

2018 CORPORATE GOVERNANCE STATEMENT AND ASX APPENDIX 4G

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KEY TO DISCLOSURES OF CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

Speedcast International Limited (ASX: SDA) is pleased to attach the Company's 2018 Corporate Governance Statement and ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations).

The Company has adopted the Corporate Governance Principles and Recommendations (3rd Edition, March 2014) (ASX Recommendations) issued by the ASX Corporate Governance Council (Council) and the disclosures made in this Corporate Governance Statement are in respect of the financial year ended 31 December 2018 (Reporting Period).

Accordingly, the Company can lodge its Corporate Governance Statement on ASX and need not include it within its 2018 Annual Report.

The Company's 2018 Corporate Governance Statement, ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations) and other ancillary corporate governance related documents can also be found at the following URL on the Company's Internet website:

<http://www.Speedcast.com/corporate/corporate-governance>.

For further information:

Clive Cuthell/Dominic Gyngell  
Speedcast International Limited  
ABN. 50 600 699 241  
www.Speedcast.com.  
ASX Code: SDA

## CORPORATE GOVERNANCE STATEMENT

### Introduction

The Board of Directors (“Board”) is committed to maintaining high standards of safety, performance and corporate governance for Speedcast International Limited (“Company” or “Speedcast”) and the entities it controls (“Group” or “Speedcast Group”). Good corporate governance is about establishing a culture that embrace a set of core values and behaviours that underpin the Group’s activities and ensure integrity, transparency, accountability, fair dealing and the protection of the interests of stakeholders – including shareholders, personnel, suppliers and communities in which the Group operates.

The Company’s practices are largely consistent with the ASX Recommendations. The Board considers that the implementation of a small number of ASX Recommendations is not appropriate, for the reasons set out below in relation to the items concerned. The Board uses its best endeavours to ensure that exceptions to the ASX Recommendations do not have a negative impact on the Company and are made in the best interest of shareholders as a whole.

As required by the ASX Listing Rules, this Corporate Governance Statement (CGS) discloses the extent to which the Company has followed the ASX Recommendations during the Reporting Period, as summarised below:

ASX Corporate Governance Principles and Recommendations	CGS Reference
Principle 1 – Lay solid foundations for management and oversight	1.1 - 1.7
Principle 2 – Structure the Board to add value	2.1 - 2.6
Principle 3 – Act ethically and responsibly	3.1
Principle 4 – Safeguard integrity in corporate reporting	4.1 - 4.3
Principle 5 – Make timely and balanced disclosure	5.1
Principle 6 – Respect the rights of security holders	6.1 - 6.4
Principle 7 – Recognise and manage risk	7.1 - 7.4
Principle 8 – Remunerate fairly and responsibly	8.1 - 8.3

The Company has also prepared an ASX Appendix 4G – Key to Disclosures of Corporate Governance Principles and Recommendations (which reports on the Company’s compliance with each of the ASX Recommendations) – which has been lodged with the CGS on ASX and may be viewed and downloaded from the Company’s website (details below).

A copy of the ASX Recommendations can be found on the ASX website at the following URL: <http://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf>.

The Company’s latest Annual Report (and other ASX market announcements and media releases) may be viewed and downloaded from the Company’s website at the following URL: <http://www.Speedcast.com>.

The names of the Independent and Non-Executive Directors currently in office and their qualifications and experience are stated in the Company’s latest Annual Report.

## **Principle 1 Lay Solid Foundations for Management and Oversight**

### **1.1. Board of Directors - Role and Responsibilities**

*A listed entity should disclose:*

- 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.*

The Board plays a key role in overseeing the policies, performance and strategies of the Company. It is accountable to the Shareholders and must act in the best interest of the Company. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy; including approving the strategic objectives, plans and budgets of the Company. The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return, and sustaining the growth and success of the Company.

The Board has established a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good governance, international best practice and applicable laws. The Board will review the Board Charter as required and at least annually to ensure strong corporate governance is added to the performance of the Company which ultimately creates shareholder value and engender the confidence of the investment market.

To ensure the effective discharge of its responsibilities, the Board has delineated key matters which are reserved for the Board's approval ("Board Reserved Authorities") and those delegated to the Board Committees and the CEO. The delegation of authority of the Board Committees (namely the Audit, Business Risk and Compliance Committee and the Nomination and Remuneration Committee) and CEO are set out in the Board Charter and the charter of the respective committee and the Delegations Policy, respectively.

### **1.2. Board Nominations**

*A listed entity should:*

- a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate 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.*

The Board, with recommendations made by the Nomination and Remuneration Committee, will consider the following non-exhaustive factors in reviewing a potential candidate for Board appointment:

- the skills, experience, expertise and personal qualities that will best complement Board effectiveness;
- the existing composition of the Board, having regard to the factors outlined in the Company's Diversity Policy and the objective of achieving a Board comprising Directors from a diverse range of background;
- the capability of the candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other Board or executive appointments); and potential conflicts of interest, and independence.

The Nomination and Remuneration Committee will provide detailed background information in relation to a potential candidate to the Board and appropriate checks will be undertaken prior to appointment or before putting forward to the shareholders for election. The identification of the potential director may be assisted by the use of an external search organisation as appropriate. An offer of a Board appointment

must be made by the Chair only after having consulted all directors, with recommendations from the Nomination and Remuneration Committee having been circulated.

The Nomination and Remuneration Committee will report to the Board outlining the detail of the selection process annually and will include either the report or a summary of the report in the Company's Annual Report. The Company will provide shareholders with any material information in the Company's possession which is relevant to a decision on whether to elect or re-elect a director.

### **1.3. Agreements with directors and senior managers**

*A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

As permitted under the Company's Constitution, the Board has delegated to the CEO (and through the CEO to the Senior Management team), the day to day management and operation of the Group. The delegation of authorities are set out in Company's Delegation Policy and the Company's Limit of Authority ("LOA"), and the following are the key delegations to the CEO:-

- a) Expenditure in accordance with Company approved budget;
- b) Execution of contracts and commitment of expenditure of non-CAPEX up to USD15,000,000 and CAPEX expenditure up to USD2,000,000 on any particular matter or series of related matters provided that they fall within the business plan and budget approved by the Board;
- c) Appointment and dismissal of staff (except CFO) or varying the remuneration or benefits of an employee where such variation does not exceed USD50,000;
- d) Authorisation of all new employment offers;
- e) Authorisation of unbudgeted expenditure up to 10% of the amount budgeted on any particular matter or series of related matters. Any expenditure in excess of 10% of a budgeted matter or series of related matters not provided for within the budget must be prior approved by the Board;
- f) Where the CEO holds a Power of Attorney from the Chairman, all contracts and commitments of expenditure must be sighted and approved by either the Chair of the Audit & Risk Committee or the CFO as second authority.
- g) The CEO may give the CFO authority to make operational expenditure in accordance with the Budget and he/she shall amend or withdraw such authority at their discretion.
- h) Once the CEO delegates an authority, the Board may revoke the delegation by resolution at a duly constituted meeting of the Board. It is the CEO's responsibility to subsequently revoke the delegation from the employee in accordance with the resolution.

CEO will provide an annual assurance to the Board that this policy has been adhered to.

The Board will review the Delegation Policy regularly and at least annually to ensure they remain appropriate to the organisational structure and operations of the Company.

Based on the delegation of authorities from the Board, the CEO has in turn delegated his authority to the suitable Senior Executive (being an executive of the Company who reports directly to the CEO and is identified as the Senior Management Team of the Company). The members of the Senior Management Team will generally have written employment agreements with the Company setting out their key roles, obligations and remuneration. The remuneration is commensurate to the market rate and their experience and skills in the respective field. Their remuneration has been approved by the Board. All members of the Senior Management Team are required to sign a separate non-disclosure agreement to protect the confidential information of the Company.

All directors of the Company are required to sign a letter of appointment outlining the material terms of their appointment and the key roles based on their experience and skills. The remuneration of the directors of the Company (including the CEO, CFO and other Key Management Personnel) are outlined in the Remuneration Report in the Company's latest Annual Report)

The Company's constitution requires that no director (who is not the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the director was last elected or re-elected. The Company was incorporated in July 2014 and listed on the ASX in August 2014. Below is the information of the initial appointment and the re-election dates, for reference:

Director's Name	First Appointed	Re-Election Date
John Mackay	14 July 2014	2020
Grant Ferguson	14 July 2014	2021
Michael Malone	14 July 2014	2021
Peter Jackson	14 July 2014	2019
Caroline Van Scheltinga	5 April 2018	2021

#### 1.4. Company Secretary

*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.*

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role. The Company Secretary is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Joint Company Secretaries are Clive Cuthell and Dominic Gyngell (appointed 28 June 2018), whose qualifications and experience are stated in the Company's latest Annual Report.

#### 1.5. Diversity

*A listed entity should:*

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- (b) disclose that policy or a summary of it; and*
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:*
  - (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
  - (2) 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.*

The Company recognises that diversity drives the Company's ability to attract, retain, motivate and develop talent, create an engaged workforce, deliver the highest quality of service to its customers and continue growth to the business.

In view of the above, the Board has adopted a Diversity Policy to address the representation of women in senior management positions and on the Board and to actively facilitate a more diverse and representative management and leadership structure. Accordingly, the primary focus of the Diversity Policy is achieving, over a reasonable transition period, adequate representation of women in senior management positions and on the Board. The Company will do the following in promoting diversity:

- Introduce and supplement the measures outlined in the Diversity Policy;
- Implement policies which address impediments to diversity in the workplace (including parental leave and flexible working arrangements that assist employees to fulfil their domestic responsibilities) and review these policies to ensure they are available and utilised; and
- Monitor the effectiveness of, and continue to expand on, existing initiatives designed to identify, support and develop talented employees from a diverse range of backgrounds.

The Board appointed Caroline Van Scheltinga to the Board on 5 April 2018.

As at 31 December 2018, the proportion of women employees in the Group and the list of women employees in the Senior Executive positions are as follows:

	Total	Percentage
<b>Total Employees</b>	1678	100%
<b>Women Employees</b>	359	21.39%
<b>Senior Executives</b>	87	5.18%
<b>Women Senior Executives</b>	9	0.54%

## 1.6. Performance Review and Evaluation

The Nomination & Remuneration Committee is responsible for assisting the Board in relation to the performance evaluation of the Board, its committees and individual Directors and in developing and implementing plans for identifying, assessing and enhancing Director's skills and competency.

## 1.7. Evaluation of the performance of senior executives

*A listed entity should:*

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and*
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

A performance evaluation of the Senior Management Team was conducted in 2018 based on the respective applicable Key Performance Indicators set by the CEO, in accordance with the business requirements of the Company.

## **Principle 2 Structure the Board to Add Value**

### **2.1. Nomination Committee**

The board of a listed entity should:

- (a) *have a nomination committee which:*
- (1) *has at least three members, a majority of whom are independent directors;*
  - (2) *is chaired by an independent director, and disclose:*
  - (3) *the charter of the committee;*
  - (4) *the members of the committee; and*
  - (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*
- (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.*

The Nomination and Remuneration Committee generally meet twice per year and comprise the following members:

<b>Name</b>	<b>Position</b>
Peter Jackson	Independent Non-Executive Director, Chair
Grant Ferguson	Independent Non-Executive Director
Michael Malone	Independent Non-Executive Director

The Nomination and Remuneration Committee Charter was adopted by the Board on 10 July 2014 and can be viewed and downloaded from the Company's website.

The key roles of the Nomination & Remuneration Committee are:

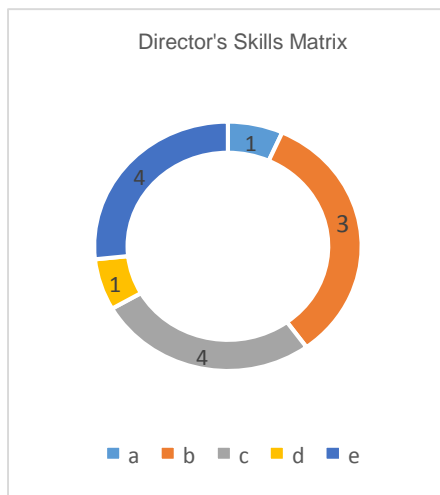
- Assist the Board to develop a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;
- Review and recommend to the Board the size and composition of the Board and criteria for membership, including review of Board succession plans and the succession of the Chairman and CEO;
- Review and recommend arrangements for the executive directors (including CEO) and the executives reporting to the CEO;
- Review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for senior management;
- Review and recommend to the Board the remuneration arrangements for the Chairman
- and the non-executive directors of the Board, including fees, travel and other benefits;
- Assist the Board as required in relation to the performance evaluation of the Board, its committees and individual directors;
- Review the senior management performance assessment processes and results;
- Review and approve short term incentive strategy, performance targets and bonus payments, including major changes and developments to the Company's employee equity incentive plans; and
- Review the effectiveness of the Company's Diversity Policy

## 2.2. Board Skills Matrix

*A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

The Board considers the present composition, size and balance in respect of qualifications and experience of the Board to be appropriate and effective for the control and direction of the Group's business. Each director is expected to bring to the Company their experience and skills in the respective fields in particular their considerable industry experience, to add value to the performance of the Company.

The Below pie chart depicts the skills matrix of the Board on the Reporting Period.



Director's Background and Experience	Name of Director who falls within the categories
<b>a. Accounting &amp; Finance</b>	Grant Ferguson
<b>b. Corporate Finance</b>	Grant Ferguson, Michael Malone, Peter Jackson
<b>c. Management &amp; Leadership</b>	John Mackay, Peter Jackson, Michael Malone, Grant Ferguson
<b>d. Sales and Marketing</b>	Pierre-Jean Beylier
<b>e. Risk, Management and Board Governance</b>	John Mackay, Peter Jackson, Grant Ferguson, Michael Malone

## 2.3. and 2.4 – Director Independence

*Recommendation 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, association 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, association or relationship in question and an explanation of why the board is of that opinion; and*
- (c) the length of service of each director.*

*Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.*

The Board has adopted the following guidelines to assist in considering the independence of directors. In general, a director will be considered independent if they are not member of the management of the Company (a Non-Executive Director) and:

- has not previously been employed in an Executive capacity within the Group, unless a period of at least 3 years has elapsed between ceasing such employment and serving on the Board;
- has not within the last 3 years been a partner, director or senior employee of a provider of material professional services to the Group or another group member;
- have not within the last 3 years been in a material business relationship (e.g. supplier or customer) with the Group, or an officer of or otherwise associated with someone with such a relationship;



- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
- has no material contractual relationship with the Company or another group member, other than as a Director of the Company;
- has no close family ties with any person who falls within any of the categories described above; and
- has not been a Director of the Company for such a period that his or her independence may have been compromised.
- is free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

In the case where any of the above interests, positions or relationships exist, the Company assesses its materiality to determine whether it might interfere, or reasonably be seen to 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 and its shareholders generally.

The Board is consistently reminded of the independence requirement and closely adheres to such requirement. Guidelines are made available to the Board to assist in considering the independence of directors including the materiality of any given relationship on a case by case basis. In general, the Board will consider (i) a holding of 5% or more of the Company's shares to be material and (b) an affiliation with business which accounts for more than 5% of the relevant base to be material. Overall, the Board will also take into account the quantitative and qualitative assessment.

Name	Position
John Mackay	Independent Non-Executive, Chairman
Grant Ferguson	Independent Non-Executive Director
Michael Malone	Independent Non-Executive Director
Caroline van Scheltinga	Independent Non-Executive Director
Peter Jackson	Independent Non-Executive Director
Pierre-Jean Beylier	Executive Director, Chief Executive Officer

A profile of the directors is set out in the introductory section of the Company's latest Annual Report.

## 2.5. Chairman

*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.*

The Board Chairman is responsible for the leadership, operations and governance of the Board and Board Committees. The Chairman also chairs all Board and shareholder's meetings. A profile of the Chairman of the Company, Mr John Mackay (appointed on 14 July 2014), is stated in the Company's latest Annual Report. Mr Mackay is an independent non-executive director.

## 2.6. Director Induction

*A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

It is a policy of the Board to ensure that Directors and Senior Management of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively.

The Company has a programme for inducting new Directors. This includes giving new Directors a full briefing about the nature of the business, current issues, the corporate strategy and the expectations of the Board concerning the performance of Directors and access to all employees to gain full background on the Company's operations. Directors are encouraged to attend director training and professional development courses, as may be required to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles as Directors, at the Company's expense (as approved by the Chairman and or the Board, as appropriate and applicable).

### **Principle 3: Act ethically and responsibly**

#### **3.1. Code of Conduct**

*A listed entity should:*

- (a) have a code of conduct for its directors, senior executives and employees; and*
- (b) disclose that code or a summary of it.*

The Board has set in place a Code of Conduct which outlines how the Company expects its representatives to behave and conduct business in the workplace on a range of issues. It includes legal compliance and guidelines on appropriate ethical standards. The Code of Conduct is applicable to all employees of the Company including temporary employees, contractors, consultants, agents and company directors. It also applies to all business activities with suppliers, contractors, customers, shareholders and employees in Australia and overseas and covers the following obligations:

- Compliance with laws and regulations
- Integrity in all dealings with customers, shareholders, government, employees, suppliers and community in order to enhance the Company's reputation and performance
- Conflict of interest arising from any personal interest or relationship
- Confidentiality of information that belongs to the Company
- Improper use or theft of Company property, assets and email
- Compliance with the Privacy laws of Australia and other applicable jurisdictions
- Ensuring integrity and exercise highest standard of care in providing information in any public communications and disclosure
- Employment practices including occupational, health and safety, securities trading, anti-bribery conduct
- Contribution to the community, environmental responsibilities and company's policy on political activities

A copy of the Company's Code of Conduct may be viewed and downloaded from the Company's website.

## **Principle 4: Safeguard integrity in corporate reporting**

### **4.1. Audit Committee**

*The board of a listed entity should:*

*(a) have an audit committee which:*

*(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*

*(2) is chaired by an independent director, who is not the chair of the board, and disclose:*

*(3) the charter of the committee;*

*(4) the relevant qualifications and experience of the members of the committee; and*

*(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*

*(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.*

The Company has established an Audit, Business Risk and Compliance Committee Charter based on the best practice recommendations. The member composition is as follows:

<b>Name</b>	<b>Position</b>
Grant Ferguson	Independent Non-Executive Director, Chair
John Mackay	Independent Non-Executive Director
Michael Malone	Independent Non-Executive Director

In order to ensure that the committee is able to discharge the responsibilities effectively, it is intended that between the members of the committee there should be members with accounting and financial expertise and sufficient understanding of the industry. The quorum of the committee is at least 2 members and the committee meet as often as the committee deem necessary or at least on a quarterly basis. Any Committee member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee. Minutes of the meeting must be taken and kept by the Company Secretary and be available for inspection by any director.

The Audit, Business Risk & Compliance Committee Charter may be viewed and downloaded from the Company's website.

The Company has set forth an External Audit Policy wherein the committee will review the appointment, reappointment, replacement and remuneration of the external auditor as well as evaluating its effectiveness and independence on an annual basis. The external audit engagement partner is required to rotate at least once every 5 years.

#### 4.2. S.295 Declaration

*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.*

The Company's CEO and CFO provide written assurance prior to the approval of the Company's financial statements as required under section 295A of the Corporations Act and as per the ASX Recommendations.

These declarations state that, in their respective opinions, the financial records of the Company 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 Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. The Board receives, prior to their approval of the Company's financial statements for a financial period (i.e. the half year and full year reports), written assurances from the CEO and CFO.

#### 4.3. AGM Attendance by External Auditor

*A 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*

The Company's external auditor (Auditor) is selected for its professional competence, reputation and the provision of value for professional fees. Within the audit firm, the partner responsible for the conduct of the Company's audits is rotated every 5 years. The external Auditor attends the Company's AGMs (in person or by teleconference) and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

### **Principle 5: Make timely and balanced disclosure**

#### 5.1. Continuous Disclosure Obligations

*A listed entity should:*

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- (b) disclose that policy or a summary of it.*

In accordance with the Corporations Act and ASX Listing Rule 3.1, the Company immediately notifies 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, subject to exceptions permitted by that rule. A reasonable person is taken to expect information to have a material effect on the price or value of the Company's securities if the information 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 Board has nominated the Company Secretary as the person with the primary responsibility for all communication with the ASX in relation to listing rule matters. The Board has appointed the Audit, Business Risk and Compliance Committee as the 'Disclosure Committee' with responsibility for compliance with the Company's continuous disclosure obligations.

If management becomes aware of any information at any time that should be considered for release to the market, it must be reported immediately to a member of the Disclosure Committee. Only material

information requires disclosure and the Disclosure Committee will determine the materiality of such information in accordance with the guidelines and requirements of the ASX.

In general, the Company will not respond to market speculation or rumours unless required to do so by law or by the ASX Listing Rules.

The Company may request a trading halt from ASX to maintain fair, orderly and informed trading in its securities and to manage disclosure issues. Any two of the CEO, Company Secretary and CFO are authorised to call a trading halt and will alert and keep the Chairman informed of any request for a trading halt. If the CEO and CFO are unavailable to call a trading halt, the Chairman or (if the Chairman is unavailable) the Company Secretary is authorised to call a trading halt.

The Company's Continuous Disclosure Policy may be viewed and downloaded from the Company's website.

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

### **6.1. Information sharing**

*A listed entity should provide information about itself and its governance to investors via its website.*

The Company aims to ensure that shareholders are kept informed of all major developments affecting the state of affairs of the Company. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. The Company also has in place an investor relations program to facilitate communication with investors. One of the Company's key communication tools is its website located at [www.Speedcast.com](http://www.Speedcast.com), where all up-to-date important information about the Company is published.

### **6.2. Communication with Investors**

*A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

Shareholders have the ability to communicate with Directors through various means including:

- having the opportunity to ask questions of Directors at all general meetings;
- the presence of the Auditor at AGMs (in person or by teleconference, as practicable and appropriate) to take shareholder questions on any issue relevant to their capacity as Auditor;
- the Company's policy of expecting Directors to be available to meet shareholders at the AGM; and
- the Company making Directors and selected Senior Executives available to answer shareholder questions submitted by telephone, email and other means (where appropriate).

Traditionally, the key forum for two-way communication between the Company and its shareholders is its AGM. The Board encourages shareholder participation at the Company's AGM and other general meetings of shareholders and the Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate. Shareholders who are unable to attend the AGM or a general meeting may submit questions and comments before the meeting to the Company and or to the Auditor (in the case of the AGM).

### 6.3. Facilitation of Investor Engagement

*A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

The Company encourages full participation of shareholders at its AGM each year. For those shareholders who are unable to attend in person, the Company provides full transcript of the Chairman's and CEO's speech on its website. Shareholders are encouraged to lodge direct votes or proxies electronically.

### 6.4. Electronic Communication

*A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

All shareholders have the option to receive communications electronically and send communications to the Company's registry service provider Link Market Services.

The ownership and shareholder information are available on the Company's website. Information on the Company's share registry can be found at <https://www.linkmarketservices.com.au/corporate/home.html>.

Security holders are also able to email the Company for any investor relations questions at [investor\\_relations@Speedcast.com](mailto:investor_relations@Speedcast.com).

## **Principle 7: Recognise and manage risk**

### 7.1. Risk Committee

*The board of a listed entity should:*

*(a) have a committee or committees to oversee risk, each of which:*

- (1) has at least three members, a majority of whom are independent directors; and*
- (2) is chaired by an independent director, and disclose:*
- (3) the charter of the committee;*
- (4) the members of the committee; and*
- (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*

*(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.*

The Board does not have a stand-alone Risk Committee. However, the Company's Audit, Business Risk & Compliance Committee (refer Section 4.1 for further details) has an important risk management and compliance function, with key responsibilities being to ensure that an appropriate risk management framework is in place and is operating properly and reviewing and monitoring legal and policy compliance systems and issues.

The Audit, Business Risk & Compliance Committee Charter may be viewed and downloaded from the Company's website.

The number of times that the Audit, Business Risk & Compliance Committee met during the Reporting Period, and the individual attendances of Committee members at those meetings, is disclosed in the Company's latest Annual Report.

## 7.2. Risk Management

*The board or a committee of the board should:*

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- (b) disclose, in relation to each reporting period, whether such a review has taken place.*

The Audit, Business Risk & Compliance Committee has the responsibility to oversee the internal control framework (which includes risk management) and manage the Company's process and policies of identification and management of risks that have the potential to impact significantly on operations, financial performance or reputation.

The Board recognises that no cost-effective internal control system will preclude all errors and irregularities from occurring. The system is based, in part, on the appointment of suitably-qualified and experienced service providers and suitably-qualified and experienced management personnel. The effectiveness of the system is monitored and continually reviewed by management on an on-going basis and at least annually by the Board. On a day-to-day basis, managing the various risks inherent in the Company's operations is the responsibility of the CEO in conjunction with the CFO. Risks facing the Company can be divided into the broad categories of operations, compliance and market risks.

Operations risk refers to risks arising from day-to-day operational activities which may result in direct or indirect loss from inadequate or failed internal processes, decision-making, exercise of judgment, people or systems or external events. The CEO and CFO have delegated responsibility from the Board for identification of operations risks generally, for putting processes in place to mitigate them and monitoring compliance with those processes.

Compliance risk is the risk of failure to comply with all applicable legal and regulatory requirements and industry standards and the corresponding impact on the Company's business, reputation and financial condition. The Company's compliance risk management strategy ensures compliance with key legislation affecting the Company's activities. The Company's compliance strategy is kept current with advice from senior external professionals and the ongoing training of executives and other senior personnel involved in compliance management. The General Counsel and the Company Secretary have oversight responsibility for managing the Company's compliance risk.

The Company's approach to risk management is not stationary; it evolves constantly in response to developments in operations and changing market conditions.

Management has reported to the Board as to the effectiveness of the Company's management of its material business risks in respect of the Company's latest financial year

## 7.3. Internal Audit

*A listed entity should disclose:*

- (a) if it has an internal audit function, how the function is structured and what role it performs; or*
- (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 risk management and internal control processes.*

The Company does not have an independent internal audit function. Due to the nature and size of the Company's operations, the Company's ability to derive substantially all of the benefits of an independent internal audit function and the expense of an independent internal auditor is not considered to be appropriate. The Audit, Business Risk & Compliance Committee performs all key elements of an internal audit function.

#### **7.4. Material Risks**

*A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The material economic risks to which the Company is exposed principally consist of market risks. Market risk encompasses risks to the Company's performance from changes in equity prices, interest rates, currency exchange rates, capital markets and economic conditions generally. The Board retains final responsibility to assess the Company's exposure to these risks and set the strategic direction for managing them. Further details are in the Financial Risk Management note to the financial statements for the Company's latest financial year.

The Company has policies on responsible business practices and ethical behaviour, including conflict of interest and share trading policies, to maintain confidence in the Company's integrity and ensure legal compliance.

#### **Principle 8: Remunerate fairly and responsibly**

##### **8.1. Remuneration Committee**

The board of a listed entity should:

*(a) have a remuneration committee which:*

- (1) has at least three members, a majority of whom are independent directors; and*
- (2) is chaired by an independent director, and disclose:*
- (3) the charter of the committee;*
- (4) the members of the committee; and*
- (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*

*(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.*

Please refer to section 2.2 on the information on the Nomination & Remuneration Committee.

The number of times that the Nomination & Remuneration Committee met during the Reporting Period, and the individual attendances of Committee members at those meetings, is disclosed in the Company's latest Annual Report.



## 8.2. Remuneration Disclosures

*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.*

The Company has established a number of incentive arrangements to enable attraction, motivation and retention of management and employees of the Company. For executive team, the remuneration consists of (a) fixed remuneration; (b) cash-based short-term incentive; and (c) the LTIP as defined below. Both the cash-based short-term incentive and equity based LTIP are subject to achievement of performance criteria or hurdles set and assessed by the Board.

The key components of the cash-based short-term incentive are:

- Participants are entitled to receive a percentage of their fixed remuneration as an annual cash bonus;
- To be eligible for an annual cash bonus, participants must be employees in good standing of the Company at the date on which the relevant bonus is payable;
- Payment of annual cash bonuses is discretionary and determined by the Board based on individual measures and business performance against key performance indicators; and
- Key performance indicators are set each year, tested at the end of each year and may include measure such as revenue, EBITDA and growth targets.

The Nomination and Remuneration Committee recommends to the Board the remuneration packages for the executive team, which are reviewed annually. External advice may be sought to determine the appropriate level and structure of the remuneration packages from time to time, as required.

The level of remuneration for Non-Executive Directors primarily reflects the experience, time commitment, level of responsibilities and complexity of the role.

## 8.3. Equity Based Remuneration

*A listed entity which has an equity-based remuneration scheme should:*

- (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*
- (b) disclose that policy or a summary of it.*

The Company has established an equity incentive plan (“Long Term Incentive Plan” (LTIP)) in order to facilitate remuneration arrangements for Speedcast’s Senior Management and enhance the alignment of their interests with those of shareholders.

The key features of the LTIP can be found in the Remuneration Report included within the Company’s latest Annual Report.