

## CORPORATE GOVERNANCE STATEMENT

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Clime Capital Limited ("Company" or "Clime Capital") has adopted a program to review and improve its charters, policies and procedures periodically to ensure its corporate governance framework remains current and compliant with best corporate practice. The Board are committed to achieving and demonstrating the highest standards of corporate governance. This Corporate Governance Statement has been prepared on the basis of the recommendations in the 4th edition of Australian Securities Exchange's ("ASX") Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations') where applicable. However, the Board also recognises that full adoption of the above ASX Principles and Recommendations may not be practical nor provide the optimal result given the particular circumstances and structure of the Company.

The Company's Charters and Policies for the Board and its Board sub-committees referred to in this Corporate Governance Statement are available in the Corporate Governance section of the Company's website at <https://clime.com.au/corporate-governance/>

A description of the Company's main corporate governance practices is set out below. This Corporate Governance Statement is current as at 21 August 2025 and has been approved by the Board.

### Principle 1: Lay solid foundations for management and oversight

#### 1.1 Roles and Responsibilities

##### The Board of Directors

The Board operates in accordance with the broad principles set out in its Charter which is available from the corporate governance section of the Company website <https://clime.com.au/corporate-governance/>

Subject at all times to any written guidelines issued by the Board of Directors of Clime Capital Limited, the day- to-day management and investment of funds is primarily carried out by Clime Asset Management Pty Limited (the Investment Manager) in accordance with a management agreement between the Company, Clime Investment Management Limited and the Investment Manager. The Board aims to ensure that all Directors and the Investment Manager act with the utmost integrity, transparency and independence to enhance the reputation of the Company. The Board must act in a manner designed to create trust and build sustainable value for shareholders.

##### Responsibilities

The role of the Board is to set strategic direction and be responsible for the overall corporate governance framework of the Company, which includes:

- to oversee and monitor the performance of the Investment Manager's compliance with the management agreement and to ensure that the Investment Manager is monitoring the performance of other external service providers;
- ensure adequate internal controls exist and are appropriately monitored for compliance;
- ensure significant business risks are identified and appropriately managed;
- approve the interim and final financial statements and related reports and other communications to the ASX and shareholders;
- ensure compliance with corporate governance principles and practices by the Company and its Officers;
- ensure adequate internal controls exist and are appropriately monitored for compliance with the Company's regulatory environment, which includes the Corporations Act 2001, the ASX Listing Rules, taxation legislation, the Competition and Consumer Act and Australian Financial Services Licence (AFSL) requirements;
- establish and ensure compliance with business and ethical standards and the Company's code of conduct; and
- regularly review investment strategies, investment decisions and executive authority limits.

**Term of office**

All Directors must retire from office no later than the third Annual General Meeting (AGM) following their last election. Any Directors appointed by the Board since the date of the last AGM must retire at the Company's next AGM. A retiring Director declares their availability for re-election at the Company's next AGM.

**1.2 Director Selection**

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective; and
- the size of the Board is conducive to effective discussion and efficient decision-making.

In determining candidates to join as a Director, the Board evaluates the mix of skills, experience, expertise, gender and diversity of the existing Board. In particular, the Board will seek to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent and non-independent directors.

When appointing a Director, the Company conducts appropriate pre-appointment checks and shareholders have the opportunity of reviewing relevant information prior to voting on the appointment at the AGM, usually held in November of each year.

Details of the members of the Board, their experience, expertise, qualifications and term of office are set out in the Directors' Report included in the Company's Annual Report.

**1.3 Terms of Appointment**

New Directors receive letters of appointment stating the effective commencement date of their Directorships with the Company together with their remuneration details and roles and responsibilities. Directors are also provided with induction material and given the opportunity to consult with the Chairman and other Directors to deepen their overall understanding of the Company and its operations.

The Company has written agreements with Directors setting out the key terms and responsibilities of their appointment.

**1.4 Company Secretary**

The Company Secretary is directly accountable to the Chairman on all matters to do with the proper functioning of the Board. All Directors have the ability to communicate with the Company Secretary and vice versa, and the decision to appoint or remove the Company Secretary is made by the Board.

**1.5 Diversity**

The Company's operations are primarily conducted through Clime Asset Management Pty Limited (Investment Manager) and Apex Fund Services Pty Ltd (Administrator). The Company does not have any full-time employees and hence the Board considers setting measurable diversity objectives as per Recommendation 1.5 is of less relevance to the Company.

## **1.6 Board Performance Assessment**

The Board undertakes an annual self-assessment of its collective performance, the performance of the Chairman and of its Committees. This review is coordinated by the Chairman and is assessed against both measurable and qualitative indicators. The Board uses surveys for the purpose of its internal Board and committee performance reviews. Those reviews are to ensure that individual Directors and the Board work effectively in meeting their responsibilities as described in the Board and Committee Charters. The performance of all directors is reviewed periodically by the Chairman. Directors whose performance is unsatisfactory are asked to retire. The Board performed the annual self-assessment during the reporting period.

## **1.7 Executive Performance Assessment**

The Company does not have any full-time employees and hence there is no executive performance assessment undertaken by the Company.

The Company's executive and management operations are primarily conducted through Clime Asset Management Pty Limited (Investment Manager) and Apex Fund Services Pty Ltd (Administrator).

These entities, together with the Company Secretary, incorporate the specialist wholesale investment and administration personnel who undertake the Company's executive operations. The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.

The Company's executive management arrangements have been structured to provide investors with an extremely cost-efficient investment vehicle and access to a significant depth of professional resources.

## **Principle 2: Structure the Board to add value**

### **2.1 Remuneration and Nomination Committee**

Clime Capital has a Remuneration and Nomination Committee. Two of the four committee members are independent directors, and the Chair of the committee is an independent Chair, in line with ASX recommendations. The committee formally reports to the Board after each meeting. Details of the number of meetings of the Remuneration and Nomination Committee during the year are set out in the Director's Report of the Annual Report.

#### **Nomination of Directors**

The Remuneration and Nomination Committee oversees the selection and appointment process for directors. The Committee annually reviews the composition of the Board and makes recommendations on the appropriate skill mix, personal qualities, expertise and diversity required. Where a vacancy exists, the committee develops selection criteria and generates a list of potential candidates for review, determination of an order of preference and ultimate selection by the Board or shareholders.

The Board is committed to undertaking appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director. Shareholders are provided with all material information relevant to a decision on whether to elect or re-elect a director at the AGM.

## 2.2 Skills Matrix of the Board

The composition of the Board is determined in accordance with the following principles:

- the Board shall comprise not fewer than three members;
- the Board shall comprise a mix of Independent and Non-executive Directors;
- a Director need not be a shareholder;
- the Board shall comprise of Directors with an appropriate range of qualifications and experience; and
- the Chairman is elected by the full Board and is required to meet regularly with the Investment Manager.

During the financial year the names of each director, their respective role, appointment date and classification were:

Name	Appointed	Classification
J Abernethy	31 July 2009	Non-Executive
R Chalmers	17 December 2019	Non-Executive
M Schwartz	21 October 2020	Independent
D D'Ambra	25 November 2022	Independent

The Board is of the opinion that the current Directors add value to the Company by virtue of their financial and considerable industry experience. The Board is structured to provide a broad mix of skills and experience in the managed funds / financial services industry sector representing its main undertaking.

A Board skills review was undertaken during the 2025 reporting period and the following table sets out the mix of skills the Board currently has while providing guidance for expanding the skills base of Directors for the future needs of the Company.

Director background & experience	Director's Name
Industry	J Abernethy, R Chalmers, M Schwartz, D D'Ambra
Capital Markets	J Abernethy, R Chalmers, M Schwartz, D D'Ambra
Risk Management	M Schwartz, D D'Ambra
Board Governance and Compliance	J Abernethy, R Chalmers, M Schwartz, D D'Ambra
Strategy	J Abernethy, R Chalmers, M Schwartz, D D'Ambra

## 2.3 Directors' Independence

The Board assesses the independence of each Non-Executive Director based on the interests and associations disclosed by the Directors and in-line with the ASX Principles and Recommendations.

The Board has adopted specific principles in relation to Directors' independence. These state that to be deemed independent, a director must be non-executive and must:

- not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years, not have been employed in an executive capacity by the Company or any other Company member, or been a director after ceasing to hold any such employment;
- within the last three years have not been a principal of a material professional adviser or a material consultant to the Company or any other Company member, or an employee materially associated with the service provided;
- not be a material supplier or customer of the Company or any other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- have no material contractual relationship with the Company or a controlled entity other than as a Director of the Company;
- not have been on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Director's performance.

## **2.4 Majority should be Independent Directors**

On 30 June 2025 and as at the date of the statement, the Company had two independent Directors from a Board of four Directors.

The Board comprises directors with significant experience as directors of public companies, experience in the management and growth of businesses and the Australian and International securities industry. The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report and their term in office are detailed in the Directors' Report of the recent Annual Report. All Directors bring a diverse skill base and are suitably qualified to represent the Company and its shareholders at the present time. The Board considers that these skills and experiences are appropriate for the Company.

The current Directors who meet the principles of independence are listed below:

Name	Role	Appointed	Classification
M Schwartz	Non-executive Director	21 October 2020	Independent
D D'Ambra	Non-executive Director	25 November 2022	Independent

## **2.5 Chair should be Independent and not CEO**

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's executive and management operations which are primarily conducted through Clime Asset Management Pty Limited (Investment Manager) and Mainstream Fund Services Pty Ltd (Administrator).

The Chairman of the Board, Mr. John Abernethy, is not an Independent Director. The Company believes that an independent chairman under recommendation 2.5 does not necessarily improve the function of the Board. The Company believes that as the chairman is a significant driver behind the business, and is a sizable shareholder, it adds value to the Company and to shareholders.

During the 2025 reporting period, the Board Chair was not the CEO of the Company and therefore, the Company complied with this ASX recommendation. The Company acknowledges that a separation of roles between the Chairperson and CEO is best practice to minimise any lack of transparency and promote constructive debate at Board level.

## **2.6 Induction for New Directors**

New Directors are familiarised with the Company by undertaking an induction program, which is arranged by the Company Secretary. The Company supports additional professional education to assist Directors in their role.

**Board Committees**

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the Remuneration and Nomination Committee, and Audit and Risk Committee. It is the Company's policy that the voting membership of each Committee is comprised entirely of Non-Executive Directors. The Charters for all committees were reviewed during the reporting period.

The Audit and Risk Committee supports the work of the Board in maintaining compliance with the Company's Australian Financial Services Licenses and ASX obligations, the risk management framework, and other compliance and risk obligations.

Each Committee's structure and membership are reviewed on at least an annual basis.

**Principle 3: Promote ethical and responsible decision making****3.1 Company Values**

The Company's core values and commitments are:

**a) Honesty and Integrity**

The Directors and executives will act honestly, in good faith and in the best interests of the Company as a whole and will not engage in conduct likely to bring discredit upon the Company.

**b) Fair Dealing**

The Directors and executives will deal fairly with the Company's external service providers, colleagues, suppliers, competitors and shareholders and will maintain a high standard of responsibility and awareness as corporate citizens.

**c) Diligence**

The Directors and executives will use due care and diligence in fulfilling the functions of office and in exercising the powers attached to that office.

**d) Independence**

The Directors and executives will be independent in their judgement and actions and take all responsible steps to be satisfied as to the soundness of all decisions taken by the Board of Directors and by the executives.

**e) Avoid Conflicts of Interest**

The Directors and executives acknowledge that there may be times when their personal or other interests' conflict with those of the Company. In these circumstances, the Directors and executives will take action to remove or manage the conflict, so as to avoid detriment to the Company or any perception of conflict of interest.

**f) Safety**

The Company is committed to providing and maintaining a safe and non-discriminatory working environment to safeguard the health and safety of associated persons, consultants, contractors, customers, suppliers and other persons who visit our workplace, or who we work with, as required by law.

**g) Environment, Social and Corporate Governance Standards**

The Company acts in a manner that aims to preserve and protect the Company's reputation consistent with reasonable expectations of our investors and the broader community in which we operate, acting ethically and responsibly and complying with all laws and regulations that apply to the entity and its operations, acting responsibly towards the environment and complying with legislation as part of the Company's operations.

### **3.2 Code of Conduct**

The Company has developed a statement of values and a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Directors and to the employees of the Investment Manager and Administrator. The Code is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism, and the practices necessary to maintain confidence in the Company's integrity.

In summary, the Code requires that at all times all Directors and the employees of the Investment Manager and Administrator act with the utmost integrity, and in compliance with the letter and spirit of both the law and Company policies. A copy of the Code is available on the Company's website.

### **3.3 Whistleblowing**

The Company presently does not have any full-time employees and hence Recommendation 3.3 is of less relevance to the Company. The Investment Manager has implemented a Whistleblower Policy that applies to all Directors and employees of the Investment Manager and Administrator. The Whistleblower Policy sets out the expectations of the employees of the Investment Manager and Administrator in the areas of unlawful, unethical or irresponsible behaviour and how this can be reported within the organisation. The Audit and Risk Committee and Board are informed of any incidents of this nature. The Whistleblower Policy is reviewed and updated by the Board as and when necessary.

### **3.4 Anti-Bribery and Corruption Policy**

The Board and Company have in place guidance regarding Conflicts of Interest and engagement with regulatory bodies.

The Company has procedures in place regarding financial transactions, including separation of duties regarding contract review, checking payments, and payment approval.

The Investment Manager has adopted an Anti-Bribery and Corruption policy measures, in line with Recommendation 3.4.

### **3.5 Trading in Company Shares and non-Company Shares**

The Board of the Company has established a set of guidelines governing the trading in the Company's securities by Directors and the employees of the Investment Manager and Administrator. These guidelines are designed to supplement (not replace) the legislative and reporting requirements already established for Directors under the Corporations Act 2001 and the ASX Listing Rules.

The guidelines grant authority to the Board to determine periods during which Directors and employees of the Investment Manager and Administrator will be prohibited from trading of any ASX listed securities:

- at any time, the Board believes that Directors or employees of the Investment Manager and Administrator are aware of any undisclosed price-sensitive information or in possession of price sensitive information;
- during specified 'black-out' periods approaching the release of annual and half-year financial results, and any other Board-imposed black-out periods that may apply from time to time.

Directors are required to notify the Chairman of their intention to trade in the Company's securities prior to doing so. The approval for trading in Company securities is detailed on the Securities Trading Policy. Directors are required to notify the ASX via the Company Secretary within five business days of any dealing in the Company's shares.

All Directors and employees of the Investment Manager and Administrator are expressly prohibited from trading in Company securities at any time where that trading amounts to 'short-selling'.

Directors are not required to hold a minimum number of shares in order to hold their positions. The directors are satisfied that the Company has complied with its policies on trading in the Company's securities.



## Principle 4: Safeguard integrity in financial reporting

### 4.1 Audit and Risk Committee

The Audit and Risk Committee Charter states that the committee must comprise at least two members, who are to be Non-Executive Directors, and independent of management of the Company. The Chairman of the Committee is appointed by the Board. Members will be selected on the basis of their appropriate skills and at least one member will be financially literate. A quorum for any meeting will be two members of which one must be an independent Non-Executive Director. The Company Secretary will attend Audit and Risk Committee meetings and keep minutes.

The Audit and Risk Committee is chaired by Ms. Diana D'Ambra AM, an independent Non-Executive Director, in line with ASX recommendations for an independent chair. Details of Directors' qualifications and attendance at Audit and Risk Committee meetings are set out in the Directors Report within the Annual Report. The Audit and Risk Committee meet at least twice per annum. Additional meetings may be convened by the Chairman or the external auditors as they see fit. The external auditors are asked to make presentations to the Audit and Risk Committee at least twice a year. Minutes are maintained for all meetings.

The charter for the Audit and Risk Committee is summarised as follows:

- *External Reporting Communications* - Review of material required to be provided publicly (i.e. Annual Reports, Half-Yearly Reports, ASX Appendices 4D and 4E, Tax Transparency Report etc, as appropriate) and recommend same to the full Board of CAM.
- *Management representation* - Review Investment Manager representations, including the CEO and CFO declarations regarding the financial report and financial records. Ensure the CEO (or equivalent) and the CFO (or equivalent) are reasonably able to state that their declarations under S295A of the Corporations Act 2001, relating to financial statements and reports of the company, are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to the financial reporting risks.
- *Corporate Governance Issues* – Review the Company's corporate governance policies and practices to ensure that these are consistent with best practice, taking into account the size and structure of the Company and the nature of the Company's activities.
- *Risk Management and Internal Control Issues* – To consider the Company's risk management policies, practices and internal controls as they relate to the Company's material business risks, including investment risk, compliance risk (including Taxation risk management), governance risk, reputation risk, strategic risk, political risk and operational risks (including cyber risk).
- *External Auditors* – To oversee the relationship with the Company's External Auditors and the quality and effectiveness of the audit conducted.
- *Accounting Principles and Practices* – To review the Company's accounting principles and practices and in particular any proposed changes to those principles and practices and to consider any special treatment of unusual transactions.
- *Internal Controls over Financial Reporting* – To review the Company's system of risk management and internal control over financial reporting activities, including the effectiveness of the system and/or any weaknesses or breaches.
- *Compliance* – To review the Company's policies and practices in meeting its legal and regulatory compliance obligations, including continuous disclosure requirements to the ASX, reporting to the Australian Securities and Investments Commission and the Australian Tax Office.
- *Related Party Transactions / Conflicts of Interest* - the Committee must:
  - monitor and review management's procedures and policies for identifying and (where appropriate) managing all related party transactions or potential or actual conflicts of interest that arise in relation to the business of any related entity and or their directors and overseeing the implementation of such policies and procedures;
  - evaluate all related party transactions which the Committee becomes aware of or which management reports to the Committee;
  - evaluate all potential or actual conflicts of interest which the Committee becomes aware of or which management reports to the Committee including assessing whether a particular conflict of interest situation is manageable or whether it must be avoided; and
  - make recommendations to the Board in connection with managing related party transactions and any conflict-of-interest situation.



The Audit and Risk Committee also requires Clime Asset Management Pty Limited (Investment Manager) and Apex Fund Services Pty Ltd (Administrator) to report annually on the operation of internal controls.

The external audit firm partner responsible for the Company's audit attends Audit and Risk Committee meetings by invitation. The Audit and Risk Committee formally reports to the Board after each of its meetings.

## **4.2 Financial reporting**

In accordance with the ASX Corporate Governance Principles and Recommendations, the Investment Manager, Clime Asset Management Pty Ltd, is required to state to the Board in writing that:

- Company's financial reports present a true and fair view, in all material respects, of the Company's financial position and operational results and are in accordance with relevant Accounting Standards;
- The statement above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

## **4.3 External Auditor**

The Company and Audit and Risk Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually. Pitcher Partners Sydney was appointed as the external auditor in November 2015. It is the auditors' policy to rotate audit engagement partners on listed companies in accordance with the *Corporations Act 2001*.

An analysis of fees paid to the external auditor, including a break-down of fees for non-audit services, is provided in the notes to the financial statements. It is the policy of the external auditor to provide an annual declaration of their independence to the Audit and Risk Committee. A copy of this declaration is included in the Company's 2025 Annual Report. The external auditor is requested to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The Company may release, from time to time, information to the market, such as quarterly updates and investor presentations, that are neither audited nor reviewed by our external auditor. Notwithstanding this, the information released to the market is derived from the same process as that developed for the collection of information and data that accompanies the Company's half-year financial report and Annual Report.

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

## **5.1 Continuous Disclosure and Shareholder Communication**

The Company has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. A summary of these policies and procedures is available on the Company's website.

Relevant information is communicated to the Company's shareholders through the following measures:

- Annual Report - this is mailed to those shareholders who have elected to receive a hard copy. Alternatively, for those shareholders who so choose, a link to a copy of the Annual Report on the Company's website will be emailed in lieu of a hard copy;
- Net asset backing per share is released to the ASX on a fortnightly basis (mid and end of month estimate);
- Monthly Net asset backing per share is released to the ASX by the 14th day following each month-end;

Any information of a material nature affecting the Company is disclosed to the market through release to the ASX as soon as the Company becomes aware of such information, in accordance with the ASX Continuous Disclosure requirement.

## **5.2 Market Announcements**

All communications to the ASX are reviewed by the Chairman and Company Secretary and are authorised prior to the release by the Board. The Board automatically receives a copy of market announcements immediately after they have been released on the ASX Market Announcements Platform.

## **5.3 Investor Presentations**

Where investors are briefed on aspects of the Company's operations, the material used in such presentation is released on the ASX Market Announcements Platform in advance of the presentation.

# **Principle 6: Respect the Rights of Shareholders**

## **6.1 Information to Investors via Website**

The Company is committed to providing shareholders with appropriate information and facilities to allow them to exercise their rights as shareholders.

The Company provides information about its operations and its corporate governance on its website.

## **6.2 Investor Relations**

The Company maintains a shareholder information centre on its website which displays:

- copies of Half Year and Annual reports;
- copies of notices of meetings; and
- other relevant material of interest to investors.

The Company Secretary is nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Relevant information is communicated to the Company's shareholders through the following measures:

- Annual Report - this is mailed to those shareholders who have elected to receive a hard copy. Alternatively, for those shareholders who so choose, a link to a copy of the Annual Report on the Company's website will be emailed in lieu of a hard copy;
- Net asset backing per share is released to the ASX on a fortnightly basis (mid and end of month estimate);
- Monthly Net asset backing per share is released to the ASX by the 14th day following each month-end;
- Any other information of a material nature affecting the Company is disclosed to the market through release to the ASX as soon as the Company becomes aware of such information, in accordance with the Continuous Disclosure Requirement.

## **6.3 Participation at Meetings**

Shareholders are encouraged to participate in meetings which are announced to the ASX, included on the Company's website and by mailouts to all shareholders prior to meeting of shareholders.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of Company's strategy and goals.

## **6.4 Substantive resolutions by Poll, not show of hands**

The Company shareholders are given the opportunity to vote on all substantive resolutions by Poll at the Company's AGM or at a General Meeting. Notices of meeting are sent out in advance of the meeting with proxy voting forms attached.

## **6.5 Communicating Electronically**

The Investor Relations page on the Company's website provides contact details for shareholders to communicate with either the Company's Share Registry or the Company directly.

The Company's registry, Boardroom Pty Limited, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at [www.clientonline.com.au](http://www.clientonline.com.au).

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

### **7.1 Risk Assessment and Management**

The Board, through the Audit and Risk Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

### **7.2 Risk Management Framework**

The Directors recognise that risk management is an essential element of the Company's business planning and investment process.

Risks are identified and assessed by the Company's Board as well as by the Company's auditors. Controls (which may include policies, procedures, reviews, audits and/or obtaining appropriate insurance) are implemented to deal with risks based on an assessment of:

- The nature and extent of the risk facing the Company;
- The extent and categories of risks which the Board considers acceptable to bear;
- The likelihood of the risk materialising;
- The Company's ability to minimize the risk of incident and its resultant impact on the business should a particular risk materialise; and
- The costs of operating particular controls relative to the benefit obtained by managing the relevant risk.

The Investment Manager, Clime Asset Management Pty Limited, will report any instances of control or policy failure or breach to enable the Board to consider whether relevant controls require reassessment, strengthening or improvement and whether the level of monitoring by the Audit and Risk Committee and the Board is adequate.

### **7.3 Internal Audit**

The Company does not have an internal audit function. The Board and the Audit and Risk Committee are sufficiently knowledgeable of the Company's operations to evaluate the effectiveness of risk management and internal control processes of the Company.

### **7.4 Risk Exposure**

During the reporting period the Company was engaged solely in the managed funds / financial services industry, providing a comprehensive range of financial managed services. The Company does not have any notable social sustainability risks or environmental risks.

A summary of financial risks including credit, liquidity, market, interest rate, other price and foreign exchange rate risks are included in the most recent annual financial statements.

**Principle 8: Remunerate fairly and responsibly****8.1 Remuneration and Nomination Committee**

The Remuneration and Nomination Committee makes specific recommendations on remuneration packages and other terms of employment for directors and senior management. Two of the four committee members are independent directors, enabling the Board to appoint an independent Chair for meetings as required, in line with ASX recommendations. Membership of the Committee is reviewed annually. Details of these Directors' attendance at Remuneration and Nomination Committee meetings are set out in the Directors' Report of the Annual Report.

**8.2 Remuneration Policy**

The Remuneration and Nomination Committee reviews and makes recommendations to the Board on remuneration of the directors themselves. The Remuneration and Nomination Committee meets periodically to review the terms of remuneration packages for executive and non-executive directors.

The maximum total remuneration to directors of the Company has been set at \$200,000 per annum to be divided in such proportions as they agree. The scope for the Company's operations, and the frequency of board meetings are principal determinants of the level of fees. Further information on Directors' remuneration is set out in the Directors' Report and in the notes to the financial statements of the Annual Report.

As management of the Company's investments resides with the Investment Manager, Clime Asset Management Pty Limited, the Company has no employees. The Company presently does not have any full-time employees and hence the Board considers Recommendation 8.2 is of less relevance to the Company.

The Company has a policy that Non-Executive Directors:

- are not entitled to retirement benefits in addition to the statutory minimum; and
- may not participate in the Company's bonus scheme or Employee Incentive Scheme

**8.3 Remuneration Policy**

The Company does not have an equity-based remuneration scheme.