



# CORPORATE GOVERNANCE STATEMENT

AS AT 30 SEPTEMBER 2020

The Board of MSM Corporation International Limited ("MSMCI") have adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (Recommendations) where considered appropriate for a company of MSMCI's size and complexity.

MSMCI have implemented the ASX Corporate Governance Council's Fourth Edition Corporate Principles (4<sup>th</sup> Edition) and Recommendations. Accordingly, this Corporate Governance Statement has been prepared on the basis of disclosure under the 4<sup>th</sup> Edition of these principles. Details of the Company's compliance with these principles are summarised in the Appendix 4G announced to ASX in conjunction with the Annual Report. This statement describes how MSMCI has addressed the Council's guidelines and eight corporate governance principles and where the Company's corporate governance practices depart from a recommendation, the Company discloses the reason for adoption of its own practise on an "if not, why not" basis.

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

The main function of the Board is to lead and oversee the management and strategic direction of the Company. The Board regularly measures the performance of management in implementation of the strategy through regular Board meetings.

MSMCI's *Corporate Governance Plan* has a formal board charter delineating the roles, responsibilities, practices and expectations of the Board collectively, the individual directors and management. The *Corporate Governance Plan* is available on the Company's website at [www.msmci.com](http://www.msmci.com).

The Board of MSMCI ensures that each member understands its roles and responsibilities and ensures regular meetings so as to retain full and effective control of the Company.

### The role of the Board and management

The Board responsibilities are as follows:

- Setting the strategic aims of MSMCI and overseeing management's performance within that framework;
- Making sure that the necessary resources (financial and human) are available to the Company and management to meet its objectives;
- Overseeing and measuring management's performance of the Company's strategic plan;
- Selecting and appointing a Managing Director (or equivalent) with the appropriate skills to help the Company in the pursuit of its objectives;
- Controlling and approving financial reporting, capital structures and material contracts;
- Ensuring that a sound system of risk management and internal controls is in place;
- Setting the Company's values and standards;
- Undertaking a formal and rigorous review of the Corporate Governance policies to ensure adherence to the ASX Corporate Governance Council principles;
- Ensuring that the Company's obligations to shareholders are understood and met;
- Ensuring the health, safety and well-being of employees in conjunction with management, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees;
- Ensuring an adequate system is in place for the proper delegation of duties for the effective day to day running of the Company without the Board losing sight of the direction that the Company is taking;
- Establishing a diversity policy and setting objectives for achieving diversity.

## Delegation to Management

Other than matters specifically reserved for the Board, responsibility for the operation and administration of the Company has been delegated to the management. This responsibility is subject to an approved delegation of authority which is reviewed regularly and at least annually.

The Board currently has responsibility for the operation and administration of the Company in the absence of a Managing Director and an executive team. However this organisational structure is being reviewed regularly and at least annually.

Internal control processes are designed to allow management to operate within the parameters approved by the Board. Management cannot commit the Company to additional activities or obligations in excess of these delegated authorities without specific approval of the Board.

## Appointments to the Board

The Board is responsible for overseeing the selection process of new directors and will undertake appropriate checks before appointing a new director or putting forward a candidate for election as a director. All relevant information is to be provided in the Notice of Meeting seeking the election or re-election of a director including:

- biographical details including qualifications and experience;
- other directorships and material interests;
- term of office;
- statement by the board on independence of the director;
- statement by the board as to whether it supports the election or re-election; and
- any other material information.

## Terms of Appointment

### *Non-Executive Directors*

To facilitate a clear understanding of roles and responsibilities all non-executive directors have signed letter of appointment. This letter of appointment letter includes acknowledgement of:

- director responsibilities under the Corporations Act, Listing Rules, the Company's Constitution and other applicable laws;
- corporate governance processes and Company policies;
- board and board committee meeting obligations;
- conflicts and confidentiality procedures;
- securities trading and required disclosures;
- access to independent advice and employees;
- confidentiality obligations;
- directors' fees;
- expenses reimbursement;
- directors and officer's insurance arrangements;
- other directorships and time commitments; and
- board performance review.

## The Company Secretary

The Company Secretary is accountable to the Board for:

- advising the Board on corporate governance matters;
- the completion and distribution of board and committee papers;
- completion of board and committee minutes; and
- the facilitation of director induction processes and ongoing professional development of directors.

All Directors have access to the advice and services provided by the Company Secretary who has a direct reporting line to the Chairman.

### **Gender Diversity**

The Board values diversity in all aspects of its business and is committed to creating a working environment that recognises and utilizes the contribution of its employees. The purpose of this is to provide diversity and equality relating to all employment matters. The Company's policy is to recruit and manage on the basis of ability and qualification for the position and performance, irrespective of gender, age, marital status, sexuality, nationality, race/cultural background, religious or political opinions, family responsibilities or disability. The company opposes all forms of unlawful and unfair discrimination.

The Board acknowledges the absence of female participation on the Board of Directors. However, the Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Company currently has 4 Directors and 2 contractors of which 5 are male and 1 is female.

The Company has not set or disclosed measurable objectives for achieving gender diversity. Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

### **Board, committee and director performance evaluations**

It is the Company's policy that performance evaluations of senior executives are undertaken on an annual basis and will form part of the remuneration assessment. The Company operated without senior executives during the reporting period and so a performance evaluation was not undertaken.

Information on performance evaluations is included in the remuneration report section of the Annual Report. A performance evaluation of the Board was undertaken during the reporting period.

Due to the size of the Company, the Board does not deem it practical to establish a Nomination Committee, instead the Board conducts a periodic performance review based upon the following:

- (a) comparison of the performance of the Board with the requirements of its Charter;
- (b) critically reviews the mix of the Board; and
- (c) suggests any amendments to the Charter as are deemed necessary or appropriate.

During the period, Mr Antoine Massad joined the Board as independent Non-Executive Chair. His 30 years' experience in investing in alternative markets, in particular technology companies and funds for the past 10 years adds a significant strategic outlook to the Board.

### **Retirement and Rotation of Directors**

Retirement and rotation of directors are governed by the Corporations Act 2001 and the Constitution of the Company. Each year, one third of directors must retire and may offer themselves for re-election. Any casual vacancy filled will be subject to shareholder vote at the next Annual General Meeting of the Company. It is intended that Mr Antoine Massad will stand for re-election at the Company's 2020 Annual General Meeting by virtue of his appointment by casual vacancy during the period and Mr Chris Jones will stand for re-election by rotation.

### **Board Meetings**

The Board schedules formal Board meetings at regular intervals and at meets at least four times a year.

Non-executive Directors may confer at scheduled times without management being present and the minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chairman and circulated to Directors after each meeting.

## PRINCIPLE 2 | STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

The names of the directors of the Company and their qualifications are set out in the section headed "Information on Directors" in the current financial year's Director's Report.

The composition of the Board has been structured so as to provide MSMCI with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives of the Company.

The ASX Corporate Governance Council guidelines recommend that the Board should constitute of a majority of independent directors and that the Chairperson should be independent. The Board currently consists of four directors of whom all are considered independent, being Mr Antoine Massad (Independent Chairman and is not the same person as the Chief Executive Officer - appointed 20 December 2019), Mr Adam Wellisch (Non-Executive Director - appointed 29 December 2015), Mr Chris Jones (Non-Executive Director - appointed 20 November 2018 and Mr Mark Clements (Non-Executive Director & Company Secretary appointed 12 January 2016).

The Board will address the skills matrix commensurate with the growth and development of the Company's activities to ensure those skill sets are complemented by additional industry expertise in the sector pursued as required.

This mix is described in the Board skills matrix as follows:

SKILL	NUMBER OF DIRECTORS HOLDING THIS SKILL
Digital Product / Online	4
International Business	3
Financial Accounts Literacy	4
People - Human Resources, Remuneration & Diversity	4
Strategy	4
Policy	4
Executive Leadership	4
Governance	4
Mergers & Acquisitions	4
Risk Management	4
Sustainable Development	3

### Director induction and ongoing professional development

The Company does not have a formal induction program for Directors but does provide Directors with information pack detailing policies, corporate governance and various other corporate requirements of being a director of an ASX Listed company. Due to the size and nature of the business, Directors are expected to already possess a level of both industry and commercial expertise before being considered for a directorship of the Company. Directors are provided with the opportunity to access employees of the business and any information as they require about the business including being given access to regular news articles and publications where considered relevant.

### Nomination Committee

The Nomination Committee is carried out by the Board to identify and recommend candidates to fill vacancies and to determine the appropriateness of director nominees for election to the Board. The Board recognises the benefits arising from diversity and aims to promote an environment conducive to the appointment of well qualified Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals.

As required under the ASX Listing rules and the Corporations Act, election or re-election of directors is a resolution put to members at each Annual General meeting. The notice of meeting contains all material information relevant to a decision on whether or not to elect or re-elect a director.

### **PRINCIPLE 3 | INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY**

Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

#### **Code of Conduct**

The Company's Code of Conduct Policy contained in the *Corporate Governance Plan* has been endorsed by the Board and applies to all Directors, employees and contractors.

#### **Whistleblower Policy**

In line with the Code of Conduct, the Company has a Whistleblower Policy that ensures that persons who make a report in good faith can do so without fear of intimidation, disadvantage or reprisal.

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

The Company's Code of Conduct Policy has been endorsed by the Board and applies to all Directors, employees and contractors.

#### **Conflicts of Interest**

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision-making process or discussions where that conflict does arise.

#### **Trading in Company Securities**

Directors are required to make disclosure of any share trading. The Company policy in relation to share trading is that officers are prohibited to trade whilst in possession of unpublished price sensitive information concerning the Company or within a period of the release of results i.e. the blackout period. That is information which a reasonable person would expect to have a material effect on the price or value of the Company's shares. An officer must receive authority to acquire or sell shares with the directors or the Company Secretary prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares must be notified to the ASX.

### **PRINCIPLE 4 | SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS**

MSMCI has a financial reporting process which includes externally reviewed half year results, independently audited full-year results and unaudited quarterly results which are prepared by the Company's finance team and signed off by the Board before they are released to the market.

Given the size and operations of the Company, the function of the Audit Committee is currently carried out by the full board. Qualifications and experience of members of Board are found under the directors' profile in both the Annual Report and on the Company's website at Directors and Management.

The Board receives a declaration from its CEO (or equivalent) and CFO (or equivalent) in relation to full year and half year statutory financial reports and unaudited quarterly reports during the reporting period in accordance with section 295A of the Corporations Act. Section 249K of the Corporations Act requires a Company to give its auditor a notice of a general meeting and section 250RA requires an auditor to attend a listed company's AGM.

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

MSMCI has a continuous disclosure program which deals with its disclosure responsibilities and is available on the Company's website.

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The policy also addresses the Company's obligations to prevent the creation of a false market in its securities. MSMCI ensures that all information necessary for investors to make an informed decision is available on its website.

The Board has ultimate authority and responsibility for approving market disclosure which, in practice, is exercised in consultation with the Company Secretary.

In addition, the Board will also consider whether there are any matters requiring continuous disclosure in respect of each and every item of business that it considers.

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

The Board's fundamental responsibility to shareholders is to work towards meeting the Company's objectives so as to add value for them. The Board maintains an investor relation program which will inform shareholders of all major developments affecting the Company by:

- preparing half yearly and yearly financial reports;
- preparing monthly or quarterly cash flow reports (as required);
- making announcement in accordance with the listing rules and the continuous disclosure obligations;
- posting all of the above on the Company's website;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the annual report, if requested, together with notice of meeting and proxy form; and
- voluntarily releasing other information which it believes is in the interest of shareholders.

The Annual General Meeting enables shareholders to discuss the annual report and participate in the meetings either by attendance or by written communication. The Company provides all shareholders with a Notice of Meeting so they can be fully informed and be able to vote on all resolutions at the Annual General Meeting. Shareholders can discuss any matter with the directors and/or the auditor of the Company who is also invited to attend the Annual General Meeting.

Shareholders have the option to receive all Company and share registry communications electronically and may also communicate with the Company by emailing the Company via its website. All shareholders can request copies of ASX releases, all of which are published and available on the Company's website immediately after they are released to ASX.

The Company regularly reviews its stakeholder communication policy and endeavours to maintain a program appropriate for a company of its size and complexity.

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

The Board has not established a Risk Committee. Risk management is specifically discussed by the full Board at the Company's board meetings during the year. The Board considers that this process adequately monitors the Company's risk management framework. MSMCI's policy is to review its risk management framework annually. The Board has done so during the current reporting period.

Due to the size of the Company, the Board does not consider it necessary at this time to formalise an internal audit function. The Board continually monitors the risk management and internal control processes adopted by the Company to ensure they are appropriate to the operations of the Company's group structure. The Board is satisfied with the level of risk, risk management and control monitoring with the Company and notes that whilst there may be no material exposure to environmental or social sustainability risks, the Company is highly exposed to economic risks resulting from a significantly depleted working capital position. The Board is continually monitoring this risk and is working closely with its strategic partner, The Riva Group, to remedy this situation.

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

MSMCI does not have a dedicated remuneration committee as the key responsibilities of the Remuneration Committee are undertaken by the full Board and in accordance with the Remuneration Committee Charter which can be found in the Company's Corporate Governance Plan.

Details of remuneration are disclosed in the Directors' Report of the year ended 30 June 2020 Annual Report. The Company remunerates non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. Given the size of the Company and stage of growth, from time-to-time the Company may grant options to non-executive directors subject to shareholder approval. The grant of options is designed to recognise and reward efforts as well as to provide non-executive directors with additional incentive to continue those efforts for the benefit of the Company and to preserve cash reserves.

The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by the shareholders at general meeting.