



CORPORATE GOVERNANCE STATEMENT

The Board and management of 1414 Degrees Limited (**Company**) is committed to responsible business and financial practices and maintaining and enhancing a strong corporate governance framework. The Board has adopted a system of internal controls, a risk management framework and corporate governance policies, standards and practices which are designed to support and promote the responsible conduct of the Company.

This Corporate Governance Statement (**Statement**) provides a summary of the key corporate governance principles and practices adopted by the Company during the 2022 reporting period through to the date of this Statement. The Company's governance practices align with the recommendations of the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (**Principles**) throughout the reporting period, except where stated, noting the size of the Company's operations.

The Company regularly reviews its governance policies and processes and updates them as required taking into consideration contemporary governance standards and regulatory requirements.

This Statement is accurate and is up to date as at 29 September 2022 and has been approved by the Board.

The corporate governance charters and policies are available in the 'Corporate Governance' section that is accessed from the Investor Centre page on the Company's website (www.1414degrees.com.au/investors/corporategovernance/).

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT.

The Board

The Board is responsible for ensuring the Company has an appropriate corporate governance structure as well as the overall operations and stewardship of the Company.

Board Charter

(Recommendation 1.1)

The respective roles and responsibilities of the Board and management are outlined in the Company's Board Charter, with the Charter available in the corporate governance section of the Company's website: <https://1414degrees.com.au/corporate-governance/>

The Board retains full responsibility for overseeing and appraising the Company's corporate strategy, key governance policies and overall performance. The Board's principal functions include:

- Appointment of a Chief Executive Officer
- Setting the Company's strategic direction, objectives and goals
- Approving the annual budget and oversight and monitoring of its financial performance
- Resourcing, reviewing and evaluating executive management
- Ensuring the Company has adequate internal controls (operational and financial) and business practices comply with such controls

- The prudent management of business risks and the broader risk management framework
- Ensuring the Company has timely, accurate and effective communication with shareholders, the market and regulatory bodies
- Ensuring occupational health and safety and environmental compliance and performance
- Ensuring the integrity of the accounting and corporate reporting systems, including the external audit function
- Approving the Company's remuneration policies

Appointment

(Recommendations 1.2 and 1.3)

There are currently five Directors, with the Directors' Report in the 2022 Annual Report summarising:

- Key skills, experience, qualifications and expertise of each Director
- Term of office

The Board seeks to identify suitable candidates with appropriate skills, experience, expertise and diversity to complement the existing Directors.

The Board also undertakes appropriate pre-engagement checks on short listed candidates and seeks confirmation with the short listed candidate that they have sufficient time to undertake their responsibilities as a Director.

All Directors receive a written Letter of Appointment outlining their terms of appointment as well as a Deed of Confidentiality Access and Indemnity. Any Director appointed by the Board, whether to fill a casual vacancy or as an addition to the Board, must retire at the next annual general meeting. Retiring Directors are eligible for re-election at this meeting by shareholders.

All executives receive a written Contract of Employment setting out their terms of appointment and their duties and responsibilities, rights, and remuneration entitlements.

All material information in relation to potential Directors is provided to shareholders as appropriate, including details of their term of office and independent status. This information is included within Notices of Meeting and Explanatory Memoranda that seek to obtain approval of shareholders for an election or re-election of Directors.

Company Secretary

(Recommendation 1.4)

The Company Secretary is accountable to the Board through the Chairman on all matters to do with the proper functioning and administration of the Board as well as all matters of governance. The Company Secretary's role includes advising the Board on governance matters, monitoring the compliance with key policies, coordinating the timely drafting and despatch of Board papers, ensuring that the business of the Board is accurately captured in the Minutes of Board meetings, facilitating the Induction and Onboarding of Directors, and reviewing ongoing professional development needs of Directors.

All Board members have direct access to the Company Secretary, with the Board responsible for the appointment and removal of the Company Secretary.

Diversity

(Recommendation 1.5)

The Company has a strong commitment to diversity in its business which is evidenced through its Diversity Policy which can be found on the Company's website. The Company is committed to attracting and retaining a diverse range of highly capable individuals to work across all levels of the business.

The Diversity Policy requires the Board to set measurable objectives for achieving gender diversity in the composition of its Board, executive management and workforce. The Board has yet to establish diversity objectives for achieving gender diversity primarily due to its size, however the Board remains committed to an ongoing evaluation of practically possible targets.

As at the date of this report, the Company had the following proportion of women appointed to:

- The Board – 20%
- Executive Management – NIL
- Company as a whole – 25%

Evaluation of Performance

(Recommendations 1.6 and 1.7)

The Board did not carry out a performance evaluation during the year of the entire Board or the individual Directors. The Board continues to review options for a whole of Board evaluation, with an evaluation process to be implemented during the coming year.

The process for evaluating the performance and remuneration of executive management is under review currently including the issue of Performance Rights under the Performance Rights Plan.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Nomination Committee

(Recommendation 2.1)

The Board has not established a Nomination Committee, due to the size of the Company and small scale of activities. The size, structure and composition of the Board is regularly reviewed, including the need for committees.

The Board oversees the process of appointment, performance and remuneration of the Chairman and Non-executive Directors.

The Board Charter outlines the processes employed by the Board to ensure the appropriate balance of skills, knowledge, experience, independence, and diversity to enable it to discharge its duties and

responsibilities. A Skills and Composition Assessment is also updated regularly by all Directors to assist with determine the gaps in knowledge, skills and expertise.

Skills

(Recommendation 2.2)

During the year, the Directors reviewed the size, composition and skills of the Board to ensure the Company continued to have the right blend of experience, capability and diversity on its Board. The Board ensures that it is comprised of a diverse selection of high performing individuals with integrity that is aligned to the culture and values of the Company.

Prior to the appointment of two new Directors in early 2022, the Board reviewed its Skills Matrix and Diversity considerations, with Directors asked to rate their capability against each area based on the following Ratings:

- 1 No experience or knowledge
- 2 Little experience or knowledge
- 3 Reasonable experience or knowledge
- 4 Considerable experience or knowledge
- 5 Expert experience or knowledge

A summary of the Assessment can be found in Table 1.

Table 1 – Areas of competence and skills of the Board

Expertise, Industry Experience and Financial Market Experience	Little Experience or Knowledge	Reasonable Experience or Knowledge	Considerable Experience or Knowledge
Expertise			
Corporate Governance		x	
Commercial Acumen			x
Executive Leadership & Management			x
Risk Management		x	
Public Policy & Government Relations		x	
Strategy			x
Information Technology		x	
Health & Safety		x	
Engineering & Technology Development		x	
Business Advisory Services			x
Industry Experience			
Energy Networks & Markets		x	
Energy Regeneration (Electricity, renewables & storage)		x	

Infrastructure		x	
Engineering or Science Qualifications		x	
Depth of experience in One Area or Across - Development, Major Projects, Production		x	
Membership of Industry Related Organisation	x		
Financial Markets Experience			
Mergers & Acquisition		x	
Capital Markets			x
Financial Markets		x	
Corporate Finance		x	
Accounting & Audit		x	
Commercial & Contracting			x
International			x
Industrial Energy & Electricity		x	

Independence

(Recommendations 2.3, 2.4 and 2.5)

The Board Charter requires the Board to have a majority of independent Non-executive Directors.

When considering whether a director is “independent”, the Board has regard to the independence criteria as set out in the Principles as well as any other information that is considered relevant. A Director will be considered to be independent if they are free of any business or other relationship that could materially interfere with, or could reasonable be perceived to materially interfere with, the independent exercise of their judgement.

The Board reviews the independence of the Directors when considered appropriate. As at the date of this report four of the five directors were considered to be independent:

- Mr Tony Sacre
- Mr Peter Gan
- Mr Dana Larson
- Ms Alison Evans

Information relating to the Directors of the Company, including whether they are independent, their skills, experience, expertise, and term of office is contained within the Directors' Report section of the Annual Report.

Mr Tony Sacre is a Non-executive Director and the current Chairman of the Company. He was appointed as Non-executive Director and Chairman on the 3 June 2021.

Dr Kevin Moriarty was elected to the Board at an Extraordinary General Meeting on the 28 July. As he had previously held an Executive role in the three years preceding his appointment Dr Moriarty is not considered to be independent.

Director Induction and Professional Development

(Recommendation 2.6)

The Company Secretary coordinates a thorough Induction and Onboarding program for all new Directors and the ongoing professional development of Directors. The Induction and Onboarding program includes briefings on the company strategy, organisation structure, corporate governance practices, charters and policies, and the risk management framework, as well as discussions with executive management.

Directors are expected to remain abreast of significant issues facing the Company, the industry and changes to the broad macro and regulatory environment. Professional development opportunities are offered to Directors to ensure they continue to maintain their skills and knowledge needed to perform their roles effectively, including industry briefings, training, relevant courses and attendance at conferences.

PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Values and Code of Conduct

(Recommendations 3.1 and 3.2)

The Company's Code of Conduct can be found on the Company's website.

The Board established and adopted a Code of Conduct to guide standards of ethical behaviour expected of Directors and employees. The Code of Conduct establishes the Company's commitment to making positive economic, social, and environmental contributions to each of the communities in which it operates, whilst complying with all applicable laws and regulations and acting in a manner that is consistent with the principles of honesty, integrity, fairness, and respect.

The standards require Directors and employees to:

- Comply with applicable laws and regulations
- Act honestly and exercise reasonable care and diligence
- Avoid or manage any conflicts of interest
- Not take advantage of the Company's property and equipment, information or their position for personal benefit or gain

The Company's values and supporting behaviours underpin the culture across the organisation. These values guide Directors and employees in their daily activities and interactions with each other, as well as interactions with Stakeholders.

The values, which are reflected in the Company's most recent Strategic review, are as follows:

- Collaborative
- Innovative
- Excellence
- Integrity
- Respect

Whistleblower Policy and Anti-Bribery and Corruption Policy

(Recommendations 3.3 and 3.4)

During the year, the Company reviewed its Whistleblower Policy to ensure compliance with RG 270. The Company also drafted and implemented a new Anti-Bribery and Corruption Policy.

Both policies can be found on the Company's website.

All staff received training on the key aspects of both policies during the year.

PRINCIPLE 4: SAFEGUARD THE INTERGRITY OF CORPORATE REPORTS

Audit Committee

(Recommendation 4.1)

The Board has not currently established an Audit Committee due to the size of the Company and small scale of activities. The Board continues to review its structure and potential establishment of committees and may elect to establish an audit committee in the future if deemed appropriate.

The Board has assumed the roles and responsibilities that would otherwise normally be performed by an Audit Committee.

The Board Charter summarises the processes employed by the Board that aim to independently verify and safeguard the integrity of the Company's corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The external auditor attends two Board meetings each reporting period to respond to any questions or issues with respect to the half yearly and full year financial statements, as well as provide an overview of the audit program and testing undertaken. The auditor also attends the Annual General Meeting and is available to answer shareholder questions at this meeting.

The unaudited financial statements are reviewed and checked across several levels of the Company, including the senior financial officer, the Chief Executive Officer and the Board.

Declarations of Chief Executive Officer and Chief Financial Officer (or equivalent)

(Recommendation 4.2)

Prior to approving the Company's financial statements for a financial period, the Directors require the Chief Executive Officer and Chief Financial Officer (or equivalent) to state in writing that, in their opinion, the Company's financial records have been properly maintained and that the financial statements present a true and fair view of the financial position and performance of the Company's, and that they have been prepared in accordance with appropriate accounting standards.

The certifications are in accordance with section 295A of the Corporations Act 2001 (Cth).

Integrity of Periodic Reports which are not Audited

(Recommendation 4.3)

The Company has procedures in place, including approval processes, to ensure that the report (s) released to the market are materially accurate, balanced, timely and provide investors with the appropriate level of information to make informed investment decisions. The Board has overall responsibility for the establishment, implementation and supervision of the Company's continuous disclosure, with delegated authority to the Company Secretary for the release of market communications. The Board verifies unaudited periodic corporate reports by ensuring the contents of each report are:

- Prepared by subject matter experts, including external professional advisers as required, to ensure proper verification of content with technical subject matter content
- Material statements are reviewed for accuracy and ASX Listing Rules compliance
- Company strategy, financial projections and statements, and changes to policy are reviewed in accordance with a hierarchy of delegations and are always approved for release by the Board

The Company's Continuous Disclosure & Shareholder Communications Policy provides further details of the processes followed with respect to the preparation, review, verification, and approval of disclosure information at all relevant levels prior to release to the market. This policy is available on the Company's website.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Continuous Disclosure

(Recommendations 5.1, 5.2 and 5.3)

The Company is required to comply with the ASX Listing Rules and Corporations Act.

Other than the circumstances outlined within the exceptions contained in the ASX Listing Rules, the Company immediately discloses any information that may affect the price or value of securities in the Company. In addition to ASX announcements being listed on the Company's website, the Company also releases to the ASX any new significant investor or analyst presentation in advance of such presentation.

The Company is committed to observing its continuous disclosure obligations under the ASX Listing Rules and Corporations Act.

The Board receives copies of all material market announcements as soon as they have been made.

The Company is also committed to regularly communicating with shareholders in a timely, accessible and clear manner with respect to procedural matters and major issues affecting the Company.

The Company's process for meeting its continuous disclosure obligations is outlined within the Continuous Disclosure & Shareholder Communications Policy that can be found on the Company's website. Under the policy, the Company Secretary is primarily responsible for managing the Company's compliance with its continuous disclosure obligations.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Communicating with Security Holders

(Recommendations 6.1, 6.2, 6.3, 6.4 and 6.5)

The Company's website contains extensive information about the Company, its activities, and its governance.

As outlined previously, the Company has adopted a Continuous Disclosure & Shareholder Communications Policy which summarises how the Company promotes effective communication with shareholders and encourages their participation at general meetings.

Notice of meeting dates are listed on the Company's website. The Notice of Annual General Meeting also outlines how shareholders can submit questions or make comments pertaining to the Company.

All resolutions at an Annual General Meeting are decided by a poll rather than a show of hands.

The Company's website discloses the following information:

- The names, photographs, and a brief biographical summary for each of its Directors and executive management
- A dedicated Investor page that lists all ASX announcements as well as links to the Corporate Governance page, with copies of the Board Charter, Code of Conduct, Securities Trading Policy, Continuous Disclosure & Shareholder Communications Policy, Diversity Inclusion Policy, Whistleblower Policy and Anti-Bribery & Corruption Policy
- Copies of annual reports and financial statements
- An overview of the Company's business and key activities
- Copies of media releases made by the Company

The Company also commits to responding to shareholders and prospective investors throughout the year in a timely and appropriate manner. Shareholders have the option to elect to receive communication from, as well as send communication to, the Company and its appointed share registry electronically.

The Company's Share Register is managed and maintained by Computershare Investor Services Pty Ltd. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number or Holder Identification Number, via www.investorcentre.com/contact

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Risk Committee and Risk Management Framework

(Recommendations 7.1, 7.2, 7.3 and 7.4)

Whilst the Board has not established a separate Risk Committee due to the size of the Company and scale of activities, the Board recognises that ongoing and timely identification, monitoring and reporting of opportunities and threats are essential to strong management and enhanced outcomes for all stakeholders.

The Board assumes the roles and responsibilities that would otherwise normally be performed by a Risk Committee, including oversight of the Company's risk management framework and the effectiveness of the internal control systems. Whilst the Company doesn't have an internal audit function, executive management has responsibility for the design and implementation of the Company's risk management and internal control frameworks, and regularly reviews operational, business and project opportunities and threats consistent with enterprise risk management protocols.

During the reporting period, the Board reviewed and adopted a new Risk Management Policy and Compliance Management Policy. The Company is also developing a new Risk Appetite Statement and will review the Corporate Risks Dashboard for its identified material risks over the next few months as part of development of an enhanced Risk Management Framework. As the company moves into the commercialisation phase in 2023 for both of its major projects, the Risk Management Framework will be assessed to ensure it is 'fit for purpose'.

Part of the review will also include an assessment of whether the Company has any emerging exposures to environmental or social risks.

The Company does not have an internal audit function, with the Board determining that such a function is not required given the Company's size, composition and corporate maturity.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee and Remuneration Practices

(Recommendation 8.1, 8.2 and 8.3)

The Board has not established a Remuneration Committee due to the size of the Company and scale of activities. The size, structure and composition of the Board is regularly reviewed, including the need for committees.

The Board has assumed the roles and responsibilities that would otherwise normally be performed by a Remuneration Committee, including oversight of the process of appointment and remuneration of the Chairman, the Non-executive Directors, Company Secretary and the Chief Executive Officer.

The Board is also responsible for setting the level and composition of remuneration for Directors and executive management and ensuring that such remuneration reflects market conditions, responsibilities, and expertise. The Company offers a combination of fixed annual remuneration and performance related remuneration through its employee incentive scheme.

In conducting an annual review of Board remuneration, the Board takes into consideration the responsibilities and demands on the Board. This includes the performance expectations of Directors, equivalent remuneration levels in the marketplace for companies with comparable size, structure and responsibilities, the regulatory environment the Company operates within and the qualification, skills and experience of Directors and the whole Board. Directors are not eligible for bonuses or short-term incentive arrangements.

The Company has a Reward & Remuneration Policy that outlines how the Company will ensure that its remuneration structures are competitive in attracting, motivating and retaining employees of high calibre. The Company offers a combination of fixed annual remuneration and performance related remuneration through an employee incentive scheme, details of which are outlined within the Performance Rights Plan. The main purpose of the employee incentive scheme is to create a strong incentivised link between increasing shareholder value and executive reward. The Performance Rights Plan also prohibits executives from entering into transactions which would have the effect of limiting the economic risk of participating in the scheme. The Company's Securities Trading Policy also provides further details around restrictions on trading, including when Designated Persons require prior approval to trade and details of Closed periods.

Details of the Performance Rights Plan are outlined within Section 12 of the Prospectus (April 2018) with a copy of the Securities Trading Policy available on the Company's website.