



# **Circle International Holdings Limited**

## **2022 Governance Statement**

## Corporate Governance

Circle International Holding Limited believes in adhering to the best practices of corporate governance to sustain business efficiency and sustainability in the long term to serve the shareholders and interact with regulatory authorities with utmost integrity and honesty.

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance, and internal control.

Currently, the Board is also the acting Audit Committee, which requires that it:

- (a) oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
- (b) assists management to determine whether it has any material exposure to economic, environmental and/or social sustainability risks (as those terms are defined in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations) and, if it does, how it manages or intends to manage, those risks;
- (c) assists management to determine the key risks to the businesses and prioritise work to manage those risks; and
- (d) reviews reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

### **The process of risk management and internal compliance and control includes:**

- (a) identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- (c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

## Corporate Governance (cont'd)

Name of Director	Category	Date of appointment
*Yap Chee Lim	Executive Director	01 July 2017 (resigned 02 Dec 2021)
*Chong Kai Chin	Independent Non-Executive Director	02 May 2020 (resigned 02 Dec 2021)
*Wong Chen Yu	Independent Non-Executive Director	02 May 2020 (resigned 02/12/2021)
Chong Kur Sen	Independent Non-Executive Director	02 May 2020
Hee Chee Keong	Non-Executive Chairman	02 Dec 2021
Jerome Augustus Bateman	Non-Executive Director	06 Dec 2021

The Board is currently constituted with a broad range of skills, expertise, and experience, all of whom add value to the operation of the Board.

The appointment and removal of Directors are governed by the Company's Articles of Association. In appointing new members to the Board, consideration is given to the demonstrated ability and also future potential of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.

The composition of the Board is reviewed regularly against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate the successful strategic direction. No such review was however held during the reporting period due to the changes intended. The Board intends to carry out internal reviews in future years.

### Diversity Policy

The Company recognises the value contributed by employing people with varying skills, gender cultural backgrounds, and experiences and believes its diverse workforce is the key to its continued growth, improved productivity, and performance.

The Company actively values and embraces the diversity of its employees and is committed to creating an inclusive workplace where everyone is treated equally and fairly and where discrimination, harassment and inequity are not tolerated. The Company is committed to fostering diversity at all levels. However, no measurable objectives were set during the reporting period.

## **Other Elements of the Company's Corporate Plan**

### **Procedure for dealing in company securities**

The Company has in place a formal Trading Policy which regulates the way Directors and staff involved in the management of the Company can deal in Company securities. It requires that they conduct their personal investment activities in a manner that is lawful and avoids conflicts between their own interests and those of the Company.

The Policy specifies 'Closed Periods' as the periods during which trading in securities cannot occur. Trading is always prohibited if the relevant person is in possession of non-public price-sensitive information regarding the Company. A copy of the current Trading Policy is available on the Company's website and forms part of the Company's CG Plan.

### **Procedures for the provision of services by directors and/or related parties to the company**

It is the responsibility of the Audit and Risk Committee to monitor related party transactions. In the absence of the Audit and Risk Committee, the Board monitors all related party transactions to ensure fair and efficient transactions. Board approval is sought for related party transactions where required with adequate disclosures of such transactions in financial statements.

#### **A. Policies and procedures are adopted to adequately identify and deal with conflicts of interest at the board, management, and employee levels.**

##### **Conflict of Interest**

Where a Director has an interest, position, association or relationship of the type described in the Independence Tests in the Board Charter of the Company, but the Board is of the opinion that it does not compromise the independence of the Director, the Company discloses the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion.

Directors disclose their interests, positions, associations or relationships in relation to the proposed transaction at Board Meetings. The independence of the Directors is regularly assessed by the Board considering the interests disclosed by them.

Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest.

Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.

#### **B. Policies and procedures adopted to protect shareholder interests, including access to information, voting rights, the share of profits, and equitable treatment.**

##### **Communication policy with shareholders**

The Board of the Company aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

Information is communicated to shareholders through:

1. the Annual Report delivered by post or via email (if requested by the shareholder) and which is also released to the National Securities Exchange of Australia (NSX) and placed on the Company's website;

2. the half-yearly report which is released to NSX and also placed on the Company's website;
3. disclosures and announcements made to the NSX copies of which are placed on the Company's website;
4. notices and explanatory statements of Annual General Meetings (AGM) and General Meetings (GM) copies of which are released to NSX and placed on the Company's website;
5. the Chairman's address and the Managing Director's address made at the AGMs and the GMs, copies of which are released to NSX and placed on the Company's website;
6. the Company's website on which the Company posts all announcements that it makes to the NSX; and
7. the auditor's representative being present at the AGM to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

Shareholders are encouraged to participate at all GMs and AGMs of the Company. Upon the dispatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting. Historical Annual Reports of the Company are provided on the Company's website. Shareholders' queries should be referred to the Company Secretary in the first instance.

#### **Continuous Disclosure Policy**

The Company has in place a written policy on information disclosure and relevant procedures which forms part of the Company's CG Plan. The focus of these procedures is on continuous disclosure compliance and improving access to information for investors.

#### **Policy on dealing with risks**

The Company has a formalised risk management policy which forms part of its CG Plan.

The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance, and internal control.

The Board has the responsibility for implementing the risk management system. In the absence of an active Audit and Risk Committee during the reporting period, this function was performed by the Board.

The Company's process of risk management and internal compliance and control includes:

1. identifying and measuring risks that might impact the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
2. formulating risk management strategies to manage identified risks, designing, and implementing appropriate risk management policies and internal controls; and
3. monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The responsibility for undertaking and assessing risk management and internal control

effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back to each Audit and Risk Committee at least annually.

During the reporting period, a review of the Company's risk management framework has not taken place. The Board intends to annually carry out such reviews in the future.

During the reporting period, there was no material exposure to economic, environmental and/or social sustainability risks.

**C. Policies and procedures are adopted to protect the interests of stakeholders including employees, creditors, and the wider community.**

**Remuneration policy**

The Remuneration Committee assists the Board in monitoring and reviewing any matters of significance affecting the remuneration of the Board and employees of the Company. In the absence of an active Remuneration Committee during the reporting period, all these functions were performed at the Board level.

The Remuneration Committee Charter detailing the remuneration policy forms part of the Company's CG Plan.

The Board decides on the remuneration and incentive policies and practices. Director and Executive Remuneration:

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced personnel. Performance, duties and responsibilities, market comparison and independent advice are all considered as part of the remuneration process.

**Performance Evaluation**

The Performance Evaluation Policy forms part of the Company's CG Plan.

The Chairman will arrange a performance evaluation of the Board, its Committees, individual Directors and senior executives on an annual basis as appropriate. To assist in this process an independent advisor may be used.

The Board will collectively undertake a performance review of the Chairman.

The Board will oversee the evaluation of the remuneration of the Company's senior executives. This evaluation must be based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

During the reporting period, no performance review has taken place as the Board would change based on its decision on whether to support the Acquisition.