

CORPORATE GOVERNANCE STATEMENT 2020



This statement is current as at 30 June 2020 and has been approved by the Board of Desane Group Holdings Limited.

Desane Group Holdings Limited ABN 61 003 184 932 and its controlled entities.

Corporate Governance Statement

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Corporate Governance Statement

INTRODUCTION

Desane Group Holdings Limited (“Desane” and “the Company”) and the Board are committed to achieving and demonstrating high standards of corporate governance. The Board has established an appropriate corporate governance framework, including committees, policies, and charters, to demonstrate its support of and commitment to corporate governance. The framework is reviewed regularly and updated to ensure its relevance in accordance with developments in corporate governance and changes to affairs of the Company. A copy of the Company’s charters and policies are available on the governance page of Desane’s website, desane.com.au.

As a listed entity on the Australian Securities Exchange (“ASX”), Desane must comply with Australian laws including the Corporations Act 2001 (Cth) (Corporations Act) and the Australian Securities Exchange Listing Rules (ASX Listing Rules), and to report in line with the ASX Corporate Governance Council’s Principles and Recommendations (ASX Principles). In February 2019, the ASX Corporate Governance Council released a 4th edition of the ASX Principles, which Desane has chosen to adopt.

The Corporate Governance statement will cover the eight principle categories as per the ASX Corporate Governance Council 4th edition of the ASX Principles.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

This principle, in summary, requires Desane to establish and disclose the respective roles and responsibilities of the Board, executives and management.

Roles and Responsibilities of the Board and management

The Company has established a **Board Charter** which sets out the Board’s role and responsibilities, and those functions which the Board delegates to management. A copy of the Board Charter can be viewed via our Company website, desane.com.au/about/corporate-governance.

The Board operates in accordance with its Board Charter and its responsibilities as stated in the Board Charter are:

- Review, approve and monitor the corporate strategies and objectives of the Company;
- Review, approve and monitor the business plan and financial budget of the Company;
- Establish Board committees to assist the Board in discharging its responsibilities;
- Monitor the operational and financial performance of the Company regularly;
- Review and approve the financial reports and documents;
- Review and approve all shareholder communications and other documents provided to the investment community and for public view;
- Review and approve the declaration and payment of dividends;
- Review and approve capital management strategies, including approval of all share issue offers such as share purchase plans and dividend reinvestment plans;
- Review risk management systems and policies;
- Appoint (and remove) the Managing Director and determine their remuneration, terms and conditions of employment as well as reviewing their performance;
- Review the performance of senior executives and the Board itself;
- Review and approve the remuneration of the senior executives and key personnel;
- Approve the appointment of senior executives;
- Make recommendations regarding the election of directors;
- Ensure all directors undergo appropriate background checks before appointment or re-appointment; and
- Ensure there are written contractual agreements in place for all directors, the Managing Director, senior executives and key personnel, outlining their roles, responsibilities and terms of their appointment.

In addition to the above, the Board delegates to the Managing Director and senior executives, all matters involving the day-to-day affairs and operations of the Company.

The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Board has direct access to the Company Secretary at all times. The Company Secretary is responsible for:

- Advising the Board on corporate governance matters;
- Managing the company secretarial duties and responsibilities;
- Attending all Board and Board Committee meetings; and
- Taking minutes of meetings and communication with the ASX.

A performance review is undertaken annually in relation to the Board and the Board Committees. The Board has established a Remuneration Committee and a Nomination Committee to evaluate the performance of the Board, individual directors, senior executives and key personnel. The Remuneration Committee and the Nomination Committee convenes at least one meeting every 12 months. If required, the Board may convene additional meetings.

Details on Board and management performance evaluations will be contained in the Remuneration Report section of the Directors' Report in the Annual Report each year.

Diversity

Desane and all its controlled entities are committed to workplace diversity. Desane recognises the benefits arising from Board and employee diversity in a competitive labour market, and being able to attract, retain and motivate employees from the widest possible pool of available talent.

Diversity includes, but is not limited to, gender, age, disability, ethnicity, marital or family status, religious or cultural background.

Desane, to the extent practicable, will address the recommendations and guidance provided by the ASX Corporate Governance Council.

The objectives and strategies of the Diversity Policy are for Desane to achieve the following:

- When recruiting for positions for the Board, senior executives, key personnel and all employment positions, the Board will recruit from a diverse pool of candidates;
- Review the succession plans, in accordance with the Board Charter and the Nomination Committee, to ensure consideration of diversity;
- A workplace environment that values the contributions of employees with diverse backgrounds, skills, qualifications and experiences;
- Establishing a flexible workplace environment that will assist both male and female employees who may have domestic responsibilities, meet those responsibilities;
- Establish and maintain a workplace environment that promotes awareness in all staff, of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity; and
- Establish and maintain a workplace environment in which all employees are treated with fairness and respect, and have equal access to opportunities within the Company.

As part of the Diversity Policy and the Company's Code of Conduct, Desane, its directors and all employees are obligated to not engage in any conduct or activity which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia. Discrimination, harassment, vilification and victimisation will not be tolerated in the workplace.

In addition to the above, the Diversity Policy includes a requirement for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. As of 30 June 2020, the measurable objectives have not yet been developed to a practicable level due to the size and composition of the Company and its Board. The Board, however, will conduct director appointments and employee appointment processes in a manner that promotes diversity as per the Diversity Policy and the Board will disclose measurable objectives, if any, set by the Board in the Annual Report each year.

As part of the process towards achieving gender diversity, the current representation of female employees is outlined below.

Proportion of female employees in Desane as at 30 June 2020:

	Board	Senior Executive	Employees
Female	0%	0%	50%
Male	100%	100%	50%

PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

The Company Constitution provides for a minimum of three directors. A copy of the Company Constitution can be viewed via our Company website, desane.com.au/about/corporate-governance.

The Board has been established so that it has appropriate composition and size to enable it to adequately discharge its responsibilities and duties. The Board has a range of experience, expertise, skills and qualifications relevant to the operations and business of the Company.

To add value to the Board, the Board has established a Nomination Committee and a Nomination Committee Charter. A copy of the Nomination Committee Charter can be viewed via our Company website, desane.com.au/about/corporate-governance.

In conjunction with the Board Charter and the Remuneration Committee, the Nomination Committee has been established to assist the Board in:

- Reviewing the Board composition and size and considering any appropriate changes;
- Ensuring the Board and Board Committees consist of individuals who are best able to discharge the responsibilities of those committees;
- Identifying and assessing necessary director skills and competencies that may enhance the Board;
- Ensuring the Board has the required skills, experience and attributes for the Company;
- Ensuring the Board maintains the highest standard of corporate governance;

- The selection, recommendation, and appointment of the Managing Director;
- The selection, recommendation and appointment of the Company Secretary;
- Evaluating the performance of the Board and the Managing Director and making recommendations on whether any directors whose term of office is due to expire, should be nominated for re-election;
- Reviewing the Company’s Diversity Policy and making decisions as to any strategies required to address Board diversity;
- Establishing and implementing a succession planning programme for the Board and the Managing Director; and
- Ensuring the appointment of new directors is in accordance with the Board Charter.

The Committee will comprise two independent directors, including the Chairman, and the Managing Director. The Committee will meet at least once annually, unless required to convene additional meetings in the year.

Currently the Board comprises two independent non-executive directors, a managing director and an executive director.

The following individuals currently form the Board of Desane Group Holdings Limited:

Director	Position	Independent	Date appointed to Board
Prof John Sheehan	Chairman (non-executive director)	Yes	1987
Phil Montrone	Managing Director	No	1987
Peter Krejci	Non-executive Director	Yes	2019
Rick Montrone	Executive Director	No	2015

Details of the individual skills, capabilities and experiences of all Directors are disclosed in the Annual Report and on the Company’s website.

Set out below is a list of the skills, experience and attributes that have been identified as the optimum skills the Company seeks in its Board membership.

The Board currently possesses an effective blend of these skills. However, the Board is conscious that recently announced developments will require some dimensions to be supplemented in the near future, should the Company expand its operations and increase the number of Board members.

Skills and experience required	Representation on the Desane Board
<p>Corporate</p> <p>Extensive corporate board experience with an understanding of legal, ethical and fiduciary duties. A commitment to promoting high standards of corporate governance. An ability to review and assess the effectiveness of the Board, senior management and key personnel.</p>	✓
<p>Strategic planning skills and experience</p> <p>Expertise, skills and experience in developing, implementing and monitoring business strategies and objectives, including oversight of senior management and key personnel, effectively delivering those strategies and objectives.</p>	✓
<p>Leadership & communication experience</p> <p>Recognised and successful career at senior level. Extensive communication and corporate relations experience.</p>	✓
<p>Industry experience</p> <p>Extensive experience and expertise in the property real estate industry, in particular:</p> <ul style="list-style-type: none"> • Property transactions, construction and property development; • Property project management; • Property and asset management and property valuations; and • Local and State Government planning controls. 	✓
<p>Financial</p> <p>Senior executive experience in financial accounting and financial reporting, corporate and property finance, internal controls and risk management.</p>	✓
<p>Occupational Health & Safety and Environmental Management</p> <p>Experience related to workplace health and safety, environmental impact and responsibilities and community relations.</p>	✓
<p>Remuneration</p> <p>Senior management level experience in relation to remuneration frameworks and procedures, including remuneration reviews and assessments.</p>	✓

The Board has adopted the following criteria to determine the independence of a non-executive director and all non-executive directors on the Board (including the Chair) satisfy the conditions of being independent:

- Does not own more than 10% of shares in the Company, either as an individual or as a director of any entity that owns shares in the Company;
- Is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer of the Company;
- Has no material contractual relationship with the Company other than as a non-executive director of the Company;
- Is free from any interest and any business or other relationship which could, or could reasonably be expected to interfere with the Director's ability to act in the best interest of the Company.

Furthermore, the Board has adopted a rotation policy, as per the Company Constitution, that at every Annual General Meeting, one third (by number) of the directors, other than the Managing Director, must retire by rotation. Retiring directors may offer themselves for re-election to the Board at the Annual General Meeting, in addition to any new director who is nominated for election.

In line with the Company's Board Charter, the Board's review process involves regularly reviewing the composition of the Board to ensure that directors have an appropriate mix of skills, expertise, experience and background relevant to the management of the Company. Directors and executives who offer themselves for re-election to the Board, or are nominated by the Board for election as a director on the Board, are viewed as having the relevant expertise, qualification and experience that will benefit the Company. The Board will undertake appropriate background checks before any individual is nominated for election on the Board.

New directors who are elected as either non-executive or executive directors of the Company, undergo a comprehensive induction process in which they are given a detailed briefing on the Company and its operations and systems. This includes meetings with key personnel and management on business segments and operations, tours of the relevant business property assets, an induction package and investor relation information. A formal letter of appointment is also provided.

Directors have the right to obtain independent legal advice, at the Company's expense, on any matters that they consider important. Before exercising this right, they are required to discuss the issue with the Chairman and seek his consent which will not be unreasonably withheld.

In order to achieve continuing improvement in Board performance, all directors are encouraged to undergo continuing professional development in their relevant area of expertise.

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

The Board expects all of the Company's directors, senior executives and employees to observe high standards of conduct and ethical behaviour. All of the Company's directors, senior executives and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the Company. The Board has adopted a Code of Conduct for directors, senior executives and employees and a copy of the Company Code of Conduct document can be viewed via the Company website, desane.com.au/about/corporate-governance. The Code of Conduct is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour, professionalism and practices necessary to maintain confidence in the Company's integrity.

The Company's **Code of Conduct** states that all directors and employees will:

- Act in the best interests of the Company;
- Act honestly and with high standards of personal integrity;
- Comply with the laws and regulations that apply to the Company and its operations;
- Not knowingly participate in any illegal or unethical activity;
- Not enter into any arrangement or participate in any activity that would conflict with the Company's best interests or that would be likely to negatively affect the Company's reputation;
- Not take advantage of the property or information of the Company or its customers for personal gain or to cause detriment to the Company or its customers; and
- Not take advantage of their position or the opportunities arising from their position for personal gain.

In addition to the Company's Code of Conduct, policies are also in place to ensure that confidentiality of information is maintained and that both actual and potential conflicts of interest are identified and managed. All directors and employees of the Company sign Confidentiality Agreements in conjunction with their letter of appointment or written agreements with the Company.

Share Trading Policy:

Directors and all employees are made aware of their obligation to comply with the law with regard to trading in the Company's shares, so as not to take advantage of property, information or position, or opportunities from these, for personal gain or to compete with the Company. The Board has established and enforces a share trading policy. A copy of the company Share Trading Policy can be viewed via our Company website, desane.com.au/about/corporate-governance.

Summary of the Share Trading Policy:

Directors and all employees are prohibited from dealing in the Company's shares:

- 45 days prior to the release of the Company's half-year and annual results to the ASX (except where a prospectus has been issued);
- At any time whilst in possession of price sensitive information;
- All trades must be advised to the Chairman before dealing and confirmed afterwards (except for dividend reinvestment plans, share purchase plans and new issues).

Bribery, Fraud and Corruption Policy:

Desane has a Bribery, Fraud and Corruption Policy which prohibits bribery, fraud, corruption and other unethical conduct. Desane's policies and guidelines concerning bribery, fraud and corruption were reviewed and updated by the Board during FY2020 to ensure alignment with the 4th edition of the ASX Principles, which have been adopted by Desane for the purposes of preparing this Corporate Governance Statement for the financial year ending 30 June 2020.

Whistleblower Policy:

In ensuring alignment with the 4th Edition of the ASX Principals, Desane has instituted a whistleblower policy to encourage anyone engaged in the provision of services to Desane who has witnessed, is aware of, or suspects any wrongful act to report it without fear of reprisal. The Whistleblower Policy will also ensure alignment with Australia's new whistleblower protection laws and sets out the way in which Desane will respond to reports of wrongful acts. All reports of whistleblower matters are reported directly to the Chairman of the Board and or Company Secretary for action.

PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

The Company recognises the critical importance of accurate and timely reporting of financial information, performance and management of risk.

Independent external auditors are appointed by shareholders and the Board takes steps to ensure that there are no actual or potential conflicts of interest in any additional work they are requested to do. In general, such additional work is confined to advice on taxation matters and providing accounting advice in the normal course of business.

To assist the Board in fulfilling its duties and governance obligations in this area, the Board has established an **Audit & Risk Committee** and an **Audit & Risk Committee Charter**. A copy of the Audit & Risk Committee Charter can be viewed via our Company website, desane.com.au/about/corporate-governance. The Audit & Risk Committee comprises all the independent non-executive directors. The Company currently only has two independent

non-executive directors. Once the Company grows to a size where it has additional board members it will increase the number of members on the Audit & Risk Committee to at least three.

The Chair of the Committee is required to be a different person to the Chair of the Company. The members of the Audit & Risk Committee are appropriately experienced and qualified. Details of the members of the Audit & Risk Committee and meetings held during the year are disclosed in the Annual Report. The Audit & Risk Committee meets at least two times per financial year.

The Audit & Risk Committee carries out its responsibilities in line with the Audit & Risk Committee Charter set out below:

Audit & Risk Committee Charter:

The responsibilities of the Audit & Risk Committee include –

- Reviewing the financial reports;
- Monitoring compliance with internal management and financial control systems;
- Reviewing the scope of activities, performance and remuneration of the external auditors;
- Ensuring that any deficiencies identified are subject to prompt remedial action by management;
- Monitoring compliance with the Corporations Act, ASX Rules and related reporting requirements;
- Identifying and monitoring the risks inherent in the Company's business activities; and
- Revision of and approach to internal audit procedures to provide transparency and accuracy.

Summary of procedures for the selection, appointment and rotation of external auditor:

Responsibility for Selection and Appointment

The Audit & Risk Committee, reporting to the Board of Desane Group Holdings Limited, is responsible for the initial appointment of the independent external auditor and the appointment of a new independent external auditor when any vacancy arises. Any appointment made by the Board of Desane Group Holdings Limited must be approved by shareholders at the next occurring Annual General Meeting of the Company.

Selection Criteria

Any candidates eligible for the position of external auditor of Desane Group Holdings Limited must be able to demonstrate complete independence from Desane Group Holdings Limited and also an ability to maintain independence throughout the engagement period.

Desane Group Holdings Limited requires its external auditor to review, test and challenge its present accounting policies, processes and internal control systems to ensure that they meet all applicable Australian and International Accounting standards and practices. In addition, the external auditor is required to make recommendations to the Audit & Risk Committee, if necessary.

Furthermore, the successful candidate must have arrangements in place for the rotation of the audit engagement partner every five successive financial years.

Review

The Audit & Risk Committee will review the performance and independence of the external auditor and the auditor's remuneration, annually and make any recommendations to the Board, if required.

The Audit & Risk Committee will also ensure that key partners within the appointed audit firm are rotated every five successive financial years, in accordance with the Board's policy, Section 324DA of the Corporations Act, and the requirements of the Australian Securities and Investments Commission (ASIC) and ASX.

The appointed external auditor will always be available and present at the Company's Annual General Meeting to answer any questions shareholders may have in relation to the audited financial reports.

In respect of the current year, the Managing Director and Chief Financial Officer have provided the Board with a statement confirming that Desane's financial reports present a true and fair view of its financial position and are in accordance with the relevant accounting standards and the Corporations Act. They also acknowledge their role in the prevention and detection of fraud and error.

The Company has an effective system of internal control and multiple review and approval stages which it applies to public documents that are not reviewed or audited by its external auditor.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company promotes timely and balanced disclosure of all material matters to ensure a fully informed market. The Company's systems ensure that all such matters are brought to the Board's attention promptly. Where there is legal restraint or where immediate disclosure would compromise the Company's interests, the directors may limit the extent of the disclosure. Where appropriate, the directors seek external advice to ensure that announcements do not omit any material information.

Desane must comply with the continuous disclosure requirements of the ASX Listing Rules and the requirements of the Corporations Act. The Listing Rules can be viewed on the ASX website www.asx.com.au.

The Board has established a **Disclosure Policy** with the objective of this policy being to ensure that all directors and employees of Desane are fully aware of their responsibilities to ensure the Company meets its obligations.

A copy of the Company's Disclosure Policy can be viewed via our Company website, desane.com.au/about/corporate-governance.

In summary, and as per the Company Disclosure Policy:

- Listing Rule 3.1 - *immediate notice of material information* - requires Desane to inform the ASX immediately it becomes aware of any information that a reasonable person would expect to have a material effect on the Company's share price or value.
- Desane will be considered to be "aware of information" if a director or executive officer has, or ought reasonably to have, come into possession of information in the course of their duties as a director or executive officer of the Company.
- In addition if the ASX considers that there is or is likely to be a false market in Desane's shares, and asks Desane to give information to correct or prevent a false market, Desane must provide the information. (Please refer to ASX Listing Rule 3.1B).
- The ASX Listing Rules also require the Company to comply with periodic reporting requirements, such as Desane's half yearly and full year results, annual report and information regarding significant shareholder movements.
- The Company Secretary is responsible for administering this policy and ensuring Desane complies with its obligations. All employees and directors have a responsibility to report any price sensitive information to the Company Secretary immediately they become aware of it. If there is any doubt as to whether information is priced sensitive, the details should be discussed with the Company Secretary. The Company Secretary, together with the Managing Director, will determine if the information should be disclosed to the ASX and if necessary, the Chairman will be consulted.
- The Company may request a trading halt from the ASX to prevent trading in the Company's shares by an uninformed market. All releases to the ASX, except certain periodic reports, must be approved by the Board. However if this is impractical then the release will be referred to the Chairman for approval and the other directors advised.

- Once the ASX has confirmed receipt of the disclosure, the details of the release will be promptly:
 - Circulated to all directors;
 - Emailed to all shareholders that have subscribed to this service via the Share Registry; and
 - Posted to Desane’s website, desane.com.au/investors/asx-announcements.

All information released to the ASX is posted on the Company’s website shortly thereafter. Any presentations to shareholders or at any General Meeting are also released to the ASX ahead of the presentation and will be available for viewing from the Company website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Board is committed to promoting investor confidence and recognises the important rights of shareholders. The Board strives to communicate with shareholders regularly and clearly – both by electronic means and using more traditional communication methods. Shareholders are encouraged to attend and participate at the General Meetings and in the election of directors.

The Board has adopted a **Communication Policy** to facilitate effective two-way communication with shareholders using the following methods:

- Communicating effectively with shareholders through releases to the share market via the ASX, various media outlets, Desane’s website desane.com.au, information mailed to shareholders and the Annual General Meeting;
- Giving shareholders the option to receive communications from and send communications to the Company and its share registry electronically;
- All information disclosed to the ASX is posted on the Desane website when it is disclosed to the ASX. Presentation material used in public presentations and to brief analysts is also released to the ASX and posted on Desane’s website;
- Giving shareholders ready access to balanced and understandable information about Desane and corporate proposals;
- The external auditor attending the Annual General Meeting and being available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor’s Report; and
- Promote participation of shareholders at the Annual General Meeting, and encourage shareholders to ask questions at the Annual General Meeting.

A copy of the Company’s Communication Policy can be viewed via our Company website, desane.com.au/about/corporate-governance.

Desane's website contains easily located links and menus for shareholders to locate information about the Company, including the Company Constitution, financial information, investor information, ASX announcements and corporate governance information.

Annual General Meetings and or Extraordinary General Meetings

In ensuring alignment with the 4th Edition of the ASX Principals, Desane has adopted the processes required by ASX Guidance Note 35 which stipulate that all Listing Rule resolutions be decided by a poll. The Company has extended the conduct of a poll to all resolutions proposed at shareholder meetings.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board, in consultation with senior executives, is responsible for identifying relevant risks and regularly reviewing the effectiveness of the Company's risk management process for the identification, monitoring and mitigation of risk.

The Board conducts an internal review of its accounting systems and processes annually.

This review, coupled with the comprehensive nature of the monthly reporting systems, assists in the risk minimisation process.

The Company, within the Audit & Risk Committee, has formulated a formal **Risk Management Policy**. The Risk Management Policy formalises the current culture and processes of the Company, which is focused on the identification and management of risk through regular board reporting and exception reporting in between. A copy of the Company's Risk Management Policy can be viewed via our Company's website, desane.com.au/about/corporate-governance.

The Company has established an Audit & Risk Committee which is responsible for considering the effectiveness of the system of risk management and internal controls, financial reporting and other matters at the request of the Board. The Committee comprises at least three members, at least two of which are independent directors. The Chairman of the Audit & Risk Committee will be an independent director. A copy of the Company's Audit & Risk Charter can be viewed via our Company's website, desane.com.au/about/corporate-governance.

There are a number of material business risks that could adversely affect the Company and the achievements of the Company's financial performance objectives. The Company manages its exposure to economic, environmental and social sustainability risk through the Audit & Risk Committee that considers these issues and whether they pose any material risks to the Company from time to time.

In ensuring alignment with the 4th Edition of the ASX Principals, the Audit and Risk Committee reviews the entity's risk management framework bi-annually.

Environmental and Occupational, Health and Safety

Desane's Environmental and Occupational, Health and Safety Committee reviews annually matters regarding environmental, occupational, health, safety and social risks. The Environmental and Occupational Health & Safety Committee Charter is also regularly reviewed to include circumstances which may arise during the financial year, such as the COVID-19 pandemic. The Committee comprises at least three members, at least two of which are independent directors. The Chairman of the Environmental and Occupational Health & Safety Committee will be an independent director. A copy of the Company's Environmental and Occupational Health & Safety Charter can be viewed via our Company's website, desane.com.au/about/corporate-governance.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

This principle requires Desane to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance for the Company is transparent.

The Board has established a **Remuneration Committee** to assist the Board in performing its duties in remunerating fairly and responsibly. The Remuneration Committee has adopted a **Remuneration Committee Charter** which contains the functions and responsibilities of the Remuneration Committee. A copy of the Remuneration Committee Charter can be viewed via our Company website, desane.com.au/about/corporate-governance.

Remuneration Committee Charter:

The functions and responsibilities include -

- Reviewing the performance of the Managing Director, senior executives and key personnel;
- Reviewing and making recommendations to the Board the remuneration packages of the Managing Director, senior executives and key personnel;
- Recommending the Company's remuneration policy; and
- Reviewing and recommending the non-executive directors' fees.

The Board has established a Remuneration Committee which, consists of all non-executive directors and is chaired by an independent director. The majority of the members of this Committee are independent.

The members of the Remuneration Committee are:

- Prof John Sheehan
- Peter Krejci

Senior executive remuneration and other terms of employment are reviewed annually, having regard to performance goals set at the start of the year, relevant comparative information, independent advice and industry market comparison reports. The Company will disclose, at the end of each reporting period, the number of times that the Remuneration Committee met throughout that period.

Senior executives and key personnel are remunerated on the basis of packages which comprise a base salary, superannuation, fringe benefits and short term incentives. Salary sacrifice provisions apply within the limits allowed by taxation law. Overall packages are set at levels that are intended to retain and attract senior executives and key personnel who are capable of managing the consolidated entity's operations. Details are disclosed in the Remuneration Report contained in the Directors' Report of the Annual Report.

The Company does not operate its own superannuation fund and contributions are made to complying funds on the instructions of directors and employees and in compliance with the relevant legislation.

Fees for non-executive directors are determined each year by the Board. Details are disclosed in full in the remuneration report contained in the Directors' Report of the Annual Report.

Details of the members of the Remuneration Committee and of meetings held are included in the remuneration report and of meetings are included in the Director's Report of the Annual Report.

Principal Registered Office in Australia

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Email Address: info@desane.com.au
Website: desane.com.au
ABN: 61 003 184 932

Share Registrar

Shareholders with questions about their shareholdings should contact Desane's external share registrar:

Computershare Investor Services Pty Limited
Address: Level 5, 115 Grenfell Street, Adelaide SA 5000
Postal Address: GPO Box 1903, Adelaide SA 5001
Telephone enquiries – Australia: 1300-556-161
Telephone enquiries – outside Australia: 61-3-9615-4000
Email: web.queries@computershare.com.au
Website: www.computershare.com

Auditor

GCC Business & Assurance Pty Ltd
Suite 807, 109 Pitt Street, Sydney NSW 2000

Australian Securities Exchange Listing

Desane Group Holdings Limited shares are listed on the Australian Securities Exchange.

The ASX code is **DGH**.

