

# 2023 Corporate Governance Statement

The Board of SKS Technologies Group Limited (the **Company** or **Group**) is responsible for the overall corporate governance of the Company. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (**Recommendations**) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them.

This Corporate Governance Statement (**Statement**) discloses the extent to which the Company has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on our website <https://www.sks.com.au/investor-centre/>, including the 2023 Annual Report and all Company's policies contained herein.

This Statement is current as at 31 August 2023 and has been approved by the Board of Directors of SKS Technologies Group Limited.

## **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

### **Recommendation 1.1 - Role of the Board and Management**

The role of the Board of Directors is to protect and optimise the performance of the Group, and accordingly the Board takes accountability for approving strategic direction, establishing policy, overseeing the financial position and monitoring the business and affairs of the Group on behalf of shareholders.

The Board has delegated responsibility for the operation and administration of the Company to the Chief Executive Officer who, along with the senior management team, is accountable to the Board. The various business operations within the Group are delegated to Regional and State Managers who, together with their management teams, manage the businesses within an agreed framework of strategic plans, budgets, targets, standards and policies.

To assist the Board to maintain its understanding of the businesses and to assess the management team, Directors regularly receive detailed briefings from each member of the Executive general management team.

Directors receive a comprehensive monthly performance report from the Chief executive Officer and have unrestricted access to Company records and information.

The Board strives to create shareholder value and ensure that shareholder funds are safeguarded.

To fulfil this role, the Board is concerned with:

- helping formulate and approving the strategic direction for the Company;
- overseeing the long-term performance against targets and objectives;
- monitoring ethical standards, environmental and safety performance and legal compliance;
- monitoring the Group's financial performance;
- approval of budgets, including significant capital expenditure;
- establishing and maintaining the quality of the Executive team and, in particular, monitoring and assessing the performance of the Chief Executive Officer;
- assessing business risk profile, risk management and business continuity plans, the adequacy of policies, internal controls and organisation structures; and
- reporting to shareholders on the direction, governance and performance of the Company. The Board reviews its composition and processes annually (as detailed below)

### **Recommendation 1.2: Appointment of Directors**

The Board facilitates the selection of Directors and appointment of Directors. Before the Board appoints a new Director or puts forward a candidate for election, it will ensure that appropriate background checks are undertaken.

We provide our shareholders with all material information in our possession that is relevant to their decision on whether or not to elect or re-elect a director through a number of channels, including via the notice of meeting and other information contained in the 2023 Annual Report.

The Board is satisfied that the Board currently comprises Directors with a broad range of experience having a proper understanding of the current and emerging issues facing the Company, and who can effectively review and challenge Management's decisions.

The Board is currently comprised of 1 Non-Executive Director and two Executive Directors (including the Chairman). Details of the skills, experience and expertise of the Directors, and of the Company Secretary, as well as the period for which the Director has held office are set out in the 2023 Directors' Report.

#### **Recommendation 1.3: Appointment Terms**

Each Executive Director and senior executive are party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment, including the remuneration entitlement and performance requirements. Directors also receive a deed of indemnity, insurance, and access. Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the 2023 Annual Report.

### **Recommendation 1.4: Company Secretary**

The Board is supported by the Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Group. The Board and individual Directors have access to the Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, through the Chair, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Directors' Report in our 2023 Annual Report.

### **Recommendation 1.5: Diversity Policy**

The workforce of the Company comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected. To demonstrate the Company's commitment to developing measurable objectives to achieve diversity and inclusion in its workplace, the Company has implemented a Diversity Policy which can be viewed at <https://sks.com.au/investor-centre/>.

The Diversity Policy provides a framework for the Company to achieve a diverse and skilled workforce, with the aim of leading to continuous improvement and achievement of corporate and strategic goals, a workplace culture characterised by inclusive practices and behaviours, equal employment and career development opportunities for all staff and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

The Board is committed to increase the level of diversity within the organization, however, operates within an electrical and communications market segment which historically attracts a limited pool of gender diverse candidates. Therefore, setting specific measurable objectives regarding gender diversity with timeframes is

considered not achievable. Instead, the Board does aim to maintain or increase the level of female representation within the organisation in the future.

The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 31 August 2023 was as follows:

|                            | Male    | Female | Total |
|----------------------------|---------|--------|-------|
| Board                      | 100.00% | 0.00%  | 100%  |
| Senior Executive Positions | 100.00% | 0.00%  | 100%  |
| Entire Organisation        | 93.62%  | 6.38%  | 100%  |

Senior Executives are defined as roles supporting the Chief Executive Officer with running the business and delivering on strategic objectives.

The Diversity Policy which can be viewed at <https://sks.com.au/investor-centre/>.

The Company is in the process of reporting against a set of standardised gender equality indicators provided by the Workplace Gender Equality Agency ('WGEA'), of which the WGEA report will be made available on the Company's website in due course.

The Company does not meet this Recommendation in its entirety.

#### **Recommendation 1.6: Board, Committees and Individual Directors Performance Assessment**

The Board is committed to evaluating its performance, the performance of individual Directors, as well as the governance processes supporting the Board. The Board's, and individual Directors' performances are assessed annually.

SKS does not have a separate Committees. This represents a departure from Recommendation 1.6. The functions of this committee are addressed by the full Board which is considered appropriate for a company of our size

The full board attends to the process for periodical evaluation of the performance of the board in an informal manner. The Board will look at a more formalised approach as the company operations and size matures

Individual Directors' performance is also assessed through open and frank discussions between the Chair and each Board member.

The Company undertook an internal Board, performance assessment during the period under review in accordance with the above process. The Board and Committees are committed to their roles and each Board member is dedicated to proactively supporting the Company and its stakeholders.

#### **Recommendation 1.7: Senior Executive Performance Assessment**

Senior Executives are appointed by the Chief Executive Officer and their Key Performance Indicators (KPI's) contain specific financial and non-financial objectives.

These KPIs are reviewed annually by the CEO. The performance of each Senior Executive against these objectives is evaluated annually.

In the case of the Chief Executive Officer, this review is conducted by the Board.

Performance evaluations were undertaken during the reporting period by the Company in accordance with the process.

## PRINCIPLE 2 – BOARD STRUCTURE

### Recommendation 2.1: Nomination Committee

The board does not have a separate Nomination Committee. This represents a departure from Recommendation 2.1. The functions of this committee are addressed by the full Board which is considered appropriate for a company of our size.

In determining the board structure, the Board carries out the following:

- review director competence standards;
- review Board succession plans;
- evaluate the Board's performance;
- the appointment and removal of directors to the Board; and
- the recruitment, retention, and termination policies for senior management.

### Recommendation 2.2: Board Skills Matrix

Our objective is to have an appropriate mix of expertise and experience on our Board so that the Company can effectively discharge its corporate governance and oversight responsibilities. It is the Board's view that the current directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic objectives. This mix is subject to review on a regular basis as part of the Board's performance review process.

The skills and experience represented in the Board that were assessed as "Highly experienced", "Very good experience" and "Good/satisfactory experience" and are relevant to the Company's business are set out in the matrix below:

#### **Skills and Experience**

|                       |                             |
|-----------------------|-----------------------------|
| - Risk & Compliance   | - Previous Board Experience |
| - Financial & Audit   | - Leadership                |
| - ASX Governance      | - Ethics and Integrity      |
| - Strategy            | - Contribution              |
| - Business Operations | - Negotiation               |
| - Industry experience | - Critical Thinker          |
| - Capital Markets     | - Client Engagement         |
| - Corporate History   | - Stakeholder Engagement    |
| - Sales and Marketing |                             |

To the extent that any skills are not directly represented on the Board, they are augmented through senior management and external advisors.

Full details of each Directors' relevant skills and experience are set out in the 2023 Directors' Report.

### Recommendation 2.3: Independent Directors

An independent director is a non-executive director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

The Board regularly assesses the independence of the Non-Executive Director considering the information which each Director is required to disclose in relation to any material contract or other relationship with the Company in accordance with the director's terms of appointment, the Corporations Act 2001, and the Board Charter.

When appointing an independent director or reviewing the independence of its Directors, the Board will have regard to the definition of independent director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a director set out in Recommendation 2.3.

The Board's assessment of each current Director is set out below.

| Name           | Position               | Appointment date | Status          |
|----------------|------------------------|------------------|-----------------|
| Peter Jinks    | Executive Chairman     | October 2012     | Non-Independent |
| Greg Jinks     | Executive Director     | October 2012     | Non-Independent |
| Terrence Grigg | Non-Executive Director | January 2017     | Independent     |

The Board considers the Non-Executive director to be independent having regard to the indicia in Box 2.3 in the ASX Recommendations. The Board has considered the holdings of securities in the Company by these Non-Executive directors and is of the opinion that their respective interests in securities would not materially interfere with, or could be reasonably perceived to interfere with, the independent exercise of their judgement in their position as a Director. The Board also considers that they are otherwise free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement, and that each of this Director is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

Peter and Greg Jinks are considered by the Board not to be independent as they are both employed in an executive capacity and have a substantial shareholding.

#### Recommendation 2.4: Majority Independence

As at the date of this Statement, one of our three Directors are deemed independent and the Company currently has a minority of independent directors on the Board, which is inconsistent with Recommendation 2.4.

Mr. Terrence Grigg, provides an active role at board meetings and in challenging management.

Further information regarding our directors, including their experience and qualifications, is set out in the Directors' Report of our 2023 Annual Report.

#### Recommendation 2.5: Board Chair

The chairman of the SKS Board is Mr. Peter Jinks. Mr. Peter Jinks does not meet all the independence criteria set out in the Recommendations, as he is an Executive and substantial shareholder of the Company. This represents a departure from recommendation 2.5. However, Mr. Peter Jinks brings considerable experience within the electrical and communications sector and is considered the best individual to hold these roles at this point in time, and the Board considers that his substantial shareholding does not impact on his ability to exercise independent judgement.

The roles of Chair and Chief Executive Officer are exercised by different individuals, being Peter Jinks and Matthew Jinks respectively.

#### Recommendation 2.6: Induction, Education and Training

The board is responsible for establishing and reviewing induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.

Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

## **PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY**

### **Recommendation 3.1: Statement of Values**

The Company's values are the guiding principles and norms that define what type of organisation it aspires to be and what it requires from its directors. The Company's values is disclosed on the Company's website <https://sks.com.au/careers/>. Any material breach of the Company's policies, including a breach of the Corporate Code of Conduct, is raised, and reviewed at each Boardmeeting.

The Company's Executive Team are responsible for instilling these values across the organisation.

### **Recommendation 3.2: Code of Conduct**

The Board recognises the need to observe the highest standards of corporate practice and business conduct.

Accordingly, the Board has adopted a Corporate Code of Conduct designed to:

- provide a framework for decisions and actions in relation to ethical conduct in employment;
- support the Company's business reputation and corporate image; and
- make Directors' and employees aware of the consequences if they breach the Corporate Code of Conduct.

The Corporate Code of Conduct can be found on our website at <https://sks.com.au/investor-centre/>. The key aspects of this code are to:

- act fairly with honesty and integrity in the best interests of the Company and in the reasonable expectations of shareholders;
- act in accordance with all applicable laws, regulations, and the Company policies and procedures; and
- act in an appropriate business-like manner when representing the Company in public forums.

The Corporate Code of Conduct sets out the Company's policies on various matters including ethical conduct, business conduct, compliance, privacy and security of information.

### **Recommendation 3.3: Whistleblower Policy**

The Whistleblower Policy demonstrates that the Company is committed to the highest standards of conduct and ethical behaviour in all its business activities. The Company supports a culture of honest and ethical behaviour in ensuring good corporate compliance and governance. The policy sets out, amongst other things, instances of suspected misconduct which can be reported to the internal and external parties and summarises the protections offered to whistleblowers.

Any material breach of the Company's policies, including any breach of the Whistleblower Policy, is raised, and reviewed at each Board Meeting.

The Whistleblower Policy is available on the Company's website <https://sks.com.au/investor-centre/>.

### **Recommendation 3.4: Anti-bribery and Corruption Policy**

The Anti-Bribery and Corruption Policy demonstrates that the Company is committed maintain high standards of integrity and accountability in conducting its business. The policy provides a framework of guidelines and principles to encourage ethical behaviour in the conduct of business.

Any material breach of the Company's policies, including any breach of the Anti-Bribery and Corruption Policy, is raised at the Audit and Risk Committee level, with the latter reporting on them at the next Board meeting.

The Anti-Bribery and Corruption Policy is available on the Company's website <https://sks.com.au/investor-centre/>.

## PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

### Recommendation 4.1: Audit Committee

The full Board acts as the Audit and Risk Committee.

During the financial year 2023 the Board was comprised of:

- Peter Jinks – Executive Chairman
- Greg Jinks – Executive Director
- Terrence Grigg – Non-Executive Independent Director

One board member is deemed an independent Director at all times during the fiscal year all 3 directors attended board meetings.

The Board carries out the following to ensure integrity in corporate reporting:

- review and monitor the integrity of the Company’s financial reports and statements;
- monitor the performance and independence of the external auditor; and
- reviewing the consolidated accounts of the company.

It also has risk management and internal control functions as set out under Recommendation 7.1.

Details of meetings held by the Board during the year and member attendances are set out in the 2023 Directors’ Report.

### Recommendation 4.2: Assurances

The Chief Executive Officer and Chief Financial Officer (**CFO**) provide an annual declaration to the Board prior to the Board’s approval of the Company’s full year financial results. This process was followed for the 2023 full year financial results, where the CEO and CFO provided a declaration to the Board that, in their opinion, the financial records 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 Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. On this basis, the 2023 full year financial results were approved by the Board.

### Recommendation 4.3: Verification of integrity of periodic corporate reports

Our external auditor, BKM Audit Services Pty Ltd (**BKM**), was appointed following our 2020 Annual General Meeting (**AGM**). BKM attends our AGM and a representative is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor’s report.

BKM’s independence declaration is contained in the Directors’ Report in our 2023 Annual Report.

The effectiveness, performance and independence of the external auditor is reviewed annually by the Board.

Any periodic corporate report the Company releases to the market that is not audited or reviewed by an external auditor is reviewed and approved by the Board so that it is satisfied the report in question is materially correct, balanced and provides investors with appropriate information to make an informed investment decision. Following review by the Board of Directors the report is formally approved prior to release.



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

### **Recommendation 5.1: Continuous Disclosure Policy**

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy (**Policy**), which is available on our website at <https://sks.com.au/investor-centre/>.

The Board has overarching responsibility for compliance with continuous disclosure obligations and Board approval is required for certain key matters (as set out in the Continuous Disclosure Policy) and matters may be referred to the Board for approval by the Chair of the Board, the Chair of the Audit and Risk Committee, or the Company Secretary.

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive, and informed market and in compliance with our Securities Trading Policy (as applicable). In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management, and disclosed to the ASX in a timely manner. The Company website includes a link to all information disclosed to the ASX.

### **Recommendation 5.2: Provide Board with copies of all material market announcements**

The Company ensures that its Board receives copies of all material market announcements prior to release to the market followed by immediate notification including announcement following each release to the market.

### **Recommendation 5.3: Investor Presentations**

In accordance with the recommendation, the Company ensures that all new and substantive presentations are released to the market ahead of the presentation to enable security holders the opportunity to participate in the presentation. The Company discloses these processes in the Company's Continuous Disclosure Policy available on the Company's website.

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

### **Recommendation 6.1: Information and Governance**

Information about the Company and its corporate governance policies is available on our website at <https://sks.com.au/investor-centre/>.

The Company also maintains a separate investor page on our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations, and other key information.

### **Recommendation 6.2: Investor Relations**

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its shareholders communications, the Company aims to provide information that will allow existing

shareholders, potential shareholders, and financial analysts to make informed decisions about the Group's intrinsic value and is available on meet its obligations under the ASX's continuous disclosure regime.

Our investor relations program includes:

- issuing regular written shareholder communications such as quarterly business update and an Annual Report to address the Company's strategy and performance;
- sending and receiving shareholder communications electronically;
- maintaining the Board and corporate governance and investor sections on our website including posting all announcements after they have been disclosed to the market;
- promoting two-way interaction with shareholders, by supporting shareholder participation at general meetings including encouraging shareholders to send their questions to the Company prior to the annual general meeting and responding to their questions and feedback; and
- ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

### **Recommendation 6.3: Shareholder Meeting Participation**

Shareholders are forwarded the Company's Annual Report, if requested (it is otherwise made available on the Company's website), and documents relating to each general meeting, being the notice of meeting, any explanatory memorandum and a proxy form and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company will provide an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and if applicable our external auditor.

### **Recommendation 6.4: All substantive resolutions at a security holder meeting are decided by poll**

To ascertain the true will of SKS's security holders attending and voting at its security holder meetings, whether they attend in person, electronically or by proxy or other representative, in most situations where this can be achieved the company will conduct the voting procedure by a poll.

### **Recommendation 6.5: Electronic Communication with Shareholders**

The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, and half yearly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders and investors can raise any issues or concerns at any time by contacting the Company by email at [investors@sk.com.au](mailto:investors@sk.com.au). Alternatively, shareholders and investors can write to the Chairman, CEO or Company Secretary at SKS TECHNOLOGIES, 700 Spencer Street, West Melbourne, Vic 3003, Australia.

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

### **Recommendation 7.1: Risk Committee**

SKS does not have a separate Risk Committee. This represents a departure from recommendation 7.1. The functions of this committee are addressed by the full Board which is considered appropriate for a company of our size

The board continues:

- to review the adequacy and integrity of the Company's riskmanagement framework and system of internal controls; and
- review compliance with relevant laws and regulations

### **Recommendation 7.2: Review of Risk Management Framework**

The Group's risk management framework is supported by the Board of directors, and the management team. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. The Management team is responsible for monitoring and ensuring that appropriate processes and controls are in place to manage risk effectively and efficiently.

The Board has adopted a Risk Management Policy which sets out the Company's system of risk oversight, management of material business risks and internal control. The Risk Management Policy is available on the Company's website at <https://sks.com.au/investor-centre/>. The Company's risk management framework is reviewed on a periodic basis.

A review of the Company's risk management framework is undertaken by the Board and management on a regular, ongoing basis. The Board has reviewed its risk management framework during the period under review.

### **Recommendation 7.3: Internal Audit**

The Company does not have an internal audit function. Due to the size of the Company, the Board does not consider it necessary to have an internal audit function.

During the past financial year, the Company employed the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- (i) the Board monitors the need for an internal audit function having regard to the size, location and complexity of the Company's operations; and
- (ii) senior management periodically facilitate an internal review of financial systems and processes and present to require improvement these systems are developed the Board the objectives and scope, proposed outcomes and any recommendations arising from the review.

### **Recommendation 7.4: Economic, Environmental and Social Sustainability Risk**

The Company is not subject to any particular or significant single economic, environmental and social risk. The Company is subject to a range of general economic risks, including macro-economic risks, government policy, general business conditions, changes in technology and many other factors.

The Company has no material exposure to economic, environmental and social sustainability risks.

## **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBILITY**

### **Recommendation 8.1: Remuneration Committee**

SKS does not have a separate Remuneration Committee. This represents a departure from Recommendation 8.1. The functions of this committee are addressed by the full Board which is considered appropriate for a company of our size.

The board determines:

- executive remuneration and incentive policies;
- the remuneration packages of senior management;
- incentive schemes;
- superannuation arrangements; and
- the remuneration framework for directors.

### **Recommendation 8.2: Remuneration Policies and Practices**

The Board is currently responsible for determining and reviewing remuneration policies for the directors and senior executives. If necessary, it obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Company.

Details of the Company's remuneration practices for its directors and senior executives are disclosed in the Remuneration Report in the Company's Annual Report. The Remuneration Report highlights the balance between fixed pay, short term incentive and long-term incentives, and includes details of the remuneration paid and the relationship to the Company's performance.

Separate disclosure regarding the remuneration of the Company's directors (executive and non-executive) is disclosed in the Company's 2023 Annual report, as lodged with the ASX and issued to shareholders.

### **Recommendation 8.3: Equity Based Remuneration Scheme**

The Company has a Securities Trading Policy which includes a policy prohibiting participants of an equity-based remuneration scheme from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. Further information a copy of the Company's Securities Trading Policy is available on the Company's website at <https://sks.com.au/investor-centre/>