



**Corporate Governance**

# LWP Technologies

("the Company")

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## **Introduction**

Corporate Governance is the system by which companies are directed and managed. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed and how performance is optimised.

Good Corporate Governance procedures encourage companies to create value whilst providing accountability and controls commensurate with the risks involved.

LWP Technologies is committed to high standards of Corporate Governance. Policies and Procedures which follow the "Corporate Governance Principles and Recommendations" issued by the Australian Stock Exchange ("ASX") Corporate Governance Council in 2007, to the extent they are applicable to the Company, have been adopted.

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## THE BOARD

### Board Charter

#### Purpose

The role of the board is to provide leadership for and the supervision of the Company's senior management. The board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

This statement summarises the role and responsibility of the board of LWP Technologies ("Board"). The disclosure of the roles and responsibilities of the Board is designed to assist those affected by corporate decisions to better understand the respective accountabilities and contributions of the Board and management of LWP Technologies.

The roles and responsibilities of the Board will evolve as the Company moves forward. As such, a regular review of the balance of responsibilities will ensure that the division of the functions remains appropriate to the needs of the Company.

This policy statement is only a summary of matters for the Board, and should therefore only be used as a general guide and must not be used in a legal capacity.

### Membership and Term

#### Membership

The Board shall, as a preference, consist of:

- A majority or at least 50% independent non-executive Directors;
- An independent Chair;
- At least one member with appropriate technical and commercial skills relevant to the industry in which the Company predominately operates.

#### Independence

An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgment.

It is the Board's policy that in determining a director's independence the Board considers the relationships which may affect independence as set out in Box 2.1 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* as follows:

When determining the independent status of a director the Board should consider whether the director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least 3 years between ceasing such employment and serving on the Board;

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- has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another group member other than as a director.

Family ties and cross-Directorships may be relevant in considering interests and relationships which may affect independence, and should be disclosed by the Board.

## **Term**

The Board has not adopted a tenure policy.

In accordance with the Constitution of the Company, no director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election.

## **Selection of new Directors**

Candidates for Board positions shall be nominated by the Nomination and Remuneration Committee for consideration by the Board. The full Board shall decide on the recommendations of new Directors made by the committee. Where the Nomination and Remuneration Committee is not functioning this role will be the responsibility of the full Board.

In selecting new members for the Board, the Directors shall have regard to the appropriate skills and characteristics needed by the Board as a whole. The Directors shall endeavour to appoint individuals to provide the mix of director competencies, characteristics and diverse experiences, perspectives and skills appropriate for the Company.

New Directors are provided with a letter of appointment which sets out the key terms and conditions of their appointment. New Directors participate in an induction programme to enable them to gain an understanding of:

- the Company's financial, strategic, operational and risk management position;
- their rights, duties and responsibilities; and
- the role of Board committees.

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## Role of the Board

### Key Responsibilities

The management and control of the business of LWP Technologies is vested in the Board. The Board's primary responsibility is to oversee LWP Technologies' business activities and management for the benefit of LWP Technologies' shareholders. The Board also recognises its responsibilities to LWP Technologies' employees, the environments and communities in which the Company operates and where appropriate, other stakeholders. The Board strives to create shareholder value and ensure that shareholders' funds are prudently safeguarded.

The key responsibilities of the Board include:

- Overseeing the Company, including its control and accountability systems;
- Appointing, evaluating, rewarding and if necessary, removing the CEO and senior management;
- Reviewing the Company's policies on risk oversight and management, internal compliance and control, Code of Conduct and legal compliance;
- Satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system;
- Assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate;
- Developing corporate objectives and strategy with management;
- Approving and monitoring the progress of new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring, reviewing and challenging actual performance against defined objectives and strategy and reviewing operating information to understand at all times the state of the health of the Company;
- Monitoring the financial performance of the Company;
- Satisfying itself (with the assistance of the Audit Committee, if applicable) that the financial statements fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Appointing the external auditor (where applicable, based on recommendations of the Audit Committee if applicable) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the board must be ratified by shareholders at the next annual general meeting of the Company
- Engaging with the Company's external auditors and Audit Committee (where there is a separate Audit Committee) and ensuring appropriate audit arrangements are in place;
- Monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety;

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- Assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines, being:
  - Directors and Executive Officers Code of Conduct;
  - Dealings in LWP Technologies Securities; and Reporting and Dealing with Unethical Practices;
  - Reporting to and advising shareholders;
  - Making regular assessment of whether each non-executive director is independent in accordance with this Board Charter.

## Delegated Responsibility

The Board may not delegate its overall responsibility for the matters listed above. However, it has delegated to senior management the responsibility of the day to day activities in fulfilling the Board's responsibility, provided those matters do not exceed the Materiality Threshold as defined below.

Although there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of options available to it to ensure that this is achieved.

In the future these mechanisms may also include:

- When considered appropriate by the Board, an Audit Committee will be established;
- When considered appropriate by the Board, a Nomination and Remuneration Committee will be established.

### 1.1.1.1. Materiality Threshold

The Board has agreed on the following guidelines for assessing the materiality of matters:

#### **Materiality – Quantitative**

##### *Balance sheet items*

Balance sheet items are material if they have a value of more than 20% of pro-forma net assets.

##### *Profit and loss items*

Profit and loss items are material if they will have an impact on the current year's operating result of 15% or more.

#### **Materiality – Qualitative**

Items are also material if:

- they impact on the reputation of the Company;
- they involve a breach of legislation;

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- they are outside the ordinary course of business;
- they could affect the Company's rights to its assets;
- if accumulated they would trigger the quantitative tests;
- they involve a contingent liability that would have a probable effect of [10]% or more on balance sheet or profit and loss items; or
- they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution by more than [15].

## **Material Contracts**

Contracts will be considered material if:

- they are outside the ordinary course of business;
- they contain exceptionally onerous provisions in the opinion of the Board;
- they impact on income or distribution in excess of the quantitative tests;
- there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests;
- they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- they contain or trigger change of control provisions;
- they are between or for the benefit of related parties; or
- they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold ("**Materiality Threshold**").

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## **DIVISION OF RESPONSIBILITIES**

### **Statement of Position or Authority**

The division of responsibilities between the Chair, the lead independent director, if any, and the CEO is set out below.

### **Responsibilities of the Chair**

The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all Directors in relation to issues arising at Board meetings. The Chair is also responsible for shareholder communication and arranging Board performance evaluation. The Chair should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Directors and between board and senior management.

Any other position which the Chair may hold either inside or outside the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of the Company.

### **Responsibilities of the Lead Independent Director**

Where the Chair is not an independent director, a lead independent director will be appointed. The lead independent director will take over the role of the Chair when the Chair is unable to act in that capacity as a result of their lack of independence.

### **Responsibilities of the CEO**

The CEO is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out their responsibilities the CEO must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant and substantial operational matters and any other matter that is likely to fall within the Materiality Threshold.

All reports to the Board must present a true and fair view of the Company's financial condition and operational results.

The CEO is also responsible for appointing and, where appropriate, removing senior executives, including the chief financial officer and the Company secretary, with the prior approval of the Board. The CEO is responsible for evaluating the performance of senior executives.

### **Responsibilities of Non-Executive and/or Independent Directors**

The Board reviews whether each of the non-executive Directors of the Company is independent on a regular basis in accordance with this Charter. The Board recognises the importance of the appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the skills and experience required, in the context of the Company's operations and activities.

The independent Directors may meet without other Directors present, if appropriate.

The non-executive Directors may meet without senior management present at times scheduled from time to time. Such meetings may be facilitated by the Chair or the lead independent director, as appropriate.

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## **Directors and Officers**

Individual Directors should devote the necessary time to the tasks entrusted to them. All Directors should consider the number and nature of their Directorships and calls on their time from other commitments.

Directors and officers of the Company must ensure they are aware of their legal obligations.

## **Responsibilities of Senior Management**

Senior Management is responsible for supporting the CEO and to assist the CEO implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the CEO or, if the matter concerns the CEO , then directly to the Chair or the lead independent director, as appropriate.

## **Miscellaneous**

- The Board receives detailed Board papers and a management report on a monthly basis showing the monthly and year to date performance of all aspects of the Company, compared to budget and operational plan.
- Procedures are in place to allow any director or committee of the Board to seek external professional advice as considered necessary, at the Company's expense.
- Procedures are in place to incorporate presentations from senior management at Board and relevant committee meetings on an as required basis to increase the committee's understanding of the area. Further, the Board may request further information from management from time to time on any issue.
- In the event that a potential conflict of interest may arise, involved Directors disclose that conflict and withdraw from deliberations and voting concerning the matter.

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**THIS CHARTER WILL BE ADOPTED WHEN CONSIDERED APPROPRIATE BY THE BOARD.**

## **AUDIT COMMITTEE CHARTER**

### **Purpose**

The establishment of an audit committee is recommended by the ASX Corporate Governance Council in Principle 4 of its *Corporate Governance Principles and Recommendations*. The Company believes that, while ultimate responsibility for the integrity of a company's financial reporting rests with the full Board, an Audit Committee is an efficient mechanism for focusing on issues relevant to the integrity of the Company's financial reporting.

This Charter summarises the role and responsibility of the Audit Committee of LWP Technologies, in accordance with Principle 4.3 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The roles and responsibilities of the Audit Committee will evolve as the Company moves forward. As such, regular review will ensure that the functions remain appropriate to the needs of the Company.

### **Membership**

The Audit Committee shall, as a preference, comprise at least three non-executive Directors who are all financially literate (that is able to read and understand financial statements) and at least one member with relevant qualifications and experience (that is, a qualified accountant or other financial professional with experience in financial and accounting matters). At least one member will have an understanding of the industry in which the Company operates.

A majority of the members will be independent and the Audit Committee will be chaired by an independent chair who is not also chair of the board.

### **Role**

The role of the Audit Committee is to:

- Monitor and review the integrity of financial reporting of the Company, reviewing significant financial reporting judgments;
- Review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- Monitor, review and oversee the external audit function, including matters concerning appointment and remuneration, independence and non-audit services;
- Monitor and review compliance with the Company's Code of Conduct; and
- Perform such other functions as assigned by law, the Company's Constitution, or the Board.

In discharging its role, the Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

### **Proceedings**

The Audit Committee shall meet at least two times each year (i.e. before completion of the half yearly and annual accounts) with the auditors and appropriate members of management. The purpose of these meetings shall include to:

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- Review and if necessary have input into external audit plans;
- Review and approve the half-year financial report;
- Update the external audit plans;
- Review and approve the annual financial report; and
- Undertake any other relevant activities that may be required from time to time.

The Audit Committee shall also meet in private session as and when required to assess management's effectiveness.

The agenda for each Audit Committee meeting will be settled by the Audit Committee Chairman, with the Company Secretary. Supporting papers for each meeting of the Audit Committee will be distributed by the Secretary to all members of the Audit Committee as far in advance as possible. Directors not on the Audit Committee may request copies of the agenda and Audit Committee papers.

A quorum for a meeting of the Audit Committee is two members.

In the absence of the Audit Committee Chairman or appointed delegate, the members shall elect one of their numbers who is an independent non-executive Director as Chairman of the meeting.

## **Minutes**

Minutes of the meetings of the Audit Committee are distributed first to the Chairman of the Audit Committee and then to members for confirmation as soon as practicable, and after confirmation, distributed to all Directors with their Board papers for the next full Board meeting following each Audit Committee meeting (unless circumstances otherwise require, for example where there is a conflict of interest).

## **Reporting**

The Audit Committee Chairman will:

- report to the Board on the proceedings of each Audit Committee meeting (to the next Board meeting); and
- attend the Annual General Meeting and be available to respond to any shareholder questions on the Audit Committee's activities and areas of responsibility.

## **Duties and Responsibilities**

The Audit Committee's responsibilities include:

- Recommending to the Board nominees for the appointment as external auditors and the terms and conditions of their appointment;
- Reviewing the performance of the external auditors, their ongoing independence and monitoring the level of fee charges;
- Monitoring compliance with the Corporation Act, the Listing Rules, Australian Accounting Standards and other Legal requirements and ensuring appropriate communication with stakeholders;

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- Reviewing external audit reports and evaluating the adequacy of internal controls and management responses. This task includes identifying any deficiencies or breakdowns in control and ensuring that appropriate remedies are implemented;
- Carrying out any other tasks that may be directed to it by the Board from time to time;
- Reviewing the Company's accounting policies & procedures with respect to relevant regulations and generally accepted accounting principles;
- Reviewing the half yearly and annual financial statements and Australian Stock Exchange announcements prior to submission to the Board;
- Reviewing and monitoring internal risk management practices;
- Reviewing occupational health and safety and other statutory responsibilities.

## **Understanding the business**

The Audit Committee shall ensure it understands the Company's structure, controls, and types of transactions it carries out in order to adequately assess the major risks faced by the Company in the current environment.

## **Financial reporting**

The primary responsibility of the Audit Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of its activities to the Board.

Whilst the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits.

The Board is responsible for the Company's financial reports including the appropriateness of the accounting policies and principles that are used by the Company. The external auditors are responsible for auditing the Company's financial reports and for reviewing the Company's unaudited interim financial reports.

The Audit Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Audit Committee will take appropriate actions to set the overall corporate `tone' for quality financial reporting, sound business risk practices, and ethical behaviour. The following shall be the principal duties and responsibilities of the audit committee. These are set forth as a guide with the understanding that the committee may supplement them as appropriate.

## **Assessment of accounting, financial and internal controls**

The Audit Committee shall discuss with management and the external auditors, the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk, and its legal and ethical compliance programs with the objective of recommending enhancements and improving the quality of the accounting function. Any opinion obtained from the external auditors on the Company's choice of accounting policies or methods should include an opinion on the appropriateness and not just the acceptability of that choice or method.

The Audit Committee shall meet separately and periodically with management, and the external auditors to discuss issues and concerns warranting committee attention, including but not limited to their

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assessments of the effectiveness of internal controls and the process for improvement. The Audit Committee shall provide sufficient opportunity for the external auditors to meet privately with the members of the Audit Committee. The Audit Committee shall review with the external auditor any audit problems or difficulties and management's response. Further, the Audit Committee shall review audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management.

The Audit Committee shall receive regular reports from the external auditor on the critical policies and practices of the Company, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.

## **Appointment of external auditors**

The Audit Committee shall be directly responsible for making recommendations to the Board on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of the effectiveness, and independence of the external auditors, including resolution of disagreements between management and the auditor regarding financial reporting. In assessing which external audit firm is to be engaged, factors such as reputation, knowledge of industry, resources, commitment and value added benefits to the Company should be considered. Further, if it is deemed necessary based on a lack of actual or perceived independence, the Audit Committee shall request for the rotation of external audit engagement partners.

A committee member or a delegated senior member of management can approve all audit and non-audit services provided by the external auditors other than in the instance where the fees fall outside budget parameters and are in excess of A\$ 55,000. In this instance, full Audit Committee approval must be received for such a transaction.

The Audit Committee, committee member or delegated senior member of management shall not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgment or independence in respect of the Company.

## **Assessment of the external audit**

The Audit Committee, at least on an annual basis, shall obtain and review a report by the external auditors describing (or meet, discuss and document the following with them):

- The audit firm's internal quality control procedures;
- Any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
- All relationships between the external auditor and the Company (to assess the auditor's independence).
- Independence of the external auditors

The Audit Committee shall review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgment or independence in respect of the Company.

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## **Scope of the external audit**

The Audit Committee shall discuss with the external auditors the overall scope of the external audit, including identified risk areas, significant problems that may be foreseen and any additional agreed-upon procedures. The Audit Committee should also discuss the impact of any proposed changes in accounting policies on the financial statements and review the nature and impact of any changes in accounting policies adopted by the entity during the year.

In addition, the Audit Committee shall also review the external auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level. Further, the Audit Committee shall liaise with the external auditors to ensure their approach to the review/audit of the annual and half-year statutory accounts are conducted in an effective manner.

## **Communications with stakeholders**

The Audit Committee shall be responsible for monitoring compliance with the Corporations Act and Australian Stock Exchange (ASX) Listing Rules.

The Audit Committee shall review the half-year financial report and the annual report prior to the filing of these with the ASX and the Audit Committee is responsible for making the necessary recommendation to the board for the approval of these documents. Also, the Audit Committee shall discuss the results of the half-year review and any other matters required to be communicated to the committee by the external auditors under generally accepted auditing standards. The chair of the Audit Committee may represent the entire committee for the purposes of this review.

The Audit Committee shall review all representation letters signed by management including the declaration from the Company Secretary on compliance with statutory responsibilities to ensure that the information provided is complete and appropriate. Also, the Audit Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Audit Committee by the external auditors under generally accepted auditing standards.

The Audit Committee is responsible for reviewing the draft financial statements and the audit report and to make the necessary recommendation to the Board for approval of the financial statements.

The Audit Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Audit Committee shall receive corporate legal reports of evidence of a material violation of the Corporations Act, the ASX Listing Rules or breaches of fiduciary duty.

The Audit Committee is responsible for reviewing reports on any major defalcations, frauds and thefts from the Company.

## **Other duties**

The Audit Committee is responsible for organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board.

The Audit Committee shall review and reassess its Charter at least annually and obtain the approval of the Board.

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**THIS CHARTER WILL BE ADOPTED WHEN CONSIDERED APPROPRIATE BY THE BOARD.**

## **NOMINATION AND REMUNERATION COMMITTEE CHARTER**

### **Purpose**

The establishment of a Nomination and Remuneration Committee ("Committee") is recommended by the ASX Corporate Governance Council in Principles 2 and 8 of its *Corporate Governance Principles and Recommendations*. The Company believes that the establishment of the Committee is an efficient mechanism for the examination of the selection and appointment practices of the Company and for focusing the Company on appropriate remuneration policies.

While ultimate responsibility for these practices rests with the full Board, a Committee is an efficient mechanism for focusing on issues relevant to the integrity of the Company's selection, appointment and remuneration practices.

This Charter summarises the role and responsibility of the Committee of LWP Technologies, in accordance with Principles 2.4 and 8.1 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The roles and responsibilities of the Committee will evolve as the Company moves forward. As such, regular review will ensure that the functions remain appropriate to the needs of the Company.

### **Membership**

The Committee will, as a preference, consist of at least three members, a majority of which are independent.

The Chairman of the Committee must be an independent director but may be Chairman of the board.

It is desirable that at least one member of the Committee has an understanding of remuneration policies and practices.

At least one member of the Committee must have been a Director of LWP Technologies for not less than one year.

The Company Secretary or their nominee will act as Secretary to the Committee.

### **Role of the Committee**

The role of the Committee is to assist the Board in establishing nomination and remuneration policies and practices which:

- enable the Company to attract retain and motivate talented employees who achieve operational excellence and create value for shareholders;
- reward employees fairly and responsibly;
- reflect best practice in people development while meeting the Company's business needs; and
- comply with relevant provisions of the ASX Listing Rules and Corporations Act in Australia.

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## **Proceedings**

### **Meetings**

The Committee will meet as frequently as required but not less than twice each year. Any member of the Committee or the Secretary to the Committee may call a meeting of the Committee.

The dates, times and venues of each meeting of the Committee will be notified by the Secretary to all members of the Committee as far in advance as possible.

Members of the Committee, and any other Directors wishing to attend, are entitled to be present at Committee meetings. The Committee may also extend an invitation to any person to attend all or part of any meeting which it considers appropriate. In particular the Committee may meet with external advisers, any executive or other employee, any other non-executive Director, and may do so with or without management present.

The CEO and the Company Secretary will normally be invited to attend meetings.

The agenda for each Committee meeting will be settled by the Committee Chairman, with the Company Secretary. Supporting papers for each meeting of the Committee will be distributed by the Secretary to all members of the Committee as far in advance as possible. Directors not on the Committee may request copies of the agenda and Committee papers.

A quorum for the meeting of the Committee is two members.

In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their numbers who is an independent non-executive Director as Chairman of the meeting.

### **Minutes**

Minutes of the meetings of the Committee are distributed first to the Chairman of the Committee and then to members for confirmation as soon as practicable, and after confirmation, distributed to all Directors with their Board papers (unless circumstances otherwise require, for example where there is a conflict of interest).

### **Reporting**

The Committee Chairman will:

- report to the Board on the proceedings of each Committee meeting (to the next Board meeting); and
- attend the Annual General Meeting and be available to respond to any shareholder questions on the Committee's activities and areas of responsibility.

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## Duties and Responsibilities

### General

The Committee will:

- (a) review and make recommendations to the board on the Company's remuneration policies and practices generally, including superannuation and equity awards;
- (b) oversee the formulation and review of the Company's recruitment, organisational development, retention, succession and termination policies generally;
- (c) make recommendations to the Board about:
  - the necessary and desirable competencies of Directors;
  - review of board succession plans
  - the development of a process for evaluation of the performance of the Board, its committees and Directors
  - the appointment and re-election of Directors
- (d) consider whether, and if so when, shareholder approval of aspects of the remuneration policy is required; and
- (e) ensure that the Company meets its disclosure obligations in respect of remuneration matters as required under the ASX Listing Rules and the Corporations Act.

### Direct reports to the CEO

The Committee will have the power to approve, or if it considers it appropriate, review and refer to the Board for final decision:

- (a) the appointment and the removal of executives who report directly to the CEO ; and
- (b) the specific remuneration (including base pay, incentive payments, bonuses, equity awards, superannuation, retirement rights, termination payments, services contracts) of the direct reports of the CEO.

### Executive oversight

The Committee will review and make recommendations to the Board on:

- (a) the specific remuneration (including base pay, incentive payments, bonuses, equity awards, superannuation, retirement rights, termination payments,

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services contracts) of the CEO and any other Executive Directors;

- (b) executive development and succession plans;
- (c) whether and if so when any aspects of any package, or items, of the proposed remuneration are subject to shareholder approval or disclosure; and
- (d) the criteria for, and the evaluation of, the performance of the CEO.

## **Employee incentive-based plans**

The Committee will:

- (a) monitor and make recommendations to the Board in respect of the design and implementation of all incentive-based plans, including performance hurdles and incentive pool amounts;
- (b) review these plans in the light of legislative, regulatory and market developments;
- (c) in relation to each equity-based plan, consider each year whether awards should be made under it and the amount thereof; and
- (d) consider whether circumstances exist under which it would be appropriate for the Board to exercise any discretion reserved to it under the rules.

## **Remuneration of non-executive Directors**

The Committee will:

- (a) review annually the compensation of the Chairman and non-executive Directors (including equity plans) and for that purpose obtain external advice either directly or through management on market practice for the remuneration of Directors;
- (b) inform the Board of the results of the remuneration review, and if used, any consultant's advice in order that the board may determine the appropriate level of remuneration;
- (c) consider if any increase in fees or proposed changes to non-executive Director remuneration practices require disclosure or shareholder approval;
- (d) consider whether there are circumstances in which compensation or additional remuneration may be appropriate in the case of any particular Director;
- (e) ensure that the total remuneration paid to Directors each year inclusive of superannuation contributions does not exceed the fee ceiling limit approved by shareholders in general meeting; and

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- (f) ensure that the remuneration of Directors and disclosure relating to that remuneration complies with the requirements of the ASX Listing Rules and the Corporations Act.

## **Other duties**

The Committee will:

- (a) at least annually review this Charter and will then consider whether any changes are appropriate;
- (b) participate in an annual review of its performance and effectiveness;
- (c) review the Company's annual Remuneration Report to ensure it complies with the ASX Corporate Governance Principles and Recommendations;
- (d) review all reporting by the Company of its remuneration policies and practices including valuations applied to equity plans; and
- (e) undertake any other duties and activities that the Board may consider appropriate.

## **Authorities**

### **Access**

The Committee has unrestricted access to executive management, all employees and all relevant Company records (except in circumstances where there is a conflict of interest) and to financial and legal advisers.

### **Independent advice**

The Committee is authorized to obtain outside legal or other independent professional advice, and to secure the attendance of such advisers if it is considered necessary.

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## **DIRECTORS AND EXECUTIVE OFFICERS' CODE OF CONDUCT**

This code of conduct sets ethical standards for the Directors of the Company. Directors will pursue the highest standards of ethical conduct in the interests of all shareholders and all other stakeholders.

The following six principles govern their conduct.

### **Honesty and Integrity**

- Directors shall act honestly and with integrity in all of their dealings for the Company. This includes engaging in and promoting honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Directors will not discriminate on the grounds of people's race, religion, gender, marital status or disability;
- Directors will not make promises or commitments that the Company does not intend, or would be unable, to honour;
- Directors' conduct, at all times will be such that their honesty is beyond question; and
- Directors shall adhere to the truth, and not mislead directly or indirectly nor make false statements, nor mislead by omission.

### **Confidentiality of Information**

- Directors will take all reasonable measures to protect the confidentiality of non public information obtained or created in connection with their activities and to prevent the unauthorised disclosure of such information unless required by applicable law or regulation or legal or regulatory process or with the consent of the Company;
- Directors will not use information obtained by them as a director of the Company for personal financial gain, nor will that information be used to obtain financial benefit for any other person or business; and
- Directors shall respect the privacy of others.

### **Disclosure of Interests**

- Directors shall fully disclose active private or other business interests promptly and any other matters which may lead to potential or actual conflicts of interest in accordance with such policies that the Directors may adopt from time to time;
- In performing their duties, Directors will carry out their responsibilities to the exclusion of any personal advantage;
- Directors should avoid any situation involving a conflict, or the appearance of a conflict, between their personal interests and the performance of their official duties. If such a conflict arises, Directors should promptly inform the board and withdraw from participation in decision-making connected with the matter. If the conflict is potential rather than actual, Directors should seek the advice about whether they should excuse themselves from the situation that is creating the conflict or the appearance of conflict; and

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- Directors shall fully disclose all relationships they have with the Company in accordance with policies on independence that Directors may adopt from time to time. Directors dealing with the Company will always be at arm's length to avoid the possibility of actual or perceived conflicts of interest.

## **Disclosure of Information**

Produce true, fair, accurate, understandable and timely disclosure in reports and documents that the Company and its subsidiaries are requested to make.

## **Abiding by the Law**

Directors shall abide by the law at all times, including any applicable rules and regulations.

## **Payments, Gifts, Entertainment and Travel**

Directors shall not use their status as a director to seek personal gain from those doing business or seeking to do business with the Company.

In regard to acceptance of favours, gifts and entertainment, Directors should exercise tact and judgment to avoid the appearance of improper influence on the performance of their official duties.

Directors shall not accept any personal gain of any material significance if offered (for purposes of this clause, any personal gain greater than \$500 shall be deemed of material significance unless disclosed to, and approved by, the full board).

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## PERFORMANCE EVALUATION PROCESS

### Overview

The board must review its performance and the performance of the individual Directors , the committees of the board, the Company and management regularly (this is achieved with the assistance of the Nomination and Remuneration Committee). This is an important element of the boards monitoring role, especially with regard to long term growth of the Company and of shareholder value.

### Performance Evaluation Process

The board is required to meet annually to discuss their performance as a whole and consideration should be given to any objectives and defined criteria established as a benchmark for assessing performance against.

The board should at a minimum address the following:

- Does the board understand the Company's business adequately?
- Does the board know the competition, market, risk factors etc?
- Does the board spend enough time on the long term strategy?
- What is the balance of power between the board and the CEO?
- Does the board have access to information from management and other sources?
- Is the board enhancing shareholder value by the best possible margin?
- The board must ensure that any benchmarks that they are being appraised against are regularly reviewed to account for the changing environments facing the Company.

Whilst discussing the performance of the board, the Directors are encouraged to provide comments on the performance of the chairperson.

The chairperson of the board is responsible for meeting with the individual Directors to discuss their individual performance and contribution to the board. The chairperson should as a minimum address the following:

- Degree of independence including relevance of any conflicts of interests;
- Familiarity with Company operations and industry trends;
- Willingness to devote the necessary time including attendance at meetings, extent of preparation for meetings, willingness to participate in committee work;
- Value and adding value to the contributions of the board;
- Level of ethical awareness; and
- Personal relationships with colleagues, management and stakeholders.

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Whilst meeting with the individual Directors to discuss individual performance, the chairperson must take the opportunity to obtain comments about co-Directors performance on the board.

As part of the performance evaluation process, all Directors are expected where applicable, to highlight areas for improvement and provide a description as to how this can be achieved.

At least annually the board must review the performance of committees reporting to it to ensure that the committees are achieving outcomes.

The CEO is responsible for assessing the performance of the key executives within the organisation. This is to be performed through a formal process involving the completion of a performance appraisal questionnaire which is to be completed by the key executive and reviewed and discussed with the CEO in a formal meeting.

Each divisional manager is responsible for assessing the performance of the staff members within their division. This is to be performed through a formal process involving the completion of a performance appraisal questionnaire which is to be completed by the employee and reviewed and discussed with their manager in a formal meeting.

Based on the evaluation of the individual's performance, all managers are required to present a document to the Nomination and Remuneration Committee outlining the proposed compensation arrangements for each individual employee. A similar process is undertaken by the CEO in relation to key executives. The Nomination and Remuneration Committee is then responsible for reviewing the compensation arrangement, making adjustments if necessary and preparing a recommendation to the board of the compensation arrangements for each individual.

Refer to the Nomination and Remuneration Committee Charter for comment on the remuneration of board members.

The results of any review of the performance of an individual within the Company should be linked to their compensation arrangement.

In the event that a director, key executive or employee is not performing to an acceptable level, then a performance evaluation can be conducted on an as needs basis.

## **Access to Information**

In order to enhance performance the board is provided with information it needs to efficiently discharge their responsibilities. The following is noted:

- The Company has an agreed procedure that Directors are permitted to take independent professional advice if necessary at the Company's expense but with prior consultation with the Chairman and Chief Executive;
- All Directors have access to the Company Secretary;

The appointment and removal of the Company Secretary is a matter for the decision of the board; and Directors are entitled to request additional information where they consider that the information supplied by management is insufficient to support informed decision making.

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## CODE OF BUSINESS CONDUCT

### Introduction

The purpose of the code of conduct is to guide and enhance the conduct and behaviour of the Company Directors, officers, employees and contractors in performing their everyday roles. The code encourages and fosters a culture of integrity and responsibility with the focus of augmenting the Company's reputation as a valued employer, business partner and corporate citizen, in all relationships.

LWP Technologies' Code of Conduct underpins the way the Company wishes to operate and should be understood and abided by all concerned.

## THE CODE

### Respect for Persons

Directors, officers, employees and contractors should approach dealings with other persons equitably and with respect. This involves:

- Courtesy and responsiveness in dealing with others;
- Fairness in supervision and dealing with other staff by valuing colleagues and their personal commitment to meet shared objectives;
- Encouraging cooperation and engaging in rational debate to accomplish alternative points of view;
- Avoiding behaviour that might reasonably be perceived as harassment, bullying or intimidation; and
- Understanding and responding to the needs of our share holders, business partners and other stakeholders.

### Respect for the Law

Directors, officers, employees and contractors should respect the law and act accordingly by observing and respecting the laws, customs and business methods of all countries in which LWP Technologies operates to the extent that the Company adheres to the underlying principles of the code of conduct.

### Integrity

Directors, officers, employees and contractors should consistently maintain their integrity whilst carrying out their duties by avoiding conflicts between their private interests and their responsibilities with respect to:

- Personal, financial and sexual relationships;
- Receipt of gifts and other benefits that may create an obligation;
- Use of confidential information obtained in the course of performing duties; and
- External activities and public comment.

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## **Diligence**

Directors, officers, employees and contractors should carry out their roles in a professional and conscientious manner. This involves:

- Endeavouring to achieve highest standards of performance and adhering to professional codes of conduct where applicable;
- Exercising care for others in employment-related activities;
- Taking responsibility for all issues which can be controlled; and
- Reporting fraudulent or corrupt activities.

## **Economy and Efficiency**

Directors, officers, employees and contractors should carry out their roles in a cost effective and responsible manner. This includes:

- Using the Company's property and equipment only for authorised Company business;
- Avoiding waste of the Company's resources; and

Maintaining adequate security over the Company's property and resources.

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## **SECURITIES TRADING POLICY**

### **Introduction and Purpose**

Directors, officers and employees who wish to trade in Company securities must first have regard to the statutory provisions of the Corporations Act dealing with insider trading.

Insider trading is the practice of dealing in a Company's securities (which includes shares or options) by a person with some connection with a Company who is in possession of information generally not available to the public, but may be relevant to the value of the Company's securities or may influence a person's decision to transact in the Company's securities. It may also include the passing of this information on to another. Legally, insider trading is an offence which carries severe penalties, including imprisonment.

This policy statement summarises the law relating to insider trading and sets out the policy for the Company on Directors, officers and employees dealing in the Company's securities.

This policy statement is only a summary of complex legal provisions, and should therefore only be used as a general guide, not as legal advice.

### **General restrictions when in possession of inside information**

#### **Insider Trading Laws**

If Directors, officers or employees have "price-sensitive information" relating to the Company which has not been published or which is not otherwise "generally available", it is illegal to:

- buy, sell or otherwise deal in the Company's securities;
- advise, procure or encourage another person (for example, a family member, a friend, a family Company or trust) to buy or sell the Company's securities; or
- pass on information to any other person, if you know or ought to reasonably know that the person may use the information to buy or sell (or procure another person to buy or sell) the Company's securities.

It is the responsibility of each Director, officer and employee to ensure that they do not do any of the things prohibited by the insider trading law. The consequences for breach of this law may be severe.

#### **What is "price sensitive information"?**

Price-sensitive information means information relating to the Company that would, if the information were publicly known, be likely to:

- have a material effect on the price or value of the Company's securities; or
- influence persons who commonly invest in securities in deciding whether or not to buy or sell the Company's securities.

Examples of possible price-sensitive information include, but are not limited to:

- the financial performance of the Company against its budget;
- entry into or termination of a material contract (such as a major joint venture);

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- a material acquisition or sale of assets by the Company;
- an actual or proposed takeover or merger;
- analytical results;
- an actual or proposed change to the Company's capital structure;
- a proposed dividend or a change in dividend policy; or
- a material claim or other unexpected liability.

## **When is the information "generally available"?**

Information is generally available if:

- it consists of readily observable matter;
- it has been made known in a manner likely to bring the information to the attention of people who commonly invest in securities of a kind whose price or value might be affected by the information, and since it was made known, a reasonable period for it to be disseminated among such persons has elapsed;
- it is derived from information which has been made public; or
- it consists of observations, deductions, conclusions or inferences made or drawn from other generally available information.

## **Consequences for breach of the insider trading prohibition**

Breach of the insider trading prohibition could lead to criminal and civil liability. Breach of insider trading law or this policy will also be regarded by the Company as serious misconduct which may lead to disciplinary action and/or dismissal.

## **Limiting Risk**

Directors and officers must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair.

## **Dealing in Shares of Other Companies**

If Directors, officers or employees have "price sensitive information" relating to another entity which is not "generally available" the same insider trading rules outlined above apply to buying and selling securities in that entity. In the course of performing duties as an employee of the Company, that person may obtain price sensitive information relating to another entity in a variety of circumstances. Examples include, but are not limited to the following:

- another entity may provide price sensitive information about itself in the course of a proposed transaction;
- another entity with whom the Company is dealing may provide price sensitive information about a

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third entity; or

- information concerning the Company or actions which may be taken by the Company (i.e. a planned transaction or strategic change) could reasonably have an effect on a third party entity.

Apart from the application of the insider trading rules to securities in other entities, employees are also bound by a duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

## **ADDITIONAL TRADING RESTRICTIONS FOR KEY MANAGEMENT PERSONNEL**

In accordance with the ASX Listing Rules, additional restrictions on trading in the Company's securities apply to the Company's Key Management Personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including any director (whether executive or otherwise). The Company considers its Key Management Personnel to include:

- all Directors;
- all executives reporting directly to the CEO; and
- any other employees of the Company considered to be Key Management Personnel by the CEO and Company Secretary from time to time.

Key Management Personnel generally hold positions where it can be assumed that they will have inside information regarding the Company. Accordingly, additional requirements apply for any proposed trading in securities by Key Management Personnel.

### **Prohibited Periods**

Subject to this Securities trading policy, Key Management Personnel must not trade in the Company's securities, or in financial products issued or created over or in respect of the Company's securities, during a **Prohibited Period**.

A Prohibited Period is any **Closed Period** (as defined below) or additional periods when Key Management Personnel are prohibited from trading, which are imposed by the Company from time to time when the Company is considering matters which are subject to Listing Rule 3.1A.

Closed Period means:

- the period of seven calendar days preceding the publication of the Company's annual results (or, if shorter, the period from its financial year end to the time of publication);
- the period of seven calendar days preceding the publication of the Company's half year results (or, if shorter, the period from its half year end to the time of publication);
- the period of seven calendar days preceding the announcement of its quarterly results (or, if shorter, the period from the relevant financial period end up to and including the time of the announcement).

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## **Exceptional Circumstances**

In exceptional circumstances, the Chairman (or the CEO where applicable) may provide written clearance to Key Management Personnel to trade in a Prohibited Period if:

- the sale of the Company's securities is necessary to alleviate severe personal hardship;
- the Key Management Personnel has entered into a binding commitment prior to the Company being in a Prohibited Period where it was not reasonably foreseeable at the time the commitment was made that a Prohibited Period was likely;
- the Key Management Personnel is required by a court order, or there are court enforceable undertakings to transfer or sell the securities of the Company or there is some other overriding legal or regulatory requirement for him or her to do so; or
- there are other circumstances which have not been identified in this Securities Trading Policy, that are deemed exceptional by the Chairman, or the CEO where the Chairman is involved, and the proposed sale or disposal of the relevant securities is the only reasonable course of action available.

## **Requirements before trading**

Before trading, or giving instructions for trading in the Company's securities, Key Management Personnel must:

- notify the Chairman in writing of his intention to trade;
- confirm that he does not hold any inside information;
- if he is seeking clearance to trade in exceptional circumstances, provide full disclosure of such circumstances;
- have been notified in writing by the Chairman (such response to be provided as soon as practicable upon receipt of notification but in any event no more than 48 hours after receipt of notification) that, to the best of the Chairman's knowledge, the Key Management Personnel is not in possession of inside information in relation to the Company that would preclude him from trading in the Company's securities as notified; and
- comply with any conditions on trading imposed by the Chairman (including, for example, any time limits applicable to the clearance).

In the case of the Chairman intending to trade in the Company's securities, he must notify and obtain clearance in the abovementioned manner from the CEO before trading, or giving instructions for trading.

In the event the Chairman or CEO, as applicable, is unavailable, clearance may be sought from any other Director in the abovementioned manner.

Written notification under this Securities Trading Policy via email is acceptable.

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## **Director Notification of Trading**

Directors must notify the Company Secretary of any dealings in the Company's securities immediately any such dealings occur.

If the Director engaged in trading during a Closed Period, the Director must confirm to the Company Secretary that written clearance to trade was provided by the Chairman and the date on which this was provided.

## **Trading not subject to the Trading Policy**

The following is excluded from the operation of this Securities Trading Policy:

- transfers of securities of the Company already held into a superannuation fund or other saving scheme in which the Key Management Personnel is a beneficiary;
- an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- where a Key Management Personnel is a trustee, trading in the securities of the Company by that trust provided that the Key Management Personnel is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the Key Management Personnel;
- undertakings to accept, or the acceptance of a takeover offer;
- trading under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy back, where the plan that determines the timing and structure of the offer have been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take-up of the balance of entitlements under a renounceable pro rate issue;
- disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangements;
- the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period;
- trading under a non-discretionary trading plan for which prior written clearance has been provided by the Board and:
  - the Key Management Personnel did not enter the plan or amend the plan during a Prohibited Period;
  - the trading plan does not permit the Key Management Personnel to exercise any influence or discretion over how, when or whether to trade; and

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- the trading plan cannot be cancelled during a Prohibited Period except in exceptional circumstances.

## **Breaches of policy**

Strict compliance with this policy is a condition of employment.

## **General**

The requirements imposed by this policy are separate from and additional to, the legal prohibitions in the Corporations Act on insider trading.

This policy is reviewed **annually**.

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## COMMUNICATIONS STRATEGY

### Strategy

The Directors of the Company recognise the importance of forthright communication and in order to prosper and achieve growth, it must (among other things) earn the trust of employees, customers, suppliers, communities and shareholders by being forthright in its communications and consistently delivering on its commitments.

### Information Disclosure

In accordance with the disclosure requirements of the Corporations Act 2001 and the Australian Stock Exchange ("ASX") Listing Rules, the Company follows two main forms of information disclosure:

- continuous disclosure - which is its core disclosure obligation and primary method of informing the market and shareholders;
- periodic disclosure - in the form of full-year and half-year reporting; and

Directors are committed to the promotion of investor confidence by ensuring that trade in the Company's securities take place in an efficient, competitive and informed market.

As such, the Company will comply with the continuous disclosure obligations contained in the applicable Listing Rules of the Australian Stock Exchange and in so doing will immediately notify the market by announcing to the ASX on which its securities are listed, any information in relation to the business of the Company that a reasonable person would expect to have a material effect on, or lead to a substantial movement in, the price or value of securities. Further, all information made available to the ASX is immediately available to shareholders and the market.

The board aims to ensure that shareholders are kept informed of all major developments affecting the Company, hence in addition to its market disclosure, the Directors ensure shareholders are kept informed through a variety of other means:

- In conducting briefings, the Company takes care to ensure that any price-sensitive information released is made available to all shareholders (institutional and private) and the market at the same time and in accordance with the requirements of the ASX on which the Company is listed;
- Information is also released by email to all persons who have requested their name to be added to the contact database. Any person wishing to be added (or removed) to this database can do so by contacting the Company; and
- The principal communication with private investors is through the provision of the Annual Report and financial statements and the Annual General Meetings. The Annual Report is mailed or emailed to the shareholders on an annual basis and the Notice of the Annual General Meetings is posted to shareholders at least 28 days in advance of the meeting. Shareholders also receive notices in relation to all meetings at which shareholders are permitted to attend.

### Participation at General Meetings

The Directors recognise the rights of shareholders and encourage the effective exercise of those rights through the following means:

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- Notice of meetings are distributed in accordance with the Corporation's Act and provide shareholders with the opportunity to attend general meetings;
- Shareholders are encouraged to use their attendance at meetings to ask questions on any matter, with time being specifically set aside for shareholder queries;
- In the event that a resolution is proposed, notices encourage shareholders participation through appointment of proxies; and
- The Company is obliged under the Corporation Act to provide the auditor with notice of a general meeting and the Company has a policy of encouraging auditor attendance. In the event that the Company's auditor or their representative attends the Annual General Meeting, the chairperson of that meeting will allow a reasonable opportunity for members to ask questions of the auditor concerning the conduct of the audit and the preparation and content of the auditor's report.

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## CONTINUOUS DISCLOSURE POLICY

### Introduction

As a Company listed on the Australian Securities Exchange ("ASX"), LWP Technologies is obliged to disclose certain information under a continuous disclosure regime to keep the market informed of events and developments as they occur. The Company has obligations under the Corporations Act and ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities, or influence an investment decision on its shares or securities, and to correct any material mistake or misinformation in the market. The Company discharges these obligations by releasing information to the ASX in the form of an ASX release or disclosure in other relevant documents.

The Company promotes timely and balanced disclosure of all material matters concerning the Company and is committed to:

- ensuring that stakeholders have the opportunity to access externally available information issued by the Company;
- providing full and timely information to the market about the Company's activities; and
- complying with the obligations contained in the ASX Listing Rules and the Corporations Act relating to continuous disclosure.

This Continuous Disclosure Policy sets out the procedure for:

- identifying material price sensitive information;
- reporting such information to the CEO and/or the Company Secretary for review;
- ensuring the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and Australian Securities Exchange ("ASX") Listing Rules; and
- ensuring the Company and individual officers do not contravene the Corporations Act or ASX Listing Rules.

This Continuous Disclosure Policy applies to Directors and those members of senior management who are most likely to be in possession of, or become aware of, the relevant information. The Company's staff needs to be aware of the existence of the policy so that they can assist with reporting of potentially sensitive information to the appropriate persons within the Company.

### Purpose

The purpose of this policy is to ensure that Company announcements are:

- made in a timely manner;
- are factual;
- do not omit material information; and
- are expressed in a clear and objective manner that allows investors to assess the impact of the

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information when making investment decisions.

## Background

### ASX Listing Rule 3.1

ASX Listing Rule 3.1 requires that the Company immediately notify the ASX of any information which it becomes aware of concerning the Company that a reasonable person would expect to materially affect the price or value of the securities.

A reasonable person would be taken to expect information to have a material effect on the price or value of securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

Hence, information is considered to be "material" if there is a substantial likelihood that it would influence an investor in deciding whether to trade in or hold the Company's shares/securities.

The Company becomes aware of information if any of its Directors or executive officers has or ought reasonably to have, come into possession of the information in the course of the performance of his or her duties as a director or executive officer of the Company.

The disclosure obligation does not generally apply where the information is exogenous or generally available.

### Exceptions to ASX Listing Rule 3.1 on Continuous Disclosure

ASX Listing Rule 3.1 provides that disclosure is not required where:

- a reasonable person would not expect the information to be disclosed; and
- the information is confidential; and
- one or more of the following applies:
  - i. it is a breach of law to disclose the information; or
  - ii. the information concerns an incomplete proposal or negotiation; or
  - iii. the information is insufficiently definite to warrant disclosure; or
  - iv. the information is generated for internal management purposes; or
  - v. the information is a trade secret.

All three must be met for disclosure not to be required.

## Policy

The following procedures will apply to ensure the Company at all times meets its continuous disclosure obligations:

- Directors and senior management must immediately notify the CEO and/or the Company Secretary as soon as they become aware of information that should be considered for release to the market (material information which is not to be disclosed);
- the CEO and/or the Company Secretary will:
  - i. review the material information reported;

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- ii. determine, in consultation with all necessary parties as appropriate, whether any of the material information is required to be disclosed to the ASX; and
  - iii. co-ordinate the actual form of disclosure with the relevant members of management.
- where a decision is made, that the item or information does not warrant an ASX release, the CEO and/or Company Secretary is to advise Directors of the rationale for the decision.

## **Persons to whom this policy applies**

This policy applies to:

- all Directors and officers of the Company and its subsidiaries; and
- all members of senior management

## **Obligations**

Immediately upon becoming aware of information that:

- i. is not generally available (i.e. the information in question has not been included in any Annual Report, ASX Release or other publication of the Company); and
- ii. which may be price sensitive (i.e. it is likely to have a financial or reputation impact upon the Company that may be considered material)

The CEO and/or the Company Secretary must be provided with all the necessary information to ensure that the matter is disclosed appropriately to all required parties.

In order that the obligations under the above paragraph are complied with, there must be assurance that such procedures as considered appropriate are implemented to ensure if any person who reports to the Company becomes aware of or is in possession of information that is not generally available and/or which may be price sensitive, that person will promptly notify the Company of such information.

## **Market Speculation and Rumours**

The ASX interprets Listing Rule 3.1 as requiring the Company to make a clarifying statement or announcement to the ASX in circumstances where it becomes aware that speculation or comment is affecting the price or volume of trading in its securities.

For example, when the market moves in a way that appears to be referable to the comment or speculation, the Company has an obligation to make such disclosure as is necessary in order to correct a false market in its securities and ensure investors are not trading on false or misleading information. Normally the ASX will indicate to the Company when it believes this is required.

## **Release of information to others**

The Company must not release material price sensitive information to any person if that information is required to be disclosed to the ASX, until cleared by the ASX. The CEO and/or the Company Secretary or a nominee of the CEO and/or the Company Secretary will advise all relevant parties when the release has been announced by the ASX. All the information disclosed through ASX is to be made available by the Company to investors after clearance by ASX.

## **Presentations/Enquires**

For all information/presentations/briefings, etc, which are to be provided to third parties, each individual is

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responsible for ensuring that a copy of the material is provided to the CEO and/or the Company Secretary prior to presenting that information externally.

All inquiries from third parties must be referred to the CEO and/or the Chairman or Board. All material presented at an analyst briefing, bank or other third party must be approved by or referred through the CEO and/or the Chairman or Board prior to the briefing.

All inquiries from the media must be referred to the CEO.

## **Interview by employees**

No employee may give an interview or make a presentation unless express authority or specific permission is received from the CEO.

An employee who is given permission by the CEO to give an interview or make a presentation must notify the CEO of the date and time for the interview and must give a copy of any presentation to the CEO.

## **Management of the Policy**

### **Specific Responsibilities**

The CEO and/or the Company Secretary are responsible for:

- liaising with the ASX in relation to continuous disclosure issues;
- ensuring that the system for the disclosure of all material information to the ASX in a timely fashion is operating;
- reviewing proposed announcements by the Company to the ASX and liaising with the CEO or other members of the executive or the Chairman in relation to the form of any ASX releases;
- liaising with the board of Directors, as appropriate, in relation to the disclosure of information;
- keeping a record of all ASX and other releases that have been made; and
- periodically reviewing the Company's disclosure procedures in light of changes to ASX Listing Rules or Corporations Act and recommending any necessary changes to the procedures.

## **Breach of Policy and Penalties**

### **Breach of Policy**

The Company contravenes its Australian continuous disclosure obligations if it fails to notify the ASX of the information required by Listing Rule 3.1 to be disclosed. If the Company fails to meet this obligation its officers may be guilty of an offence under the Corporations Act.

### **Liability and penalties**

#### **The Company**

- If the Company contravenes its continuous disclosure obligations, it may face:
  - criminal liability with a fine if the contravention is intentional or reckless;

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- civil liability for any loss or damage suffered by any person as a result of failure to disclose relevant information to the ASX; and
  - de-listing from the ASX.
- The ASIC can also institute proceedings under the ASIC Act 1989.

## **Others**

- The Company's officers (including its Directors), employees or advisers who are involved in the contravention, may also face criminal (monetary fine and/or five years imprisonment) and civil liability as outlined above.

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## **RISK MANAGEMENT AND INTERNAL CONTROL POLICY**

### **Overview**

The Company's Board recognises the importance of identifying and controlling risks to ensure that they do not have a negative impact on the Company. Procedures have been established at the Board and executive management levels which are designed to safeguard the assets and interests of the Company, and to ensure the integrity of reporting.

### **Benefits of Risk Management and Internal Control Procedures**

Some of the benefits identified in establishing and maintaining risk management procedures are as follows:

- more effective strategic planning;
- better cost control;
- enhancing shareholder value by minimising losses and maximising opportunities;
- increased knowledge and understanding of exposure to risk;
- a systematic, well-informed and thorough method of decision making;
- increased preparedness for outside review;
- minimised disruptions;
- better utilisation of resources;
- strengthening culture for continued improvement; and
- creating a best practice and quality organisation

### **Internal Control Policy**

- The Board is ultimately responsible for the internal control framework and risk management of the Company and for regularly reviewing its effectiveness.
- The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.
- Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level. (Refer below in relation to the role of the Audit Committee in undertaking this task).
- The Board will review and discuss strategic risks and opportunities arising from changes in the Company's business environment regularly and on an as needs basis.

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- The Board may delegate some of the above mentioned responsibilities to committees of the Board but maintain the overall responsibility for the process.

During the year the Board is responsible for reviewing the effectiveness of the Company's system of internal control for the financial year. This review is to include financial, operational, compliance and risk controls.

For any control which is not operating effectively, the Board is responsible for ensuring that the control issue is corrected and that the risk has a mitigating control which will reduce the impact of any risk to an acceptable level.

Each financial year, the Chief Financial Officer (or Senior Financial Officer of the Company) and CEO are required to provide formal representations to the Board confirming that the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Every employee has a responsibility for ensuring that any known breach of an internal control is reported to the appropriate level such that it can be dealt with accordingly. Further, every employee is encouraged to identify and report to their manager any potential business risk. The manager is then responsible for ensuring that the business risk is mitigated by establishing appropriate controls and monitoring the effectiveness of controls. Any significant control defects should be reported to the board level and this is often achieved through the reporting of defects first to the Audit Committee.