

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Simonds Group Limited

ABN / ARBN:

143 843 801

Financial year ended:

30 June 2020

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: <http://simondsgroup.com.au/corporateGovernance>

The Corporate Governance Statement is accurate and up to date as at 22 September 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 22 September 2020

Name of Secretary authorising lodgement: Paul Taylor

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation                             |                                                                                                                                                                                                                                                                                                                                       | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| <b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b> |                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                       |
| 1.1                                                                     | A listed entity should disclose:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management.                                                                                                                            | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement<br>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):<br><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/corporateGovernance">http://simondsgroup.com.au/corporateGovernance</a> | –                                                                                                                     |
| 1.2                                                                     | A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and<br>(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. | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement                                                                                                                                                                                                                                                                                                                                                       | –                                                                                                                     |
| 1.3                                                                     | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.                                                                                                                                                                                                   | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement                                                                                                                                                                                                                                                                                                                                                       | –                                                                                                                     |
| 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.                                                                                                                                                               | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement                                                                                                                                                                                                                                                                                                                                                       | –                                                                                                                     |

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

| Corporate Governance Council recommendation |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| 1.5                                         | <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) 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); or</p> <p>(2) 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.</p> | <p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/corporateGovernance">http://simondsgroup.com.au/corporateGovernance</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our Diversity Policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/corporateGovernance">http://simondsgroup.com.au/corporateGovernance</a></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Workplace Gender Equality Act Report, available at: <a href="http://simondsgroup.com.au/index.php?view=simsection&amp;id=1">http://simondsgroup.com.au/index.php?view=simsection&amp;id=1</a></p> | -                                                                                                                     |
| 1.6                                         | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -                                                                                                                     |
| 1.7                                         | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -                                                                                                                     |

| Corporate Governance Council recommendation           | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |   |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| <b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |   |
| 2.1                                                   | <p>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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a Nomination &amp; Remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/corporateGovernance">http://simondsgroup.com.au/corporateGovernance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | - |
| 2.2                                                   | <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | - |
| 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, association 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, association 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>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>                                                                                                                                               | - |

| Corporate Governance Council recommendation        |                                                                                                                                                                                                                                                        | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                              | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| 2.4                                                | A majority of the board of a listed entity should be independent directors.                                                                                                                                                                            | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]                     | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement               |
| 2.5                                                | 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.                                                                                                | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b>                                                           | -                                                                                                                     |
| 2.6                                                | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement                                                                     | -                                                                                                                     |
| <b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b> |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                   |                                                                                                                       |
| 3.1                                                | A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code or a summary of it.                                                                                            | ... our Code of Conduct or a summary of it:<br><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/corporateGovernance">http://simondsgroup.com.au/corporateGovernance</a> | -                                                                                                                     |

| Corporate Governance Council recommendation                     | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |   |
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| <b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |   |
| 4.1                                                             | <p>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,</p> <p>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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/corporateGovernance">http://simondsgroup.com.au/corporateGovernance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | - |
| 4.2                                                             | <p>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>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | - |
| 4.3                                                             | <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | - |

| Corporate Governance Council recommendation                 |                                                                                                                                                                                            | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                 | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| <b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>    |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                      |                                                                                                                       |
| 5.1                                                         | A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it. | ... our continuous disclosure compliance policy or a summary of it:<br><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/corporateGovernance">http://simondsgroup.com.au/corporateGovernance</a>                                            | -                                                                                                                     |
| <b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b> |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                      |                                                                                                                       |
| 6.1                                                         | A listed entity should provide information about itself and its governance to investors via its website.                                                                                   | ... information about us and our governance on our website:<br><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/corporateGovernance">http://simondsgroup.com.au/corporateGovernance</a>                                                    | -                                                                                                                     |
| 6.2                                                         | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.                                                    | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement                                                                                                                                        | -                                                                                                                     |
| 6.3                                                         | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.                                      | ... our policies and processes for facilitating and encouraging participation at meetings of security holders:<br><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/corporateGovernance">http://simondsgroup.com.au/corporateGovernance</a> | -                                                                                                                     |
| 6.4                                                         | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.                   | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement                                                                                                                                        | -                                                                                                                     |

| Corporate Governance Council recommendation    | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |   |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| <b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |   |
| 7.1                                            | <p>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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/corporateGovernance">http://simondsgroup.com.au/corporateGovernance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | - |
| 7.2                                            | <p>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</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>                                                                                                                                                                            | - |
| 7.3                                            | <p>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 risk management and internal control processes.</p>                                                                                                                                                                                                                                                                                                                                                                            | <p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>                                                                                                                                                                                                                                                                                                                                                                                                         | - |



| Corporate Governance Council recommendation |                                                                                                                                                                                                   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                        | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| 7.4                                         | A listed entity should 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. | <p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/reports">http://simondsgroup.com.au/reports</a></p> | -                                                                                                                     |

| Corporate Governance Council recommendation            | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                          |   |
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| <b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |   |
| 8.1                                                    | <p>The board of a listed entity should:</p> <p>(a) have a remuneration 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 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>... the fact that we have a Nomination &amp; Remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/corporateGovernance">http://simondsgroup.com.au/corporateGovernance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> | - |
| 8.2                                                    | <p>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>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> at <a href="http://simondsgroup.com.au/reports">http://simondsgroup.com.au/reports</a></p>                                                                                                                                                                                                                                                 | - |
| 8.3                                                    | <p>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>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>                                                                                                                                                                                                                                                                                                                                                                                                                                       | - |



# Simonds Group

22 September 2020

## Corporate Governance Statement FY2020

For the 2020 financial year, Simonds Group Limited (**Company**) has complied with all of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3<sup>rd</sup> edition, other than as set out under Recommendation 2.4. Details are set out below.

The board of directors of the Company (**Board**) has approved this corporate governance statement.

### PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### Recommendation 1.1 – Roles and responsibilities of the Board

The Board has adopted a written Charter to provide a framework for the effective operation of the Board. The Charter outlines the Board composition, its role and responsibilities, relationship with management and delegation of authority to Board committees and management. The Charter may be viewed in full at [simondsgroup.com.au](http://simondsgroup.com.au) under the heading 'Corporate Governance' under the 'About us' tab.

The Board Charter outlines:

- The roles of the Board, the Chairman, the Joint Chief Executive Officers (**Joint CEOs**) and the Company Secretary.
- The guidelines for Board composition, including the processes around Director appointments and Board nominations.
- The general and specific responsibilities of the Board.
- Responsibility for the day to day management and administration of the company is delegated by the Board to the Joint CEOs. The Joint CEOs are responsible for the management team and employees of the Company.

#### Recommendation 1.2 – Perform appropriate checks on Directors before appointment and provide all relevant information for election of Directors

The Board Charter outlines the guidance for appointment of directors. Prior to appointing a director or putting forward a candidate for election as a director, the Board must:

- Undertake appropriate checks; and
- Provide shareholders with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a director.

#### Recommendation 1.3 – Written contracts of appointment

As outlined in the Board Charter, the company must have a written agreement with each director and senior executive which outlines the terms of appointment. Each director and senior executive have been appointed by way of formal written agreement setting out the terms of their appointment, including role, responsibilities and remuneration.

#### Recommendation 1.4 – Company Secretary

As stated in the Board Charter, each director is able to communicate directly with the Company Secretary and vice versa. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.



# Simonds Group

## Recommendation 1.5 - Diversity

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company’s success is the result of the quality and skills of its people. The Company has established and implemented a Diversity Policy which is overseen by the Board and may be viewed in full at [simondsgroup.com.au](http://simondsgroup.com.au). The Board is responsible for developing measurable objectives for achieving gender diversity.

Formal, measurable objectives for diversity were previously approved by the Board, a summary is included in the Diversity Policy and in our 2019-20 Workplace Gender Equality Act Report, which can be found at [simondsgroup.com.au](http://simondsgroup.com.au).

## Recommendation 1.6 – Board performance evaluation

The Board is responsible for the evaluation of its performance and the performance of individual directors. Under the Board Charter, this internal review is to be conducted on an annual basis and if deemed necessary this internal review will be facilitated by an independent third party.

A review of the: performance of the Board, its role, the adequacy and effectiveness of the Boards’ practices and procedures and the behaviours of the Board was initiated during the third and fourth quarters of 2020. The Board takes this evaluation into consideration when recommending directors for (re-election). Scott Mahony, a non-executive director, resigned from the Board effective from 26 May 2020. The Board thanked Mr Mahony for his contribution and maintains its current composition of seven directors is appropriate.

To assist with the impact of Covid-19, the SIO Board and its Senior Advisor agreed to reduce their fees by an aggregate \$145,000 (per annum) effective 1 May 2020 until 31 December 2020 when a further review will take place.

## Recommendation 1.7 – Management reviews

Simonds Group has a formalised performance review process for all employees. As outlined in the Board Charter, the Joint CEOs are responsible for the performance evaluation of senior executives. The Nomination and Remuneration Committee is responsible for reviewing the performance targets for senior management. A performance review process was undertaken during the reporting period, including for senior executives.

## PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

### Recommendation 2.1 – Nomination committee

The Board has a Nomination and Remuneration Committee and adopted a written Charter that sets out the role and objectives, responsibilities and functions of the Committee. The Charter may be viewed in full at [simondsgroup.com.au](http://simondsgroup.com.au) under the heading 'Corporate Governance' under the 'About us' tab.

From the commencement of the reporting period until 18 September 2020, the membership of the Nomination and Remuneration Committee has consisted of:

| Name                                                | Independence    |
|-----------------------------------------------------|-----------------|
| Delphine Cassidy - Chair and Non-executive Director | Independent     |
| Iain Kirkwood - Non-executive Director              | Independent     |
| Piers O’Brien - Non-executive Director              | Non-independent |



# Simonds Group

The Nomination and Remuneration Committee met eight times during the year ended 30 June 2020. All members of the Committee attended all those meetings. For the reporting period, the Committee satisfies Recommendation 2.1.

## **Recommendation 2.2 – Board skills**

The experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Directors' Report.

The Board skills matrix set out below describes the skills and experience currently represented on the Board:

### **Listed company / industry knowledge**

- Previous listed company director experience
- Public company executive experience
- Volume housing industry/sector experience
- RTO (including compliance)
- Broad Public Policy knowledge (housing/building industry)

### **Technical skills / experience**

- Strategy
- Accounting/finance
- Capital management
- Legal/corporate law
- Investor Relations
- Risk Management
- Human Resources
- CEO/Senior Management Experience
- M&A

### **Governance competencies**

- Knowledge of applicable legislation
- Financial Literacy
- Strategic thinking from Governance perspective
- Executive Performance
- Management – CEO Management
- Governance related risk management
- Compliance Focus

### **Behavioural competencies**

- Team player/collaborative
- Ability and willingness to question
- Common sense and sound judgment
- Integrity and high ethical standards
- Mentoring abilities
- Interpersonal relations

### Recommendation 2.3 – Board structure and term in office

The term in office held by each director as at 30 June 2020 and independence status is as follows:

| Name                                                                                               | Independence    | Term               |
|----------------------------------------------------------------------------------------------------|-----------------|--------------------|
| Iain Kirkwood - Chairman & Non-Executive Director<br>(appointed 20 September 2017)                 | Independent     | 2 years, 11 months |
| Kelvin Ryan – Joint CEO and Managing Director<br>(appointed 5 March 2018)                          | Non-independent | 2 years, 65 months |
| Neil Kearney - Non-Executive Director<br>(appointed 20 September 2017)                             | Independent     | 2 years, 11 months |
| Delphine Cassidy - Non-Executive Director<br>(appointed 20 September 2017)                         | Independent     | 2 years, 11 months |
| Mark Simonds - Executive Director<br>(appointed 20 September 2017)                                 | Non-independent | 2 years, 11 months |
| Rhett Simonds – Joint CEO and Managing Director<br>(appointed 20 April 2016)                       | Non-independent | 4 years, 4 months  |
| Piers O’Brien - Non-Executive Director<br>(appointed 20 September 2017)                            | Non-independent | 2 years, 11 months |
| Scott Mahony - Non-Executive Director<br>(appointed 20 September 2017 and resigned on 26 May 2020) | Non-independent | 2 years, 7 months  |

### Recommendation 2.4 – Director independence

According to Recommendation 2.4, the Board should comprise a majority of directors who are independent.

During the reporting period, the Board did not comply with Recommendation 2.4. The Board comprises a blend of experienced, independent directors and strong, hands-on directors with deep industry knowledge and expertise.

Notwithstanding the current majority non-independence of the Board, the Board has carefully considered and documented the roles and responsibilities of its independent Chairman and nominated independent chairs of its Committees to ensure strong governance.

Directors are not involved in decisions where they have, or could be perceived to have, a conflict of interest or material personal interest. Any Director who considers that there may be a conflict of interest or a material personal interest in any matter concerning the Company must declare it immediately.

As such, the current Board structure always allows the Board to act in the best interests of the Company and all its shareholders.

### Recommendation 2.5 – Chair of the Board

From the start of the reporting period until 18 September 2020, the Chairman has been Iain Kirkwood who is independent. The Board currently satisfies Recommendation 2.5.

### **Recommendation 2.6 – Director development**

The Nomination and Remuneration Committee is responsible for designing induction and ongoing training and education programs for the Board to ensure the Directors develop and maintain the skills and knowledge needed to perform their role as directors effectively.

## **PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY**

### **Recommendation 3.1 – Code of conduct**

The Company has adopted a written Code of Conduct which applies to all staff members of the Company, including directors, executives and employees. The objective of this Code of Conduct is to ensure that all staff at Company observe the highest standards of ethics, integrity and behaviour.

The Code of Conduct may be viewed in full at [simondsgroup.com.au](http://simondsgroup.com.au) under the heading 'Corporate Governance' under the 'About us' tab.

## **PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

### **Recommendation 4.1 – Audit and Risk Management Committee**

The Board has an Audit and Risk Management Committee and adopted a written Charter that sets out the role and objectives, responsibilities and functions of the Committee. The Charter may be viewed in full at [simondsgroup.com.au](http://simondsgroup.com.au) under the heading 'Corporate Governance' under the 'About us' tab.

From the commencement of the reporting period until 18 September 2020, the membership of the Audit and Risk Management Committee has consisted of:

| <b>Name</b>                                                          | <b>Independence</b> |
|----------------------------------------------------------------------|---------------------|
| Neil Kearney - Chair and Non-executive Director                      | Independent         |
| Iain Kirkwood - Non-executive Director                               | Independent         |
| Scott Mahony - Non-executive Director<br>(resigned from 26 May 2020) | Non-independent     |
| Delphine Cassidy<br>(appointed on 23 June 2020)                      | Independent         |

The Audit and Risk Management Committee met six times during the year ended 30 June 2020. Neil Kearney and Iain Kirkwood attended all those meetings and Scott Mahony attended three meetings. Delphine Cassidy did not attend any meetings as her appointment was made after the last meeting was held for the year.

For the reporting period, the Committee satisfies Recommendation 4.1.

### **Recommendation 4.2 – Joint CEO and CFO assurance**

In accordance with Recommendation 4.2, the Board received assurance from the Joint CEOs and the Chief Financial Officer (CFO) 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.

### **Recommendation 4.3 – External auditor available at annual general meeting (AGM)**

The Company's external auditor attends each AGM and is available to attend to answer shareholder questions about the audit.

## **PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

### **Recommendation 5.1 – Disclosure policy**

The Company has established a Continuous Disclosure Policy & Communications Strategy, which establishes policies and procedures designed to ensure compliance with its continuous disclosure requirements under the Listing Rules and the *Corporations Act 2001* (Cth).

The Policy sets out the standards, protocols and the detailed requirements expected of all directors, officers, senior management and employees of the Company for ensuring the Company immediately discloses all price-sensitive information in compliance with the Listing rules and Corporations Act relating to continuous disclosure.

The Policy may be viewed in full at [simondsgroup.com.au](http://simondsgroup.com.au) under the heading 'Corporate Governance' under the 'About us' tab.

## **PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS**

### **Recommendation 6.1 – Information on website**

The Company has a website, [simondsgroup.com.au](http://simondsgroup.com.au), which includes a 'Corporate Governance' section where information about the Company, including its corporate governance information can be accessed.

### **Recommendation 6.2 – Investor relations program**

The Company has adopted a Continuous Disclosure Policy and Communications Strategy governing its approach to communicating with its shareholders, market participants and other stakeholders.

This policy specifically includes:

- The approach to briefing media, investors and analysts; and
- The approach to communicating with shareholders about the Company's financial performance and business strategy via shareholder meetings.

The Company provides a copy of the annual report to all shareholders who have requested to receive a hard copy and encourages investors to access the annual report online. The annual report contains relevant information about the Company's operations during the year, changes in the state of affairs and other disclosures required by the Corporations Act. The half year report contains summarised financial information and a review of Simonds Group operations during the period. The Company's corporate website provides all shareholders and the public access to our announcements to the ASX, and general information about the Company and our business.

### **Recommendation 6.3 – Facilitating participation at meetings of security holders**

The Company views the AGM as an important forum for two-way communication between the Company and its shareholders. The AGM is an opportunity for shareholders to hear from and put questions to the Board, management and the external auditor. Shareholders who are unable to attend the AGM to exercise their right to ask questions about, or make comments on, the management of the Company, are encouraged to provide questions or comments ahead of the AGM.

### **Recommendation 6.4 – Facilitating electronic communications**

The Company provides (and encourages) shareholders with the option to receive communications from, and send communications to, the Company and the Share Registry electronically, for reasons of speed, convenience, cost and environmental considerations.



Annual reports are provided electronically via the Company's website, under the 'ASX Announcements' section, unless a Shareholder elects to receive a printed copy ([simondsgroup.com.au/announcements](http://simondsgroup.com.au/announcements)).

Announcements made by the Company to the ASX are made available on the Company's website, under the ASX Announcements section and on the ASX website.

Shareholders can access information relevant to their holding via the Share Registry website [boardroomlimited.com.au](http://boardroomlimited.com.au).

## **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

### **Recommendation 7.1 – Risk management framework**

The Company views effective risk management as a key component to achieving and maintaining its operational and strategic objectives. The identification and management of Simonds Group's risks are an important priority of the Board.

The Company's risk management is assessed and managed by the Audit and Risk Management Committee and governed by the Audit and Risk Management Committee Charter, which may be viewed at [simondsgroup.com.au](http://simondsgroup.com.au). Refer also to Recommendation 4.1.

The Company has in place a Risk Management Framework whereby management is responsible for active identification of risks and implementation of mitigation measures and may be required to report as to its adherence to policies and guidelines approved by the Board for the management of risks.

Management reports regularly on risk management to the Board and the Audit and Risk Management Committee, identifying the Group's material risks and the extent to which the Company's ongoing risk management program effectively identifies, manages, tests and addresses risk management issues.

The Company's Risk Management Framework encompasses all facets of the business, including the following key risk categories: Governance, Financial, Operational, Compliance and Strategic.

### **Recommendation 7.2 – Annual risk review**

The Company's risk management framework is reviewed quarterly by the Audit and Risk Management Committee and was reviewed during the reporting period.

### **Recommendation 7.3 – Internal audit**

Simonds has an internal audit function which is outsourced to Protiviti. The internal audit function is managed by the Chief Financial Officer who acts as the head of internal audit and reports to the Audit and Risk Committee. The role of the internal audit function is to provide the Board and management with an independent assessment of the Company's processes are designed and operating efficiently and effectively to support the delivery of strategic objectives. This assurance is provided through an assessment of the design of business processes and testing the effectiveness of key controls. The Audit and Risk Committee has oversight of the internal audit function.

In performing the internal audit function, Protiviti complies with The International Professional Practices Framework provided by the Institute of Internal Auditors. The Audit and Risk Committee also monitors the internal auditor's performance, effectiveness and independence.

The Board has received written assurances from management as to the effectiveness of the Company's management of its material business risks and internal controls. The Joint CEOs and the CFO have provided written assurance 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 the financial reporting risks.

#### **Recommendation 7.4 – Sustainability risks**

As part of the Risk Management Framework, the Company has identified the key risk categories which include Strategic, Reputational, Work Health and Safety (WHS), Environmental, Financial, Operational, Compliance and Governance. Material business risks are then identified within each category.

A summary of key business risks is included in the Directors Report of the FY2020 Appendix 4E and Financial Report lodged at ASX on 27 August 2020.

### **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

#### **Recommendation 8.1 – Remuneration committee**

Please refer to Recommendation 2.1 for details of the Nomination and Remuneration Committee.

#### **Recommendation 8.2 – Remuneration policy**

Details of the Company’s remuneration policies and practices are included in the Remuneration Report within the FY2020 Appendix 4E and Financial Report lodged at ASX on 27 August 2020.

Details of compensation for Non-Executive Directors, Executive Directors and other senior executives are also separately disclosed within the Remuneration Report.

#### **Recommendation 8.3 – Policy on hedging equity incentive schemes**

Simonds Group has an employee equity plan in place, which includes equity incentives. The rules of the plan prohibit participants from entering into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested awards under that plan.