

## **LWP Technologies Limited - Corporate Governance Statement**

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

#### ***Recommendation 1.1***

*A listed entity should disclose the respective roles and responsibilities of its board and management; and those matters expressly reserved to the board and those delegated to management.*

#### **Role of the Board**

- 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 the recommendations of the audit committee, if applicable) 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;
- 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
  - Dealing 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.

## Role of senior management

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 these matters do not do not exceed the Materiality Threshold

## Responsibilities of senior management

Senior management is responsible for supporting the CEO and to assist the CEO implementing 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.

### **Recommendation 1.2**

*A listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director, or provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a direct.*

The company is currently undergoing an external review of its corporate governance procedures, policies and practices and will be providing an update on this in the coming months when the review has been completed.

### **Recommendation 1.3**

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

It is the Board's policy that employment agreements are entered into with all directors, executives and employees. No current employment contracts contain early termination clauses. All non-executive directors have contracts of employment. None of these contracts have termination benefits.

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

#### **Recommendation 1.4**

*The company secretary of a listed entity should be accountable directly to the board, through the Chair, on all matters to do with the proper functioning of the Board.*

The Company Secretary is accountable directly to the board, through the Chair.

#### **Recommendation 1.5**

*A listed entity should have a diversity policy.*

The company is currently undergoing an external review of its corporate governance procedures, policies and practices and will be providing an update on this in the coming months when the review has been completed.

#### **Recommendation 1.6**

*A listed entity should have a process for periodically evaluating the performance of the board, its committees and individual directors and disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that 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. 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. 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.

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

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.

**Recommendation 1.7**

*A listed entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The company is currently undergoing an external review of its corporate governance procedures, policies and practices and will be providing an update on this in the coming months when the review has been completed.

## **Principle 2 – Structure the board to add value**

### **Recommendation 2.1**

*The board of a listed entity should have a nomination committee which has at least three members, a majority of whom are independent directors, and is chaired by an independent director*

*And disclose the charter of the committee, the members of the committee, as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

*If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The company does not have a nomination committee. The Board considers that the company is not of a size or complexity to warrant the formation of a committee at this time. Presently the full board undertakes this role.

### **Recommendation 2.2**

*A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership*

The company is currently undergoing an external review of its corporate governance procedures, policies and practices and will be providing an update on this in the coming months when the review has been completed.

### **Recommendation 2.3**

*A listed entity should disclose the names of the directors considered by the board to be independent directors, if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion and the length of service of each director.*

Mr Declan McCaffrey is the only director of the board considered to be independent.

- Mr Siegfried Konig was appointed to the Board on 15 August 2014
- Mr David Henson was appointed to the Board on 15 August 2014
- Mr Declan McCaffrey was appointed to the Board on 26 August 2016

### **Recommendation 2.4**

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

Neither Siegfried Konig nor David Henson are considered independent as they are part of the executive team at LWP. Declan McCaffrey is considered an independent non-executive director.

The company is currently undergoing an external review of its corporate governance procedures, policies and practices and will be providing an update on this in the coming months when the review has been completed.

***Recommendation 2.5***

*The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.*

The Chairman of the Company is Siegfried Konig who is not considered independent as he is part of the executive team at LWP. The company is currently undergoing an external review of its corporate governance procedures, policies and practices and will be providing an update on this in the coming months when the review has been completed.

## **Principle 3 – Act ethically and responsible**

### **Recommendation 3.1**

*A listed entity should have a code of conduct for its directors, senior executive and employees; and disclose that code or a summary of it.*

#### **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
- 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).

## **Principle 4 – Safeguard integrity in corporate reporting**

### **Recommendation 4.1**

*The board of a listed entity should have an audit committee which has at least three members, all of whom are non-executive directors and a majority of whom are independent directors and is chaired by an independent director, who is not the board of the board; and*

*Disclose the charter of the committee, the relevant qualifications and experience of the members of the committee and in relation to each reporting period, the number of times the committee met throughout the period and the individual attendees of the members at those meetings; or*

*If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The company does not have an audit committee. The board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of special committees at this time.

The Board as a whole is able to address the governance aspects of the full scope of the company's activities and to ensure it adheres to appropriate ethical standards. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee.

The company requires external auditors to demonstrate quality and independence. The performance of the external auditor is monitored and applications for tender of external audit processes are undertaken where deemed appropriate.

### **Recommendation 4.2**

*The board of a listed entity should, before it approves the entities financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The Board requires a written assurance from the CEO and CFO for each financial reporting period that in their opinion, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.

### **Recommendation 4.3**

*A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The Company is obliged under the Corporations 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.

## **Principle 5 – Make timely and balanced disclosure**

### **Recommendation 5.1**

*A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules, and disclose that policy or a summary of it.*

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

- Review the material information reported;
- Determine, in consultation with all necessary parties as appropriate, whether any of the material information is required to be disclosed to the ASX; and
- 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 the Company Secretary is to advise Directors of the rationale for the decision.

### **Obligations**

Immediately upon becoming aware of information that:

- I. Is not generally available (ie. The information in question has not been included in any Annual Report, ASX Release or other publication or other publication of the Company); and
- II. Which may be price sensitive (ie. Its 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.

### **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 to the ASX. All the information disclosed through ASX is to be made available by the Company to investors after clearance by ASX.

### Presentation/Enquiries

For all information/presentations/briefings, etc, which are to be provided to third parties, each individual is 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 Company Secretary 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 announcement 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 Corporation Act and recommending any necessary changes to the procedures.

## **Principle 6 – Respect the rights of security holders**

### **Recommendation 6.1**

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

Information relating to the Company including its current trading price, ASX announcements, current projects and its board of Directors and senior management along with its corporate governance policies are available on the company's website.

### **Recommendation 6.2**

*A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investor.*

The company is currently undergoing an external review of its corporate governance procedures, policies and practices and will be providing an update on this in the coming months when the review has been completed.

### **Recommendation 6.3**

*A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders*

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

- Notices 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; and
- In the event that a resolution is proposed, notices encourage shareholders participation through appointment of proxies;

The company is currently undergoing an external review of its corporate governance procedures, policies and practices and will be providing an update on this in the coming months when the review has been completed.

### **Recommendation 6.4**

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

The company has the facility through its website to provide security holders to contact the company electronically through its website.

The Company permits Shareholders are able to receive communications from the Company and the security Registry electronically.

## **Principle 7 – Recognise and manage risk**

### **Recommendation 7.1**

*The board of a listed entity should have a committee or committees to oversee risk; each of which has at least three members, a majority of whom are independent directors, and is chaired by an independent director; and*

*Disclose the charter of the committee, the members of the committee, and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendees of members at those meetings; or*

*If it does not have a risk committee or committees that satisfy the above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Company does not have a risk management committee and the Board is ultimately responsible for the internal control framework and risk management of the Company and for regularly reviewing its effectiveness. The 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

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.

## **Recommendation 7.2**

*The board or a committee of the board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.*

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.

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

## **Recommendation 7.3**

*A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs; or*

*If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The Company does not have a formalised internal audit function but responsibility is delegated to the board to review its risk management and internal control processes 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.

**Recommendation 7.4**

*A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Company's exposure to economic risks is set out in the annual report including credit risk, liquidity risk, market risk and capital risk management,

## **Principle 8 – Remunerate fairly and responsible**

### **Recommendation 8.1**

*The board of a listed entity should have a remuneration committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director, and*

*Disclose the charter of the committee, the members of the committee and at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

*If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The company does not have a remuneration committee as it believes at this stage of its development that a separate remuneration committee would not add any efficiency to the process of determining the levels of remuneration for the Directors and key executive. The board considers that it is more appropriate to set aside time at board meetings to specifically address matters that would that would ordinarily fall to the remuneration committee. In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirements, especially in respect of related party transactions. That is, none of the Directors participate in any deliberations regarding their own remuneration or related issues.

### **Recommendation 8.2**

*A listed entity should separately disclose its policies and practises regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

The Company provides disclosure of all directors and executives remuneration in its annual report.

The Company's Constitution and the ASX Listing Rules specify that the non-executive directors are entitled to remuneration as determined by the Company in a general meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently approved by shareholders for director's fees is for a total of \$300,000 per annum.

The company aims to reward executive directors and senior management with a level and mix of remuneration commensurate with their position and responsibilities within the company so as to

- Reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the company; and
- Ensure total remuneration is competitive by market standards

**Recommendation 8.3**

*A listed entity which has an equity-based remuneration scheme should have a policy on whether participants are permitted into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.*

The Company does not currently operate an equity-based remuneration scheme which is affected by this recommendation.