedure for disclosing material information, the persons responsible for disclosing information and for ensuring compliance generally by the Company with its disclosure obligations.

The Executive Chairman / Managing Director and the Company Secretary are responsible for communicating with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirement in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The information disclosed will be factual and presented in a clear and balanced way. The Company has prepared and issued to all senior staff a written policy document on this matter and requires strict adherence to this policy.

The Company's Disclosure Policy can be viewed on the Company's website.

### **Principle 6: Respect The Rights Of Shareholders.**

#### Shareholder Communication

The Company is committed to providing current and relevant information to its shareholders.

The Board aims to ensure that Shareholders are informed of all major developments. The shareholder Communication Policy outlines the processes and responsibilities for reports

issued to shareholders, ASX announcements, annual general meetings and the maintenance of Company specific information on the Company website.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- Communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed to shareholders and the general meetings of the Company;
- Giving shareholders ready access to clear and understandable information about the Company; and
- Making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the “contact us” page of the Company’s website.

Shareholders may elect to, and are encouraged to, receive communications from the Company and its securities registry electronically.

### **Principle 7: Recognise And Managing Risk**

The Board is committed to the identification, assessment and management of risk throughout the Company’s business activities.

The Board is responsible for the oversight of the Company’s risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Executive Chairman having ultimate responsibility to the Board for the risk management and internal compliance and control framework. The Company has established policies for the oversight and management of material business risks.

The Company’s Risk Management Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

The Board believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, the Company is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

The Company accepts that risk is a part of doing business. Therefore, the Company’s Risk Management Policy is not designed to promote risk avoidance. Rather the Company’s approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

The Company assesses its risks on a residual basis; that is, it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, the Company applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage the Company's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, such risks may include economic, environmental or social sustainability risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks.

The Company's process of risk management and internal compliance and control includes:

- Identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- Formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- Monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board reviews the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of the Company's management of its material business risk.

## **Principle 8: Remunerate Fairly and Responsibly**

### Remuneration Policy

The Board fulfills to the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members and executives.

The Company's executive remuneration policies and structures and details of remuneration paid to directors and senior managers are set out in the Remuneration Report.

Non-Executive Directors are paid fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances may be issued with options. They do not receive any termination or retirement benefits. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

Executive directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market

rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

In accordance with the Company's share trading policy, participants in an equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.