



## **CORPORATE GOVERNANCE STATEMENT**

### **1. Background:**

identitii is committed to adopting best practice in corporate governance where these practices are appropriate to the business.

The corporate governance arrangements for identitii Limited are set by the Board having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition), the governance standards adopted generally by companies of a similar size to identitii and the best interests of shareholders. The principal features of the Company's governance framework are set out in this Corporate Governance Statement together the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council.

### **2. Compliance with Recommendation**

identitii currently complies with most of ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Recommendations the Company does not currently comply with are:

- Recommendation 1.5. While the Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity, it currently has no female board members however it does have two senior executives. The Company recognises the importance of building a strong female presence across all tiers of the business. In this regard, and as the Company grows and Board/employee positions become available, attention will be given to identifying opportunities for improving gender diversity across the organisation and measurable objectives will be set to track progress against its objectives;
- Recommendation 2.4. The Board currently comprises four directors. Two members of the Board are independent non-executive directors, one is an executive director and one is a non-independent non-executive director. This is a departure from ASX Principle 2.4, which requires a majority of the Board comprise independent directors, however the Board believes that the qualifications, experience and expertise of the non-independent directors bring considerable benefit to the Company and is appropriate to adequately represent the majority shareholders of the Company;

Given the nature and scale of the Company, the Board believes its compliance with the Recommendations to be acceptable at this time.

### **3. Board of Directors**

The Board currently comprises four directors, including two independent directors:

#### **Mr. Michael Aston; Independent Non-Executive Chairman, appointed June 2018, age 64**

Michael Aston is an experienced senior executive and FinTech entrepreneur with an international career in building and leading global technology businesses. In 2013, Michael was appointed Business Executive Advisor to Accenture to help implement its strategy and advisory for addressing the transforming payments landscape for financial services businesses. Michael has been involved in a number of major national payments initiatives including United Kingdom's Faster Payments, Singapore's FAST, Australia's New Payments Platform and Thailand's National ePayments.

As Chief Executive Officer, Chairman and co-founder of Distra Pty Limited, Michael oversaw its growth from 2001 to become one of the leading next generation payments platforms used by the largest payments processors. Under his leadership, Distra was acquired in September 2012, by ACI Worldwide, a US based global leader in payments applications. Michael has held a number of executive and board positions with large global corporates including UK defence company GEC Marconi, Serco Systems Limited, a global systems engineering group and CAE Incorporated, the world's leading supplier of flight simulators. An engineering and business graduate, Michael is a member of the Australian Institute of Directors and has received a NSW Pearcey Award for entrepreneurship in 2013. An engineering and business graduate, Michael is a member of the Australian Institute of Directors and has received a NSW Pearcey Award for entrepreneurship in 2013.

#### **Mr. Nicholas Armstrong; Executive Director and Chief Executive Officer, appointed November 2014, age 34**

Nicholas is an entrepreneur, with 13 years' experience in building and scaling technology businesses. Nicholas co-founded identiti in 2014 with Eric Knight and is also the CEO. From 2007 to 2014 Nicholas was founder and CEO of COzero Holdings Ltd (COzero) and led the company through multiple rounds of funding to Series B in late 2013, when a Japanese strategic investor took a majority stake in the company. COzero is an energy technology company with several products including EnergyLink.io (AI powered energy management software) and MarketLink (OTC trading software). COzero was the fastest growing company in Australia in 2011 according to BRW. From 2005 to 2006 Nicholas was founder and CEO of Greentricity, an online renewable energy retail company. Greentricity was acquired in late 2006 by Australian Power & Gas, a subsidiary of AGL Energy Limited. Nicholas holds a Bachelor of Science (Psychology, Human Geography) from the University of Sydney.

#### **Mr. Martin Rogers; Non-executive Director, appointed January 2018, age 38**

Martin is a start-up investor and company director and has a depth of experience in incubating companies and publicly listed organisations. Martin has experience in many aspects of financial, strategic and operational management. Martin has been both an investor and senior executive in a private funded advisory business in the technology, science and life sciences sectors, where he has been instrumental in enhancing the value of those investments. Martin is the Chief Investment Officer of KTM Ventures Innovation Fund LP, an early stage venture capital limited partnership. Currently Martin is also director of Independent Reserve, a leading Australian institutional cryptocurrency exchange. Martin was previously chairman of ASX listed entities Actinogen Medical Ltd, OncoSil Medical Ltd, Rhinomed Ltd and non-executive director of Cellmid Ltd and Chief Executive Officer and managing director of ASX/NASDAQ listed Prima Biomed Ltd. Martin has Chemical Engineering and Computer Science degrees.

**Mr. Peter Lloyd Independent Non-executive Director, appointed September 2018, age 64**

Peter has over 40 years' experience in computing technology, having worked for both computer hardware and software providers. For the past 35 years, he has been specifically involved in the provision of payments solutions for banks and financial institutions. He is currently the proprietor of The Grayrock Group Pty Ltd, a management consultancy company focusing on the payments industry and is a Non-Executive Director of Taggle Pty Ltd. He has a successful record in Australia and abroad, in executive and non-executive roles for public companies including those listed on ASX.

***Independence***

identitii has an independent Chairman, Mr. Aston, and together with Mr Lloyd half of the board is independent (but not the majority). The Board believes that the qualifications, experience and expertise of the non-independent directors bring considerable benefit to the Company and is appropriate to adequately represent the majority shareholders of the Company.

As the Company grows, the Board will re-assess the requirement for a majority of independent directors on the Board.

***Director Appointment, election and re-election***

The Company has undertaken appropriate checks for each director and will continue to do so before appointing and/or putting forward each director as a candidate for election as a director. It will also provide security holders with all material information in its possession relevant to the election (or re-election) of each director.

The Company has a written agreement with each director setting out the terms of their appointment. The Company also has a written agreement with each senior executive setting out the terms of their appointment.

Under identitii's Constitution, with the exception of the Managing Director, Directors may not hold office without election beyond their third Annual General Meeting (AGM) following their election or most recent re-election. Any director appointed to fill a casual vacancy since the previous AGM, must submit themselves for election at the next AGM.

***Role and Responsibilities of the Board***

The Board's role is to act in the best interests of the Company as a whole and is accountable to shareholders for the overall direction, management and corporate governance of the Company and the Group.

The Board Charter sets out the Board's role and responsibilities and describes those matters expressly reserved for the Board and those matters delegated to management (principally the Managing Director). A copy of the Charter is available at [www.identitii.com](http://www.identitii.com)

The Managing Director is responsible for the day to day management of the Company, supported by the Company's senior executives however the ultimate responsibility for governance and strategy resides with the Board.

***Structure and Composition of the Board***

identitii is committed to ensuring the composition of the Board includes directors who bring the appropriate mix of skills, experience and expertise and diversity to Board decision making. It considers that having a diversity of skills background, knowledge and gender are important to effectively govern the Company.

The Board considers that its Directors and Senior Management have the combined skills and experience to discharge its responsibilities.

Director skills/experience matrix:

<b>Skill/Experience</b>	<b>Board</b>
<b>Total Number of Directors</b>	4
<b>Financial Acumen</b> Experience in financial accounting and reporting, corporate finance and internal financial controls	3
<b>Commercial Capability</b> Broad range of commercial skills and experience	3
<b>Strategy</b> Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company's relevant policies and priorities	3
<b>Product Delivery</b> Knowledge of and experience in providing software licencing and cloud computing services to businesses and organisations.	3
<b>Technology Innovation</b> Understanding the current drivers of innovation in the information technology market and specifically in the software delivery and licensing and cloud computing sectors. Experience in delivering new product offerings in response to market demand, to achieve market leadership or to take advantage of opportunities	3
<b>Risk</b> Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance, and monitor risk and compliance management frameworks and systems	3
<b>Investor Relations</b> Understanding of investor relations and the steps required to develop long-term value for shareholders	2

In addition to the skills and experience set out above, the Board considers that each Director has the ability to:

- Act with honesty and integrity
- Focus on the material issues
- Think strategically and take an organization - wide perspective
- Understand the external environment and deal with pressure from external sources
- Influence effectively at the board table
- Respect alternative viewpoints
- Hold management accountable

### ***Board Performance Evaluation***

identitii is committed to transparency in determining Board membership and in assessing the performance of the Board, Board Committees and individual directors.

The Board expects to conduct regular evaluations of its performance, the performance of its Committees, the Chairman and individual directors. This would include assessment, review and analysis of how the Board, Committees and directors function, time spent considering matters and whether the Board has complied with its Charter and the Committees with their Charters. The balance of skills, experience, independence and knowledge will be taken into consideration as well as how the Board works together as a unit.

A performance evaluation of the Board, Committees and individual Directors has not been undertaken to date. Given the stage of the Company and relatively new Board, the Board believes this entirely appropriate at this time.

#### ***Professional Development***

The Board intends to regularly review whether the directors have the skills, knowledge and familiarity with the entity and its operating environment required to fulfil their role on the Board and committees effectively and, where gaps are identified, consider what training or development could be undertaken to fulfil those gaps.

#### ***Nomination***

identitii has established a Nomination and Remuneration committee comprising Michael Aston (chairman), Peter Lloyd and Nicholas Armstrong, the majority of whom are independent. The committee addresses succession issues and ensures that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively through regular review and assessment

#### ***Induction***

The Board will provide a program to induct all new directors.

### **4. Board Committees**

To assist the Board in discharging its duties efficiently and effectively, it has established an Audit and Risk Committee and a Nomination and Remuneration Committee. Each committee operates within its Board approved Charter which sets out the roles, responsibilities, membership requirements and meeting procedures for each committee.

#### ***Audit and Risk Committee***

identitii has established an Audit and Risk Committee. It has three members, Peter Lloyd (chairman), Michael Aston and Martin Rogers, the majority of which are independent. The committee is chaired by an independent director who is not the chairman of the Board.

The Audit and Risk Committee Charter is available at [www.identitii.com](http://www.identitii.com)

The Board undertook a review of the Company's risk management framework in preparation of listing on ASX and will continue to review the Company's risk management framework at least annually.

Should the Company determine it has any material exposure to economic, environmental or social sustainability risks, it will disclose how it will manage those risks.

#### ***Nomination and Remuneration Committee***

The Board has established a Nomination and Remuneration Committee with three members, Michael Aston (chairman), Peter Lloyd and Nicholas Armstrong.

The Committee is responsible for setting the level and composition of remuneration for directors and senior executives and ensuring remuneration is appropriate and not excessive. A copy of the Nomination and Remuneration Committee Charter is available at [www.identitii.com](http://www.identitii.com)

## **5. Company Secretary**

Margarita Claringbold is the Company Secretary who was appointed in May 2018, and is accountable directly to the Board, through the Chair, on all matters to do with the proper function of the Board.

The role of the Company Secretary is set out in more detail in the Board Charter available at [www.identitii.com](http://www.identitii.com)

## **6. Senior Executives**

Senior executives manage the day to day task of the Company under the guidance and direction of the Chief Executive Officer. identitii recognises the importance of its senior executives to the Company's growth and performance. Accordingly, it is imperative that the Company undertake regular evaluations of its senior executives to review their effectiveness and performance on an ongoing basis.

The Chief Executive Officer will review the performance of senior executives annually. These evaluations assess the completeness and effectiveness of each senior executive meeting their KPIs, whether the executive has the appropriate mix of skills and experience to allow the Company to meet its corporate goals and whether the executive provides a safe, secure, productive, harmonious and inclusive environment for their employees to perform at their best.

## **7. Diversity**

identitii values a strong and diverse workforce and is committed to developing measurable objectives to achieve diversity and inclusion in its workplace. identitii has implemented a Diversity Policy which is overseen by the Remuneration and Nomination Committee and which aligns the Group's management systems with the commitment to develop a culture and business model that values and achieves diversity in its workforce and on its Board. In its annual report, identitii will disclose the measurable objectives for achieving diversity and progress towards the policy's goals, and will also disclose the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

## **8. Ethical and Responsible Behaviour**

identitii is committed to acting ethically and responsibly including acting with honesty and integrity. To support this, the Company has developed various policies that set out the values and expectations as to how the Company and its employees will work and behave.

### ***Code of Conduct***

identitii's Code of Conduct represents a commitment by the Board and executives to uphold the highest standards of honesty, integrity and ethical and law-abiding behavior and to foster a culture of honesty, integrity and ethical and law-abiding behaviour among other officers and employees taking into account identitii's legal and other obligations to its stakeholders.

Failure to comply with the Code is viewed as a serious matter which may lead to disciplinary action including dismissal and/or legal action.

A copy of the Code can be found at [www.identitii.com](http://www.identitii.com)

### ***Conflicts of Interest***

Identitii's Code of Conduct also includes guidelines in managing conflicts of interest.

In accordance with the requirements of the Corporations Act 2001 (*Cth*) Directors who have a material personal interest in a matter must not be present whilst the matter is being considered. The other Directors, however, may allow such Director/s to participate and vote in relation to the

issue if they are satisfied that the interest should not disqualify the Director/s from voting or being present.

#### ***Anti-corruption and Fraud***

identitii has zero tolerance for unfair or unethical conduct in business. It believes acting fairly and ethically will protect the Company's assets and create value for our business partners, customers and shareholders.

The Company recognises that compliance with local and international bribery and anti-corruption laws is essential to protect its reputation and preserve its ability to continue to develop its business.

#### ***Dealing in identitii Securities***

identitii has adopted the Trading Policy which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects identitii and Directors and employees against the misuse of unpublished information which could materially affect the value of securities. Subject to certain exceptions, including exceptional financial circumstances, the policy defines certain 'prohibited periods' during which trading in Shares by identitii's Directors, officers and key management personnel is prohibited.

In all instances, buying or selling of Shares is not permitted at any time by any person who possesses price-sensitive information. A copy of the Policy is available at [www.identitii.com](http://www.identitii.com)

#### ***Internal Audit***

The Company does not have an internal audit function, and due to its size and current activities the Board does not believe that one is warranted at this time. The Board evaluates and monitors internal control processes to continually improve the effectiveness of its risk management and will re-evaluate the Company's requirement for an internal audit function as the Company grows.

#### ***CEO and CFO Declaration***

The Board will ensure it receives a declaration from both the CEO and CFO, 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 before the Board approves the Company's annual financial statements.

### **9. Market Disclosure and Shareholder Communications**

identitii's aim is to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of identitii. In addition to identitii's continuous disclosure obligations, identitii recognises that potential investors and other interested stakeholders may wish to obtain information about identitii from time to time and identitii will communicate this information regularly to Shareholders and other stakeholders through a range of forums and publications.

All ASX announcements made to the market, including annual and half year financial results, will be posted on identitii's website at [www.identitii.com](http://www.identitii.com) as soon as practicable following their release by ASX. The full text of all notices of meetings and explanatory material, identitii's annual report and copies of all investor presentations made to analysts and media briefings will be posted on identitii's website. The website will also contain a facility for the Shareholders to direct queries to identitii.

identitii will also provide shareholders with the opportunity to elect to receive communications from the Company electronically and can send communications to the Company and the share registry electronically.

***Continuous Disclosure***

identitii is required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the Listing Rules, the Company will be required to disclose to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. The Company is committed to observing its disclosure obligations under ASX Listing Rules and the Corporations Act. The Company has adopted a policy which establishes procedures which are aimed at ensuring that Directors, officers and employees are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. Under the policy, the Board will be responsible for managing identitii's compliance with its continuous disclosure obligations.

A copy of the policy is available at [www.identitii.com](http://www.identitii.com)

***Annual General Meeting***

The Annual General Meeting (AGM) is an important occasion for updating shareholders on the Company's performance. The AGM provides the opportunity for shareholders to ask questions of and hear from the Board. It also allows the Board to listen and respond to shareholder feedback.

The Company will ensure that its external auditor will attend all AGMs and is available to answer queries from shareholders relevant to the audit.

*This Corporate Governance statement is current at 11<sup>th</sup> October 2018.*