



# 2023 Corporate Governance Statement

The Board of Spirit Technology Solutions Ltd (the **Company** or **Group**) is responsible for the overall corporate governance of the Company. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (**Recommendations**) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them.

This Corporate Governance Statement (**Statement**) discloses the extent to which the Company has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on our website <https://www.spirit.com.au/investor-centre/>, including the 2023 Annual Report and all Company's policies contained herein.

This Statement is current as at 27 September 2023 and has been approved by the Board of Directors of Spirit Technology Solutions Ltd.

## **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

### **Recommendation 1.1 - Role of the Board and Management**

The role of the Board is to approve the strategic direction of the Company, guide and monitor the management of the Company and its businesses and oversee the implementation of appropriate corporate governance with respect to the Group's affairs. The Board aims to protect and enhance the interests of its shareholders, while considering the interests of other stakeholders, including employees, customers, suppliers, and the wider community.

The Board has a formal Board Charter which is available on our website at <https://spirit.com.au/investor-centre/> that sets out the matters expressly reserved for the Board's determination and those matters delegated to management.

The Board delegates responsibility for the day-to-day management of the Company and its business to the Managing Director (**MD**). The MD is supported by the senior executive team and delegates authority to appropriate senior executives for specific activities. The Board maintains ultimate responsibility for strategy, control and risk profile of the Group.

### **Recommendation 1.2: Appointment of Directors**

The Nomination & Remuneration Committee facilitates the selection of Directors and appointment of Directors. Before the Board appoints a new Director or puts forward a candidate for election, the Nomination and Remuneration Committee will ensure that appropriate background checks are undertaken.

We provide our shareholders with all material information in our possession that is relevant to their decision on whether or not to elect or re-elect a Director through a number of channels, including via the notice of meeting and other information contained in the 2023 Annual Report.

### Recommendation 1.3: Appointment Terms

Each director and senior executive are party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment, including the remuneration entitlement and performance requirements. Directors also receive a deed of indemnity, insurance, and access. Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the 2023 Annual Report.

### Recommendation 1.4: Company Secretary

The Board is supported by the Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Group. The Board and individual Directors have access to the Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, through the Chair, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Directors' Report in our 2023 Annual Report.

### Recommendation 1.5: Diversity Policy

The workforce of the Company comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected. To demonstrate the Company's commitment to developing measurable objectives to achieve diversity and inclusion in its workplace, the Company has implemented a Diversity Policy which can be viewed at <https://spirit.com.au/investor-centre/>.

The Diversity Policy provides a framework for the Company to achieve a diverse and skilled workforce, with the aim of leading to continuous improvement and achievement of corporate and strategic goals, a workplace culture characterised by inclusive practices and behaviours, equal employment and career development opportunities for all staff and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 31 August 2023 was as follows:

	Male	Female	Total
Board*	83.33%	16.67%	100%
Senior Executive Positions	87.50%	12.50%	100%
Entire organisation	79.00%	21.00%	100%

\*Note: as at 31 August 2023, the proportion of women on the Board included Michelle Bendschneider, however as a result of the resignation of Ms. Bendschneider as a Director of the Company on 31 August 2023, subsequent to this date, the proportion of women on the Board is currently 0%.

Senior Executives are defined as roles supporting the Managing Director with running the business and delivering on strategic objectives.

The Board has set a number of diversity objectives as set out in its Diversity Policy which can be viewed at <https://spirit.com.au/investor-centre/>.

The Company is in the process of reporting against a set of standardised gender equality indicators provided by the Workplace Gender Equality Agency ('WGEA'), of which the WGEA report will be made available on the Company's website in due course.

The Company does not meet this Recommendation in its entirety.

### **Recommendation 1.6: Board, Committees and Individual Directors Performance Assessment**

The Board is committed to formally evaluating its performance, the performance of its Committees and individual Directors, as well as the governance processes supporting the Board. The Board's, Committees' and individual Directors' performances are assessed annually.

The Board's, Committees' and Individual Directors' performance assessment process is conducted as follows:

- completion of a questionnaire/survey by each director, and which is facilitated by the Company Secretary
- preparation by the Company Secretary and provision of a report to the Nomination and Remuneration Committee which outlines the feedback received on the Board's and Committee's performance; and
- discussion by the Nomination & Remuneration Committee of any areas and actions for improvement and reports them to the Board.

Individual Directors' performance is also assessed through open and frank discussions between the Chair of the Nomination and Remuneration Committee and each Board member. Similarly, the Chair of the Nomination and Remuneration Committee's performance is assessed by the Chair of the Board. A report of these one-on-one discussion is then prepared for the Board's consideration. Actions for improvement are then taken on-board for the Director's self-development.

The Company undertook an internal Board, Committees, and individual Directors' performance assessment during the period under review in accordance with the above process. An analysis of the data collected indicated that the Board and Committees are functioning effectively against all criteria. The Board and Committees are committed to their roles and each Board member is dedicated to proactively supporting the Company and its stakeholders.

### **Recommendation 1.7: Senior Executive Performance Assessment**

Senior Executives are appointed by the Managing Director and their Key Performance Indicators (KPI's) contain specific financial and non-financial objectives.

These KPIs are reviewed annually by the MD. The performance of each Senior Executive against these objectives is evaluated annually.

In the case of the Managing Director, this review is conducted by the Nomination and Remuneration Committee and the results are reported to the Board.

Performance evaluations were undertaken during the reporting period by the Company in accordance with the process.

## **PRINCIPLE 2 – BOARD STRUCTURE**

### **Recommendation 2.1: Nomination Committee**

The Company's Nomination and Remuneration Committee Charter provides for creation of a Committee, with at least three members. The Nomination and Remuneration Committee Charter is available at <https://spirit.com.au/investor-centre/>

The Board has established a Nomination and Remuneration Committee to assist the Board in ensuring it is equipped to discharge its responsibilities. The Committee has guidelines for the nomination and selection of directors and for the operation of the Board.

During the financial year 2023 the Committee was comprised of:

- James Joughin – Independent Chair of the Committee
- Gregory Ridder – Independent Member of the Committee
- Michelle Bendschneider – Independent Member of the Committee (resigned 31 August 2023)

All Committee members were always deemed independent Directors during the year. All Directors have relevant experience as shown in their biographies in the Directors Report. Details of meetings held by the Committee during the year and member attendance are set out in the 2023 Directors' Report.

In accordance with the Company's Nomination and Remuneration Committee Charter the primary function of the Committee is to assist the Board to carry out the following:

- review director competence standards;
- review Board succession plans;
- evaluate the Board's performance;
- make recommendations for the appointment and removal of directors to the Board; and
- make recommendations to the Board on recruitment, retention, and termination policies for senior management.

Given the recent resignation of Michelle Bendschneider as a Director of the Company on 31 August 2023, the Committee currently has two independent members, however it is anticipated that the Company will appoint a new independent Director over the next couple of months and will look to bring the Committee membership back to three members.

Details of meetings held by the Committee during the year and member attendances are set out in the 2023 Directors' Report.

### **Recommendation 2.2: Board Skills Matrix**

Our objective is to have an appropriate mix of expertise and experience on our Board so that the Company can effectively discharge its corporate governance and oversight responsibilities. It is the Board's view that the current directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic



objectives, which include technical, financial, governance, commercial and industry specific experience. This mix is subject to review on a regular basis as part of the Board's performance review process.

The skills and experience represented in the Board and relevant to the Company's business are set out in the matrix below:

### Skills and experience

- |                          |                                   |
|--------------------------|-----------------------------------|
| - Risk & Compliance      | - Technology Knowledge            |
| - Financial & Audit      | - People and Performance          |
| - ASX Governance         | - Executive Management            |
| - Strategy               | - IT&T Managed Services           |
| - Business Operations    | - Cyber Services                  |
| - Policy Development     | - Communication and Collaboration |
| - Capital Markets        | - Sales and Marketing             |
| - Stakeholder Engagement | - Ethics and Integrity            |
| - Client Engagement      | - Contribution                    |
| - Industry Relations     | - Negotiation                     |
| - Leadership             | - Critical Thinker                |
| - Crisis Management      | - Previous Board Experience       |

To the extent that any skills are not directly represented on the Board, they are augmented through senior management and external advisors.

Full details of each Directors' relevant skills and experience are set out in the 2023 Directors' Report.

### Recommendation 2.3: Independent Directors

An independent director is a non-executive director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

The Board regularly assesses the independence of each Non-Executive Director in light of the information which each Director is required to disclose in relation to any material contract or other relationship with the Company in accordance with the director's terms of appointment, the Corporations Act 2001, and the Board Charter.

When appointing an independent director or reviewing the independence of its Directors, the Board will have regard to the definition of independent director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a director set out in Recommendation 2.3.

The Board's assessment of each current Director is set out below.

Name	Position	Appointment date	Status
James Joughin	Non-Executive Chairman	16 June 2016	Independent
Julian Challingsworth	Managing Director & CEO	11 July 2022	Non-Independent
Elie Ayoub	Executive Director	8 June 2023	Non-Independent
Gregory Ridder	Non-Executive Director	21 November 2019	Independent

The Board considers the Non-Executive directors to be independent having regard to the indicia in Box 2.3 in the ASX Recommendations. The Board has considered the holdings of securities in the Company by these Non-Executive directors and is of the opinion that their respective interests in securities would not materially interfere with, or could be reasonably perceived to interfere with, the independent exercise of their judgement in their position as a Director. The Board also considers that they are otherwise free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement, and that each of these Directors is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

Julian Challingsworth and Elie Ayoub are considered by the Board not to be independent as they are both employed in an executive capacity and Elie Ayoub is also a substantial shareholder.

#### **Recommendation 2.4: Majority Independence**

As at the date of this Statement, two of our four Directors are deemed independent. On this basis the Company does not currently have a majority of independent directors.

The Board recognises that it is desirable for the majority of the Board to be independent Directors. The Company's current size dictates that this is the most efficient mode of operation at the current time. The Company anticipates that it will appoint a new independent Director over the next couple of months.

The Chair of the Board, James Joughin along with the other independent Director Gregory Ridder, provide an active role in challenging management.

Further information regarding our Directors, including their experience and qualifications, is set out in the Directors' Report of our 2023 Annual Report.

#### **Recommendation 2.5: Board Chair**

The Chair, James Joughin was appointed to the position on 16 June 2016 and is considered an independent Director. The Chair provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities under the Board Charter. His role is set out in more detail in the Board Charter.

The roles of Chair and Managing Director are exercised by different individuals, being James Joughin and Julian Challingsworth respectively.

#### **Recommendation 2.6: Induction, Education and Training**

In accordance with the Company's Nomination and Remuneration Committee Charter, the Nomination and Remuneration Committee is responsible for establishing and reviewing induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.

Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

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

### **Recommendation 3.1: Statement of Values**

The Company's values are the guiding principles and norms that define what type of organisation it aspires to be and what it requires from its directors. The values of Spirit are disclosed on the Company's website <https://spirit.com.au/spirit-people>.

The Company's Executive Team are responsible for instilling these values across the organisation.

### **Recommendation 3.2: Code of Conduct**

The Board recognises the need to observe the highest standards of corporate practice and business conduct.

Accordingly, the Board has adopted a Corporate Code of Conduct designed to:

- provide a framework for decisions and actions in relation to ethical conduct in employment;
- support the Company's business reputation and corporate image; and
- make Directors' and employees aware of the consequences if they breach the Corporate Code of Conduct.

The Corporate Code of Conduct can be found on our website at <https://spirit.com.au/investor-centre/>. The key aspects of this code are to:

- act fairly with honesty and integrity in the best interests of the Company and in the reasonable expectations of shareholders;
- act in accordance with all applicable laws, regulations, and the Company policies and procedures; and
- act in an appropriate business-like manner when representing the Company in public forums.

The Corporate Code of Conduct sets out the Company's policies on various matters including ethical conduct, business conduct, compliance, privacy and security of information.

Any material breach of the Company's policies, including a breach of the Corporate Code of Conduct, is raised, and reviewed at each Board meeting.

### **Recommendation 3.3: Whistleblower Policy**

The Whistleblower Policy demonstrates that the Company is committed to the highest standards of conduct and ethical behaviour in all its business activities. The Company supports a culture of honest and ethical behaviour in ensuring good corporate compliance and governance. The policy sets out, amongst other things, instances of suspected misconduct which can be reported to the internal and external parties and summarises the protections offered to whistleblowers.

Any material breach of the Company's policies, including any breach of the Whistleblower Policy, is raised, and reviewed at each Board Meeting.

The Whistleblower Policy is available on the Company's website <https://spirit.com.au/investor-centre/>.



### **Recommendation 3.4: Anti-bribery and Corruption Policy**

The Anti-Bribery and Corruption Policy demonstrates that the Company is committed maintain high standards of integrity and accountability in conducting its business. The policy provides a framework of guidelines and principles to encourage ethical behaviour in the conduct of business.

Any material breach of the Company's policies, including any breach of the Anti-Bribery and Corruption Policy, is raised at the Audit and Risk Committee level, with the latter reporting on them at the next Board meeting.

The Anti-Bribery and Corruption Policy is available on the Company's website <https://spirit.com.au/investor-centre/>.

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

### **Recommendation 4.1: Audit Committee**

The Board has established an Audit and Risk Committee Charter which provides for the establishment of an Audit and Risk Committee, with, a majority of whom are independent Directors, and which shall be chaired by an independent Director who is not the Board Chair. The Audit and Risk Committee Charter is available on the Company's website at <https://spirit.com.au/investor-centre/>.

During the financial year 2023 the Committee was comprised of:

- Gregory Ridder – Independent Chair of the Committee
- James Joughin – Independent Member of the Committee
- Michelle Bendschneider – Independent Member of the Committee (resigned 31 August 2023)

All Committee members were deemed independent Directors at all times during the fiscal year.

In accordance with the Company's Audit and Risk Committee Charter the primary function of the Committee is to assist the Board to carry out the following:

- review and monitor the integrity of the Company's financial reports and statements;
- monitor the performance and independence of the external auditor; and
- reviewing the consolidated accounts of the company.

It also has risk management and internal control functions as set out under Recommendation 7.1.

Given the recent resignation of Michelle Bendschneider as a Director of the Company on 31 August 2023, the Committee currently has two independent members, however it is anticipated that the Company will appoint a new independent Director over the next couple of months and will look to bring the Committee membership back to three members.

Details of meetings held by the Committee during the year and member attendances are set out in the 2023 Directors' Report.

### **Recommendation 4.2: Assurances**

The Managing Director and Chief Financial Officer (CFO) provide an annual declaration to the Board prior

to the Board's approval of the Company's full year financial results. This process was followed for the 2023 full year financial results, where the MD and CFO provided a declaration to the Board that, in their opinion, the financial records 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 Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. On this basis, the 2023 full year financial results were approved by the Board.

#### **Recommendation 4.3: Verification of integrity of periodic corporate reports**

Our external auditor, PKF Melbourne Audit & Assurance Pty Ltd (PKF), was appointed following our 2017 Annual General Meeting (AGM). PKF attends our AGM and a representative is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

PKF's independence declaration is contained in the Directors' Report in our 2023 Annual Report.

The effectiveness, performance and independence of the external auditor is reviewed annually by the Board.

Any periodic corporate report the Company releases to the market that is not audited or reviewed by an external auditor is reviewed and approved by the Board so that it is satisfied the report in question is materially correct, balanced and provides investors with appropriate information to make an informed investment decision. Following review by the Board of Directors the report is formally approved prior to release.

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

#### **Recommendation 5.1: Continuous Disclosure Policy**

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy (Policy), which is available on our website at <https://spirit.com.au/investor-centre/>.

The Board has overarching responsibility for compliance with continuous disclosure obligations and Board approval is required for certain key matters (as set out in the Continuous Disclosure Policy) and matters may be referred to the Board for approval by the Chair of the Board, the Chair of the Audit and Risk Committee, or the Company Secretary.

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market and in compliance with our Securities Trading Policy (as applicable). In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company website includes a link to all information disclosed to the ASX.

## **Recommendation 5.2: Provide Board with copies of all material market announcements**

The Company ensures that its Board receives copies of all material market announcements prior to release to the market followed by immediate notification including announcement following each release to the market.

## **Recommendation 5.3: Investor Presentations**

In accordance with the recommendation, the Company ensures that all new and substantive presentations are released to the market ahead of the presentation to enable security holders the opportunity to participate in the presentation. The Company discloses these processes in the Company's Continuous Disclosure Policy available on the Company's website.

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

### **Recommendation 6.1: Information and Governance**

Information about the Company and its corporate governance policies is available on our website at <https://spirit.com.au/investor-centre/>.

The Company also maintains a separate investor page on our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations and other key information.

### **Recommendation 6.2: Investor Relations**

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its shareholders communications, the Company aims to provide information that will allow existing shareholders, potential shareholders, and financial analysts to make informed decisions about the Group's intrinsic value and is available on meet its obligations under the ASX's continuous disclosure regime.

Our investor relations program includes:

- issuing regular written shareholder communications such as quarterly financial reporting and an Annual Report to address the Company's strategy and performance;
- sending and receiving shareholder communications electronically;
- maintaining the Board and corporate governance and investor sections on our website including posting all announcements after they have been disclosed to the market;
- promoting two-way interaction with shareholders, by supporting shareholder participation at general meetings including encouraging shareholders to send their questions to the Company prior to the annual general meeting and responding to their questions and feedback; and
- ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

Shareholder queries should be referred to the Company Secretary in the first instance.

Our Shareholder Communications Policy is available on our website at <https://spirit.com.au/investor-centre/>.

### **Recommendation 6.3: Shareholder Meeting Participation**

Shareholders are forwarded the Company's Annual Report, if requested (it is otherwise made available on the Company's website), and documents relating to each general meeting, being the notice of meeting, any explanatory memorandum and a proxy form and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company will provide an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and if applicable our external auditor.

### **Recommendation 6.4: All substantive resolutions at a security holder meeting are decided by poll**

In order to ascertain the true will of Spirit's security holders attending and voting at its security holder meetings, whether they attend in person, electronically or by proxy or other representative, in most situations where this can be achieved the company will conduct the voting procedure by a poll.

### **Recommendation 6.5: Electronic Communication with Shareholders**

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 should be referred to the Company Secretary at first instance.

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

### **Recommendation 7.1: Risk Committee**

The Company's Audit and Risk Committee Charter provides for the establishment of an Audit and Risk Committee, with at least three members, a majority of whom are independent Directors, and which shall be chaired by an independent Director who is not the Board Chair. The Audit and Risk Committee Charter is available on the Company's website at <https://spirit.com.au/investor-centre/>.

The Company's Audit and Risk Committee also has delegated responsibilities in relation to risk management as set out in the Audit and Risk Committee Charter. Its role includes assisting the Board to:

- (a) Review and make recommendations regarding the adequacy and integrity of the Company's risk management framework and system of internal controls; and
- (b) Reviewing compliance with relevant laws and regulations.

During the financial year 2023 the Committee was comprised of:

- Gregory Ridder – Independent Chair of the Committee
- James Joughin – Independent Member of the Committee
- Michelle Bendschneider – Independent Member of the Committee (resigned 31 August 2023)

All Committee members were deemed independent Directors at all times during the fiscal year.

In accordance with the Company's Audit and Risk Committee Charter the Committee also has delegated responsibilities in relation to risk management which includes assisting the Board to:

- review and make recommendations regarding the adequacy and integrity of the Company's risk management framework and system of internal controls; and
- reviewing compliance with relevant laws and regulations

Given the recent resignation of Michelle Bendschneider as a Director of the Company on 31 August 2023, the Committee currently has two independent members, however it is anticipated that the Company will appoint a new independent Director over the next couple of months and will look to bring the Committee membership back to three members.

Details of meetings held by the Committee during the year and member attendances are set out in the 2023 Directors' Report.

### **Recommendation 7.2: Review of Risk Management Framework**

The Group's risk management framework is supported by the Board of directors, management team and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. The Management team is responsible for monitoring and ensuring that appropriate processes and controls are in place to manage risk effectively and efficiently.

The Board has adopted a Risk Management Policy which sets out the Company's system of risk oversight, management of material business risks and internal control. The Risk Management Policy is available on the Company's website at <https://spirit.com.au/investor-centre/>. The Company's risk management framework is reviewed on a periodic basis.

A review of the Company's risk management framework is undertaken by the Board and management on a regular, ongoing basis. The Board has reviewed its risk management framework during the period under review.

### **Recommendation 7.3: Internal Audit**

The internal audit function provides independent and objective assurance on the adequacy and effectiveness of the Group's systems for risk management, internal control, and governance, along with recommendations to improve the efficiency and effectiveness of these systems and processes.

The Audit and Risk Committee Charter provides for the Committee to monitor the need for an internal audit function.

The Company did not have an internal audit function for the past financial year. Due to the size of the Company, the Board does not consider it necessary to have an internal audit function.

During the past financial year, the Company employed the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- (i) the Audit and Risk Committee monitors the need for an internal audit function having regard to the size, location and complexity of the Company's operations; and
- (ii) senior management periodically facilitate an internal review of financial systems and processes and present to require improvement these systems are developed the Board the objectives and scope, proposed outcomes and any recommendations arising from the review.

#### **Recommendation 7.4: Economic, Environmental and Social Sustainability Risk**

The Company is not subject to any particular or significant single economic, environmental and social risk. The Company is subject to a range of general economic risks, including macro-economic risks, government policy, general business conditions, changes in technology and many other factors.

The Company has no material exposure to economic, environmental and social sustainability risks.

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

#### **Recommendation 8.1: Remuneration Committee**

The Company's Nomination and Remuneration Committee Charter provides for the creation of a Committee, with at least three members, a majority of whom are independent Directors and which must be chaired by an independent Director. The Nomination and Remuneration Committee Charter is available on our website at <https://spirit.com.au/investor-centre/>.

The Board has established a Nomination and Remuneration Committee to assist the Board in ensuring it is equipped to discharge its responsibilities. The Committee has guidelines for the nomination and selection of directors and for the operation of the Board.

During the financial year 2023 the Committee was comprised of:

- James Joughin – Independent Chair of the Committee
- Gregory Ridder – Independent Member of the Committee
- Michelle Bendschneider – Independent Member of the Committee (resigned 31 August 2023)

All Committee members were always deemed independent Directors during the year.

In accordance with the Company's Nomination and Remuneration Committee Charter, the Committee has delegated responsibilities in relation to remuneration matters which includes assisting the Board by recommending:

- executive remuneration and incentive policies;
- the remuneration packages of senior management;
- incentive schemes;
- superannuation arrangements; and
- the remuneration framework for directors.

Given the recent resignation of Michelle Bendschneider as a Director of the Company on 31 August 2023, the Committee currently has two independent members, however it is anticipated that the Company will appoint a new independent Director over the next couple of months and will look to bring the



Committee membership back to three members.

Details of meetings held by the Committee during the year and member attendances are set out in the 2023 Directors' Report.

### **Recommendation 8.2: Remuneration Policies and Practices**

The Nomination and Remuneration Committee is currently responsible for determining and reviewing remuneration policies for the directors and senior executives. If necessary, it obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Company.

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report in the Company's Annual Report. The Remuneration Report highlights the balance between fixed pay, short term incentive and long-term incentives, and includes details of the remuneration paid and the relationship to the Company's performance.

Separate disclosure regarding the remuneration of the Company's directors (executive and non-executive) is disclosed in the Company's 2023 Annual report, as lodged with the ASX and issued to shareholders.

### **Recommendation 8.3: Equity Based Remuneration Scheme**

The Company has a Securities Trading Policy which includes a policy prohibiting participants of an equity-based remuneration scheme from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Further information a copy of the Company's Securities Trading Policy is available on the Company's website on <https://spirit.com.au/investor-centre/>.