

# Appendix 4G

## Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

Step One Clothing Limited

ABN/ARBN

34 616 696 318

Financial year ended:

30 June 2022

Our corporate governance statement<sup>1</sup> for the period above can be found at:<sup>2</sup>

- These pages of our annual report:
- This URL on our website: <https://www.stepone.group/investor-centre/?page=corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 23 August 2022 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.<sup>3</sup>

Date: 23 August 2022

Name of authorised officer  
authorising lodgement:

William Hundy – Company Secretary

<sup>1</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.

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 Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council’s recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity’s corporate governance statement. They serve different purposes and an entity must produce each of them separately.

<sup>2</sup> Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

<sup>3</sup> 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.

See notes 4 and 5 below for further instructions on how to complete this form.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have <b>NOT</b> followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> Tick the box in this column only if you have followed the relevant recommendation **in full** for the **whole** of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

<sup>5</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.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<p>1.5 A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed a copy of our diversity policy at:  <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a>  and we have disclosed the information referred to in paragraph (c) at:  Corporate Governance Statement  <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a>  and if we were included in the S&amp;P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at: Board Charter Attachment 2 <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: Corporate Governance Statement <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at: Remuneration and Nomination Committee Charter <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: Corporate Governance Statement <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND 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><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at: <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a></p> <p>and the information referred to in paragraphs (4) and (5) in the 2022 Annual Report: <a href="http://www.stepone.group/investor-centre/?page=asx-announcement">www.stepone.group/investor-centre/?page=asx-announcement</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed our board skills matrix at: Corporate Governance Statement <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	<input checked="" type="checkbox"/> and we have disclosed the names of the directors considered by the board to be independent directors at: Section 6.4.3 Prospectus and 2022 Annual Report  and, where applicable, the information referred to in paragraph (b) at: Not Applicable  and the length of service of each director in the 2022 Annual Report	<input type="checkbox"/> set out in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

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<b>PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values at: Code of Conduct <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: Speak Up Policy <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement

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<b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</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><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at: <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a> and the information referred to in paragraphs (4) and (5) in the 2022 Annual Report.</p>	<p><input type="checkbox"/> set out 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><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.3	<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>



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<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: Disclosure Policy: <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
<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.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: Corporate Governance Statement <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement

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6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
<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>	<input checked="" type="checkbox"/> <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: Audit and Risk Committee <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a> and the information referred to in paragraphs (4) and (5) at: Prospectus and 2022 Annual Report	<input type="checkbox"/> set out in our Corporate Governance Statement
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 that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<input checked="" type="checkbox"/> and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: Corporate Governance Statement <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a>	<input type="checkbox"/> set out in our Corporate Governance Statement

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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 governance, risk management and internal control processes.</p>	<p><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at:</p> <p>Corporate Governance Statement  <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed whether we have any material exposure to environmental and social risks at:</p> <p>Prospectus and 2022 Annual Report</p> <p>and, if we do, how we manage or intend to manage those risks at:</p> <p>Corporate Governance Statement  <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a>  and the Risk Statement in the 2022 Annual Report</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

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Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>	
<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><input checked="" type="checkbox"/> [If the entity complies with paragraph (a):] and we have disclosed a copy of the charter of the committee at: Remuneration and Nomination Committee <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a> and the information referred to in paragraphs (4) and (5) in the 2022 Annual Report]</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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><input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at: Prospectus and 2022 Remuneration Report</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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><input checked="" type="checkbox"/> and we have disclosed our policy on this issue or a summary of it at: Corporate Governance Statement <a href="https://www.stepone.group/investor-centre/?page=corporate-governance">https://www.stepone.group/investor-centre/?page=corporate-governance</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have <b>NOT</b> followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES NOT APPLICABLE</b>			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	<input type="checkbox"/> and we have disclosed information about the processes in place at: <b>Not Applicable</b> [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed 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.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES NOT APPLICABLE</b>			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	<input type="checkbox"/> and we have disclosed the information referred to in paragraphs (a) and (b) at: ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the terms governing our remuneration as manager of the entity at:</p> <p>.....</p> <p>[insert location]</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

# STEP ONE™

## STEP ONE CLOTHING LIMITED

### CORPORATE GOVERNANCE STATEMENT 2022

Step One Clothing Limited ACN 616 696 318 (**Step One or the Company**) is committed to the highest standards of corporate governance. This Corporate Governance Statement is current as at 23 August 2022 and has been approved by the Board of the Company on that date.

The Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) (**ASX Recommendations**). The Recommendations are not mandatory, however all Recommendations have been followed and are reported on in this Statement.

Step One was initially listed on ASX on 1 November 2021. The Company published a Corporate Governance Statement in its Prospectus dated 8 October 2021. This Corporate Governance Statement reports on the practices undertaken since initial listing and as at the date of this Statement.

The Company's corporate governance policies are available on the Company's website at <https://www.stepone.group/investor-centre/?page=corporate-governance>.

#### Principle 1 – Lay solid foundations for management and oversight

A listed entity should clearly delineate the respective roles and responsibilities of its board and regularly review their performance.

#### **Board responsibilities and delegations**

The Company's Board Charter was adopted by the Board on 6 October 2021. The Board Charter is located on the Step One Clothing website at <https://www.stepone.group/investor-centre/?page=corporate-governance>

The Board Charter provides a framework for the effective operation of the Board, setting out:

- the Board's role and responsibilities and size, composition and independence;
- the relationship and interaction between the Board and Management; and
- the authority delegated by the Board to Management and Board committees.

The Board's role and responsibilities, as set out in the Board Charter, include:

- represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and monitor compliance with the Company's values and governance framework (including establishing and observing high ethical standards and demonstrating leadership); and
- ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

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The Board Charter provides that the Company Secretary is accountable to the Board through the Chair on all matters to do with the proper functioning of the Board including advising the Board and its committees on governance matters and monitoring that Board and Board committee policies and procedures are followed.

The Board Charter delegates responsibility for day-to-day management and administration of the Company to the CEO and Senior Executives. The CEO is responsible for providing effective leadership, direction and supervision of the Senior Executives to achieve the strategies, business plans and budgets adopted by the Board and ensuring compliance with all applicable laws and regulations. The Board has procedures in place to assess regularly the performance of the CEO and the Senior Executives.

## ***Board committees***

The Board has established two committees to assist it in discharging its functions:

- Audit and Risk Committee (**ARC**); and
- Remuneration and Nominations Committee (**RNC**).

## ***Board meetings and attendance***

The Board meets as often as necessary to fulfill its role. Directors are required to allocate sufficient time to Step One Clothing to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During FY2022 (since initial listing), the Board met 10 times.

For full details of Directors' attendance at Board and committee meetings for FY2022, refer to "Meetings of Directors" in the Company's 2022 Annual Report.

## ***Access to information and independent professional advice.***

Directors have access to Management to seek explanations and information and to auditors to seek explanations and information without Management being present.

Each Director has the right to seek, at the expense of the Company, any independent professional advice that they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions, subject to the approval of the Chair which cannot be unreasonably withheld or delayed.

## ***Background checks before appointing directors and senior executives***

Directors appointed prior to initial listing undertook appropriate background checks as to their character, experience, education, criminal record and bankruptcy history.

In future, prior to the appointment of any new directors, the Board, with assistance from the RNC, will undertake the same checks as to his or her character, experience, education, criminal record and bankruptcy history. In the case of a director candidate, prior to appointment, the candidate will be required to provide the Chair with details of other commitments and an indication of time involved, and to acknowledge that he or she will have adequate time to fulfill his or her responsibilities as a Non-Executive Director of Step One Clothing.

Step One Clothing has entered into written agreements with the CEO, Directors and Senior Executives setting out the terms, conditions and responsibilities of their appointment. In accordance with Listing Rule 3.16.4, Step One Clothing discloses, to the extent required, the key terms of all employment, service or consultancy agreements with the CEO and would do so with Directors or other related parties when required.

The RNC will review the performance of Directors before they stand for re-election and reports to the Board on this matter. Further to this, Step One Clothing will provide shareholders with all material information relevant to a decision on whether or not to elect or re-elect a Director at a General Meeting.



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## **Diversity**

Step One Clothing values a strong and diverse workforce and is committed to developing measurable objectives of diversity and inclusion in its workplace. Step One Clothing has implemented a diversity policy, with merit and equality as guiding principles, which is overseen by the RNC and which aligns the Step One Clothing's management systems with the commitment to develop a culture that values and achieves diversity in its workforce and on its Board.

In accordance with its Diversity Policy, Step One Clothing is committed to providing access to equal opportunities at all levels of work based on merit and fostering a corporate culture that embraces and values diversity.

The Board through the RNC reviews Step One Clothing's Diversity Policy as necessary to ensure it complies with any applicable legal requirements and remains relevant and effective. The Policy is available on the Step One Clothing website at <https://www.stepone.group/investor-centre/?page=corporate-governance>

## **Measurable objectives**

The Board plays a specific role in driving diversity, particularly gender diversity across the business by reviewing and approving annual diversity objectives and progress towards these objectives.

During the reporting period the RNC and Board set measurable gender objectives as follows:

*Step One will seek to achieve a 50/50 mix of male and female at the Board and Senior Executive/KMP Level and across the workforce. The Company will positively seek female applicants for any new and vacant positions and will maintain a positive bias toward the recruitment of women until these objectives are met.*

Step One Clothing's workforce gender diversity as at 30 June 2022 and compared with the prior year, is as follows:

Step One Clothing	Female number		Current percentage of women		Male number		Current percentage of men	
	1/7/2021	30/6/2022	1/7/2021	30/6/2022	1/7/2021	30/6/2022	1/7/2021	30/6/2022
Board and KMP	0	1	0.0%	16.7%	2	5	100.0%	83.3%
Non-KMP workforce	12	21	60.0%	63.6%	8	12	40.0%	36.4%
Step One Clothing (entire organisation)	<b>12</b>	<b>22</b>	54.5%	56.4%	<b>10</b>	<b>17</b>	45.5%	43.6%

The RNC is responsible for assessing whether there is any gender or other inappropriate bias with respect to the remuneration of Directors, the Senior Executives or other employees.

## **Performance review of the Board**

The Board with assistance from the RNC is responsible for evaluating and reviewing the performance of the Board, both collectively and individually.

The Board and its Committees periodically self-assess their performance against a range of criteria developed annually by the RNC. A performance evaluation was undertaken for the year ending 30 June 2022 in July 2022.

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## ***Performance review of the CEO and Senior Executives***

Step One Clothing's Board Charter provides that the Board is responsible for monitoring the performance of the CEO and Senior Executives. The RNC is responsible for ensuring processes are in place to evaluate periodically the performance of senior executives. It is a responsibility of the RNC to review annually the performance of the CEO and make recommendations to the Board on remuneration arrangements for the CEO and Senior Executives.

The performance of the CEO and Senior Executives are assessed annually with reference to their agreed objectives and KPIs. This was undertaken in July 2022 for the FY2022 reporting period. Details of the remuneration of the Senior Executives who are considered by the Company to be Key Management Personnel are set out in the *Remuneration Report*.

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## Principle 2 – Structure the Board to add value

The Board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates to enable it to discharge its duties effectively and to add value.

### **Remuneration and Nomination Committee (RNC)**

The Board established the RNC in October 2021 prior to the initial listing on ASX. The Remuneration Committee comprises:

- Catherine Thompson (Chair);
- David Gallop AM; and
- Richard Dennis

The RNC charter requires that RNC must have at least three members, a majority of whom must be independent Directors and all of whom must be Non-Executive Directors. The Chair must be an independent Director.

The RNC's primary responsibilities with respect to nominations include:

- a) Assist the Board to develop and regularly review its board skills matrix setting out the mix of skills, expertise, experience and diversity that the Board currently has or is looking to achieve in its membership.
- b) Review and recommend to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chairman, having regard to the Board skills matrix and the objective that the Board comprise directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender.
- c) Review and recommend to the Board the criteria for nomination as a director and the membership of the Board more generally, including:
  - (1) making recommendations for the re-election of Directors, subject to the principle that a Committee member must not be involved in making recommendations to the Board in respect of themselves; and
  - (2) assisting the Board to identify qualified individuals for nomination to the Board, in accordance with the policy outlined in section **Error! Reference source not found.**
- d) Review succession plans for the CEO and other senior executives and identify and recommend to the Board candidates for the position of CEO and other senior executives where required, following background checks on these candidates being undertaken.
- e) Assist the Board in relation to the performance evaluation of the Board, its Committees and individual directors.
- f) Monitor that processes are in place to support director induction and ongoing education and regularly review the effectiveness of these processes.
- g) Overseeing the regular assessment of, and making recommendations to the Board as to, the independence of each director and associated disclosures.
- h) In accordance with the Company's Diversity Policy, develop and recommend to the Board measurable objectives for achieving gender diversity in the composition of the Board, senior executives and workforce generally, and, on an annual basis, assess the Company's progress in achieving those objectives and recommend any changes to the Board,

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- i) Annually review the relative proportions of women and men on the Board, in senior executive positions, and across the whole workforce; and
- j) Submit a report to the Board, which outlines the Committee's findings.

For details of the qualifications and experience of each RNC member, refer to "Board of Directors", contained within the Annual Report. For details regarding the number of RNC meetings and the attendance at those meetings, refer to "Board of Directors – Attendance at meetings" contained within the Annual Report.

Further detail in relation to the RNC's function as a remuneration committee is available under Principle 8 of this Corporate Governance Statement.

The RNC Charter was adopted by the Board in October 2021. The RNC Charter is located on Step One Clothing's website at <https://www.stepone.group/investor-centre/?page=corporate-governance>

## ***Composition of the Board and details of Directors***

### **• Independence**

The Board only considers a Director to be independent where he or she is free of any interest, position, or relationship that might influence, or might reasonably be perceived to influence, in a material respect his or her capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party.

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors.

In general, a Director will not be considered to be 'independent' if he/she:

- is, or has been, employed in an executive capacity by the Group and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company (although options or performance rights held by directors vesting of which is linked to share price are not considered to fall within this category as they are not performance-based in the sense of depending on particular business performance, but instead simply align a holder's interests with those of shareholders, who benefit from a strong share price);
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the Group, or is an officer of, or otherwise associated with, someone with such a relationship;
- is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial shareholder;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a director of the Company for such a period that their independence from management and substantial shareholders may have been compromised

The Board may determine that a Director is independent if the Board is of the view that the interest, position or relationship in question is not material and will not interfere with the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party.

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The below table sets out the independent status of each director:

<b>Director</b>	<b>Independent &amp; Executive Status</b>	<b>Appointment Date</b>
David Gallop AM (Chair)	Independent Non-Executive Director	6 October 2021
Richard Dennis	Independent Non-Executive Director	6 October 2021
Catherine Thompson	Independent Non-Executive Director	6 October 2021
Michael Reddie	Non-Independent Executive Director	6 October 2021
Gregory Taylor	Non-Independent Executive Director	6 January 2017

For details of the current Directors, their qualifications, skills and experience refer to the “Directors’ Report”, contained within the Company’s 2022 Annual Report.

- **Board skills matrix**

Under the Company’s Constitution, the Board must comprise of at least three Directors and a maximum of eight Directors. The Board regularly reviews the composition of the Board, considering the number and skill mix of the Directors.

The Board recognises that skills such as leadership and previous experience as a chief executive, chair or board member have traditionally been prerequisites to appointment as a director. The Board has developed a Board skills matrix which sets out the mix of skills, experience and other qualities which the Board currently has or is looking to achieve in its membership.

<b>Competencies – Skills and Experience</b>
<b>Industry</b> <ul style="list-style-type: none"> <li>• Clothing Manufacture</li> <li>• Online retail</li> </ul>
<b>Operations</b> <ul style="list-style-type: none"> <li>• Strategy</li> <li>• Technology</li> <li>• Brand/Marketing</li> <li>• Logistics/International Logistics</li> </ul>
<b>Technical</b> <ul style="list-style-type: none"> <li>• Regulatory/legal</li> <li>• Human Resources</li> <li>• Financing (ASX/Debt/Equity)ASX listed company experience</li> </ul>
<b>Corporate Governance</b> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Accounting/Audit</li> <li>• Risk Management/ Compliance</li> <li>• ASX listed company experience</li> </ul>
<b>Diversity</b>
<b>Independence</b>

The Board considers, and where necessary, updates, the Board skills matrix at least annually to ensure that as Step One Clothing develops, the Board comprises the appropriate mix of skills, expertise, experience and diversity.

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## ***Induction and education***

The RNC is responsible for arranging for any new director to undertake an induction program to enable them to gain an understanding of the Company's operations and the industry sectors in which it operates, the culture and values of the Company, the Company's financial, strategic, operational and risk management position and their rights, duties and responsibilities.

The RNC has the responsibility for checking that opportunities are available to directors to develop and maintain their skills and knowledge needed to perform their role as Directors effectively.

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## Principle 3 – Instill a culture of acting lawfully, ethically and responsibly

A listed entity should instill and continually reinforce a culture across the organisation of acting, lawfully ethically and responsibly.

### **Values and Code of Conduct**

The Code of Conduct sets out the Company's policies on various matters including ethical conduct, business conduct, compliance, privacy, security of information, integrity, conflicts of interest and corporate social responsibility.

In the Code of Conduct, the Board has:

- Stated its values of honesty, integrity, professionalism, fairness, responsibility and ethical conduct;
- Committed to compliance with all relevant laws and regulation;
- Recognised the need to observe a high standard of corporate practice and business conduct.

All Step One Clothing Directors, officers, senior executives, employees, contractors and consultants must comply with the Code of Conduct.

The key aspects of the Code of Conduct are to:

- Act in accordance with Step One Clothing's values of honesty, integrity, fairness, responsibility and ethics and in the best interests of the Company;
- Act in accordance with all applicable laws, regulations, policies and procedures;
- Have responsibility and accountability for individuals for reporting and investigating reports of unlawful or unethical practices; and
- Use Step One Clothing's resources and property properly, sensibly and effectively.

The Code of Conduct was approved by the Board in October 2021. The Code of Conduct is located on Step One Clothing's website at <https://www.stepone.group/investor-centre/?page=corporate-governance>.

### **Securities Trading Policy**

The Company has adopted a securities trading policy which applies to the Company and its Directors, officers, employees and Management, including those persons having authority and responsibility for planning, directing and controlling the activities of Step One Clothing, whether directly or indirectly.

The Policy explains the types of conduct in relation to dealings in securities that are prohibited under the Corporations Act and establishes procedures in relation to Directors, Management or employees dealing in securities to ensure that public confidence is maintained in the reputation of the Company, the Directors, Management and employees and in the trading of the Company's securities.

The Policy provides that Directors, Management and employees must not deal in the Company's securities when they are aware of "inside" information. Directors and certain restricted employees must not deal in the Company's securities during any of the following blackout periods:

- the period from the close of trading on the ASX on 30 June each year until the day following the announcement to ASX of the full-year results;
- the period from the close of trading on the ASX on 31 December each year until the day following the announcement to ASX of the half-year results; and
- any other period that the Board specifies from time to time.

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Directors and restricted employees must receive prior approval for any proposed dealing in the Company's securities outside of the above blackout periods (including any proposed dealing by one of their connected persons).

In all instances, buying or selling of Step One Clothing shares is not permitted at any time by any person who possesses inside information.

The Securities Trading Policy was adopted in October 2021 and is located on Step One Clothing's website at <https://www.stepone.group/investor-centre/?page=corporate-governance>.

## ***Whistle Blower Policy***

The Board has adopted a whistle blower policy, titled **Speak Up Policy**, under which, any material breaches are escalated and reported to the ARC. The Speak Up Policy, was adopted in October 2021 and is located on Step One Clothing's website at <https://www.stepone.group/investor-centre/?page=corporate-governance>.

## ***Anti-Bribery and Corruption Policy***

The Board has adopted an **Anti-Bribery and Corruption Policy**, under which, any material breaches are escalated and reported to the ARC. The Anti-Bribery and Corruption Policy was adopted in October 2021 and is located on Step One Clothing's website at <https://www.stepone.group/investor-centre/?page=corporate-governance>.



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## Principle 4 – Safeguard the Integrity of Corporate Reports

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

### ***Audit and Risk Committee (ARC)***

The ARC Charter requires that the ARC must have at least three members, a majority of whom must be independent Directors and all of whom must be Non-Executive Directors. The ARC must also have an independent Chair who is not the Chair of the Board. It is intended that all members of the Committee should be financially literate and have familiarity with financial management and the members between them must have the accounting and financial expertise and a sufficient understanding of the industry in which the Company operates to be able to discharge the Committee's mandate effectively.

The Audit and Risk Committee comprises:

- Richard Dennis (Chair);
- David Gallop AM; and
- Catherine Thompson

The Audit and Risk Committee's key responsibilities and functions are to oversee Step One's:

- financial and other periodic corporate reporting;
- relationship with the external auditor and the external audit function generally;
- relationship with the internal audit function;
- processes for identifying and managing financial and non-financial risk;
- internal controls and systems; and
- processes for monitoring compliance with laws and regulations.

All Non-Executive Directors have a standing invitation to attend Audit and Risk Committee meetings. Other non-committee members, including members of Management and the external auditor, may attend meetings of the Committee at the invitation of the Committee Chair.

Under the Charter, it is the policy of the Company that its external auditing firm must be independent of it. The ARC reviews and assesses the independence of the external auditor on an annual basis.

The ARC may obtain information from, and consult with Management, the external auditor and external advisers, as it considers appropriate. The ARC also has access to the external auditor to discuss matters without Management being present.

For details of the qualifications and experience of each ARC member, refer to "Board of Directors", contained within the Annual Report. For details regarding the number of ARC meetings and the attendance at those meetings, refer to "Board of Directors – Attendance at meetings" contained within the Annual Report.

Further detail in relation to the ARC's function as a risk committee is available under Principle 7 of this Corporate Governance Statement.

The ARC Charter was adopted by the Board in October 2021. The ARC Charter is located on Step One Clothing's website at <https://www.stepone.group/investor-centre/?page=corporate-governance>.

### ***CEO and CFO declaration***

Prior to Board approval of Step One Clothing's annual financial reports, the CEO and CFO must provide the Board with the declarations required under section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles. This declaration is also provided prior to Board approval of Step One Clothing's half-year financial reports required under Recommendation 4.2 and as if section

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295A of the Corporations Act applied in respect of a half-year period. All periodic reports are audited or reviewed by the external Auditor or otherwise subject to internal verification by the CFO.

For the financial year ended 30 June 2022, the CEO and CFO made a declaration in accordance with section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles.

## ***Auditor at AGM***

At Step One Clothing's 2022 AGM, Grant Thornton, as the independent external auditor, will be present and available to answer shareholder questions on the:

- conduct of the independent external audit;
- preparation and content of the independent external auditor's report;
- accounting policies adopted by in relation to the preparation of the financial statements; and
- independence of Grant Thornton in relation to the conduct of the audit.

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## Principle 5 – Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The Board is committed to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of Step One Clothing.

The Company has adopted a continuous disclosure policy titled **Disclosure Policy** which establishes procedures that are aimed at ensuring that Directors and Management are aware of, and fulfil, their obligations in relation to the timely disclosure of material price-sensitive information. Under the Disclosure Policy, the Board is responsible for managing the Company's compliance with its continuous disclosure obligations.

The Disclosure Policy, adopted in October 2021, sets out Step One Clothing's disclosure obligations under the Corporations Act and ASX Listing Rules and is located on Step One Clothing's website at <https://www.stepone.group/investor-centre/?page=corporate-governance>.

The Board approves material market announcements before they are released, and copies are provided to Directors after release if required.

All new and substantive investor or analyst presentations are released on the ASX Market Announcements Platform ahead of the presentation.

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## **Principle 6 – Respect the rights of security holders**

A listed entity should provide its security holders by providing them with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

The Board's aim is to ensure that Shareholders are provided with sufficient information to assess the performance of Step One Clothing and that Shareholders are kept informed of all major developments affecting the state of affairs of Step One Clothing in accordance with all applicable laws.

### ***Step One Clothing website***

Step One Clothing's website at [www.stepone.group](http://www.stepone.group) is kept current to maintain effective communication with shareholders and stakeholders. All ASX announcements made to the market, including annual and half-year financial results, are posted on the Company's website at [Investor Centre | Step One](#) as soon as they have been released by ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report, key policies, the charters of its Board committees and copies of all investor presentations made to analysts and media briefings are posted on the Company's website. The website also contains a facility for Shareholders to direct queries to the Company.

All ASX announcements made by Step One Clothing can also be accessed from the 'Announcements' section of the ASX website at [www.asx.com.au/asx/statistics/announcements.do](http://www.asx.com.au/asx/statistics/announcements.do), using Step One Clothing's ticker code: STP.

### ***Investor relations***

Relationships with investors are very important to Step One Clothing. Following Step One Clothing's release of its half-year and annual financial statements, Step One Clothing conducts briefings and presentations with investor groups and analysts.

Step One Clothing's AGM will be held in November each year and the CEO will engage with Shareholders in advance of the AGM, as appropriate.

### ***Shareholder communications***

Shareholders may elect to receive all communications from the Step One Clothing share registry electronically. Electronic communications have the added advantage of being more timely and cost effective, which benefits all Step One Clothing owners and is encouraged by Step One Clothing. Shareholders should contact the Step One Clothing share registry) if they wish to elect to receive electronic communications by contacting Boardroom Pty Limited at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and logging in using their holder number or Link account.

### ***Shareholder engagement and participation***

To encourage shareholder engagement and participation at the AGM, shareholders historically had the opportunity to attend the AGM in person, ask questions from the floor, participate in voting and physically meet the Board and the Management team. Since the onset of the COVID-19 pandemic, shareholders have been able to participate in meetings only via online videoconference, with opportunity provided to allow them to vote and ask questions of the Directors and Management.

Shareholders who are unable to attend an AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form that accompanies the notice of meeting, or online through the share registry's website.

Shareholders have the opportunity to submit written questions and comments to Step One Clothing and its external auditor.

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Presentations and speeches made by the Chair and CEO at the AGM are made available on the ASX announcements platform and Step One Clothing's website before the commencement of the meeting. Step One Clothing will also publish the results of the AGM to the ASX and on its website immediately following the conclusion of the AGM.

All substantive resolutions at meetings of security holders have been decided by poll rather than by a show of hands since July 2021 and will be at all future meetings.

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## Principle 7 – Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

### ***Risk management***

In its function as a risk committee, the ARC assists the Board in fulfilling its corporate governance responsibilities with regard to providing oversight and ensuring the soundness of Step One Clothing's risk management framework and internal control systems.

The ARC's primary responsibilities with respect to risk management and internal control include:

- a) Oversee and advise the Board on high-level risk related matters, including risk tolerance in determining strategy, as well as management of key financial and non-financial risks, including new and emerging risks.
- b) Review and make recommendations to the Board in relation to the risk appetite within which the Board expects management to operate, and whether any changes should be made.
- c) Review the Company's risk management framework at least annually and make a recommendation to the Board about whether it continues to be sound and whether the Company is operating with due regard to the risk appetite set by the Board;
- d) Oversee management's implementation of the risk management framework, including that management has appropriate processes for identifying, assessing and responding to risks and that those processes are operating effectively.
- e) Review the trends in the Company's risk profile and report to the Board on key risks.
- f) Review and make recommendations to the Board in relation to any risk disclosures in the Company's periodic reporting documents.
- g) Consider whether the Company has any material exposure to environmental or social risks, and how it manages any risks identified.
- h) Evaluating the structure and adequacy of the Group's business continuity plans.
- i) Monitor whether management is communicating the importance of internal control and management of risk throughout the organisation and therefore setting up an appropriate 'control culture'.
- j) Review the adequacy and effectiveness of the Company's internal control framework.
- k) Review any material incident involving fraud, or a break-down of the Company's internal controls and the "lessons learned".
- l) At least annually, evaluate and make recommendations to the Board in relation to the structure and adequacy of the Company's insurance program having regard to the Company's business and the insurable risks associated with its business.

Details of the ARC are contained in the disclosure under Principle 4. For details of the qualifications and experience of each ARC member, refer to "Board of Directors", contained within the Annual Report. For details regarding the number of ARC meetings and the attendance at those meetings, refer to "Board of Directors – Attendance at meetings" contained within the Annual Report.

The Board through the ARC, has adopted a risk appetite statement and a risk management framework. This framework highlights the risks relevant to the Company's operations and Step One Clothing's commitment to designing and implementing systems and methods appropriate to minimize and control its risks.

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The ARC in June/July 2022 undertook a review of its risk management framework to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board and with its legal obligations, including assisting the CEO and CFO to provide declarations required under section 295A of the Corporations Act.

## ***Internal audit***

Given the size and scale of Step One Clothing's current operations, Step One Clothing has not established an internal audit function. Oversight of the effectiveness of Step One Clothing's risk management and internal control processes currently form part of the responsibilities of Management. The Board also relies on ongoing reporting and discussion of the management of material business risks to evaluate and continually improve the effectiveness of Step One Clothing's risk management and internal control processes. As Step One Clothing's business operations continue to develop, the ARC may consider establishing an independent internal audit function.

## ***Economic, environmental and social risks***

As set out above, Step One Clothing has a risk management framework and the Company's Board Charter requires the Company to monitor any material exposure to economic, environmental and social sustainability risks. The Company will disclose this information in its Annual Report and on the ASX website as part of its continuous disclosure obligations. The risk management processes in place require regular review of the Step One Clothing's existing risks and the identification of new and emerging risks facing the Company, including financial and non-financial matters.

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## Principle 8 – Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

### ***Nomination and Remuneration Committee (RNC)***

The RNC assists the Board in fulfilling its corporate governance responsibilities to remunerate fairly and responsibly. The RNC's primary responsibilities with respect to remuneration include:

- a) Review and recommend to the Board employment and remuneration arrangements for the Chief Executive Officer (**CEO**), including contract terms, annual remuneration and participation in the Company's incentive plans.
- b) On the recommendation of the CEO, review and recommend to the Board employment and remuneration arrangements for other members of the senior executive team, including contract terms, annual remuneration and participation in the Company's incentive plans.
- c) Conduct regular reviews of, and monitor the implementation of, the Company's remuneration framework to confirm it:
  - encourages and sustains a culture aligned with the Company's values;
  - supports the Company's strategic objectives and long-term financial soundness; and
  - is aligned with the Company's risk management framework and risk appetite
- d) Approve major changes and developments in the remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Company.
- e) Review and recommend to the Board major changes and developments in relation to the Company's employee equity incentive plans (including equity plans).
- f) Oversee the operation of the Company's employee incentive plans in place from time to time and recommend to the Board whether offers are to be made under any of the Company's employee incentive plans (including equity plans) in respect of a financial year.
- g) Review and recommend to the Board the terms of any incentive offers made to the CEO and other members of the senior executive team, including any applicable performance targets and the relevant award opportunities.
- h) Assess and make recommendations to the Board on incentive award outcomes for the CEO and other members of the senior executive team based on performance against the applicable performance targets and any other factors that the Committee determines to be relevant (including whether the Board should consider exercising any discretion).
- i) Review and recommend to the Board the aggregate value of award opportunities and the aggregate value of award outcomes being made based on performance for all employees.
- j) Look to ensure that risk behaviours and outcomes and any other relevant factors are reflected in the executive remuneration outcomes.
- k) Review and make recommendations to the Board on remuneration by gender and recommend strategies or changes to address any pay gap.



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- l) Review and recommend to the Board the remuneration arrangements for the Chair and the non-executive directors of the Board, including fees, travel and other benefits.
- m) Approving the appointment of remuneration consultants for the purposes of the *Corporations Act 2001* (Cth).
- n) Review and recommend to the Board the remuneration report prepared in accordance with the *Corporations Act 2001* (Cth) for inclusion in the annual directors' report.
- o) Review and facilitate stockholder and other stakeholder engagement in relation to the Company's remuneration policies and practices.
- p) Review and recommend to the Board for approval any proposed consultancy arrangements with a director, senior executive or a related party of a director or senior executive.

Details of the RNC are contained in the disclosure under Principle 2. For details of the qualifications and experience of each RNC member, refer to "Board of Directors", contained within the Annual Report. For details regarding the number of RNC meetings and the attendance at those meetings, refer to "Board of Directors – Attendance at meetings" contained within the Annual Report.

### ***Remuneration policies and practices***

Details about Step One Clothing's remuneration strategy, framework, policies and practices are set out in the Company's Remuneration Report which clearly distinguishes the structure of Non-Executive Directors' remuneration from that of other Key Management Personnel.

The Step One Clothing Remuneration Report for the FY2022 in the 2022 Annual Report and located on the Step One Clothing website at [www.stepone.group](http://www.stepone.group)

### ***Policy on hedging equity-based incentive schemes***

The use of derivatives or other hedging arrangements for unvested securities of the company or vested securities of the Company which are subject to escrow arrangements is prohibited. Where a Director or other senior executive uses derivatives or other hedging arrangements over vested securities of the company, this will be disclosed.