

# Corporate Governance

## ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Company, as a listed entity, must comply with the Corporations Act 2001 (Cth) (“Corporations Act”), the Australian Securities Exchange Limited (“ASX”) Listing Rules (“ASX Listing Rules”) and other Australian laws.

To the extent applicable, the Company has adopted the 4th edition of The Corporate Governance Principles and Recommendations (“Recommendations”) as published by the ASX Corporate Governance Council.

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the Recommendations and require the Board to carefully consider the development and adoption of appropriate corporate governance policies and practices founded on the same.

## ACCESS TO INFORMATION ON THE WEBSITE

Further information about the Company's corporate governance practices is set out on the Company's website [www.cirrusnetworks.com.au/investor-information/](http://www.cirrusnetworks.com.au/investor-information/). In accordance with the Recommendations, information published on the Company's website includes charters (for the Board and its Committees), the Company's code of conduct and other policies and procedures relating to the Board and its responsibilities.

## COMPLIANCE WITH ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Commensurate with the spirit of the Recommendations, the Company has followed each recommendation where the Board has considered it 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 the activities of the Company. Where, after due consideration, 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.

### 1. THE BOARD OF DIRECTORS

#### a) Board composition and expertise

The Board has an expansive range of relevant industry experience, financial and other skills and expertise to meet its objectives.

Election of Board members is substantially the province of the Shareholders in general meetings, with the Company being committed to the following principles:

- The Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- The principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board's membership, but an informal assessment process, facilitated in consultation with the Company's professional advisors, has been committed to by the Board.

The Board at the end of the Reporting Period comprised of one Managing Director, one Non-Executive Chairman and two Non-Executive Directors.

Details on each of the director's backgrounds including experience, knowledge and skills and their status as an independent or non-independent director are set out in the Directors' Report forming part of the Annual Report.

#### b) Board role and responsibilities

The roles and responsibilities of the Board are formalised in the Board Charter. The Board Charter defines in detail the matters that are reserved for the Board and its committees, and those that the Board has delegated to management. The central role of the Board is to oversee and approve the company's strategic direction, to

select and appoint a Managing Director (“MD”), to oversee the Company’s management and business activities and report to Shareholders.

The goals of the corporate governance processes are to:

- Maintain and increase Shareholder value;
- Ensure a prudent and ethical basis for the Company’s conduct and activities; and
- Ensure compliance with the Company’s legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

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

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

The Board also recognises its responsibilities to the Company’s personnel, the communities and environments within which the Company operates and, where relevant, other stakeholders.

Responsibility for management of the Company’s business activities is delegated to the Managing Director who is accountable to the Board.

**c) Chairman**

The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board’s function and for the promotion of relations between Board members and between Board and management that are open, cordial and conducive to productive co-operation.

Mr Paul Everingham was appointed Non-Executive Chairman of the Company effective 7 December 2021 and remains in this position at the date of this report..

**d) Director independence**

The Board has approved a policy on independence of Directors, a copy of which is available in the corporate governance section of the Company’s website.

The policy provides that the independence of a Director will be assessed by determining whether the Director is independent of management and free of 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 test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the director. Materiality is considered from the perspective of the Company, the persons or organisations with which the Director has an affiliation and from the perspective of the Director. Materiality thresholds are considered by the Board from time to time. The Board considers that:

A supplier is material if the Company accounts for more than 5% of the supplier’s consolidated gross revenue;

- A substantial shareholder of the Company is someone who holds greater than 5% of the voting capital of the Company; and
- Service on the Board for a period exceeding 10 years is a period which could, or could reasonably be perceived to, materially interfere with a director’s ability to act in the best interests of the Company.

In the event that one or more of these thresholds is exceeded, the Board then focuses on whether or not in their view that impacts materially on the independent judgement of the Director.

On appointment, each Director is required to provide information for the Chairman to assess and confirm their independence as part of their consent to act as a Director.

The Chairman has considered the associations of each of the Non-Executive Directors in office at the date of this report and considers that all Non-Executive Directors are considered independent.

**e) Directors' retirement and re-election**

The Company's Constitution states that at each annual general meeting ("AGM") one of its Directors (excluding the Managing Director and any director appointed to fill a casual vacancy) and any director who has held office for three or more years since their last election must retire. At least one non-executive Director must stand for election at each AGM.

Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Directors who retire as required may offer themselves for re-election by shareholders at the next AGM. Re-appointment of Directors retiring by rotation or filling a casual vacancy is not automatic.

**f) Board succession planning**

The Board, in conjunction with the Remuneration and Nominations Committee, reviews the size and composition of the Board and the mix of existing and desired competencies across members from time to time. Criteria considered by the Directors when evaluating prospective candidates are contained in the Board's Charter.

**g) Board performance evaluation**

The Board undertakes ongoing self-assessment and review of performance of the Board, committees and individual Directors annually. The Chairman of the Board is responsible for determining the process for evaluating Board performance. The Chairman's performance is reviewed each year by the other members of the Board.

A formal board performance evaluation has been deferred to FY2024.

**h) Nominations and appointment of new directors**

Recommendations for nomination of new Directors are considered by the Remuneration and Nominations Committee and approved by the Board as a whole. The Remuneration and Nominations Committee reviews director appointments having regard to the candidate's commercial experience, skills and other qualities. External consultants may be used from time to time to access a wide base of potential Directors. Further information on the Remuneration and Nominations Committee is set out below.

**i) Professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

**j) Conflicts of interest**

Directors are required to disclose any actual or potential conflict or material personal interests on appointment as a Director and are required to keep these disclosures up to date.

In the event that there is, or may be, a conflict between the personal or other interests of a Director, then the Director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter. When the matter comes before the Board for discussion, the Director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision-making process.

**k) Terms of appointment, induction training and continuing education**

All new Directors are provided with a formal letter of appointment setting out the key terms and conditions of the appointment, including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work. An induction folder is provided to all new Directors. It includes a copy of the Constitution, board and committee charters and key Company policies.

All Directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate. A Directors' Skills Matrix is contained in the Directors' Report forming part of the Annual Report.

**l) Directors' remuneration**

Details of remuneration paid to Directors (Chairman and non-executive) are set out in the remuneration report. The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$600,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board will review and approve the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Further information on the Remuneration Committee is set out below.

**m) Board meetings**

The Chairman sets the agenda for each meeting in conjunction with the executive management and the Company Secretary. Any Director may request additional matters be added to the agenda. Members of senior management attend meetings of the Board by invitation and sessions are also held for non-executive Directors to meet without management present.

Copies of Board papers are circulated in advance of the meetings in either electronic or hard copy form. Directors are entitled to request additional information where they consider the information is necessary to support informed decision making.

The Board works to an agenda encompassing periodic reviews of the Company's operating business units, recurring statutory obligations, business approvals, strategy and other responsibilities identified in the Board Charter.

**n) Company Secretary**

Responsibilities for the secretarial function include providing advice to directors and executives on corporate governance and regulatory matters, developing the Company's corporate governance framework and giving effect to the Board's decisions. All directors have access to advice from the Joint Company Secretaries.

Ms Kelly Moore and Ms Michelle Kennedy were appointed as Joint Company Secretaries during the period, effective from 1 January 2023.

Ms Moore is a qualified Chartered Accountant and Company Secretary with extensive experience in providing accounting and secretarial advice to public companies. Ms Moore holds a Bachelor of Commerce degree from the University of Western Australia, is a member of the Institute of Chartered Accountants, Australia and New Zealand, is a graduate of the Australian Institute of Company Directors and an associate member of the Governance Institute of Australia.

Ms Kennedy is a qualified Chartered Accountant with experience in providing financial reporting and corporate advisory services to public companies. Ms Kennedy holds a Bachelor of Commerce degree from the University of Western Australia and is a member of the Institute of Chartered Accountants, Australia and New Zealand.

## 2. BOARD COMMITTEES

### a) Board committees and membership

During the reporting period, the Board had a maximum of five and a minimum of three members but continued to maintain two committees to assist in the discharge of its responsibilities. These are the:

- i. Audit and Risk Committee; and
- ii. Remuneration and Nomination Committee.

As at the date of this Report, the Company has 4 Directors.

The charters of all Board committees detailing the roles and duties of each are available in the corporate governance section of the Company's website. All Board committee charters are reviewed at least annually.

During the reporting period and while the relevant person remained a Director of the Company the membership of each Board committee was as follows:

AUDIT COMMITTEE	AND	RISK	REMUNERATION AND NOMINATIONS COMMITTEE	AND
Daniel Rohr (Chairman)			Paul Everingham (Chairman)	
Paul Everingham			Daniel Rohr	
Adam Waterhouse			Adam Waterhouse	

Committee members are chosen for the skills, experience and other qualities they bring to the committees. The executive management attends, by invitation, board committee meetings. Any papers considered by the standing committees are available on request to Directors who are not on that committee.

Following each committee meeting, generally at the next Board meeting, the Board is given a verbal update by the Chair of each committee. In addition, minutes of all committee meetings are provided to all Directors. The Company Secretary provides secretariat services for each committee.

Other committees are convened to address major transactions or other matters calling for special attention. This did not occur in this reporting period.

### b) Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, internal control structure, financial and operational risk management procedures and the internal and external audit function. In doing so, it is the Committee's responsibility to maintain free and open communication between the Committee and the external auditors and the management of the Company.

The duties of this Committee include but are not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

The Audit and Risk Management Committee is required to have a minimum of three members composed of independent non-executive Directors.

The Company does not currently have an internal audit function. The Audit and Risk Committee considered the process employed pursuant to the Audit and Risk Committee Charter and the Company's risk management procedures are currently sufficient for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The external auditors and Managing Director attend Committee meetings by invitation.

This Committee met twice during the reporting period. The Committee reviewed the current risk management framework during the period.

**c) Remuneration and Nominations Committee**

The role of the Remuneration and Nominations Committee is to assist the Board by reviewing and approving the Company's remuneration policies and practices and the appointment of non-executive Directors to the Board. The Committee's responsibilities include:

- Assessing the necessary and desirable competencies of Board members;
- Reviewing Board succession plans and Board performance;
- Reviewing the Company's remuneration framework, which is used to attract, retain and motivate employees to achieve operational excellence and create value for shareholders;
- Reviewing the remuneration packages and incentive schemes for the Managing Director and senior executives, to establish rewards, which are fair and responsible, having regard to the financial results of the group, individual performance and general remuneration conditions;
- Reviewing the performance and succession planning for the Managing Director and senior executives;
- Reviewing the Company's corporate governance policies and practices.
- The Managing Director attends committee meetings by invitation.

This Committee met once during this reporting period.

### **3. AUDIT GOVERNANCE AND INDEPENDENCE**

**a) Approach to audit and governance**

The Board is committed to the basic principles that:

- The Company's financial reports represent a true and fair view;
- The Company's accounting practices are comprehensive, relevant and comply with applicable accounting standards and policies; and
- The external auditor is independent and serves shareholder's interests.

**b) External auditor relationship**

The Company's independent external auditor is BDO Audit (WA) Pty Limited ("BDO"). BDO was appointed by shareholders at the 2015 Annual General Meeting in accordance with the Corporations Act.

**c) Attendance of auditor at the AGM**

The Company's external auditor attends the AGM and is available to answer questions from shareholders on:

- The conduct of the audit;
- The preparation and content of the auditor's report;
- The accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- The independence of the auditor in relation to the conduct of the audit.

### **4. CONTROLLING AND MANAGING RISK**

**a) Approach to risk management**

The Board and senior executives are responsible for overseeing the implementation of the Company's Risk Management Policy.

The Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems. This framework is based on the Australian Standards for Risk Management.

The Company's management team is responsible for implementation of the Board approved risk management strategy and developing policies, processes and procedures to identify risks and mitigation strategies in the Company's activities.

**b) Managing Director and accounting assurance on corporate reporting**

The Board receives regular reports about the financial condition and operational results of the Company and its controlled entities.

The Managing Director and the Company accountants provide, at the end of each six-monthly period, a formal statement to the Board confirming that the Company's financial reports present a true and fair view, in all material respects, and the group's financial condition and operational results have been prepared accordance with the relevant accounting standards.

The statement also confirms the integrity of the Company's financial statements and Notes to the Consolidated Financial Statements, is founded on a sound system of risk management and internal compliance and control which implements the policies approved by the Board, and that the Company's risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

**5. PROMOTING ETHICAL AND RESPONSIBLE BEHAVIOUR**

**a) Codes of conduct**

The Board has approved a Code of Conduct which describes the standards of ethical behavior that the Directors and employees are required to maintain.

Compliance with the Code of Conduct by Directors and employees will also assist the Company in effectively managing its operating risks and meeting its legal and compliance obligations, as well as enhancing the Company's corporate reputation.

The Code of Conduct describes requirements on matters such as confidentiality, conflicts of interest, sound employment practices, compliance with laws and regulations and the protection and proper use of the Company's assets.

The Code of Conduct can be viewed on the Company's website.

**b) Share trading policy**

The Company's Securities Trading Policy ("Policy") is binding on all Directors and employees. The Policy provides a summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for, or are associated with, the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The Policy stipulates that the only appropriate time for a Director or employee to deal in the Company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market.

A Director wishing to deal in the Company's securities may only do so after first having advised the Chairman of their intention to do so. A senior executive wishing to deal must first notify the Managing Director. Confirmation of any dealing must also be given by the director or senior executive within two business days after the dealing and advised to the Company Secretary.

In the case of other employees, contractors, consultants and advisers, there is no notification requirement.

Directors and senior executives' dealings in the Company's securities are also subject to specified closed periods, which are set out in the Policy or as otherwise determined by the Board from time to time. The Policy can be viewed on the Company's website.

## 6. CORPORATE RESPONSIBILITY AND SUSTAINABILITY

The Company aims to produce positive outcomes for all stakeholders in managing its business and to maximise financial, social and environmental value from its activities.

In practice, this means having a commitment to transparency, fair dealing, responsible treatment of employees and customers and positive links into the community.

Sustainable and responsible business practices within the Company are viewed as an important long-term driver of performance and Shareholder value. Through such practices, the Company seeks to reduce operational and reputation risk and enhance operational efficiency while contributing to a more sustainable society.

The Company accepts that the responsibilities on the Board and management, which flow from this approach, go beyond strict legal and financial obligations. The Board seek to take a practical and broad view of directors' fiduciary duties, in line with stakeholders' expectations.

## 7. CONTINUOUS DISCLOSURE

The Company is committed to maintaining a level of disclosure that meets the highest standards and provides all investors with timely and equal access to information.

The Company's Continuous Disclosure Policy reinforces the Company's commitment to ASX continuous disclosure requirements and outlines management's accountabilities and the processes to be followed for ensuring compliance. The policy also describes the Company's guiding principles for market communications. The Company's Continuous Disclosure Policy can be viewed on the Company's website.

## 8. SHAREHOLDER COMMUNICATIONS AND PARTICIPATION

The Company is committed to giving all Shareholders comprehensive, timely and equal access to information about its activities so that they can make informed decisions. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of the Company's shares.

A wide range of communication approaches are employed including direct communications with Shareholders and presentations to Shareholders at the company's Annual General Meeting. Publication of all relevant Company information, including the Company's Annual Report is in the "Investors" section of the Company's website. Shareholders have the opportunity to receive information in print or electronic format.

The Company strives to communicate effectively with Shareholders and give them ready access to balanced and understandable information about the Company. The way it does this includes:

- Ensuring that financial reports are prepared in accordance with applicable laws;
- Ensuring the disclosure of full and timely information about the Company's activities in accordance with the continuous disclosure principles of the ASX Listing Rules and the Corporations Act 2001.
- The Chairman and Managing Director being present at the Company's Annual General Meeting;
- Placing all ASX announcements (including financial reports) on the Company's website as soon as practicable following release; and
- Ensuring that reports, notices of meeting and other Shareholder communications are prepared in a clear and concise manner.



## 9. DIVERSITY POLICY

The Company has in place a Diversity Policy.

The Board is committed to workplace diversity and is responsible for developing measurable objectives and strategies to meet the Objectives of the Diversity Policy (Measurable Objectives) and monitoring the progress of the Measurable Objectives through the monitoring, evaluation and reporting mechanisms listed below.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

The Company's diversity strategies include:

- Recruiting from a diverse pool of candidates for all positions, including senior management and the various subsidiary company boards;
- Reviewing succession plans to ensure an appropriate focus on diversity;
- Identifying specific factors to take account of in recruitment and selection processes to encourage diversity;
- Developing programs to develop a broader pool of skilled and experienced senior management and board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
- Developing a culture which takes account of domestic responsibilities of employees.

At the date the last annual report was released the Board consisted of 4 male members and no female members. The Joint Company Secretaries are female.

At the date the last annual report was released, the Company had 164 staff, of which 139 were male (FY22: 164) and 25 were female (FY22: 26)

The Remuneration and Nominations Committee is currently developing reportable Measurable Objectives to meet the objectives of the Company's Diversity Policy.

## 10. OTHER POLICIES

The Company also has in place other Policies as recommended by the 4th edition of The Corporate Governance Principles and Recommendations as published by the ASX Corporate Governance Council. All of these can be found on the Company's website:

- a. [Anti-Bribery & Corruption Policy](#): The Company has zero tolerance to bribery and corruption, breaches of regulations or laws and is firmly committed to acting with integrity, due skill, care, diligence, and fairness in all our business dealings and commercial relationships. Bribery is a serious criminal offence and is not tolerated. We conduct our business fairly and lawfully and will also not tolerate:
  - a. The giving or receiving of improper monetary or other inducements in commercial relations; or
  - b. Any other inappropriate practice which might be perceived to influence improperly a person's conduct in their professional or public duty.
- b. [Whistle Blower Policy](#): We believe that every employee should have the chance to speak up anonymously when they see conduct not aligned to our corporate values or not in compliance with applicable law. Our Whistleblower Policy establishes the mechanism by which our staff can freely (and anonymously, if desired) report conduct that goes against the values and standards of the Company. This includes any concerns regarding modern slavery in our operations and supply chain.
- c. [Modern Slavery Statement](#): A major factor in our modern slavery strategy is our strong corporate governance and management oversight, most readily evidenced by the policies and protocols with which our employees are required to comply. These policies and protocols help us embed our anti-slavery principles in our company and ensure we carry out our mission to mitigate modern slavery in a consistent manner across our operations and supply chains.