

The iQ Group Global Ltd

Corporate Governance Statement

INTRODUCTION

The Board of Directors (**Board**) of The iQ Group Global Ltd (ABN 26 149 731 644) (formerly iQNovate Ltd) (the **Company**) is responsible for the corporate governance of the Company. The Board guides and monitors the business of the Company on behalf of its shareholders.

The Company and its Board continue to be fully committed to achieving and demonstrating the highest standards of accountability and transparency in their reporting and see the continued development of the Company's corporate governance policies and practices as fundamental to its successful growth. The Company's corporate governance policies and procedures comply with Practice Note 14 issued by the National Stock Exchange of Australia (**NSX**). The Board has included in its corporate governance policies those matters contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (**ASXCGC Recommendations**), where applicable. However, the Board also recognises that full adoption of the ASXCGC Recommendations may not be practical or provide the optimal result given the circumstances of the Company.

This corporate governance statement is effective as at 11 September 2020. It has been approved by the Board and outlines the Company's corporate governance policies and practices, as adopted by the Board.

Principle 1: Lay solid foundations for management and oversight

Role of the Board and Management

The Board is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight of management. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom the Directors are elected and to whom the Board is accountable.

The Board has delegated responsibility for day-to-day management of the Company to the Chief Executive Officer and there is a formal delegation structure in place, which sets out the powers delegated to the Chief Executive Officer and those specifically retained by the Board. These delegations are reviewed by the Board from time to time.

Responsibilities of the Board

The Board is responsible for:

- overseeing the Company, including its control and accountability systems;
- overseeing the integrity of the accounting and corporate systems, including external audit;
- appointing, reviewing the performance of, and, where appropriate, removing the Chief Executive Officer;
- ratifying the appointment and, where appropriate, the removal of certain senior executives;

- providing input into, and final approval of, the development of corporate strategy by management;
- reviewing, ratifying and monitoring systems of risk management and internal controls, codes of conduct and legal compliance;
- monitoring the performance of management in implementation of strategy;
- ensuring appropriate resources are available to enable the execution of strategic plans;
- ensuring timely and balanced disclosure of all material 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;
- approving, reviewing and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures; and
- monitoring the effectiveness of the Company's corporate governance practices.

Allocation of individual responsibilities

Formal letters of appointment are provided to all new Directors and senior executives setting out key terms and conditions of their appointment.

Responsibilities of management

Management is responsible for implementing the strategic objectives of the Company and operating within the risk appetite set by the Board, as well as other aspects of the day-to-day running of the Company.

Management is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

Induction

All new Directors participate in a formal induction process coordinated by the Company Secretary. This induction process includes briefings on the Company's financial, strategic, operational and risk management position, the Company's governance framework and key developments in the Company and the industry and environment in which it operates.

Role and accountability of the Company Secretary

The Company Secretary is appointed by the Board and is responsible for:

- advising the Board and its committees on governance matters;
- monitoring compliance with Board policies and procedures;
- co-ordinating Board papers;

- accurately recording decisions and discussions from Board meetings; and
- co-ordinating the induction and professional development of Directors.

In addition to the above responsibilities, the Company Secretary plays an integral role in assisting with the conduct and processes of the Board, as well as the dispatch of materials to the Directors.

Ongoing training

Directors identify additional training needs on an ongoing basis and attend these as necessary to ensure they have the appropriate skills and knowledge to perform their role.

Appointment of Directors

Prior to appointing or putting forward a candidate for election to the Board, appropriate screening checks are undertaken, including as to the person's criminal history and bankruptcy history. When presenting a candidate for election or a Director for re-election to the Board, the Company provides shareholders with all material information in the Company's possession relevant to a decision whether or not to elect or re-elect a Director. This includes the candidate or Director's qualifications, areas of expertise and years of experience.

Principle 2: Structure the Board to add value

The Company seeks to ensure that the Board has a broad range of commercial and other skills, experience and knowledge relevant to overseeing the Company's business and navigating the range of challenges the Company faces.

The Board was during the year ended 30 June 2020, and is currently, comprised of three members (Dr George Syrmalis, Mr Peter Simpson and Mr Con Tsigounis). The Chair of the Board, Dr Syrmalis, is an executive Director and is not considered by the Board to be an independent Director, as he is employed in an executive capacity as Chief Executive Officer of the Company. Mr Simpson is a non-executive Director but is not considered by the Board to be an independent Director. Dr Syrmalis and Mr Tsigounis are each executive Directors and are not considered by the Board to be independent Directors.

The Company does not have a majority of independent Directors or an independent Chair. However, as each of the Directors is required to act at all times with due care and diligence in discharging their duties and fiduciary responsibilities, the Board considers the composition of the Board to be appropriate in view of the size and complexity of the Company's business. The Board considers that Dr Syrmalis' appointment as Chair is appropriate in view of his experience and proven track record as a director of public companies.

The length of service of each Director is as follows:

- Dr George Syrmalis, 9 years and 6 months;
- Mr Peter Simpson, 9 years and 1 month; and
- Mr Con Tsigounis, 9 years and 6 months.

Composition of the Board

The Board's composition is determined based on criteria set out in the Company's constitution and the Board Charter.

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;
- there is a sufficient number of Directors to serve on Board committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities; and
- the size of the Board is appropriate to facilitate effective discussion and efficient decision making.

In accordance with the NSX Listing Rules, the Company must hold an election of Directors each year.

Board committees

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following Board committees:

- the Audit and Risk Committee (the **A&R Committee**); and
- the Remuneration and Nomination Committee (the **R&N Committee**).

Each of these committees has an established charter and operating procedures in place, which are reviewed from time to time. The Board may establish other committees from time to time to deal with specific matters. The committees have access to the Company's executives and senior management, as well as to independent advice in relevant circumstances. Copies of the minutes of each committee meeting are made available to the full Board, and the Chair of each committee provides an update on the outcome of each committee meeting at the Board meeting immediately following the committee meeting.

Board skills matrix

The key skills required by the Board are highlighted in the matrix below. The Board believes that the skillsets and experience of the Directors comprised in the currently constituted Board adequately satisfy these skills.

- Risk and compliance: Identify key risks to the Company related to each key areas of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements.
- Financial and Audit: Experience in accounting and finance to analyse statements, assess financial viability, contribute to financial planning, oversee budgets and funding arrangements.
- Strategy: Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context of our policies and business objectives.
- Policy development: Ability to identify key issues for the organisation and develop appropriate policy parameters within which the Company should operate.

Independent decision making

The Board recognises the important contribution independent Directors make to good corporate governance. All Directors, whether independent or not, are required to act in the best interests of the Company and to exercise unfettered and independent judgment.

A Director is considered to be independent if he or she is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her 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.

If any Director believes there is a change in their independence status, they are required to notify the Board as soon as possible.

The Board has adopted specific principles in relation to Directors' independence and, when determining if a Director is independent, considers whether the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a partner, director or senior employee of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provider;
- is a material supplier or customer of the Company or other group member, or an officer of, or otherwise associated directly or indirectly with, a material supplier or customer; or
- has a material contractual relationship with the Company or another group member other than as a Director.

Role of the Chair

The Chair of the Board is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's function.

The Chair facilitates the effective contribution of all Directors and promotes constructive and respectful relations between Directors and between the Board and management.

Remuneration and Nomination Committee

The R&N Committee meets as required during the year to assist the Board in fulfilling its responsibilities in regard to:

- Board appointments, re-elections and performance and general succession planning for Board / senior management;
- Directors' induction and continuing development;
- Board Committee membership; and
- endorsement of executive appointments.

The R&N Committee Charter sets out the R&N Committee's responsibilities, which include making recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position following the annual assessment of the Board. When a vacancy exists or there is a need for particular skills, the R&N Committee, in consultation with the Board, determines the selection criteria based on the skills deemed necessary. Board appointees must stand for election at the next annual general meeting (**AGM**). The R&N Committee also makes recommendations to the Board on, and oversees implementation of, the procedures for evaluating the Board's performance.

The R&N Committee was during the year ended 30 June 2020, and is currently, comprised of Mr Peter Simpson and Dr George Syrmalis. The Chair of the R&N Committee, Mr Simpson, is a non-executive Director, but is not considered by the Board to be an independent Director. Dr Syrmalis is not considered by the Board to be an independent Director, as he is employed in an executive capacity as Chief Executive Officer of the Company.

The R&N Committee does not currently have a majority of independent Directors or an independent Chair. Given the size of the Company, however, the Board is confident that the R&N Committee has the breadth of experience necessary to fulfill its responsibilities as set out in the R&N Committee Charter.

During the subsequent reporting period, the Board expects to seek to appoint one or more independent Directors to the R&N Committee and to confirm an independent Director as Chair of the R&N Committee.

The qualifications and experience of the members of the R&N Committee, the number of times the Committee has met during the year ended 30 June 2020 and attendance by members at such meetings is disclosed on pages 8 and 11 of the Company's Annual Report for the year ended 30 June 2020.

Access to information

The Board is provided with the information it needs to discharge its responsibilities effectively and all Directors have complete access to senior management through the Chief Executive Officer or the Company Secretary.

In certain circumstances, each Director has the right to seek independent professional advice at the Company's expense, within specified limits or with the prior approval of the Board.

Principle 3: Act ethically and responsibly

Code of Conduct

The Company's Board Charter and Code of Conduct sets out the behavior required of Directors, employees and contractors as appropriate and include the observance of legal and other compliance obligations that relate to the Company's activities from time to time. The Board acknowledges and emphasises the importance of all Directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

The Board Charter and the Code of Conduct require Directors and employees to:

- act in the best interests of the Company;
- act honestly and with high standards of personal integrity;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflicts of interest;
- comply with the laws and regulations that apply to the Company and its operations;
- not knowingly participate in any illegal or unethical activity; and
- comply with the share trading policy outlined in the Code of Conduct.

A Corporate Governance Charter and Board Charter has been adopted which regulates the duties of Directors and their dealings with the Company (including the trading of shares in the Company) both internally and externally.

The Company has also adopted a Security Trading Policy in respect of dealings in the Company's securities, which is applicable to Directors and key management personnel.

Principle 4: Safeguard integrity in corporate reporting

Audit and Risk Committee

The A&R Committee assists the Board in fulfilling its responsibilities in regard to:

- the adequacy of the Company's corporate reporting processes;
- whether the Company's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;
- the appropriateness of the accounting judgements or choices exercised by management in preparing the Company's financial statements;
- the appointment or removal, rotation, independence and performance of the external auditor;
- the scope and adequacy of the external audit and any non-audit services; and
- if, and when, the Company establishes an internal audit function:
 - the appointment or removal of the head of internal audit;
 - the scope and adequacy of the internal audit work plan; and
 - the objectivity and performance of the internal audit function.

The A&R Committee was during the year ended 30 June 2020, and is currently, comprised of Mr Peter Simpson and Dr George Syrmalis. The Chair of the A&R Committee, Mr Simpson, is a non-executive Director, but is not considered by the Board to be an independent Director. Dr Syrmalis is not considered by the Board to be an independent Director, as he is employed in an executive capacity as Chief Executive Officer of the Company.

The A&R Committee does not currently have a majority of independent Directors or an independent Chair. However, the Board considers that the composition of the A&R Committee to be appropriate in view of the size and complexity of the Company's business.

The qualifications and experience of the members of the A&R Committee, the number of times the A&R Committee has met during the year ended 30 June 2020 and attendance by members at such meetings is disclosed on pages 8 and 11 of the Company's Annual Report for the year ended 30 June 2020.

Effective 11 September 2020, Mr Con Tsigounis will become a member of the A&R Committee. Mr Tsigounis is an executive Director and is not considered by the Board to be an independent Director.

The A&R Committee reports to the full Board after every meeting on all matters relevant to the committee's roles and responsibilities.

External auditor

The A&R Committee oversees the relationship with the external auditor. In accordance with the Corporations Act 2001 (Cth) (the **Corporations Act**), the lead Audit Partner on the audit is required to rotate at the completion of a five year term.

The Company seeks to ensure that the external auditor attends the AGM and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Prior to the financial statements for a financial year being presented to the Board for its approval, and in addition to the role of the A&R Committee in reviewing and reporting on the financial statements, the Chief Executive Officer and Chief Financial Officer provide the Board with a declaration that, in their opinion, the financial records of the Company have been properly maintained in accordance with the Corporations Act, 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 such opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Internal control

The Board is responsible for reviewing the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board receives an annual assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is 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 financial reporting risks.

Principle 5: Make timely and balanced disclosure

The Company has established policies and procedures to ensure timely and balanced disclosure of all material matters concerning the Company, and to ensure that all investors have equal and timely access to information on the Company's financial performance.

These policies and procedures include a comprehensive disclosure policy reflecting requirements in relation to the identification of matters that may have a material effect on the price of the Company's securities, communication of disclosable information, management of market speculation and rumours, and requests for trading halts.

The annual report includes relevant information about the operations of the Company during the year, key financial information, changes in the state of affairs and indications of future developments. The Annual Report for the year ended 30 June 2020 and annual reports for previous years are available at <https://iqgltd.com/reports/>.

The Company's half year and full year financial results are announced to the NSX and are available to shareholders at <https://iqgltd.com/reports/> and via the NSX website.

All announcements made to the market, and related information (including presentations to investors and information provided to analysts or the media during briefings) are made available to all shareholders at <https://iqgltd.com/nsx-announcements/> after they are released to the NSX. All NSX announcements, media releases and financial information are available at <https://iqgltd.com/nsx-announcements/> within one day of public release.

Principle 6: Respect the rights of security holders

The Company Secretary has been nominated as the person responsible for communications with the NSX.

All executive management have an ongoing obligation to advise the Company Secretary of any material non-public information which may need to be communicated to the market.

The Company has established an investor relations program and takes appropriate measures to keep shareholders informed about its activities.

The Company communicates with its shareholders through its annual report, disclosures to the NSX, at the AGM and via the Company's website. In addition, shareholders have the opportunity to elect to receive relevant documentation electronically from the Company, via the Company's Registry and can communicate with the Company via email. The Company also responds to queries from shareholders from time to time, where appropriate.

Shareholders are encouraged to attend and participate in the AGM and other meetings of shareholders. The Company seeks to ensure that meetings are held during normal business hours and at a location considered to be most convenient for the greatest possible number of shareholders to attend. The full text of notices and accompanying materials will be included on the Company's website. Information will be presented in a clear and concise manner designed to provide shareholders and the market with timely and accurate information.

At the AGM held during the reporting period, the Chair adopted the process of addressing any relevant questions from shareholders. In addition, the Company ensured that the Company's auditor attended the AGM and any other meetings of the Company's shareholders and that shareholders were afforded the opportunity to ask the Company's auditor questions regarding the conduct of the audit and preparation and content of the Auditor's Report.

Principle 7: Recognise and manage risk

The Board understands that the management of risk is a continuous process and an integral part of good business management and corporate governance. The Board has overall responsibility for the Company's risk management policy and framework and is supported in this role by the work of the A&R Committee. The Board is also responsible for setting the Company's risk appetite and ensuring that the Board regularly reviews the risk profile for the Company's business.

The A&R Committee provides assistance to the Board in fulfilling its oversight responsibility for risk management and provides reports to the Board in respect of the risk profile of the Company. The A&R Committee plays a key role in the co-ordination and continued improvement of the risk management policy and framework. The risk management policy and framework has been designed to allow the Board to oversee the risk management process with assistance from the A&R Committee and management.

During the reporting period, the A&R Committee has considered and reported to the Board on a review of the Company's risk management policy and framework. Both the A&R Committee and the Board are satisfied that the risk management policy and framework in respect of the Company is sound.

The Company does not presently have an internal audit function. At present, the Company has comprehensive processes in place for evaluating and continually improving the effectiveness of its risk management policy and framework and its internal control process.

The Board receives an annual assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is 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 financial reporting risks.

Principle 8: Remunerate fairly and responsibly

The Company's remuneration policy is designed in such a way that it:

- motivates senior executives to pursue the long-term growth and success of the Company; and
- demonstrates a clear relationship between senior executives' performance and remuneration.

The remuneration policy, which sets out the remuneration framework for key management personnel, was developed by the R&N Committee after seeking professional advice from independent consultants and was approved by the Board.

All Executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The R&N Committee reviews executive remuneration policies and practices to ensure that executive packages are referable to Company performance, executive performance, comparable information from industry sectors and other listed corporations and independent advice. The performance of executives is measured against criteria agreed half yearly, which are based on the forecast growth of the Company and shareholder value.

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the highest caliber of executives. It will also provide executives with the necessary incentives to achieve long-term growth in shareholder value.

The Company's policies and practices surrounding the payment of bonuses, options and other incentive payments are reviewed by the R&N Committee annually as part of the review of executive remuneration policies and practices and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria.

Further information about the Company's remuneration strategy, policies and their relationship to Company performance can be found on pages 12 to 14 of the Annual Report for the year ended 30 June 2020. Details of the remuneration paid to key management personnel are included on pages 15 to 18 of the Annual Report for the year ended 30 June 2020.

Remuneration and Nomination Committee

The responsibilities of the R&N Committee include a review of and recommendation to the Board on:

- the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives;
- senior executives' remuneration and incentives;
- superannuation arrangements; and
- the remuneration framework for non-executive Directors.

The R&N Committee was during the year ended 30 June 2020, and is currently, comprised of Mr Peter Simpson and Dr George Syrmalis. The Chair of the R&N Committee, Mr Simpson, is a non-executive Director, but is not considered by the Board to be an independent Director. Dr Syrmalis is not considered by the Board to be an independent Director, as he is employed in an executive capacity as Chief Executive Officer of the Company.

The R&N Committee does not currently have a majority of independent Directors or an **independent Chair**. Given the size of the Company, however, the Board is confident that the R&N Committee has the breadth of experience necessary to fulfill its responsibilities in relation to reviewing and making recommendations to the Board regarding the remuneration framework and remuneration policies and practices, as set out in the R&N Committee Charter.

During the subsequent reporting period, the Board expects to seek to appoint one or more independent Directors to the R&N Committee and to confirm an independent Director as Chair of the R&N Committee.

The qualifications and experience of the members of the R&N Committee, the number of times the R&N Committee has met during the year ended 30 June 2020 and attendance by members at such meetings is disclosed on pages 8 and 11 of the Company's Annual Report for the year ended 30 June 2020.