

## **2019 Corporate Governance Statement and ASX Appendix 4G Key to Disclosures of Corporate Governance Principles and Recommendations**

CommsChoice Group Limited (ASX: CCG) is pleased to attach the Company's 2019 Corporate Governance Statement and ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations).

The Company has adopted the Corporate Governance Principles and Recommendations (3rd Edition, March 2014) issued by the ASX Corporate Governance Council in respect of the financial year ended 30 June 2019.

The Company's 2019 Corporate Governance Statement, ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations) and other ancillary corporate governance related documents has been released to the ASX and can be found on the ASX website and is accurate as at 30 September 2019.

For further information, please contact:

Andrew Metcalfe  
Company Secretary  
CommsChoice Group Limited  
ACN. 619 196 539  
ASX Code: CCG

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## **CORPORATE GOVERNANCE STATEMENT**

The Board of Directors (“Board”) is committed to maintaining high standards of corporate governance for CommsChoice Group Limited (“Company” or “CommsChoice Group”).

The Board supports the Corporate Governance Principles and Recommendations (3rd Edition, released in March 2014) (ASX Recommendations) developed by the ASX Corporate Governance Council (Council). The Company has adopted the 3rd Edition of the ASX Recommendations in respect of the financial year ended 30 June 2019 (Reporting Period).

The Company’s practices are largely consistent with the ASX Recommendations. The Board considers that the implementation of a small number of ASX Recommendations is not appropriate, for the reasons set out below in relation to the items concerned. The Board uses its best endeavours to ensure that exceptions to the ASX Recommendations do not have a negative impact on the Company and the best interests of shareholders.

As required by the ASX Listing Rules, this Corporate Governance Statement (CGS) discloses the extent to which the Company has followed the ASX Recommendations during the Reporting Period, as summarised below:

ASX Corporate Governance Principles and Recommendations	CGS Reference
Principle 1 – Lay solid foundations for management and oversight	1.1 - 1.7
Principle 2 – Structure the Board to add value	2.1 - 2.14
Principle 3 – Act ethically and responsibly	3.1
Principle 4 – Safeguard integrity in corporate reporting	4.1 - 4.3
Principle 5 – Make timely and balanced disclosure	5.1
Principle 6 – Respect the rights of security holders	6.1 - 6.2
Principle 7 – Recognise and manage risk	7.1 - 7.3
Principle 8 – Remunerate fairly and responsibly	8.1 - 8.3

The Company has also prepared an ASX Appendix 4G – Key to Disclosures of Corporate Governance Principles and Recommendations (reporting the Company’s compliance with each of the ASX Recommendations) – which has been lodged with the CGS on ASX and may be viewed and downloaded from the Company’s website (details below).

A copy of the ASX Recommendations can be found on the ASX website at the following URL: <http://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf>. The Company’s latest Annual Report (and other ASX market announcements and media releases) may be viewed and downloaded from the ASX website or the Company’s website at: <https://www.commschoice.com.au/investor/>

The names of the Independent and Non-Executive Directors currently in office and their qualifications and experience are stated in the Company’s latest Annual Report.

## **Principle 1 - Lay Solid foundations for management and oversight**

### **1.1. Board of Directors - Role and Responsibilities**

The Company has established the functions that are reserved to the Board. The Board acts on behalf of the shareholders and is therefore accountable to the shareholders. It also has other obligations of a regulatory or ethical nature. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to appropriately manage those risks.

The Board's role is to govern the Company. Without limiting the generality of that stated role, the key matters reserved specifically for the Board include:

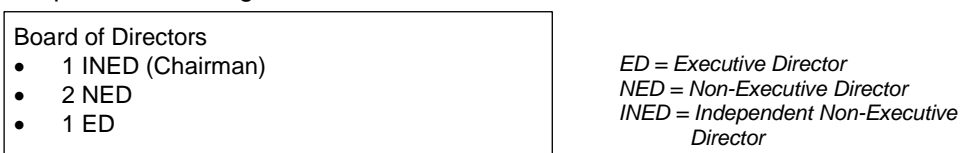
- appointment of the Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring budget and adequacy and integrity of financial and other reporting;
- approving the annual and half yearly accounts;
- approving significant changes to the organizational structure;
- approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- recommending to shareholders the appointment of the external auditor as an when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- meeting with the external auditor, at their request, without management being present.

The functions reserved to the Board and a copy of the Board Charter are in the Corporate Governance section of the Company's website at <https://www.commschoice.com.au/investor/>.

The Board has established an Audit, Compliance and Risk Management Committee and a Remuneration and Nomination Committee. The duties and responsibilities of each Committee are carried out in accordance with the Audit, Compliance and Risk Management Committee and Remuneration and Nomination Committee Charters that have been adopted by the Board.

The Board Committee charters are in the Corporate Governance section of the Company's website at <https://www.commschoice.com.au/investor/>

The diagram below depicts the Board governance framework as at the date of this statement:



## 1.2. Senior Management - Role and Responsibilities

The responsibility for the day to day operation and administration of the Company, in accordance with the direction of the Board, is delegated by the Board to the Chief Executive Officer (Executive Director) and the executive team. The Board ensures that this team is appropriately qualified and experienced to carry out their responsibilities and has in place procedures to assess the performance of the Executive Director and the executive team. In delegating this power, the Board must also be satisfied that the Executive Director and senior executives will exercise their powers reliably and competently, and in accordance with the requirements of the Board.

The matters and functions delegated by the Board to the Executive Director and other senior executives include:

- Developing business plans, budgets and strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies.
- Operating the Company's businesses and operations within the parameters set by the Board from time to time and keeping the Board informed of all material developments relating to the businesses and operations.
- Where proposed transactions, commitment or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval.
- Identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses and operations, formulating strategies for managing these risks for consideration by the Board.
- Managing the Company's current financial and other reporting mechanisms to ensure that these mechanisms are functioning effectively to capture all relevant material information on a timely basis.
- Implementing the Company's internal controls; establishing procedures for monitoring these controls; and ensuring that these controls and procedures are appropriate and effective.
- Taking all reasonable steps to ensure that the Board is provided with accurate and sufficient information regarding the Company's operations on a timely basis and, in particular, that the Board is made aware of all relevant matters relating to the Company's performance (including future performance), financial condition, operating results and prospects and potential material risks so that the Board is in an appropriate position to fulfil its corporate governance responsibilities; and
- Implementing all policies, procedures and codes approved by the Board.

The Board may revoke a delegation by resolution at a duly constituted meeting of the Board.

Authority to process payments using the Company's online banking or cheque payment facility is limited to the Chief Executive Officer, Chief Financial Officer, General Manager of Operations and Group Financial Controller. All payments must be properly authorised supported by the appropriate supporting documents and authorised jointly by a minimum of 2 persons.

## 1.3. Board Nominations

The Board has set in place the following factors in reviewing a potential candidate for Board appointment, including without limitation:

- the skills, experience, expertise and personal qualities that will best complement Board effectiveness;

- the existing composition of the Board, and the objective of achieving a Board with Directors from a diverse background;
- the capability of the candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other Board or executive appointments); and
- potential conflicts of interest, and independence.

The Nomination and Remuneration Committee provides detailed background information in relation to a potential candidate to the Board and appropriate checks will be undertaken prior to appointment or before putting forward to the shareholders for election. The identification of the potential director may be assisted using an external search organisation as appropriate. An offer of a Board appointment must be made by the Chair only after having consulted with all directors.

The Company will provide shareholders with any material information in the Company's possession which is relevant to a decision on whether to elect or re-elect a director.

#### 1.4. Terms of Appointment – Directors and Senior Management Team

All directors of the Company are required to sign a letter of appointment outlining the material terms of their appointment and the key roles based on their experience and skills. The level of remuneration for Non-Executive Directors primarily reflects the size of the operations of the Company, in addition to the experience, time commitment, level of responsibilities and complexity shouldered. The remuneration of the directors of the Company is outlined in the Remuneration Report in the Company's latest Annual Report.

The Company's constitution requires that no director (who is not the Managing Director) may hold office without re-election beyond the third annual general meeting following the meeting at which the director was last elected or re-elected.

In relation to the current composition of the Board, the following is information of the initial appointment and re-election dates of Non-Executive Directors in office as at the date of this statement: -

Director's Name	Position held	First Appointed	Re-Election Date
John Mackay	Independent Non-Executive Director	11 October 2017	November 2020
Ben Jennings	Non-Executive Director	11 October 2017	November 2021
Grant Ellison	Non-Executive Director	11 October 2017	November 2019

Peter McGrath, who was appointed to the Board on 11 October 2017 as an Independent Non-Executive Director, was appointed to the role of Chief Executive Officer (Executive Director) on 18 April 2019 and pursuant to the Company's Constitution is not put forward for re-election.

### 1.5. The Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role. The Company Secretary is responsible to the Board for ensuring compliance with Board procedures and governance matters and is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All Directors have unfettered access to the Company Secretary. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company Secretary is Andrew Metcalfe, appointed in October 2017, whose qualifications and experience are stated in the Company's latest Annual Report.

### 1.6. Diversity

CommsChoice Group is committed to promoting equality and diversity in the workplace and aims to be an organisation where diversity is valued, respected and celebrated. All decisions relating to employees will be based strictly on merit, without regard to gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

The Company has established a Diversity Policy. However due to the small size of the organisation and its current stage of operations, the introduction of specific measurable objectives at this stage has not been implemented.

The Board of the Company strongly endorses the concept of gender diversity and the Company will, in accordance with its Diversity Policy, continue to recruit the best person for each role, regardless of gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

The table below shows the proportion of women in the whole organisation, women in senior executive positions and women on the Board. The Company defines "senior executive" as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year. To provide an accurate reflection of the proportion of women across the whole organisation, the Company has opted to include contractors in the below percentages, which show the proportion of women in the organisation as at the date of this Statement:

Board: 0%

Senior Executive/Management: 25%

Employees/Contractors: 33%

### 1.7. Performance Review and Evaluation

The Board has adopted a policy for evaluating the performance of the Board and Directors, a copy of which is available on its website. The Board did not conduct a formal evaluation of the Board Reporting Period during the Reporting Period, however informal evaluations were carried by the Board and a formal evaluation of the Board will be undertaken in the next Reporting Period

The Board is responsible for and undertook an evaluation of the Chief Executive Officer, coordinated by the Chairman.

The Company's Performance Evaluation Policy is in the Corporate Governance section of the Company's website at <https://www.commschoice.com.au/investor/>.

**Principle 2 - Structure the board to add value**

**2.1. Board of Directors – Composition, Structure and Process**

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination, selection, induction and ongoing professional development of Directors. These guidelines include a requirement to undertake appropriate background checks prior to the appointment of a person as a director, including but not limited to undertaking police and solvency checks, a formal induction program to enable new Directors to build their knowledge and make an effective contribution in a timely manner, and the provision of appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.

During the Reporting Period, and as at the date of this Corporate Governance Statement, the Directors in office and the term of their appointment are as follows:

Director's Name	Position	First Appointed	Resigned
John Mackay	Independent Non-Executive Chairman	11 October 2017	n/a
Peter McGrath	Executive Director	11 October 2017	n/a
Ben Jennings	Non-Executive Director	11 October 2017	n/a
Cameron Petricevic	Non-Executive Director	18 May 2017	19 November 2018
Stephen Bell	Non-Executive Director	11 October 2017	30 June 2019
Grant Ellison	Non-Executive Director	11 October 2017	n/a

The skills, experience and expertise relevant to the position of Director held by each Director at the date of this Statement are included in the Directors' Report section of the Company's latest Annual Report.

The composition of the Board is reviewed regularly by the Board to ensure that the Directors between them bring the range of skills, knowledge and experience necessary to direct the Company's operations. The Board has developed a skills matrix considered suitable for the Board of the Company at its current stage and into the future, considering its current strategy, operations and expectations for changes in the nature and scope of its activities. The Board skills matrix identifies a mix of areas the Board should collectively hold across its membership, including experience in the telecommunications and information technology industry, business, finance, legal and executive management. The Board is satisfied that the identified skills are well represented in the current Board.

**2.2. Nomination & Remuneration Committee**

The Board has adopted a Nomination and Remuneration Committee Charter. During the Reporting Period, the Nomination and Remuneration Committee undertook the responsibilities for determining and reviewing compensation arrangements for the Directors and senior executives and ensuring that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director. Details regarding the procedure for the nomination, selection and appointment of new Directors and re-election of incumbents, as well as a copy of the Nomination and Remuneration Committee Charter, are located in the Corporate Governance section of the Company's website at <https://www.commschoice.com.au/investor/>.

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Details on the remuneration policy of the Company, including a description of the structure of Non-Executive Directors' remuneration, Executive Directors' remuneration and senior executives' remuneration, are found in the Remuneration Report section of the Company's latest Annual Report.

The Company has established a Performance Rights Plan pursuant to which the Company has offered Performance Rights to Directors and employees. The Performance Rights are issued for nil consideration and exercise price and are issued in accordance with performance guidelines established by the Directors of the Company. The Performance Rights vest under certain conditions, principally centred on the employee still being employed at the time of vesting. The Performance Rights cannot be transferred without the approval of the Board and are not quoted on the ASX. As a result, Performance Right holders may not enter into any transaction designed to remove the "at risk" aspect of a Performance Right before it is exercised.

The Company acknowledges that the guidelines to ASX Principle 8.2 recommend that Non-Executive Directors do not receive options with performance hurdles attached. However, in the Company's current circumstances, the Directors consider Performance Rights to be a cost effective and efficient means for the Company to provide a reward and incentive, as opposed to alternative forms of incentive, such as the payment of additional cash consideration that would be necessary for someone with the experience of the Directors, and may from time to time resolve to issue Performance Rights to Non-Executive Directors, including with performance hurdles, subject to regulatory and shareholder approval.

There is no scheme to provide retirement benefits (other than superannuation) for Directors.

### 2.3. Skills, Knowledge and Experience

The Board considers the present composition, size and balance in respect of qualifications and experience of the Board to be appropriate and effective for the control and direction of the Company's business. Each director is expected to bring to the Company their experience and skills in their respective fields to add value to the performance of the Company.

The skills of the Board during the Reporting Period and as at the date of this statement are as follows:

Director background & experience	Director's Name
Accounting & Corporate Finance	Ben Jennings,
Capital Markets	Peter McGrath
Management & Leadership	John Mackay, Peter McGrath, Ben Jennings, Grant Ellison
Legal	Grant Ellison, and external advisers to the
Industry	Peter McGrath, Ben Jennings, Grant Ellison, John Mackay
Risk, Management and Board Governance	John Mackay, Peter McGrath, Ben Jennings, Grant Ellison

### 2.4. Chair



The Board Chair is responsible for the leadership, operations and governance of the Board and Board Committees. A profile of the Chair of the Company is stated in the Company's latest Annual Report who was Chair for part of the Reporting Period. The Board believes the Chair adds significant value given his considerable experience and skills in governance, management and industry.

## 2.5. Non-Executive Directors

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. The Company has a majority of Non-Executive Directors. The Board is satisfied that the Non-Executive Directors bring an independent discretion to their deliberations. The Company's Non-Executive Directors are listed in Section 2.1 above. Their qualifications and experience are stated in the Company's latest Annual Report.

## 2.6. Independence

The Board has adopted the following guidelines to assist in considering the independence of directors. The ASX guidance on factors relevant to an assessment of independence includes interests, positions, associations or relationships which might interfere with, or reasonably be seen to interfere with, a director's capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally.

In the case where any of the above interests, positions or relationships exist the Company assesses its materiality to determine whether it might interfere, or reasonably be seen to interfere, with the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

At the date of this Corporate Governance Statement, the Board does not comprise a majority of Independent Directors:

Director's Name	Position
John Mackay	Non-Executive Director

The Board is consistently reminded of the independence requirement and closely adheres to such requirement. Guidelines are made available to the Board to assist in considering the independence of directors including the materiality of any given relationship on a case by case basis. In general, the Board will consider (a) a holding of 5% or more of the Company's shares to be material and (b) an affiliation with business which accounts for more than 5% of the relevant base to be material. Overall, in the absence of a majority of Independent Directors, the Board considers each Non-Executive Director adds significant value given their considerable experience and skills and bring objective and independent judgement to the Board's deliberations. As at the date of this statement, the Directors are currently assessing the membership of the Board with a view to appoint new Directors with appropriate skills and independence, and mindful of the Company's Diversity Policy.

## 2.7. Induction and Professional Development

It is a policy of the Board to ensure that Directors and executive management of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively and that individual and collective performance is regularly and fairly reviewed.

The Company has a programme for inducting new Directors. This includes providing new Directors a full briefing about the nature of the business, current issues, the corporate strategy and the expectations of the Board concerning the performance of Directors and access to all employees to gain full background on the Company's operations. Directors are encouraged to attend director training and professional development courses, as may be required to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles as Directors, at the Company's expense (as approved by the Chair and/or the Board, as appropriate and applicable).

### **2.8. Meetings of the Board**

The Board holds meetings whenever necessary to deal with specific matters requiring attention. Directors' Circulatory Resolutions are utilised where appropriate either in place of or in addition to formal Board meetings. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

It is recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or Non-Executive capacity, provided that these commitments do not materially interfere with their ability to serve as a Director of the Company.

### **2.9. Conflicts of Interest**

To ensure that Directors always act in the interests of the Company, Directors must:

- disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director or his duties to any other parties and the interests of the Company in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters to which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

### **2.10. Related-Party Transactions**

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act and the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholders' approval for the related party transaction, the Board may not approve the transaction. The Company also discloses related party transactions in its Annual Report as required under the Corporations Act and relevant Accounting Standards.

### **2.11. Share Dealings and Disclosures**

The Constitution of the Company permits Directors and Officers to acquire shares in the Company.

In accordance with the provisions of the Corporations Act and the listing Rules of the ASX, Directors must advise the Company and the ASX of any transactions they conduct in securities of the Company.

The Company has established a Securities Trading Policy concerning trading in the Company's securities by Directors and employees. This policy provides a brief summary of the law on insider trading

and other relevant laws, sets out the restrictions on dealing in securities by people who work for or who are associated with CommsChoice Group, and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The policy stipulates that the only appropriate time for a Director or employee to deal in the Company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market. A Director or an executive officer wishing to deal in the Company's securities may only do so after first having received approval from the Chairman. All staff wishing to deal must obtain approval from the Executive Director.

Trading in the Company's securities is also subject to specified blackout periods, which are set out in the Company's Securities Trading Policy or as otherwise determined by the Board from time to time. The Company prohibits Directors and employees from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

The Company's Securities Trading Policy is in the Corporate Governance section of the Company's website at <https://www.commschoice.com.au/investor/>.

#### **2.12. Independent Professional Advice**

Subject to prior approval by the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as a Director.

#### **2.13. Company Information and Confidentiality**

All Directors have a right of access to all relevant Company books. In accordance with legal requirements and agreed ethical standards, Directors and employees of the Company have agreed to keep confidential all information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

#### **2.14. Directors' and Officer's Deeds**

The Company has entered into a Deed of Indemnity & Access with each of the Directors and the Company Secretary to regulate certain matters between the Company and each officer, both during the time the officer holds office and after the officer ceases to be an officer of the Company for up to seven years.

### **Principle 3 Promote ethical and responsible decision-making**

#### **3.1 Code of Conduct**

The Board has set in place a Code of Conduct which outlines how the Company expects its representatives to behave and conduct business in the workplace on a range of issues. It includes legal compliance and guidelines on appropriate ethical standards. The Code of Conduct is applicable to all employees of the Company including temporary employees, contractors, consultants, agents and Company directors. It also applies to all business activities with suppliers, contractors, customers, shareholders and employees in Australia and overseas and covers the following obligations: -

- Compliance with laws and regulations

- Integrity in all dealings with customers, shareholders, government, employees, suppliers and community in order to enhance the Company's reputation and performance
- Conflict of interest arising from any personal interest or relationship
- Confidentiality of information that belongs to the Company
- Improper use or theft of Company property, assets and email
- Compliance with the Privacy laws of Australia and other applicable jurisdictions
- Ensuring integrity and exercise highest standard of care in providing information in any public communications and disclosure
- Employment practices including occupational, health and safety, securities trading, anti-bribery conduct
- Contribution to the community, environmental responsibilities and Company's policy on political activities

The Code of Conduct is in the Corporate Governance section of the Company's website at <https://www.commschoice.com.au/investor/>.

#### **Principle 4 Safeguard integrity in financial reporting**

##### **4.1 Audit, Compliance and Risk Management Committee**

The Board has adopted an Audit, Compliance and Risk Management Committee Charter. The Audit, Compliance and Risk Management Committee undertook the responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes such as the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information, as well as non-financial considerations including the benchmarking of operational key performance indicators. The Audit, Compliance and Risk Management Committee is also responsible for the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year audit review.

In assessing the independence of the external auditor, the external auditor is required to provide:

- a report which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level;
- a declaration on a half yearly and annually basis, testifying to its independence in respect of the financial period in question. Further, the external auditor will have continuing obligation to notify the committee, via Company Secretary, of any new information it believes may be material to reviewing independence.

The procedures for selection, appointment and rotation of external audit partners, as well as a copy of the Audit, Compliance and Risk Management Committee Charter are in the Corporate Governance section of the Company's website at <https://www.commschoice.com.au/investor/>.

#### 4.2. CEO and CFO Declarations

The Company has a Chief Executive Officer (Executive Director) and Chief Financial Officer (CFO). The Board has determined that the Executive Director and CFO are the appropriate persons to make the declaration as required under section 295A of the Corporations Act and as per the ASX Recommendations.

These declarations state that, in their respective opinions, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the 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. The Board receives, prior to their approval of the Company's full year financial statements, written assurances from the Executive Director and CFO.

#### 4.3. External Auditor

The Company's external auditor (Auditor) is selected for their professional competence, reputation and the provision of value for professional fees. Within the audit firm, the partner responsible for the conduct of the Company's audits is rotated every 5 years. The external Auditor attends the Company AGM (in person or by teleconference) and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

### **Principle 5 – Make Timely and Balanced Disclosure**

#### 5.1. Continuous Disclosure to ASX

In accordance with the Corporations Act and ASX Listing Rule 3.1, the Company immediately notifies ASX of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities, subject to exceptions permitted by that rule. A reasonable person is taken to expect information to have a material effect on the price or value of the Company's securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The Board has nominated the Company Secretary as the person with the primary responsibility for all communication with the ASX in relation to listing rule matters. The Board is responsible for compliance with the Company's continuous disclosure obligations.

If management becomes aware of any information at any time that should be considered for release to the market, it must be reported immediately to a member of the Board. Only material information requires disclosure and the Board will determine the materiality of such information in accordance with the guidelines and requirements of the ASX.

In general, the Company will not respond to market speculation or rumours unless required to do so by law or by the ASX Listing Rules.

The Company may request a trading halt from ASX to maintain fair, orderly and informed trading in its securities and to manage disclosure issues. The Executive Director or Company Secretary are authorised to call a trading halt and will alert and keep the Board informed of any request for a trading halt.

The Continuous Disclosure Policy is in the Corporate Governance section of the Company's website at <https://www.commschoice.com.au/investor>

## **Principle 6 Respect the rights of shareholders**

### **6.1 Market and Shareholder Communications**

The Company aims to ensure that shareholders are kept informed of all major developments affecting the state of affairs of the Company. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. The Company also has in place an investor relations program to facilitate communication with investors.

One of the Company's key communication tools is its website located at <https://www.commschoice.com.au/> which publishes all up-to-date important information about the Company.

Information is communicated to shareholders and other stakeholders regularly through a range of forums and publications, including the following:

- Notice of meetings and explanatory material are available on the Company's website. The Company encourages shareholders to provide email addresses so that notices of meetings and explanatory material can be sent to shareholders via email;
- The Company encourage full participation of shareholders at its AGM each year. For those shareholders who are unable to attend in person, the Company provides full transcript of the Chairman's speech on its website. Shareholders are encouraged to lodge direct votes or proxies electronically.
- The Company's annual report is available on the Company's website and contains important information about the Company's activities and results for the previous financial year. Shareholders can elect to receive the Company's annual report on concise report as an electronic copy or in hard copy through mail.
- All ASX announcements including annual and half yearly financial results, are posted on the Company's website as soon as they have been released by ASX. The Company's reports and ASX announcements may also be viewed and downloaded the ASX website: [www.asx.com.au](http://www.asx.com.au) under the Company's ASX code "CCG".
- Copies of all media releases made by the Company are posted on the Company's website.
- Copies of all investor presentations made to analysts and media briefing are posted on the Company's website, and where appropriate the Company uses webcasting or teleconferencing of these presentations and briefings.
- Company provides a telephone and facsimile helpline facility to assist shareholders with any queries on investor relations.

Share ownership and other shareholder information is held by the Company's share registry agent, Boardroom Limited.

### **6.2. Shareholders' Meetings**

Shareholders can communicate with Directors through various means including:

- having the opportunity to ask questions of Directors at all general meetings;



- the presence of the Auditor at the AGM (in person or by teleconference, as practicable and appropriate) to take shareholder questions on any issue relevant to their capacity as Auditor;
- the Company's policy of expecting Directors to be available to meet shareholders at the AGM; and
- the Company making Directors and selected Senior Executives available to answer shareholder questions submitted by telephone, email and other means (where appropriate).

Traditionally, the key forum for two-way communication between the Company and its shareholders is its AGM. The Board encourages shareholder participation at the Company's AGM and other general meetings of shareholders and the Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate. Shareholders who are unable to attend the AGM or a general meeting may submit questions and comments before the meeting to the Company and or to the Auditor (in the case of the AGM).

## **Principle 7 – Recognise and Manage Risk**

### **7.1. Risk Committee**

The Audit, Compliance and Risk Management Committee undertakes the important risk management and compliance function, with key responsibilities being to ensure that an appropriate risk management framework is in place and is operating properly and reviewing and monitoring legal and policy compliance systems and issues, in accordance with the Audit, Compliance and Risk Management Committee Charter that may be viewed and downloaded from the Company's website.

### **7.2. Internal Control and Risk Management**

The Board has primary responsibility to ensure that the Company presents and publishes accounts which present a true and fair view of its results and financial position and that the accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws.

Under section 295A of the *Corporations Act*, the Executive Director and Chief Financial Officer function are each required to provide a written statement to the Board that the Company's annual financial report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and that it is in accordance with the relevant accounting standards. The Executive Director and Chief Financial Officer must also confirm that the financial statements for any financial period are founded on a sound system of risk management and internal compliance which implements the policies adopted by the Board, and that the Company's risk management and internal compliance and control system is operating effectively in all material respects. The Board confirms that it has received written statements to this effect from the Executive Director and the Chief Financial Officer for the Company's latest annual financial report.

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function. Periodically, internal reviews of the Company's financial systems, documents and processes are undertaken and any recommendation for improvement reported to the Board as part of the Company's risk management processes.



The Company is committed to the management of risks throughout its operations to protect all its stakeholders. Risk management is carried out through the Audit, Compliance and Risk Management Committee and the processes and procedures mentioned above.

The Company's Risk Management Policy deals with the management and oversight of material business risks and provides the guiding principle for management in the identification of risks across the organisation, and within individual business units. The Audit, Compliance and Risk Management Committee reviews the risk management framework at least annually, and throughout the Reporting Period. The Audit, Compliance and Risk Management Committee reviewed risk and the application of the risk framework on an ongoing basis both within formal board meetings and outside meetings in informal review sessions. The Audit, Compliance and Risk Management Committee believed that given the nature and scale of the Company, this process was the most appropriate and most robust means of monitoring and managing risk for the Company.

The Risk Management Policy provides a framework for systematically understanding and identifying the types of material business risks that may threaten the Group as a whole or specific business activities within the Company and includes risk mitigation strategies. The Company has established specific frameworks for operational risk. Management is currently developing a framework for organisational risk.

The categories of risk covered in the Risk Management Policy include but are not limited to:

- Operational risk;
- Environmental risk;
- Sustainability risk;
- Compliance risk;
- Strategic risk;
- Ethical conduct risk;
- Reputation or brand risk;
- Technological risk;
- Product or service quality risk;
- Human capital risk;
- Financial reporting risk; and
- Market related risk.

The Audit, Compliance and Risk Management Committee has formed the view that the Company does not currently have any material exposure to economic, environmental or social sustainability risks, other than ongoing risks associated with the ongoing development of its technology product and other activities.

The Company's Risk Management Policy is in the Corporate Governance section of the Company's website at <https://www.commschoice.com.au/investor>.

### **7.3. Internal Audit**

The Company does not have an independent internal audit function. Due to the nature and size of the Company's operations, and the Company's ability to derive substantially all the benefits of an

independent internal audit function in the manner disclosed below, the expense of an independent internal auditor is not considered to be appropriate.

The Audit, Compliance and Risk Management Committee performs all key elements of an internal audit function, including:

- Evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks.
- Evaluating the adequacy and effectiveness of the Company's financial and operational risk management control systems by reviewing risk registers and reports from management and external auditors.
- Evaluating the structure and adequacy of the Company's Business Continuity Plans.
- Evaluating the structure and adequacy of the Company's own insurances on an annual basis.
- Reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Company's financial and operational risk management policies.
- Overseeing the establishment and maintenance of processes to ensure that there is:
  - an adequate system of internal control, management of business risks and safeguard of assets;
  - a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control; and
  - a review, at least annually, of the Company's risk management framework.
- Evaluating the Company's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance.
- Reviewing the Company's main corporate governance practices for completeness and accuracy.
- Review of procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices, occupational health and safety, and the environment).
- Evaluate any material exposure the Company has to economic, environmental and social sustainability risks and, if necessary, consider management of those risks.
- Reviewing the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act and international financial reporting standards); and
- Advising the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and reviewing the effectiveness of the Company's internal control framework.

## **Principle 8 – Remunerate Fairly and Responsibly**

### **8.1. Nomination & Remuneration Committee**

The Nomination and Remuneration Committee manage this function. Please refer to section 2.2 for information on the Nomination and Remuneration Committee.

### **8.2. Remuneration Policy**

The Company has established incentive arrangements to enable attraction, motivation and retention of Directors, executive management and employees of the Company. For the executive team, the remuneration consists of fixed remuneration only (with no cash-based short-term incentives paid), and

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equity based LTIP's in the form of Performance Rights. Both the cash-based short-term incentive and equity based LTIP are subject to achievement of performance criteria or hurdles set and assessed by the Board.

The Board reviews the remuneration packages for the executive team, which are reviewed annually. External advice may be sought to determine the appropriate level and structure of the remuneration packages from time to time, as required.

### **8.3. Equity Based Remuneration Scheme**

The Company has established a Performance Rights Plan. The Performance Rights Plan is designed to facilitate remuneration arrangements for Directors, executive management and employees to enhance the alignment of their interests with those of shareholders.

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