

## **Credit Clear Limited**

### **Corporate Governance Statement**

#### **Introduction**

The practice of good corporate governance is vital in enhancing investor confidence in corporate accountability by demonstrating a commitment to transparency. Credit Clear Limited (**Company**) is committed to the principles of corporate governance.

The ASX Corporate Governance Council (**Council**) was first convened in August 2002, bringing together various business, shareholder and industry groups, each offering valuable insights and expertise on governance issues from the perspective of their stakeholders. Its primary work has been the development of the Corporate Governance Principles and Recommendations which were initially issued in 2003, then in 2007 (substantial re-write) again in 2010 and most recently in 2019.

The 4th Edition of Corporate Governance Principles and Recommendations ('ASX Recommendations') was issued in 2019 with an application for entities whose first full financial year started on or after 1 January 2020 ie: the year ended 30 June 2021.

The ASX Recommendations are intended to be a reference point for companies about their corporate governance structures and practices. A Company may choose not to implement certain ASX Recommendations, provided that the Company 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 web page. This summary of our corporate governance practices forms part of this communication.

The relevant ASX Recommendations reference has been included below each point of this summary.

#### **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 is available on the Company's website that formally sets out the functions and responsibilities of the Board, with the objective of the Board being able to perform its role more effectively. This creates a system of checks and balances to provide a balance of authority.

The responsibilities of the Board, as set out in the Charter, include:

- Approving the strategic objectives of the Company and establishing goals to promote their achievement;
- monitoring the operational and financial position and performance of the Company;
- ensuring the Directors inform themselves of the Company's business and financial status;
- establishing investment criteria including acquisitions and divestments, approving investments, and implementing ongoing evaluations of investments against such criteria;
- determining dividend policy and the amount, nature and timing of dividends to be paid (if any);
- approving and monitoring the progress of major capital expenditure, capital management and major acquisitions and divestitures;

- providing oversight of the Company, including its control and accountability systems;
- establishing written policies on compliance, risk oversight and management;
- assessing and determining whether to accept risks beyond the approval discretion provided to management;
- reviewing, ratifying and monitoring systems of risk management and internal compliance and control codes of conduct and legal compliance, in conjunction with the Company's Audit and Risk Management Committee, and ensuring they are operating effectively;
- appointing and removing the Managing Director (or equivalent) (**MD**), monitoring performance and approving remuneration of the MD and the remuneration policy and succession plans for the MD, where applicable and appropriate;
- ratifying the appointment of the Directors and, where appropriate or applicable, the Company's secretary (**Secretary**); ensuring that business risks facing the Company are, where possible, identified and that appropriate
  - monitoring and reporting internal controls are in place to manage such risks; approving and monitoring financial and other reporting and disclosure, including the Company's budgets;
  - ensuring the Company complies with its responsibilities under the *Corporations Act 2001* (Cth), the Company's Constitution, the ASX Listing Rules and other relevant laws;
  - considering the Company's diversity policies (as set out in the Diversity Policy) and ensuring that the Company's workforce, including its Board of Directors, is made up of individuals with diverse skills,
  - values, backgrounds and experience to the benefit of the Company.
  - considering the social, ethical and environmental impact of the Company's activities, setting standards and monitoring compliance with the Company's sustainability policies and practices;
  - exercising due care and diligence and sound business judgment in the performance of those
  - functions and responsibilities;
  - providing oversight and monitoring of Occupational Health & Safety (**OH&S**) issues in the Company and considering appropriate OH&S reports and information; and
  - ensuring appropriate resources are available to senior Executives (including senior and key officers of the Company) (**Senior Executives**).

The responsibilities delegated by the Board to the Senior Executives include:

- managing day-to-day operations in accordance with the standards for social and ethical practices which have been set by the Board; and
- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives.

### **Recommendation 1.2**

The Board regularly reviews the blend of the skills and balance of Board and Committee members and resolved in the 2021 financial year to assess the future requirements in these areas.

This recruitment process for any Director includes numerous reference checks, a bankruptcy checks and criminal record (all states and territories of Australia and the AFP) check of any candidates offered roles and to be put forward to shareholders for election as a Director. In addition, shareholders are provided with all relevant information, when resolutions concerning Director's appointment, are to be put to them.

Nominations for new Directors are made to the Board. Assessment criteria include background, experience, professional skills, personal qualities, whether their skills and experience will augment the existing Board and their availability to commit themselves to the Board's activities.

All newly appointed Directors who are appointed by the Board must stand for election by shareholders at the next annual general meeting.

In order to facilitate independent judgment in decision making, each Director has the right to seek independent professional advice at the Company's expense.

### **Recommendation 1.3**

All Directors (and senior management roles) have written agreements that set out, inter alia, the terms of their respective employment. Further, all new Directors undertake a detailed induction programme that covers inter alia, Company history and information, policies and procedures and ASX requirements. In addition, the Board considers training and professional development requirements of Directors.

### **Recommendation 1.4**

The Company has 2 appointed Company Secretaries.

#### **Ron Hollands**

Ron Hollands was appointed a Company Secretary on 10 September 2020. Ron is a Chartered Accountant and holds a Bachelor of Business from the University of Technology, Sydney, an MBA from MGSM and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. He is an experienced public Company Secretary and is well versed in all aspects of the role in an ASX listed public Company environment.

#### **Mike Von Tauschek**

Mike Von Tauschek was appointed a Company Secretary on 11 December 2019. Mike is a qualified Lawyer and holds a Bachelor of Laws from University of Melbourne, a Diploma of Legal Practice from the Victoria College of Laws and a Practising Certificate in NSW. Mike has 10 years' experience in leading boutique litigation law firms.

Both Ron Hollands and Mike Von Tauschek are accountable to the Board and its Committees via the respective Chairman on all matters to do with the proper function of the Board and its Committees.

### **Recommendation 1.5**

The Company has a Diversity and Inclusion Policy which is available on its website. To date, the Board nor a Committee, have not set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. The Company is satisfied with its gender diversity and is and has always been focussed on attracting and retaining the most appropriate people for its roles.

The Company currently does not annually provide information in its Annual Report on the proportion of women employees in the whole organisation, women in Senior Executive positions and women on the Board of the Company.

Currently, the Company does not annually submit its annual report to the Workplace Gender Equality Agency and confirm its compliance with the Workplace Gender Equality Act 2012 (Act).

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

### **Recommendations 1.6 and 1.7**

The Company has a process for periodically evaluating the performance of its Board, its Committees, Individual Directors and Senior Executives.

The performance of its Board, its Committees, Individual Directors and Senior Executives, in the 2021 financial year, has been reviewed against both quantitative and qualitative measures and Directors and Senior Executives provided feedback on the discharge of their responsibilities.

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

### **Recommendation 2.1**

The Company does not have a Nomination Committee.

*The Company does not comply with Recommendation 2.1 (a) in that it does not have a Nomination Committee.*

The Company is satisfied, given its size and operations, that it has the appropriate blend of skills and experience on its Board (and Committees) to meet its current requirements. It is also satisfied, that at a Board level, it regularly considers Board succession issues and ensures the Board has the appropriate balance of skills, knowledge, experience, independence, and diversity to enable the discharge of the Board's duties and responsibilities.

## Recommendations 2.2, 2.3 and 2.4

A Director is deemed to be independent if they are a non-Executive Director 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.

We assess the materiality thresholds referred to above on a case-by-case basis, the results of which are disclosed in the table below.

Name of Director	Independent? Y/N	Any relationship affecting independence?	Skills and experience relevant to the position	Term of office
Gerd Schenkel	Y	No	Strategy, Management	16 November 2018 - present
Christine Christian	Y	No	Strategy, Management and Governance	19 November 2020 – current.
Marcus Price	Y	No	Technology, Management	20 February 2020 - present
Mark Casey	N	Yes - Related entities are substantial shareholders	Capital Raising	22 September 2016 - present
Lewis Romano	N	Yes – Executive role	Technology, Sales and Client Relationships	16 November 2018 - present
Hugh Robertson	Y		Capital markets, ASX listed companies	22 September 2021 - present

The current Board is 67% independent and comprises 83% Non-Executive/17% Executive Directors. The Company is satisfied it has the appropriate blend of skills and experience on the Board and its Committees to oversee all matters presented. The Board regularly reviews the blend of the skills and balance of Board and Committee members and resolved in the 2021 financial year to assess the future requirements in these areas.

## Recommendation 2.5

The Chair of the Board and CEO are separate roles assumed by Gerd Schenkel and David Hentschke respectively. Gerd Schenkel is an independent, non-Executive Director.

## Recommendation 2.6

All new Directors undertake a detailed induction programme that covers inter alia, Company history and information, policies and procedures and ASX requirements. In addition, the Board considers training and professional development requirements of Directors.

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

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

The Company has a Code of Conduct, Whistleblower Policy and Anti- Bribery and Corruption Policy for its Directors, senior Executives, employees and contractors that is available on its website. In these policies, inter alia, the Company articulates and discloses its values.

Any material breach of the above policies are reported to the Board or a Committee of the Board.

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

#### **Recommendation 4.1**

An Audit and Risk Committee has been established by the Board to protect the integrity of financial reports. The importance of an Audit and Risk Committee is universally recognised in the practice of good corporate governance and plays a key role in focussing the Board on matters relevant to the integrity of financial reporting.

#### **Charter of the Audit and Risk Committee**

The charter of the Audit and Risk Committee sets out its role and responsibilities, structure and membership requirements. The Audit and Risk Committee Charter can be viewed on the Company's website.

#### **Responsibilities**

The responsibilities of the Audit and Risk Management Committee includes:

- reviewing the integrity and the effectiveness of the internal audit, if any;
- overseeing the independence of the external auditors; and
- the oversight of operational, enterprise and technology risk.

#### **Meetings**

The Audit and Risk Committee will meet as frequently as required and at least twice a year. Any member of the Audit and Risk Committee may call a meeting. A quorum at such meetings consists of at least 2 members.

#### **Expertise**

Every member of the Audit and Risk Committee can read and understand financial statements and at least 1 member is a qualified accountant or other financial professional with experience in financial and accounting matters.

*The Company does not comply with Recommendations 4.1 (a) (1) in that its Audit and Risk Committee has 2 (not 3) members.*

The Audit and Risk Committee resolved to not establish an Internal Audit function in the year ended 30 June 2021.

The Committee is satisfied that amongst its members and with management input, they have the requisite skills and experience to adequately assess risks and rectify and material threats to the Company. The Company also has appointed a Chief Risk and Security Officer.

The members of the Audit and Risk Committee and the number of Committee meetings held and attendees are disclosed in the attached Appendix.

### **External Audit**

The Audit and Risk Committee is responsible for making recommendations to the Board concerning the appointment of external auditors and the terms of their engagement. The Audit and Risk Committee annually reviews the performance of the external auditors and the Company's policy on maintaining the independence of the external auditor. The independent external auditor reports directly to the Audit and Risk Committee and Board.

### **Recommendation 4.2**

Annually, before the Board approves Financial Statements, the CEO and CFO will 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**

All non-audited or review periodic corporate reports, are independently checked, and circulated to all Directors prior to being released to the market.

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

### **Recommendations 5.1, 5.2 and 5.3**

The Company has a Continuous Disclosure Policy that is available on its website. All ASX Announcements are circulated to all Directors prior to lodgement with the ASX and afterwards confirming lodgement.

Any new and substantive investor or analyst presentations are released on the ASX Market Announcement Platform ahead of the presentation being given.

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

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

The Company has a website that it keeps up to date with its Policies, Charters and ASX Announcements.

The Company has a relatively flat management structure, one benefit of which is the ease in which shareholders can access the Board and Management. The Company encourages dialogue with shareholders, in particular at Shareholder Meetings. This includes reminding shareholders to advise of any questions that they seek answered at a Shareholder Meeting.

The independent external auditor is invited to attend all Annual General Meetings and is available to answer questions from shareholders concerning their annual audit.

Where necessary, all substantive resolutions put to Shareholders at Shareholder Meetings are decided by a Poll.

Shareholders, via the Company Share Registry, have the option to receive communications via mail or email.

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

### **Recommendation 7.1**

An Audit and Risk Committee has been established by the Board to ensure that robust risk management practices are in place and working as required. The importance of an Audit and Risk Committee is universally recognised in the practice of good corporate governance and plays a key role in focussing the Board on matters that manifest in any elevated risk posture.

### **Charter of the Audit and Risk Committee**

The charter of the Audit and Risk Committee sets out its role and responsibilities, structure and membership requirements. The Audit and Risk Committee Charter can be viewed on the Company's website.

### **Responsibilities**

The responsibilities of the Audit and Risk Management Committee includes:

- reviewing the integrity and the effectiveness of internal audits, if any;
- overseeing the independence of the external auditors; and
- the oversight of operational, enterprise and technology risk.

### **Meetings**

The Audit and Risk Committee will meet as frequently as required and at least twice a year. Any member of the Audit and Risk Committee may call a meeting. A quorum at such meetings consists of at least 2 members.

### **Expertise**

Every member of the Audit and Risk Committee can read and understand financial statements and at least 1 member is a qualified accountant or other financial professional with experience in financial and accounting matters.

The Committee is satisfied that amongst its members and with management input, they have the requisite skills and experience to adequately assess risks and rectify and material threats to the Company. The Company also has a Chief Risk and Security Officer.

The Audit and Risk Committee reports to the Board at the first Board meeting subsequent to each Audit and Risk Committee meeting. Each report contains all matters relevant to the Audit and Risk Committee's role and responsibilities.

The members of the Audit and Risk Committee and the number of Committee meetings held and attendees are disclosed in the attached Appendix.

*The Company does not comply with Recommendations 7.1 (a) (1) in that its Audit and Risk Committee has 2 (not 3) members.*



## **Recommendation 7.2**

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

The effectiveness of the risk management system is reviewed by the Audit and Risk Committee at least annually. A part of this system of assessment is the establishment of a risk management function whose purpose is to analyse the effectiveness of the Company's risk management and internal compliance and control system. The internal risk management function is independent and reports to management.

In order to create an environment for identifying and capitalising on opportunities, the Board has established a sound system of risk oversight and management. To encourage management accountability in this area, the Senior Executives are required to provide oversight and governance of the risk management and internal control system to manage the Company's material business risks and report on whether those risks are being managed effectively.

The Audit and Risk Committee makes best endeavours to review the Company's risk management framework at least annually to satisfy itself that it continues to be sound.

Whilst a review of the Company's risk management framework occurred in the year ended 30 June 2021, this was not disclosed the 2021 Annual Report. The Committee is satisfied that amongst its members and with management input, they have the requisite skills and experience to adequately periodically assess risks and rectify any material threats to the Company. The Company also has appointed a Chief Risk and Security Officer who has an accountability line to the Chair – Audit and Risk Committee.

*Accordingly, the Company did not comply with Recommendation 7.2.*

## **Recommendation 7.3**

The Audit and Risk Committee resolved to not establish an Internal Audit function in the year ended 30 June 2021.

The Committee is satisfied that amongst its members and with management input, they have the requisite skills and experience to adequately assess risks and rectify and material threats to the Company. The Company also has a Chief Risk and Security Officer.

## **Recommendation 7.4**

### **Risk Management Policy**

In order to recognise and manage risk, we have established an internal compliance system under which risk is identified, assessed, monitored and managed. This structure is designed and implemented by the Audit and Risk Committee as one of its key responsibilities is to oversee the establishment and implementation of the risk management system. The requirements of our risk management requirements are identified in the Company's Risk Management Policy.

All material risks affecting the Company, including both financial and non-financial matters, are considered and reviewed regularly by the Audit and Risk Committee.

The Company will annually 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. For the 2021 financial year, the Company does not believe that it has any material exposure to economic, environmental and social sustainability risks.

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

### **Recommendation 8.1**

The Company has a Remuneration Committee.

*The Company currently does not comply with Recommendations 8.1 (a) (3) in that its Remuneration Committee does not have a Charter.*

The members of the Remuneration Committee and the number of Committee meetings held and attendees are disclosed in the attached Appendix.

The Company is satisfied that it has adequate skills and experience in its Remuneration Committee to manage all matters in this area given the Company's size and operations.

### **Recommendation 8.2**

The Company, annually in its Remuneration Report, discloses its policies and practices regarding the remuneration of non-Executive Directors and the remuneration of Executive Directors and other senior Executives.

### **Recommendation 8.3**

The Company will disclose whether or not it has an equity-based remuneration scheme that permits participants to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Company's current position is to not allow participants in its equity-based remuneration scheme, to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Approved by the Credit Clear Limited Board on 30 September 2021.

## Appendix

### Committees established and membership

The Board has established the following Committees:

- Audit and Risk Committee
- Technology and Strategy Committee .
- Remuneration Committee

The qualifications and experience of all Committee members are disclosed in the Annual Report. The Company is satisfied it has the appropriate blend of skills and experience on its Committees to oversee all matters presented.

Member	Audit and Risk Committee (Chair – Christine Christian)	Technology and Strategy Committee (Chair – Marcus Price)	Remuneration Committee (Chair – Gerd Schenkel)
Gerd Schenkel	X		X
Christine Christian	X		
Marcus Price		X	X
Mark Casey			X
Lewis Romano		X	

### Attendance at Committee Meetings

Member	Audit and Risk Committee (2 meetings held in FY21)	Technology and Strategy Committee (17 meetings held in FY21)	Remuneration Committee (1 meeting held in FY21)
Christine Christian	2	N/A	1
Gerd Schenkel	1	N/A	N/A
Marcus Price	N/A	17	1
Mark Casey	N/A	N/A	-
Lewis Romano	N/A	15	N/A

Note:

1. Board and Committee Meetings held during the period and meetings attending by Directors and Committee Members are disclosed in the 2021 Annual Report.