



CORPORATE GOVERNANCE STATEMENT

The Board and management of 1414 Degrees Limited (**Company**) is committed to responsible business and financial practices and maintaining and enhancing a strong corporate governance framework.

This Corporate Governance Statement provides information about the Company's corporate governance practices and broader framework as well as how the Company has adopted the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (**Principles**) during the financial year ended 30 June 2021. The Company has adopted and significantly complies with the Principles to the extent possible, except where stated, noting the size of the Company's operations.

The Company regularly reviews its governance policies and processes and updates them as required taking into consideration contemporary governance standards and regulatory requirements.

The information in the Corporate Governance Statement is current as at 30 September 2021 and has been approved by the Board of the Company.

The corporate governance charters and policies are available in the 'Corporate Governance' section that is accessed from the Investor Centre page on the Company's website (www.1414degrees.com.au/investors/corporategovernance/).

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT.

The Board

The Board is responsible for ensuring the Company has an appropriate corporate governance structure as well as the overall operations and stewardship of the Company.

Board Charter

(Recommendation 1.1)

The respective roles and responsibilities of the Board and management are outlined in the Company's Board Charter.

The Board retains full responsibility for overseeing and appraising the Company's corporate strategy, key governance policies and overall performance. The Board's principal functions include:

- Appointment of a Chief Executive Officer
- Setting the Company's strategic direction, objectives and goals
- Approving the annual budget and oversight and monitoring of its financial performance
- Resourcing, reviewing and evaluating executive management
- Ensuring the Company has adequate internal controls (operational and financial) and business practices comply with such controls
- The prudent management of business risks and the broader risk management framework
- Ensuring the Company has timely, accurate and effective communication with shareholders, the market and regulatory bodies

- Ensuring occupational health and safety and environmental compliance and performance
- Ensuring the integrity of the accounting and corporate reporting systems, including the external audit function
- Approving the Company's remuneration policies

Appointment

(Recommendations 1.2 and 1.3)

There are currently three Directors, with the Directors' Report in the 2021 Annual Report summarising:

- Key skills, experience, qualifications and expertise of each Director
- Term of office

The Board seeks to identify suitable candidates with appropriate skills, experience, expertise and diversity to complement the existing Directors.

The Board also undertakes appropriate checks on any candidate and seeks confirmation with any candidate that they have sufficient time to undertake their responsibilities as a Director.

All Directors receive a written Agreement setting out their terms of appointment as well as a Deed of Access and Indemnity. Any Director appointed by the Board, whether to fill a casual vacancy or as an addition to the Board, must retire at the next annual general meeting. Retiring Directors are eligible for re-election at this meeting by shareholders.

All executives receive a written Agreement setting out their terms of appointment and their duties and responsibilities, rights, and remuneration entitlements.

All material information in relation to potential Directors is provided to shareholders as appropriate, including within Notices of Meeting and Explanatory Memoranda that seek to obtain approval of shareholders for an election or re-election of Directors.

Company Secretary

(Recommendation 1.4)

The Company Secretary is accountable to the Board through the Chairman on all matters to do with the proper functioning and administration of the Board as well as all matters of governance. The Company Secretary's role includes advising the Board on governance matters, monitoring the compliance with key policies, coordinating the timely drafting and despatch of Board papers, ensuring that the business of the Board is accurately captured in the Minutes of Board meetings, facilitating the induction of Directors, and reviewing ongoing professional development needs of Directors.

All Board members have direct access to the Company Secretary, with the Board responsible for the appointment and removal of the Company Secretary.

Diversity

(Recommendation 1.5)

The Company has a strong commitment to diversity in its business which is evidenced through its Diversity Policy which can be found on the Company's website. The Company is committed to attracting and retaining a diverse range of highly capable individuals to work across all levels of the business.

The Diversity Policy requires the Board to set measurable objectives for achieving gender diversity in the composition of its Board, executive management and workforce. The Board has yet to establish diversity objectives for achieving gender diversity primarily due to its size, however the Board remains committed to an ongoing evaluation of practically possible targets.

As at the 30 June 2021, the Company had the following proportion of women appointed to:

- The Board – NIL
- Executive Management – NIL
- Company as a whole – 33%

Evaluation of Performance

(Recommendations 1.6 and 1.7)

The Board did not carry out a performance evaluation during the year. The process for evaluating the performance and remuneration of executive management is being implemented, including the issue of Performance Rights under the Performance Rights Plan. The Board has committed to enact performance evaluation processes for the Board as a whole, individual Directors and executive management during the year ending 30 June 2022.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Nomination Committee

(Recommendation 2.1)

The Board has not currently established a Nomination Committee, due to the size of the Company and small scale of activities. The size, structure and composition of the Board is regularly reviewed, including the need for committees.

The Board oversees the process of appointment, performance and remuneration of the Chairman and Non-executive Directors.

The Board Charter outlines the processes employed by the Board to ensure the appropriate balance of skills, knowledge, experience, independence, and diversity to enable it to discharge its duties and responsibilities.

Skills

(Recommendation 2.2)

During the year, the Board developed a matrix to consider the appropriate range and mix of expertise and experience to undertake and discharge their duties, responsibilities, and obligations. The expertise sought includes skills in finance, business and commercial, executive management, and experience within the energy and infrastructure sectors and financial markets. The mix of skills, expertise and diversity relevant to the Company is regularly assessed by the Board, with the skills and experience currently considered by the Board to be relevant set out in the following summary:

Expertise	Industry Experience	Financial Markets Experience
• Corporate governance • Commercial acumen • Executive leadership & management • Risk management • Public policy & government relations • Strategy • Information Technology • Health & safety • Engineering & technology development • Business advisory services	• Energy networks and asset • Energy regeneration (electricity, renewables and storage) • Infrastructure • Engineering or science qualification • Depth of experience in one area or across Development, Major Projects, Production • Membership of industry related organisations	• Mergers & Acquisitions • Capital markets • Financial markets • Corporate Finance • Accounting and Audit • Commercial and contracting • International • Industrial energy and electricity

Independence

(Recommendations 2.3, 2.4 and 2.5)

When considering whether a Director is “independent”, the Board has regard to the independence criteria as set out in the Principles as well as any other information that is considered relevant. A Director will be considered to be independent if they are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The Board reviews the independence of the Directors when considered appropriate. As at the 30 June 2021, three of the four Directors were considered to be independent:

- Mr Tony Sacre
- Mr Peter Gan
- Mr Dana Larson

Information relating to the Directors of the Company, including whether they are independent, their skills, experience, expertise, and term of office is contained within the Directors' Report section of the Annual Report.

Mr Tony Sacre is a Non-executive Director and the current Chairman of the Company. He was appointed as Non-executive Director and Chairman on the 3 June 2021. Prior to this appointment, the Chairman of the Company was Dr Kevin Moriarty who was also an executive and thus not considered to be independent.

Induction and professional Development

(Recommendation 2.6)

The Company Secretary has responsibility for the induction program for all new Directors and the ongoing professional development of Directors. The induction program includes briefings on the company strategy, organisation structure, corporate governance practices, charters and policies, and the risk management framework, as well as discussions with executive management. Directors are also encouraged to regularly attend the work site and familiarise themselves with the operations and staff.

PRINCIPLE 3: CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Values and Code of Conduct

(Recommendations 3.1 and 3.2)

The Company's Code of Conduct can be found on the Company's website.

The Board established and adopted a Code of Conduct to guide standards of ethical behaviour expected of Directors and employees. The Code of Conduct establishes the Company's commitment to making positive economic, social, and environmental contributions to each of the communities in which it operates, whilst complying with all applicable laws and regulations and acting in a manner that is consistent with the principles of honesty, integrity, fairness, and respect.

The standards require Directors and employees to:

- Comply with applicable laws and regulations
- Act honestly and exercise reasonable care and diligence
- Avoid or manage any conflicts of interest
- Not take advantage of the Company's property and equipment, information or their position for personal benefit or gain

The Company's values and supporting behaviours underpin the culture across the organisation. These values guide Directors and employees in their daily activities and interactions with each other, as well as interactions with Stakeholders.

The values, which are reflected in our most recent Strategic review, are as follows:

Seek A Better Way – embrace and drive change, test, learn and grow – this will include failure – without it we cannot innovate

Be A Team Player – commit to each other, respectfully collaborate, be persistent

Foster A Culture of Courage – be self-aware, open to new ideas and back yourself

Respect Diversity – our growth will be driven by a variety of perspectives

Deliver Results – keep your eye on the end game
Care for Self and Others – ensure we are all healthy and safe

Whistleblower Policy and Anti-Bribery and Corruption Policy

(Recommendations 3.3 and 3.4)

The Company has adopted a Whistleblower Policy which sets out the procedure to follow in the event of any reported violation.

The policy can be found on the Company's website.

The Board regularly reviews all policies during the year, and as part of this ongoing review process will look to adopt an Anti-Bribery and Corruption Policy by the end of the 2021 calendar year.

PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

Audit Committee

(Recommendation 4.1)

The Board has not currently established an Audit Committee due to the size of the Company and small scale of activities. The Board continues to review its structure and potential establishment of committees and may elect to establish an audit committee in the future if deemed appropriate.

The Board has assumed the roles and responsibilities that would otherwise normally be performed by an Audit Committee.

The Board Charter summarises the processes employed by the Board that aim to independently verify and safeguard the integrity of the Company's corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The external auditor attends each Annual General Meeting and is available to answer shareholder questions at this meeting.

Declarations of Chief Executive Officer and Chief Financial Officer (or equivalent)

(Recommendation 4.2)

Prior to approving the Company's financial statements for a financial period, the Board receives from the Chief Executive Officer and Chief Financial Officer (or equivalent) a declaration that, in their opinion, 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 their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Integrity of Periodic Reports which are not Audited

(Recommendation 4.3)

The Company has procedures in place, including approval processes, to ensure that the report (s) released to the market are materially accurate, balanced, timely and provide investors with the appropriate level of information to make informed investment decisions. The Company verifies unaudited periodic corporate reports by ensuring the contents of each report are:

- Prepared by subject matter experts, including external professional advisers as required, to ensure proper verification of content with technical subject matter content
- Material statements are reviewed for accuracy and ASX Listing Rules compliance
- Company strategy, financial projections and statements, and changes to policy are reviewed in accordance with a hierarchy of delegations and are always approved for release by the Board

The Company's Continuous Disclosure & Shareholder Communications Policy provides further details of the processes followed with respect to the preparation, review, verification, and approval of disclosure information at all relevant levels prior to release to the market. This policy is available on the Company's website.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Continuous Disclosure

(Recommendations 5.1, 5.2 and 5.3)

The Company is required to comply with the ASX Listing Rules and Corporations Act.

Other than the circumstances outlined within the exceptions contained in the ASX Listing Rules, the Company immediately discloses any information that may affect the price or value of securities in the Company. In addition to ASX announcements being listed on the Company's website, the Company also releases to the ASX any new significant investor or analyst presentation in advance of such presentation.

The Company is committed to observing its continuous disclosure obligations under the ASX Listing Rules and Corporations Act.

The Board receives copies of all material market announcements as soon as they have been made.

The Company's process for meeting its continuous disclosure obligations is outlined within the Continuous Disclosure & Shareholder Communications Policy that can be found on the Company's website. Under the policy, the Company Secretary is primarily responsible for managing the Company's compliance with its continuous disclosure obligations.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Communicating with Security Holders

(Recommendations 6.1, 6.2, 6.3, 6.4 and 6.5)

The Company's website contains extensive information about the Company, its activities, and its governance.

As outlined previously, the Company has adopted a Continuous Disclosure & Shareholder Communications Policy which summarises how the Company promotes effective communication with shareholders and encourages their participation at general meetings.

Notice of meeting dates are listed on the Company's website. The Notice of Annual General Meeting also outlines how shareholders can submit questions or make comments pertaining to the Company.

All resolutions at an Annual General Meeting are decided by a poll rather than a show of hands.

The Company's website discloses the following information:

- The names, photographs, and a brief biographical summary for each of its Directors and executive management
- A dedicated Investor page that lists all ASX announcements as well as links to the Corporate Governance page, with copies of the Board Charter, Code of Conduct, Securities Trading Policy, Continuous Disclosure & Shareholder Communications Policy, Diversity Inclusion Policy, and Whistleblower Policy
- Copies of annual reports and financial statements
- An overview of the Company's business and key activities
- Copies of media releases made by the Company

The Company also commits to responding to shareholders and prospective investors throughout the year in a timely and appropriate manner. Shareholders have the option to elect to receive communication from, as well as send communication to, the Company and its appointed share registry electronically.

The Company's Share Register is managed and maintained by Computershare Investor Services Pty Ltd. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number or Holder Identification Number, via www.investorcentre.com/contact

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Risk Committee and Risk Management Framework

(Recommendations 7.1, 7.2 and 7.3)

Whilst the Board has not currently established a separate Risk Committee due to the size of the Company and scale of activities, the Board recognises that ongoing and timely identification, monitoring and reporting of opportunities and threats are essential to strong management and enhanced outcomes for all stakeholders.

The Board assumes the roles and responsibilities that would otherwise normally be performed by a Risk Committee, including oversight of the Company's risk management framework and the effectiveness of the internal control systems. Whilst the Company doesn't have an internal audit function, executive management has responsibility for the design and implementation of the Company's risk management and internal control frameworks, and regularly reviews operational, business and project opportunities and threats consistent with enterprise risk management protocols.

During the reporting period, the Board did not undertake a review of the risk management framework, primarily due to the numerous changes in membership of the Board. The new Chair who commenced on the 3rd June 2021 has committed to undertaking a full review of the risk management framework as an urgent priority.

Environmental or Social Risks

(Recommendation 7.4)

The Company disclosed its risks, including environmental and social sustainability and mitigation thereof, within Section 6 of the Prospectus (April 2018). The Company does not believe its environmental and social risks have changed materially since that date.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee and Remuneration Practices

(Recommendation 8.1, 8.2 and 8.3)

The Board has not established a Remuneration Committee due to the size of the Company and scale of activities. The size, structure and composition of the Board is regularly reviewed, including the need for committees.

The Board has assumed the roles and responsibilities that would otherwise normally be performed by a Remuneration Committee, including oversight of the process of appointment and remuneration of the Chairman, the Non-executive Directors, Company Secretary, the Chief Executive Officer and members of the executive management team.

The Board is also responsible for setting the level and composition of remuneration for Directors and executive management and ensuring that such remuneration reflects market conditions,

responsibilities, and expertise. The Company offers a combination of fixed annual remuneration and performance related remuneration through its employee incentive scheme.

The employee incentive scheme is outlined within the Performance Rights Plan, with clear restrictions on participants' entering any option or contract in relation to performance rights to hedge against any movements in the price of the Company's shares under the terms and conditions of the invitation to the participant. The Company's Securities Trading Policy also provides further details around restrictions on trading.

Details of the Performance Rights Plan are outlined within Section 12 of the Prospectus (April 2018) with a copy of the Securities Trading Policy available on the Company's website.