

Corporate Governance Statement

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – 4th edition

The Corporate Governance Statement is current as at 24 September 2021 as approved by the Board.

Recommendation	Current Practice
<p>1.1 A listed entity should have and disclose a board charter setting out:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>Satisfied. The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> <p>The Board Charter also sets out the requirements of the Board composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationships with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p>
<p>1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>Satisfied.</p> <p>(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. These checks take place prior to putting forward a Director to security holders for election at a General Meeting or Annual General Meeting.</p> <p>(b) All material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director. The Board will ensure this material information is included in the Company's 2021 Notice of Annual General Meeting.</p>
<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Satisfied. Written agreements are in place with each director and senior executive for the past financial year.</p>
<p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>Satisfied. The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>

Recommendation**Current Practice**

- 1.5** A listed entity should:
- (a) have and disclose a diversity policy;
 - (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
 - (c) disclose in relation to each reporting period:
 - (1) the measurable objectives set for that period to achieve gender diversity;
 - (2) the entity's progress towards achieving those objectives; and
 - (3) either:
 - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
 - (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

Satisfied (a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives if any have been set and the Company's progress in achieving them.

Satisfied (b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.

Not-Satisfied (c) The Board did not set measurable gender diversity objectives for the past financial year because the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles would, given the small size of the Company and the Board. The Company is committed to ensuring that the appropriate mix of skills, expertise and diversity are considered when making any new Board appointments.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) as at 30 June 2021 is disclosed below:

	Female	Male
Board	0%	100%
Senior Executive	33%	67%
Whole organisation	25%	75%

- 1.6** A listed entity should:
- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
 - (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

Satisfied, (a) The Board is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website.

Not-Satisfied (b) Given the small size of the Board, the Chairman maintained open communication with all Board members and senior executives throughout the year. The Chairman was responsible for evaluation of the Board and its members on an informal and as required basis throughout the financial year. Whilst no formal performance evaluations in respect of the Board and individual Directors was undertaken during the past financial year, the performance of the Board and the Directors was regularly assessed by the Chairman, appropriate feedback provided and any issues promptly resolved.

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<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p>Satisfied (a) The Company's Board is responsible for evaluating the performance of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director. The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>Not-Satisfied (b) No evaluations have been undertaken to date.</p>
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>Not Satisfied. The Company's Board Charter states that once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish a Nomination Committee. Given the size and scale of the Company's operations and the size and composition of the current Board, the full Board undertakes the role of the Nomination Committee. The Board considers that the formation of a separate Nomination Committee would not provide any additional benefits. The Board as a whole (with abstentions from relevant Directors where there is a conflict of interest) carries out the role and has the responsibilities typically assumed by a Nomination Committee. These responsibilities include, but are not limited to, regularly reviewing the size and composition of the Board and consideration of any appropriate changes, identifying and assessing the necessary and desirable skills and competency levels of Directors with a view to enhancing the Board, and making recommendations on the appointment, re-appointment or removal of Directors if and when necessary. The Board as a whole reviews the Company's succession plans to assist in maintaining the appropriate mix of skills, experience, expertise and diversity on the Board.</p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p>Satisfied. The Company has a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. A copy is available on the Company's website. The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report.</p>

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2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>Satisfied.</p> <p>(a) Mr Michael Atkins is considered to be independent non-executive Chairman and Mr James Guy is considered to be an independent non-executive director.</p> <p>(b) Both Mr Michael Atkins and Mr James Guy have received performance-based remuneration (options) as the remuneration is not considered material by the Board, and is not expected to interfere with these directors capacity to bring an independent judgement on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party</p> <p>(c) The Company's Annual Report discloses the length of service of each Director</p>
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>	<p>Satisfied. The Company's Board Charter requires that, where practical, the majority of the Board should be independent. A majority of the directors on the Board were independent, being two of the three directors.</p>
2.5	<p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>Satisfied. The Chair of the Company, Mr Michael Atkins, is considered to be independent. Mr Michael Atkins was not the Managing Director or CEO of the Company during the financial year.</p>
2.6	<p>A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>Not Satisfied. The board has not established this process due to the Company's size and low board turnover, and its ability to attract seasoned directors.</p>
3.1	<p>A listed entity should articulate and disclose its values.</p>	<p>Satisfied. The Board has adopted a set of values which are the foundation for how the Company achieves its business objectives. Our values are supported by the Code of Conduct and other key governance principles and policies which are approved by the Board. The Company's values are available on the Company's website.</p>
3.2	<p>A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</p>	<p>Satisfied. The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website. The Board is informed of any material breaches of the Code.</p>

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<p>3.3 A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p>Satisfied. A copy of the Company's Whistleblower Policy, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p> <p>The Board is informed of any material breaches of this Policy.</p>
<p>3.4 A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.</p>	<p>Satisfied. A copy of the Anti-bribery and Corruption Policy, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p> <p>The Board is informed of any material breaches of this Policy.</p>
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Not Satisfied. Given the size and scale of the Company's operations and the size and composition of the current Board, the full Board undertakes the role of the Audit Committee. The Board considers that the formation of a separate Audit Committee would not provide any additional benefits.</p> <p>The Company's auditors present their closing audit report to the Board prior to approval of both the Half Year and Full Year Financial Statements.</p>

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<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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 entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Satisfied. The Board requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms. The Company has obtained a sign off on these terms in the past financial year.</p>
<p>4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p>Satisfied. The Company's Corporate Governance Plan provides that the Company must have policies and comprehensive practices in place to verifying the integrity of the Company's periodic reports which are not audited or reviewed by an external auditor, to satisfy the Board that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions. Where a periodic corporate report, such the Company's quarterly report, are not required to be audited or reviewed by an external auditor, the Company conducts an internal verification process to confirm the integrity of the report, to ensure that the content of the report is materially accurate, and to provide investors with appropriate information to make informed investment decisions. Appropriate supporting information for such corporate reports are sought and retained on preparation of the report and the full Board reviews and approves the release of such reports. Copies of all market announcements are also required to be circulated to the Board promptly, to ensure the Board has timely oversight of the nature and quality of information being disclosed to the market.</p>
<p>5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</p>	<p>Satisfied. A copy of the Continuous Disclosure Policy, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p>
<p>5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	<p>Satisfied. Copies of all market announcements are circulated by the Company Secretary promptly to the Board, to ensure the Board has timely oversight of the nature and quality of information being disclosed to the market.</p>

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<p>5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p>	<p>Satisfied. The Company's Continuous Disclosure Policy which forms part of the Company's Corporate Governance Plan provides that any new and substantive investor or analyst presentations will be released on the ASX Market Announcements Platform ahead of the presentation. The Chairman, Managing Director/CEO and Company Secretary ensure that any new and substantive investor or analyst presentations are released to ASX ahead of the presentation.</p>
<p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Satisfied. Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.</p>
<p>6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p>	<p>Satisfied. The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.</p>
<p>6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	<p>Satisfied. Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Shareholder meeting materials include a statement encouraging all shareholders to participate in the meeting.</p>
<p>6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>	<p>Satisfied. The Shareholder Communication Strategy provides that all substantive resolutions at shareholder meetings will be decided by a poll rather than a show of hands.</p>
<p>6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>Satisfied. The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report and half yearly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries are referred to the Company Secretary in the first instance.</p>

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<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Not Satisfied. Given the size and scale of the Company's operations and the size and composition of the current Board, the full Board undertakes the role of the Risk Committee. The Board considers that the formation of a separate Risk Committee would not provide any additional benefits. The Board assumes responsibility for the oversight and management of material business risks with management tasked with the responsibility for developing and maintaining a sound system of risk management and internal control to manage the Company's material business risks on a day-today basis.</p> <p>The company has established policies for the oversight and management of material business risks.</p>
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>Satisfied. (a) The Board considers the overall risk management framework and risk profile and annually review its effectiveness in meeting sound corporate governance principles and keep the Board informed of all significant business risks.</p> <p>(b) The Board is focused on the management of risk. The Company has completed a review of the Company's risk management framework, which is available in the Corporate Governance Plan which can be found on the Company's website.</p>
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	<p>Not satisfied. The Company does not currently have a formal internal audit function, however the Board oversees the effectiveness of risk management and internal control processes.</p> <p>Management is charged with resourcing, operating and monitoring the system of internal control, incorporating risk responses in the form of controls into its management systems, and reporting results of the effectiveness of these systems to the Board. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control</p>

Recommendation	Current Practice
	<p>systems adopted by the Company have been designed to meet the Company's specific needs and the risks to which it is exposed. Internal control measures currently adopted by the Board include: (i) periodic reporting to the Board in respect of operational and financial performance; (ii) authority limits established for management which must not be exceeded unless prior Board approval is obtained; (iii) a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and (iv) regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measure which are either in place or can be adopted to manage or mitigate those risks. The Board monitors the need for an internal audit function having regard to the size, location and complexity of the Company's operations.</p>
<p>7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Satisfied. The Board determines whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The entity does not have material exposure in these areas.</p>
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or 	<p>Not Satisfied. Given the size and scale of the Company's operations and the size and composition of the current Board, the full Board undertakes the role of the Remuneration Committee. The Board considers that the formation of a separate Remuneration Committee would not provide any additional benefits. It was deemed appropriate for remuneration matters to be discussed during meetings of the full board, with Directors excluded from individual discussions as required. The Board will continue to assess the Company's circumstances and establish a Remuneration Committee when deemed appropriate.</p>

Recommendation	Current Practice
<p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Satisfied. The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in the Remuneration Report contained in the Company's Annual Report as well as being disclosed on the Company's website.</p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>No Satisfied. There is no broad policy. The Company's policies and practices regarding the remuneration of Directors and senior executives, including equity-based remuneration, is disclosed in the 2021 Annual Report.</p>

Further information about the Company's corporate governance practices is set out on the Company's website at:
www.castleminerals.com