

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Ariadne Australia Limited

ABN/ARBN

50 010 474 067

Financial year ended:

30 June 2021

Our corporate governance statement¹ for the period above can be found at:²

- ☐ These pages of our annual report:
- ☒ This URL on our website: <http://www.ariadne.com.au/investor-relations/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 28 August 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.³

Date: 30 August 2021

Name of authorised officer
authorising lodgement: Mr Natt McMahon

¹ "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

² Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

³ Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation | | Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵ |
|---|---|---|--|
| PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT | | | |
| 1.1 | A listed entity should have and disclose a board charter setting out: (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. | <input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: http://www.ariadne.com.au/investor-relations/corporate-governance | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.2 | A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.3 | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.4 | 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

⁴ Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

⁵ If you have followed all of the Council’s recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation | | Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵ |
|---|--|---|--|
| 1.5 | <p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) 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.</p> <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p> | <p><input type="checkbox"/></p> <p>and we have disclosed a copy of our diversity policy at:</p> <p>.....</p> <p>[insert location]</p> <p>and we have disclosed the information referred to in paragraph (c) at:</p> <p>.....</p> <p>[insert location]</p> <p>and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p> | <p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.6 | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | <p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) and whether a performance evaluation was undertaken for the reporting period in accordance with that process in our Corporate Governance Statement.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

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|---|---|--|---|
| 1.7 | <p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | <p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) and whether a performance evaluation was undertaken for the reporting period in accordance with that process in our Corporate Governance Statement.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

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|--|--|--|---|
| PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE | | | |
| 2.1 | <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p> | <p><input checked="" type="checkbox"/> and we have disclosed the fact that we do not have a nomination committee and the processes we employ 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 in our Corporate Governance Statement.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 2.2 | A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership. | <p><input checked="" type="checkbox"/> and we have disclosed our board skills matrix in our Corporate Governance Statement and our Directors' Report.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 2.3 | <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation 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 or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p> | <p><input checked="" type="checkbox"/> and we have disclosed the names of the directors considered by the board to be independent directors and, where applicable, the information referred to in paragraph (b) and the length of service of each director in our Corporate Governance Statement and our Directors' Report.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |

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|---|--|---|--|
| 2.4 | A majority of the board of a listed entity should be independent directors. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 2.5 | 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 2.6 | A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY | | | |
| 3.1 | A listed entity should articulate and disclose its values. | <input checked="" type="checkbox"/> and we have disclosed our values within our code of conduct at: http://www.ariadne.com.au/investor-relations/corporate-governance | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 3.2 | A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and (2) any other material breaches of that code that call into question the culture of the organisation. | <input checked="" type="checkbox"/> and we have disclosed our code of conduct at: http://www.ariadne.com.au/investor-relations/corporate-governance | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 3.3 | A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy. | <input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: http://www.ariadne.com.au/investor-relations/corporate-governance | <input type="checkbox"/> set out in our Corporate Governance Statement |

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|---|--|---|--|
| 3.4 | <p>A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.</p> | <p><input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: http://www.ariadne.com.au/investor-relations/corporate-governance</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |

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|---|--|---|--|
| PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS | | | |
| 4.1 | <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p> | <p><input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee at: http://www.ariadne.com.au/investor-relations/corporate-governance and the information referred to in paragraphs (4) and (5) in our Directors' Report.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |
| 4.2 | 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 4.3 | A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement |

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|---|---|---|--|
| PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE | | | |
| 5.1 | A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1. | <input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: http://www.ariadne.com.au/investor-relations/corporate-governance | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 5.2 | A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 5.3 | A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement |
| PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS | | | |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | <input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: http://www.ariadne.com.au/investor-relations/corporate-governance | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 6.2 | A listed entity should have an investor relations program that facilitates effective two-way communication with investors. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 6.3 | A listed entity should disclose how it facilitates and encourages participation at meetings of security holders. | <input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders in our Corporate Governance Statement. | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 6.4 | A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 6.5 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement |

Key to Disclosures Corporate Governance Council Principles and Recommendations

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|--|--|---|--|
| PRINCIPLE 7 – RECOGNISE AND MANAGE RISK | | | |
| 7.1 | <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p> | <p><input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee at: http://www.ariadne.com.au/investor-relations/corporate-governance and the information referred to in paragraphs (4) and (5) in our Directors' Report.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |
| 7.2 | <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p> | <p><input checked="" type="checkbox"/> and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period in our Corporate Governance Statement.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |
| 7.3 | <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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 governance, risk management and internal control processes.</p> | <p><input checked="" type="checkbox"/> and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes in our Corporate Governance Statement.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |

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|---|---|--|--|
| 7.4 | A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks. | <input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks in our Annual Report. | <input type="checkbox"/> set out in our Corporate Governance Statement |

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|--|--|--|--|
| PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY | | | |
| 8.1 | <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p> | <p><input checked="" type="checkbox"/> and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive in our Corporate Governance Statement.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 8.2 | 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. | <p><input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives in our Remuneration Report.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 8.3 | <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p> | <p><input checked="" type="checkbox"/> and we have disclosed our policy on this issue or a summary of it in our Corporate Governance Statement, Remuneration Report and Securities Trading Policy.</p> <p>http://www.ariadne.com.au/investor-relations/</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

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|--|---|--|---|
| ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES | | | |
| 9.1 | A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents. | <input type="checkbox"/> and we have disclosed information about the processes in place at: [insert location] | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input checked="" type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 9.2 | A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time. | <input type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input checked="" type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 9.3 | A listed entity established outside Australia, and an externally managed 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. | <input type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input checked="" type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable |
| ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES | | | |
| - | <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements. | <input type="checkbox"/> and we have disclosed the information referred to in paragraphs (a) and (b) at: [insert location] | <input type="checkbox"/> set out in our Corporate Governance Statement |

Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation | | Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵ |
|---|---|--|--|
| - | <p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p> | <p><input type="checkbox"/> and we have disclosed the terms governing our remuneration as manager of the entity at:</p> <p>.....</p> <p><i>[insert location]</i></p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |

ARIADNE

ARIADNE AUSTRALIA LIMITED

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) of Ariadne Australia Limited (“Ariadne” or “the Company”) is responsible for the corporate governance practices of the Company and its controlled entities (“the Group”). The Board guides and monitors the business and affairs of Ariadne and the Group on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board supports the principles developed by the Australian Securities Exchange (“ASX”) Corporate Governance Council (“the Council”) as a basis for enhancing the credibility and transparency of our capital markets.

This statement is current as at 30 August 2021, and has been approved by the Board.

The Board believes that corporate governance policies should be tailored to account for the size and structure of the company, risks associated with the company’s operations and the company’s inherent strengths and weaknesses. The ASX concurs with this view and allows companies to explain deviations from the Council’s recommendations. Areas where Ariadne has deviated from the Council’s recommendations are discussed below, but the Board believes the areas of non-conformance do not impact on the Group’s ability to operate with the highest standards of Corporate Governance. Any major change in the Group’s operations will result in a review of the Corporate Governance policies.

I. Functions of Board and Management

The Board is responsible to shareholders for the Group’s corporate governance practices, and for the direction and oversight of the Group’s businesses on behalf of the shareholders. The Board’s responsibilities include:

- reviewing and determining the Group’s strategic direction and operational policies;
- establishing goals for management and monitoring the achievement of these goals;
- reviewing and approving the Group’s Business Plan;
- appointing and remunerating the Executive Management team;
- approving all significant business transactions including acquisitions, divestments and capital expenditure;
- monitoring business risk exposures and risk management systems;
- approving and monitoring financial, corporate and other external reporting;
- approving changes to the Group’s capital structure;
- considering approaches made to the Company in respect of takeovers;
- reporting to shareholders; and
- promoting ethical conduct.

The Board delegates responsibility for the implementation of strategy and administration of day-to-day business to the Executive Management team. The Executive Management team currently comprises the Executive Director, the Chief Financial Officer and the Investment Officer. The Company Secretary is accountable directly to the Board, through the Chairman, on matters to do with the proper functioning of the Board.

The Executive Management team is responsible for:

- ensuring business development and other activities are conducted in accordance with the Group’s overall business strategy;
- managing the Group’s investments, operations and other activities to maximise returns to shareholders;

- informing the Board on a regular basis of the status of all investments and the performance of all Group assets;
- managing relationships with shareholders, bankers and the financial community;
- approving capital expenditure and business transactions;
- planning in accordance with the financial control guidelines which govern the allocation and management of financial resources throughout the Group;
- ensuring that appropriate financial and operational reporting is provided to the Board on a regular basis; and
- establishing and monitoring the Group's risk management framework to ensure that policies, guidelines and controls are effective in reducing the Group's operational and financial exposures to an acceptable level.

An evaluation of performance of the Executive Director is undertaken each year by the Board. The Chief Financial Officer's performance and the Investment Officer's performance are evaluated by the Executive Director annually against appropriate measures, in consultation with the Board.

2. Structure of the Board

The Board comprises the Chairman and the other independent and non-independent Directors. Five of the six directors, including one alternate director, of the Company are non-executive. The size and composition of the Board is formulated to provide an appropriate range of experience, skills, knowledge and perspective to enable it to appoint, guide and supervise a high standard of management for the Group's business. The names, skills, experience and expertise of each director of the Company are set out in the Directors' Report and are included on the Company's website.

Directors are considered to be independent when they do not participate in day-to-day management activity and are free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their independent judgment. In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. The Board generally considers an item to be material if it is greater than 5% of the appropriate base amount. Qualitative factors are also considered, including whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it.

In accordance with this definition of independence, Mr D Baffsky, AO the Chairman, Mr J Murphy and Mr C Barter are considered to be independent directors. Mr K Seymour, AM in his capacity as director, represents the interest of a significant shareholder and more recently the Group has collaborated with entities associated with Mr K Seymour on a number of investment opportunities. Although the materiality of the shareholding does not in itself impact on the ability of the director to act on an objective and independent basis, given the participation in material investment opportunities alongside the Group Mr K Seymour is not considered to be an independent director. Mr B Seymour, in his capacity as an alternate director for Mr K Seymour is also not considered to be an independent director due to his role as 'Associate Director' with the Seymour Group. Dr G Weiss, AM is also not an independent director by virtue of his executive role and his significant shareholding in the Company as described in the Annual Report. The majority of the Board is therefore comprised of independent directors as is recommended by the Council.

The Board's skill set includes both executive and non-executive director experience in investment analysis, operating businesses, corporate strategy, equity markets, property development and corporate restructuring.

The Board has adopted the following measures to ensure that independent judgment is achieved and maintained in respect of its decision-making processes:

- directors are entitled to seek independent professional advice at the Company's expense, subject to the approval of the Board;
- directors having a conflict of interest in relation to a particular item of business must absolve themselves from discussion or any decision on the topic;
- independent directors confer on a needs basis; and
- the independence of each non-executive Director is assessed regularly by the Board.

The Board has established a clear distinction between the roles of the Chairman and the Executive Director, to whom the Board has delegated responsibility for the execution of strategy and administration of day-to-day business.

Due to the size and structure of the Board, a Nominations Committee has not been established as recommended under the Council's recommendation 2.1. All directors may make recommendations to the Board regarding the membership of the Board, including proposed new appointments 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. However, all directors must agree unanimously on any new director appointments. Appropriate checks are undertaken prior to recommending that person for election as a Director. These include checks as to the person's background, character, experience, education, criminal record and bankruptcy history before a person is appointed to the Board.

Ariadne's Constitution provides that no director who is not a 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. In addition, any new director appointed by the Board during the year is automatically offered for re-election at the next annual general meeting. Shareholders are provided with all material information in the Company's Notice of Annual General Meeting relevant to a decision on whether or not to elect or re-elect a director. The Board believes that these alternative procedures are appropriate to ensure the Board adequately discharges its responsibilities and duties.

All Directors and senior executives of the Company have in place formal appointment letters describing their terms, duties, rights and responsibilities and entitlements. Upon joining the Company, all Directors receive an induction pack containing information about the Company including policies and procedures and other necessary information for them to familiarise themselves with the operations of the Group and to allow them to participate fully and actively in Board decision making at the earliest opportunity. Board members are also provided comprehensive information on a regular basis by the Executive Management team so that they can discharge their Director responsibilities effectively. The Company Secretary coordinates the timely completion and dispatch of such materials to the Board. Directors participate in ongoing education sessions on a regular basis ensuring that the Board is kept up to date with appropriate corporate developments.

The Board conducts regular internal assessments of the performance of the Board, individual Directors and the Board Committees. An evaluation of the performance of the Board and of individual Directors took place in the reporting period. Steps involved in the evaluation included the completion of a questionnaire by each Director, review of responses to the questionnaire at a Board meeting and a private discussion between the Chairman and each of the Directors.

3. Instil a culture of acting lawfully, ethically and responsibly

The Board encourages the highest standards of ethical conduct by all Directors and employees of the Group. The Board has adopted a Code of Conduct that sets out the principles, values and standards with which all Group Officers and employees are expected to comply in the performance of their respective functions. A copy of the Code of Conduct is available on the Company's website.

The Code of Conduct is integrated into the Company's management practices. Directors, Executives and employees are all made aware of the Company's Code of Conduct upon commencement of employment and any updates as and when they occur.

Executive Management immediately investigates possible failures to comply with the principles of ethical and responsible conduct, employing the use of third party expertise where necessary. The appropriate level of disciplinary action is applied where departures from these principles are confirmed.

The Company recognises the benefits arising from employees, and the importance of benefiting from all available personnel. The Company promotes a diverse environment which is conducive to the appointment of well qualified personnel so there is appropriate diversity which will assist with maximising the achievement of the goals of the Company. The Board has a commitment to promoting a corporate culture that is supportive of diversity and encourages the transparency of Board processes, review and appointment of Directors. The gender diversity of the Group's employees is disclosed in the Directors' Report. Given the size of the Company and the number of employees, the Board has decided not to develop and implement any specific measures at this point in time.

4. Integrity of Corporate Reports

Ariadne's Executive Director and Chief Financial Officer declare in writing to the Audit and Risk Management Committee ("ARMC") and the Board that the consolidated financial statements of the Company and its controlled entities for each financial year present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with accounting standards.

Although Ariadne does not have a formal internal audit function, the ARMC operated throughout the year with the primary objective to assist the Board in fulfilling the Board's responsibilities relating to evaluating and continually improving the effectiveness of the accounting, reporting, risk management and internal control practices of the Company.

In fulfilling this objective, the ARMC meets at least two times each year. The main duties and responsibilities as documented in the Committee Charter include:

- review and consideration of statutory compliance matters, including various taxation considerations;
- review of the annual and half-yearly financial reports;
- recommend to the Board nominations for appointment as external auditors;
- review the scope of the audit, the level of audit fees and the performance of the external auditors;
- liaison with external auditors, review of audit planning and consideration of audit results; and
- evaluation of the adequacy and effectiveness of the Company's risk management, administrative, operating and accounting policies and controls through active communication with operating management and the external auditors.

The ARMC comprises non-executive and independent directors. Mr J Murphy, Mr C Barter and Mr D Baffsky, AO are members of the ARMC and Mr J Murphy acts as Chairman. Their experience and skills outlined in the Directors' Report provide a high level of financial technical expertise to the ARMC. The number of ARMC meetings held in the reporting period and the attendance by each director is disclosed in the Directors' Report.

A copy of the ARMC Charter is available on the Company's website.

5. Continuous Disclosure to ASX

Procedures are in place to identify matters that are likely to have a material effect on the price of the Company's securities and to ensure those matters are notified to the ASX in accordance with the Company's Listing Rule disclosure requirements. The Executive Director and Chief Financial Officer are responsible for monitoring the Company's activities in light of its Continuous Disclosure Policy and where necessary discussing disclosure obligations with the Board. The Company Secretary is responsible for all communications with the ASX. All continuous disclosure announcements are only made by the Company with the prior review and approval of the Chairman and/or the Executive Director and/or the Board.

All communications with external stakeholders in respect of sensitive company information is subject to relevant safeguarding and confidentiality procedures. These communications are undertaken in light of continuous disclosure requirements of the ASX and the broad principle of ensuring the market is fully informed of price sensitive information.

A copy of the Company's Continuous Disclosure Policy is available on the Company's website.

6. Communication with Shareholders

The Group encourages communication with shareholders and other stakeholders in an open, regular and timely manner. Mechanisms employed include:

- regular shareholder communications such as half-yearly reports and the Annual Report;
- financial results presentations at the Company's Annual General Meeting ("AGM");
- shareholder access to communications through the ASX announcements platform and the Company's website; and
- utilising the Company's share registry service provider, to facilitate the electronic delivery of reports and other information to shareholders.

The Board encourages full participation of shareholders at the AGM to ensure a high level of accountability and understanding of the Group's historical results and future strategy and goals. The Company's auditors are also required to attend the AGM and are available to shareholders should they have any questions.

7. Risk Management

The Board is responsible for oversight of the Group's risk management and internal control framework. The ARMC assists the Board in fulfilling its responsibilities in this regard by reviewing the financial and reporting aspects of the Group and its risk management and control framework. A framework designed to ensure that the Group's risks are identified and that appropriate internal controls are in place and functioning effectively is in place.

Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Executive Director and Chief Financial Officer having ultimate responsibility to the Board and the ARMC for the Group's risk management and internal control activities.

Current arrangements put in place by the Board to monitor risk management include:

- regular reporting to the Board in respect of operations and the financial position of the Group;
- reports by the Chairman of the ARMC and circulation to the Board of the minutes of each meeting held by this Committee;
- presentations made to the Board or committees of the Board throughout the year by appropriate members of the Group's management team (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk; and
- any director may request that operational and project audits be undertaken by management.

In conjunction with the ARMC, the Executive Management team has a risk management framework for the Group that includes a documented Enterprise Risk Management Policy which is reviewed annually. A review of the Enterprise Risk Management Policy was undertaken in the reporting period. Information on the Group's exposure to risks more generally can also be found in the Company's Annual Report.

8. Remuneration

Due to the size of the Group and current number of employees, the Board acts as the Remuneration Committee. The Company's policies relating to directors' and executives' remuneration are set out in the Group's Remuneration Report, which forms part of the Directors' Report.

It is the Company's objective to benefit from the retention of a high quality Board and Executive Management team by remunerating Directors and key Executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the nature and amount of Executive Directors' and Officers' emoluments are linked to the Group's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- motivate executives to pursue the long term growth and success of the Group;
- attraction of quality management to the Group; and
- performance incentives which allow Executives to share the rewards of the success of the Group.

The Board exercises discretion in relation to the payment of bonuses and issue of options, having regard to the overall performance of the Group and the performance of the employee during the period. The Ariadne Executive Share Option Plan was approved by shareholders at the 1996 AGM. As far as the Group is aware, no Director or Executive uses hedging instruments to limit their exposure to risk on either shares or options in the Company. The Company's Securities Trading Policy prohibits the use of such hedging instruments.

The level of remuneration of Non-Executive Directors was approved by shareholders at the 2011 AGM, as distinct from Executives, whose remuneration is approved by the Board. A performance review was undertaken for all Executives in the reporting period in accordance with the Company's performance review criteria.