

**Credit Clear Limited**  
**Corporate Governance Statement effective 30 August 2023**

**Introduction**

Credit Clear Limited (**Credit Clear** or **the Company**) is committed to the principles of corporate governance in recognition that it is vital to enhancing investor confidence in corporate accountability by demonstrating a commitment to transparency in addition to underpinning the successful achievement of the Company's commercial and corporate objectives.

The 4th Edition of Corporate Governance Principles and Recommendations ('ASX Recommendations') is intended to be a reference point for companies' corporate governance structures and practices. A company may choose not to implement certain ASX Recommendations, provided that it explains why it has not done so and what alternate approaches have been adopted.

The ASX Recommendations require companies to communicate their corporate governance practices through both the Annual Report and the Company's web page. The Corporate Governance Statement provides an annual summary of Credit Clear's corporate governance practices against the ASX Recommendations.

**PRINCIPLE 1 – LAY FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

**Recommendation 1.1**

The role of the Board (Board) is to oversee the management of the Company as well as provide strategic guidance.

A Board Charter (**Charter**) has been adopted that formally sets out the respective roles and responsibilities of the Board and management and those matters expressly reserved to the Board and those delegated to management. The Charter is available on the Company's website.

**Recommendation 1.2**

The Board recognises the significance of maintaining a well-balanced and skilled composition of its members. The Board conducts regular informal reviews, and at least one formal review each year, of the blend of skills and the overall balance of the Board and Committee members.

When considering the appointment of new directors, a comprehensive recruitment process is followed. This process includes multiple reference checks verifying candidates' backgrounds, experience, and professional skills. Moreover, candidates undergo a thorough assessment that includes bankruptcy checks and criminal record checks covering all states and territories of Australia, as well as a check with the Australian Federal Police (AFP). These checks aim to ensure that only individuals with high integrity and ethical standing are considered for directorship roles.

Nominations for new directors are made to the Board, and the assessment criteria include various factors such as the candidates' background, experience, professional skills, personal qualities, and their potential to augment the existing Board. The availability of candidates to fully commit themselves to the Board's activities is also considered during the selection process.

To uphold the principle of independent judgment, all directors appointed by the Board must stand for election by shareholders at the next annual general meeting. This requirement ensures that shareholders have the opportunity to validate the appointment and exercise their right to elect directors. To promote transparency and accountability, shareholders are provided with all relevant information regarding the appointment of directors. The same process, pursuant to the Company's constitution, applies to Directors that are standing for re-election. When resolutions concerning director appointments are put forward to shareholders for election or re-election, they are furnished with comprehensive information about the candidates. This ensures that shareholders can make informed decisions regarding the composition of the Board.

### **Recommendation 1.3**

To ensure clarity and alignment of expectations, all directors and senior management roles within the Company have written agreements that outline the terms of their respective employment. These agreements serve as a reference document detailing the rights, responsibilities, remuneration, and other relevant terms and conditions of their employment. By having written agreements in place, the Company promotes transparency and provides a framework for effective working relationships.

### **Recommendation 1.4**

The Company Secretary is accountable directly to the Board. The Company Secretary advises the Board on governance matters, ensures Board policies and procedures are followed, dispatches board papers, records the minutes of meetings and assists in the induction and professional development of Directors. The appointment or removal of the Company Secretary is a matter for the Board. The relevant skills, qualifications and experience of the Company Secretary are set out in the 2023 Annual Report.

### **Recommendation 1.5**

The Company has a Diversity and Inclusion Policy, which is available on its website. To date, neither the Board nor a Committee have set measurable objectives regarding gender. The Company is and has always been focused on attracting and retaining the most appropriate people for its roles.

The Company currently does not provide gender-based statistics in its Annual Report. The Company is considered a 'relevant employer' as defined under the Workplace Gender Equality Act and will comply with its obligations to provide a Gender Equality Report annually from 1 April 2024 (FY24).

*Accordingly, the Company did not comply with Recommendation 1.5 (b) and (c).*

### **Recommendations 1.6 and 1.7**

The Company recognises the significance of evaluating the performance of its Board, Committees, Individual Directors, and Senior Executives on a regular basis. By implementing a robust evaluation process, the Company ensures that these entities function optimally and align with the organisation's strategic objectives.

In the 2023 financial year, the performance of the Board, Committees, Individual Directors, and Senior Executives has undergone formal reviews. This evaluation was conducted using both quantitative and qualitative measures, enabling a holistic assessment of their performance.

The evaluation process included gathering feedback from Directors and Senior Executives regarding the discharge of their respective responsibilities. This feedback mechanism allows for a two-way communication channel, providing valuable insights into the strengths and areas of improvement for each individual and the overall governance structure.

The qualitative measures encompass a more subjective evaluation, taking into consideration factors such as leadership qualities, decision-making processes, communication effectiveness, and adherence to governance principles. This qualitative assessment provides a deeper understanding of the individual and collective contributions made by the Board, Committees, Individual Directors, and Senior Executives.

By conducting regular performance evaluations and considering quantitative and qualitative measures, the Company ensures that its governance entities are functioning effectively and accountable for their responsibilities. The evaluation process allows for continuous improvement, identifies areas that require attention or enhancement, and enables the implementation of targeted development initiatives.

*Refer to section 2.7 of the Board Charter on the Company's website for further information.*

## PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

### Recommendation 2.1

The Company has a formal Nomination and Remuneration Committee (NRC), which is a sub-committee of the Board. The Charter for the NRC can be viewed on the Company's website.

The NRC is responsible for reviewing and advising on executive remuneration policies and practices. By ensuring that officeholder and executive remuneration aligns with the Company's strategic objectives, industry standards, and shareholder interests, the NRC helps foster a performance-oriented and accountable culture.

The NRC comprises:

- Michael Doery, independent director (Member and Chairman of NRC and ARC)
- Paul Dwyer, independent director and Company Chairman (Member)

The Board expects to appoint an additional member to fully comply with Recommendation 2.1 when a suitable candidate is identified and available. The skills and experience of the Committee members, together with the number of meetings held and the number of meetings attended by each Committee member in the reporting period, are set out in the 2023 Annual Report.

*The Company does not comply with Recommendation 2.1 (a)(1) as it only has two members.*

### Recommendations 2.2, 2.3 and 2.4

A formal Board Skills Matrix (**Matrix**) is included in NRC charter. The Matrix is designed to identify and evaluate the skills, experience, qualifications, and diversity of the Directors, enabling the Board to assess any gaps in skills or knowledge and address them through appropriate recruitment, training, or other initiatives. The Matrix serves as a base guide and is further developed by the NRC for each contemplated Director appointment. The key skills and experience of each Director that held office during the 2023 financial year are set out in the table overleaf.

A Director is deemed to be independent if they do not hold in executive role in the Company and:

- is not a substantial shareholder;
- is not employed in an Executive capacity currently or within the Company in the last 3 years;
- is not a material consultant to the Company currently or within the last 3 years;
- is not a material supplier or customer of the Company;
- has no material contractual relationship with the Company;
- has not served on the Board for a period which could materially interfere with their ability to act in the best interests of the Company; and

- is free from any interest which could materially interfere with their ability to act in the best interests of the Company.

The Board assesses the materiality thresholds referred to above on a case-by-case basis, the results of which for Directors that held office during the reporting period are disclosed in the table below.

<b>Name of Director</b>	<b>Independent? Y/N</b>	<b>Any relationship affecting independence?</b>	<b>Skills and experience relevant to the position</b>	<b>Term of office</b>
Lewis Romano	N	Yes – Executive role	Technology, Sales and Client Relationships	16 November 2018 – 8 August 2022
Marcus Price	Y	No	Technology, Management	20 February 2020 – 29 November 2022
Mark Casey	N	Yes - Related entities are substantial shareholders	Capital Raising, commercial	22 September 2016 – 29 November 2022
Hugh Robertson	Y	No	Capital markets	22 September 2021 - present
Michael Doery	Y	No	Audit, Finance, Governance	6 May 2022 - present
Andrew Smith	N	CEO, Substantial shareholder	Management, Industry	9 February 2022 - present
Paul Dwyer	Y	No	Financial Services, Strategy, M&A	29 November 2022 – present

Mr. Hugh Robertson is employed by Bell Potter Securities that has been appointed as the lead or joint lead manager for capital raises conducted by the Company, including in the 2023 financial year. The terms of capital raise, including the fees and commissions payable to Bell Potter Securities, have been fully disclosed by the Company in its market releases. These arrangements are on arm's length commercial terms, and the Board (with Hugh Robertson abstaining) considers that the arrangements do not impact or interfere with the objectivity of Hugh Robertson in his role as a director of Credit Clear.

The majority of the Directors in office as at 30 June 2023 are independent. The Board believes that it has the appropriate blend of skills and experience to oversee all matters presented however, it will continue to assess the Company's requirements and identify and review potential Director candidates as appropriate.

### **Recommendation 2.5**

Recommendation 2.5 highlights the importance of separating the roles of Chair of the Board and CEO, ensuring a clear distinction between governance oversight and management functions. In accordance with this recommendation, the Company has adhered to the principle by appointing different individuals to these positions.

Paul Dwyer, an independent, non-executive Director, was appointed as the Chair of the Board on 1 March 2023. This appointment signifies the Company's commitment to effective governance practices and the separation of powers between the Chair and CEO. As an independent Director, Paul Dwyer brings an impartial perspective to his role, enabling objective oversight and guidance in board matters.

Prior to Paul Dwyer's appointment as Chair, Hugh Robertson served as the Chair of the Board until 1 March 2023. Following the transition, Hugh Robertson has continued to contribute as a non-executive director, providing valuable insights and expertise to the Board.

Andrew Smith was appointed CEO and Executive Director in February 2022 and subsequently Managing Director on 1 March 2023. As CEO, Andrew Smith assumes the responsibility for managing the Company's day-to-day operations, implementing strategic initiatives, and driving performance. Separating the CEO role from the Chair of the Board ensures a clear division of responsibilities and promotes a balance of power within the organisation.

#### **Recommendation 2.6**

New directors are offered an induction program appropriate to their experience upon appointment so as to familiarise them with matters relating to the business, strategy and any current issues under consideration by the Board. This program consists of written background material on the Company, its products, services and operations, and meetings with the Chairman, CEO and members of the Executive Team.

Directors are encouraged to continue their education by participating in applicable workshops and seminars, attending site visits, and undertaking relevant external education. The Company Secretary provide directors with pertinent information on corporate governance matters and other relevant and practical information to assist them in discharging their duties and obligations.

Board agendas are structured throughout the year in order to ensure that each of the significant responsibilities of the Board are addressed. Directors receive financial, operational and strategy reports and presentations from senior management who are available during meetings and, as requested, to answer questions and provide insights to the Board. All directors can access the Company's records and information and receive regular detailed financial and operational reports from senior management.

### **PRINCIPLE 3 – INSTILLING A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY**

#### **Recommendations 3.1, 3.2, 3.3 and 3.4**

Recommendations 3.1, 3.2, 3.3, and 3.4 of the ASX Corporate Governance Principles emphasise the importance of establishing and implementing robust policies and procedures to promote ethical conduct, whistleblower protection, and anti-bribery and corruption measures within the organisation. The Company's Code of Conduct, Whistleblower Policy, and Anti-Bribery and Corruption Policy for its Directors, senior executives, employees, and contractors are available on the Company's website. These policies provide guidance on expected behaviours, values, and reporting mechanisms.

The Company's Code of Conduct, which encompasses its values, serves as a guiding framework for ethical decision-making and behaviour. It articulates the Company's expectations regarding integrity, professionalism, respect, and compliance with laws and regulations. By clearly communicating its values through the Code of Conduct, the Company sets the standards for its Directors, senior executives, employees, and contractors, fostering a culture of accountability and responsible conduct.

The Whistleblower Policy encourages the reporting of any wrongdoing or unethical behaviour. This policy outlines procedures for employees and other stakeholders to raise concerns or report misconduct, providing them with protection against reprisals. By maintaining a robust whistleblower program, the Company demonstrates its commitment to transparency, integrity, and the well-being of its employees.

The Anti-Bribery and Corruption Policy aims to prevent and detect bribery and corrupt practices. This policy establishes guidelines and procedures to ensure compliance with relevant anti-bribery laws and regulations. It sets forth the Company's zero-tolerance stance against bribery, providing clear expectations and guidelines for all individuals associated with the organisation.

To uphold the effectiveness of these policies, any material breach is promptly reported to the Board or a Committee of the Board. This reporting mechanism ensures that the Board is informed about significant violations and can take appropriate action to address and rectify the situation. By reporting breaches to the Board or its Committee, the Company demonstrates its commitment to accountability, transparency, and responsible governance.

## **PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS**

### **Recommendation 4.1**

The Company has a formal Audit and Risk Committee (ARC), which is a sub-committee of the Board. The Audit and Risk Committee Charter can be viewed on the Company's website.

The ARC comprises:

Michael Doery, independent director (Member and Chairman of NRC and ARC)

Paul Dwyer, independent director and Company Chairman (Member)

The Board expects to appoint an additional member to fully comply with Recommendation 4.1 when a suitable candidate is identified and available. The skills and experience of the ARC members, together with the number of meetings held and the number of meetings attended by each Committee member in the reporting period, are set out in the 2023 Annual Report.

*The Company does not comply with Recommendation 4.1 (a)(1) in that it only has two members.*

### **Recommendation 4.2**

Annually, before the Board approves Financial Statements, the CEO and CFO make signed and written declarations that:

- the financial records for the financial year have been correctly maintained;
- the financial statements and notes for the financial year comply with the appropriate accounting standards;
- the financial statements and notes for the financial year give a fair and true view of the financial position and performance of the Company; and
- that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### **Recommendation 4.3**

The Company has established a diligent review mechanism for all non-audited or reviewed periodic corporate reports. These reports include interim financial reports, operational updates, and other relevant disclosures that provide information on the Company's performance, financial position, and prospects.

Reports are circulated to all Directors before their public release. This practice allows the Board to comprehensively understand the contents, implications, and key messages conveyed in the reports. It enables Directors to engage in informed discussions, provide valuable insights, and collectively ensure the accuracy and integrity of the information being communicated to the market.

The Company continuously evaluates and enhances its review mechanisms to align with evolving regulatory requirements, industry best practices, and emerging reporting standards. It maintains open communication channels with the independent reviewers, the Board, and relevant stakeholders to ensure a collaborative and rigorous approach to preparing, reviewing, and disseminating non-audited or reviewed periodic corporate reports.

## **PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

### **Recommendations 5.1, 5.2 and 5.3 (compliant)**

The Company has established comprehensive procedures to identify and disclose matters that may have a material impact on the price or value of its securities in compliance with ASX disclosure requirements.

The Continuous Disclosure Policy, which outlines the Company's commitment and processes to providing timely and relevant information to the market, is available on the Company's website. The Continuous Disclosure Policy enables stakeholders, including investors, analysts, and the general public, to familiarise themselves with the Company's disclosure practices and guidelines. Both senior management and the Board assume responsibility for scrutinising events and information to determine the necessity of disclosure. This shared responsibility ensures a comprehensive and balanced assessment of potential disclosure matters. Senior management, led by the Chief Executive Officer, monitors ongoing developments within the Company, evaluates their potential impact, and promptly informs the Board about significant events or information that may require disclosure.

The Board, in collaboration with senior management, exercises due diligence in evaluating the significance and materiality of the identified events or information. This evaluation process is guided by the Company's commitment to maintaining market integrity and ensuring that shareholders and other stakeholders have access to information that may affect their investment decisions.

## **PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS**

### **Recommendations 6.1, 6.2, 6.3, 6.4 and 6.5**

Recommendations 6.1, 6.2, 6.3, 6.4, and 6.5 of the ASX Corporate Governance Principles emphasise the importance of transparent communication, shareholder engagement, and facilitating shareholder participation in decision-making processes. The Company aligns with these recommendations by maintaining an updated website that houses its policies, charters, and ASX announcements, ensuring easy access to important information for shareholders.

The Company's website serves as a central hub for shareholders to access relevant documents and stay informed about the Company's activities. By keeping the website updated with policies, charters, and ASX announcements, the Company enables shareholders to comprehensively understand its governance framework, operational guidelines, and any material updates or developments.

One notable aspect of the Company's management structure is its relatively flat hierarchy, which facilitates direct access to the Board and Management for shareholders. This approach promotes transparency and open communication between the Company and its shareholders. The Company actively encourages dialogue with shareholders, particularly at Shareholder Meetings. Shareholders are reminded to provide any questions they may have in advance of these meetings, ensuring that their concerns and queries are addressed.

The independent external auditor is invited to attend all Annual General Meetings to further enhance shareholder engagement. This inclusion allows shareholders to have direct access to the auditor and seek clarification or ask questions pertaining to the annual audit. The Company demonstrates its commitment to transparency and accountability by providing this opportunity.

In the interest of fair decision-making, the Company ensures that all resolutions put to shareholders at Shareholder Meetings are decided by a poll. This practice allows each shareholder's vote to be counted individually, regardless of the number of shares they hold. By conducting polls, the Company ensures that every shareholder has an equal opportunity to influence decision-making processes and that their votes accurately reflect their preferences.

The Company recognises the importance of providing various communication options for shareholders. Through the Company Share Registry, shareholders have the choice to receive communications via mail or email. This flexibility allows shareholders to select their preferred method of communication, ensuring they stay informed about important updates and announcements from the Company.

## **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

### **Recommendation 7.1**

In consideration of the size of the Company and the composition of the Board, the Board has elected to combine and delegate the functions of Audit and Risk oversight to the Audit and Risk Management Committee (ARC). The details of the responsibilities and functions of the ARC are set out in section 3 of the Corporate Governance Charter. Details of the composition of the ARC are set out in section 4.1 of this Corporate Governance Statement.

*The Company does not comply with Recommendation 7.1 (a)(1) as it only has two members.*

### **Recommendation 7.2**

#### **Assessment of effectiveness of risk management system**

During the reporting period, the Board conducted a comprehensive review of the effectiveness of the risk management system. During the financial year, the Company's dedicated risk management function was responsible for analysing the effectiveness of the Company's risk management, internal compliance, and control systems. This internal risk management function operates independently and reports directly to management, ensuring an objective evaluation of the Company's risk management practices.

Recognising the importance of identifying and capitalising on opportunities, the Board has established a strong risk oversight and management system. Senior Executives are tasked with providing oversight and governance of the risk management and internal control system to promote accountability. Their role is to manage the Company's material business risks effectively and report on the efficacy of risk management practices.

To ensure the ongoing soundness of the risk management framework, the Board undertakes a review at least annually and was conducted during the 2023 financial year. This review encompasses evaluating the effectiveness of existing risk management processes and procedures, identifying improvement areas, and addressing emerging risks or threats.

The Company employs a Chief Legal Officer and a Chief Risk and Security Officer. These key personnel have a direct line of accountability to the Board, enabling effective coordination and oversight of risk management initiatives.

### **Recommendation 7.3**

The Board has not established an Internal Audit function. However, with management input, the Board is confident that it possesses the necessary skills and experience to effectively assess risks and address any material threats to the Company.

The Board recognises the importance of robust risk management and internal control practices, and it is satisfied that the Directors, in collaboration with management, have the expertise to adequately fulfil these responsibilities. Through their collective knowledge and experience, the Directors can assess risks, identify potential threats, and implement appropriate mitigation measures.

Additionally, the Company has fortified its risk management capabilities by employing a Chief Legal Officer and a Chief Risk and Security Officer. These individuals hold key positions within the organisation and have direct accountability to the Board. They oversee legal matters, risk management strategies, and security-related concerns. The Company ensures a focused and proactive approach to risk management by having dedicated personnel responsible for these areas.

While the decision was made not to establish an Internal Audit function, the Board's confidence in its collective skills, along with the support of the Chief Legal Officer and Chief Risk and Security Officer, contributes to a comprehensive and effective risk management framework. The Board remains committed to periodic assessments of risks and threats, and it will continue to monitor the evolving landscape to identify any future needs for additional internal audit resources.



## **Recommendation 7.4**

### **Risk Management Policy**

The Company has an established internal compliance system, which enables risk identification, assessment, monitoring, and management. The risk management requirements are outlined in the Company's Risk Management Policy.

As part of its risk management framework, the Company ensures that all material risks affecting its operations, encompassing both financial and non-financial aspects, are thoroughly considered and reviewed by the Board on a regular basis. This proactive approach allows the Board to understand the risks the Company faces and ensures appropriate measures are in place to mitigate these risks.

While being committed to corporate social responsibility, the Company acknowledges that its size and nature of operations currently limit its exposure to economic, environmental, and social sustainability risks. The Company operates within the fintech industry.

Considering the specific nature of our business, the Company has assessed that the direct economic risks associated with traditional industries, such as resource depletion, supply chain disruptions, or market fluctuations, do not significantly impact our operations. Additionally, our business model aligns with environmentally friendly practices, as our operations primarily rely on digital platforms, which inherently minimise environmental footprints compared to traditional industries.

While the Company acknowledges the importance of economic, environmental, and social sustainability, we maintain transparency by openly disclosing our assessment of these risks and our current position. This allows investors and stakeholders to understand our business operations comprehensively, including the extent of our exposure to sustainability risks.

As the Company continues to grow and evolve, we remain committed to periodically reassessing our exposure to economic, environmental, and social sustainability risks. This ongoing evaluation will ensure that we adapt our practices and strategies in accordance with emerging sustainability trends, industry best practices, and the evolving expectations of our stakeholders.

## **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

### **Recommendation 8.1**

As detailed in Section 2.1, the Company has a formal Nomination and Remuneration Committee (NRC). The NRC reviews and advises on executive remuneration policies and practices. This includes setting appropriate salary packages, performance-related incentives, and other benefits to align with the Company's objectives, industry standards, and the interests of shareholders. Executive remuneration decisions are made based on a thorough assessment of individual performance, market conditions, and the Company's overall financial position. These deliberations consider relevant factors such as industry benchmarks, comparable remuneration practices, and the achievements and contributions of executives in driving the Company's success.

The Board recognises the importance of maintaining transparency and fairness in remuneration practices and periodically reviews and evaluates executive remuneration policies to ensure they remain aligned with the Company's strategic goals and create appropriate incentives for performance and value creation.

By ensuring that executive remuneration aligns with the Company's strategic objectives, industry standards, and shareholder interests, the NRC helps foster a performance-oriented and accountable culture.

The details of the NRC meetings held during the year are set out in the Annual Report.

*The Company does not comply with Recommendation 8.1 (a)(1) as it only has two members.*

**Recommendation 8.2**

The Company discloses its policies and practices regarding the remuneration of non-Executive Directors and the remuneration of Executive Directors and other senior Executives in its Annual Reports.

The remuneration policy of Credit Clear Limited is designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Group's financial results.

The Board of Credit Clear Limited believes the remuneration policy to be appropriate and effective in attracting and retaining high-quality KMP to run and manage the Consolidated Group and create goal congruence between directors, executives and shareholders.

**Recommendation 8.3**

The Company strictly prohibits Directors and executives from engaging in hedging arrangements, derivatives trading, or any activities that modify the economic risk associated with the Company's securities. This prohibition extends to various transactions, including but not limited to warrants, equity swaps, put and call options, and contracts for difference.

The prohibition on hedging arrangements and derivatives trading serves multiple purposes. First, it prevents potential conflicts of interest that may arise when Directors or executives have financial interests that are at odds with the Company's performance. It also promotes transparency and fairness by eliminating the possibility of individuals benefiting from short-term fluctuations in the Company's securities at the expense of other shareholders.

By strictly enforcing this prohibition, the Company demonstrates its commitment to fostering a culture of integrity, aligning its leadership team's incentives with its long-term success, and safeguarding its shareholders' interests.