

# CORPORATE GOVERNANCE STATEMENT

Approved by the Board: 23 August 2024

# FINEXIA



**FINEXIA FINANCIAL GROUP LIMITED (ASX: FNX)**  
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## CORPORATE GOVERNANCE STATEMENT

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Finexia Financial Group Limited ('Finexia' or 'Company') is committed to the implementation and maintenance of good corporate governance practices. In terms of corporate governance, we are referring to the structures for accountability, encompassing the framework of rules, relationships, systems and processes by which authority is exercised and managed at Finexia. The Statement sets out the extent to which Finexia's Board has followed the best practice recommendations set out by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX 4th Edition) during the financial year ended 30 June 2024.

The Statement is approved and authorised by the Board.

The Statement and Corporate Governance policies, which includes below, are posted on the Finexia website: [www.finexia.com.au](http://www.finexia.com.au)

- Board Charter
- Board Performance Evaluation Policy
- Code of Conduct
- Audit and Risk Management Committee Charter
- Remuneration and Nomination Committee Charter
- Security Trading Policy
- Continuous Disclosure Policy
- Shareholder Communications Policy
- Diversity Policy

## 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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### RECOMMENDATION

- 1.1. A listed entity should have and disclose a Board charter setting out:
- the respective roles and responsibilities of its Board and management; and
  - those matters expressly reserved to the Board and those delegated to management.

### COMPLIANCE

Complies.

### COMMENT

The Board is constituted and empowered under the Company's constitution, the ASX Listing Rules and the Corporations Act 2001 (Cth). The Board's responsibilities are set out in the Company's Board Charter, a copy of which is available on the Company's website. Finexia Financial Group Limited's Board Charter is set out in the Company's Corporate Governance Policy. The Board Charter discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of Finexia to the Executive Director.

### RECOMMENDATION

- 1.2. A listed entity should:
- undertake appropriate checks before appointing a director or senior executive or putting someone forward for election, as a director; and
  - 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.

### COMPLIANCE

Complies.

### COMMENT

The Board's responsibilities in relation to director appointments are set out in the Company's Board Charter. Finexia's Board Charter is set out in the Corporate Governance Policy. Appropriate checks include character, experience, education history and background, including bankruptcy checks and police checks as part of the process.

All employees of Finexia Financial Group are subjected to appropriate checks before being made an offer of employment, including a National Police Check.

All relevant material information to a decision on whether or not to elect or re-elect a director is provided to security holders in the Notice of Meeting containing the resolution to re-elect a Director.

**RECOMMENDATION**

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

**COMPLIANCE**

Complies.

**COMMENT**

Finexia has entered into such agreements with each director and senior executive.

**RECOMMENDATION**

**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.

**COMPLIANCE**

Complies.

**COMMENT**

The Company Secretary has a direct reporting line and is accountable to the Board through the Chair.

**RECOMMENDATION**

**1.5.** A listed entity should:

- a. have and disclose a diversity policy;
- b. through its Board or a relevant committee of the Board set measurable objectives for achieving gender diversity in the composition of its Board, senior executives and workforce generally;
- c. disclose as at the end of each reporting period:
  - i. the measurable objectives set for that period to achieve gender diversity;
  - ii. the entity's progress towards achieving those objectives; and
  - iii. either:
    - 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
    - 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.

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 specific period.

**COMPLIANCE**

Does not comply.

**COMMENT**

The Company is committed to the principle of equal opportunity for all employees at all levels of employment within the Company and this is reflected in the diversity policy. The policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.



The Company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to developing a workplace that promotes diversity. The Company's policy is to recruit and manage its workforce based on merit, competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background.

The Board did not set measurable gender diversity objectives for the past financial year with respect to recommendation 1.5(c). The Board does not disclose the progress towards meeting the Policy's diversity targets at the end of each reporting period. It is the Board's intention to formalise this disclosure at a time when the size of the Company and its activities warrant such disclosures. The Company's position is reviewed annually by the Board.

## RECOMMENDATION

**1.6.** A listed entity should:

- a. have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and
- 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.

## COMPLIANCE

Does not comply.

## COMMENT

The Chairman conducts an informal review during the financial year whereby the performance of the Board as a whole and the individual contributions of each director are reviewed. The Board considers that at this stage of the Company's development this informal process is appropriate.

The Company does not disclose in each reporting period whether a performance evaluation has taken place. It is the Board's intention to formalise this disclosure at a time when the size of the Company and its activities warrant such disclosures.

## RECOMMENDATION

**1.7.** A listed entity should:

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

## COMPLIANCE

Does not comply.

## COMMENT

The Board meets annually to review the performance of executives. All senior executives' performance is assessed against the performance of the Company as a whole and against agreed performance indicators and targets.

The Company does not disclose in each reporting period whether a performance evaluation has taken place. It is the Board's intention to formalise this disclosure at a time when the size of the Company and its activities warrant such disclosures.

## 2. STRUCTURE OF THE BOARD TO ADD VALUE

### RECOMMENDATION

2.1. The Board of a listed entity should:

- a. have a nomination committee which:
  - i. has at least three members, a majority of whom are independent directors; and
  - ii. is chaired by an independent director
- and disclose:
  - iii. the charter of the committee;
  - iv. the members of the committee; and
  - v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

### COMPLIANCE

Does not comply.

### COMMENT

The Company does not have a nomination committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

Retirement and rotation of directors are governed by the Corporations Act 2001 and the Constitution of the Company. All directors, with the exception of the Managing director (if appointed), serve for a period of three years before they are requested to retire and if eligible offer themselves for re-election.

The Board is charged with addressing succession issues, ensuring the Board has the appropriate balance of skills, experience, independence and knowledge within the Company to enable it to discharge its duties and responsibilities effectively. It carries out these obligations through annual discussion on matters related to succession, Board skills and independence.

### RECOMMENDATION

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.

### COMPLIANCE

Complies.

### COMMENT

The Company has a skills or diversity matrix in relation to its Board members which reflects the current size and scope of the Company's operations. The Board will adopt a more detailed and comprehensive matrix if and when there is a significant change in the size and scale of its activities. The Board will also take account of the Board Skills Matrix in filling any Board vacancies.

**RECOMMENDATION**

**2.3.** A listed entity should disclose:

- a. the names of the directors considered by the Board to be independent directors;
- b. if a director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and
- c. the length of service of each director.

**COMPLIANCE**

Complies.

**COMMENT**

The Company discloses the names of the directors considered by the Board to be independent directors and the length of service of each director.

Mr Neil Sheather (appointed 10 November 2014)

Mr Patrick Bell (appointed 1 October 2020)

Mr Robert Spano (appointed 1 February 2024) is deemed independent.

The Company's Annual Report discloses the length of service of each director, as at the end of each financial year.

**RECOMMENDATION**

**2.4.** A majority of the Board of a listed entity should be independent directors.

**COMPLIANCE**

Does not comply.

**COMMENT**

The Board has one independent and two non-independent directors. Given the size of the company and numerous changes in the composition of the Board during the period, the Company considers that each of the directors possesses the skills and experience suitable for building the Company. Although the Company does not currently have a majority of independent directors, the current composition of the Board is considered appropriate in the circumstances. It is necessary that all Board members from time to time undertake specific executive roles, relevant to their skills and experience, given the Company's current size, operations and levels of activity.

It is the Board's intention to review its composition on a continual basis and in line with any future changes to the Company's size and level of activities.

**RECOMMENDATION**

**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.

**COMPLIANCE**

Does not comply..

**COMMENT**

There has been one chair of the Board during the year. Neil Sheather assumed the Chairmanship on 24 March 2020. The Chairman is not considered independent. The Board believes the Chairman brings expertise and impartial judgment to all relevant issues within his role as Chairman.



**RECOMMENDATION**

**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.

**COMPLIANCE**

Does not comply..

**COMMENT**

The Company does not currently have a formal induction program for new directors nor does it have a formal professional development program for existing directors. The Board does not consider that a formal induction program is necessary given the current size and scope of the Company's operations.



### 3. INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

#### RECOMMENDATION

3.1. A listed entity should articulate and disclose its values

#### COMPLIANCE

Complies.

#### COMMENT

The Finexia Group of companies are committed to conducting all business activities fairly, honestly, efficiently, with a high degree of integrity and in compliance with all applicable laws and regulatory guidelines. The Board, senior executives and employees are dedicated to high ethical standards and support the Company's commitment to compliance with these standards.

#### RECOMMENDATION

3.2. A listed entity should:

- a. have 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.

#### COMPLIANCE

Complies.

#### COMMENT

The Board has established a Code of Conduct, which is set out in the Corporate Governance Policy. The Code of Conduct provides that the Directors, senior executives and all employees will act with honesty and integrity, will avoid conflicts of interest, protect confidential and proprietary information and treat others equitably and with professionalism, courtesy and respect.

Any material breaches of the Code of Conduct are reported to the Board or a committee of the Board.

#### RECOMMENDATION

3.3. A listed entity should:

- 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.

#### COMPLIANCE

Complies.

#### COMMENT

The Company has a formal Whistleblower Policy. The Policy has provisions contained within to ensure that all material breaches of the Policy are escalated to the Board.

The Whistleblower Policy is reviewed by the Board on a continual basis in line with changes to the Company's size and level of activities.



**RECOMMENDATION**

**3.4.** A listed entity should:

- a. have and disclose an anti-bribery and corruption policy; and
- b. ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy.

**COMPLIANCE**

Complies.

**COMMENT**

The Company has a formal anti-bribery and corruption policy. The policy has provisions contained within to ensure that all material breaches of the policy are escalated to the Board.

The Board reviews the anti-bribery and corruption policy on a continual basis and in line with changes to the Company's size and level of activities.

## 4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

### RECOMMENDATION

4.1. The Board of a listed entity should:

- a. have an audit committee which:
  - i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
  - ii. is chaired by an independent director, who is not the chair of the Board;
- and disclose:
  - iii. the charter of the committee;
  - iv. the relevant qualifications and experience of the members of the committee; and
  - v. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

### COMPLIANCE

Does not comply.

### COMMENT

The Company has not established a separate audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time.

The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of an audit committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee.

The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

The external audit firm partner or an appropriate delegate responsible for the Company audit attends meetings of the Board by invitation.

**RECOMMENDATION**

**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.

**COMPLIANCE**

Complies.

**COMMENT**

Prior to approving the Annual Accounts and Half Yearly Accounts, the Board receives the necessary declaration from the Chief Executive Officer.

The Company has in place a procedure whereby prior to approval of financial statements by the Board (in addition to any formal management representation letter to the Company's auditor), the CEO provides a declaration in accordance with Sections 286 and 295(3)(b) of the Corporations Act 2001 (Cth) that financial records have been properly maintained, the financial statements comply with the accounting standards, and give a true and fair view of the financial position based on sound risk management and internal controls operating effectively.

**RECOMMENDATION**

**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.

**COMPLIANCE**

Complies.

**COMMENT**

The Company undertakes significant reviews of any information to verify its integrity prior to its release to the market. This includes separate reviews by the Board and the Company's independent external accountants. Where a release is to include matter of substance, the Company may seek additional input and guidance from its legal advisers or Auditors prior to the information being released to the market.

The Company advises the market in each instance whether the information contained in the market release is audited or unaudited.

## 5. MAKE TIMELY AND BALANCED DISCLOSURE

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### RECOMMENDATION

**5.1.** A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

### COMPLIANCE

Complies.

### COMMENT

As per ASX listing rule 3.1, the Board has adopted a continuous disclosure policy which is set out in the Corporate Governance Policy. Finexia respects the rights of its shareholders and to facilitate the exercise of those rights, the Company is committed to communicating effectively with shareholders, providing shareholders with ready access to balanced and understandable information about the Company and corporate proposals and making it easier for shareholders to participate in general meetings of the Company.

The Continuous Disclosure Policy is published on the Company's website as part of the Corporate Governance Plan.

### RECOMMENDATION

**5.2.** A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.

### COMPLIANCE

Complies.

### COMMENT

Board approval is required prior to the release of all material information concerning the Company intended to be released on the ASX markets announcement platform. The Board review and consider all material information prior to any such release.

### RECOMMENDATION

**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.

### COMPLIANCE

Complies.

### COMMENT

All substantive investor or analyst presentations are released on the ASX Markets Announcement Platform ahead of any such presentations.

## 6. RESPECT THE RIGHTS OF SECURITY HOLDERS

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### RECOMMENDATION

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

### COMPLIANCE

Complies.

### COMMENT

Finexia has established on its website [www.finexia.com.au/corporate-governance/](http://www.finexia.com.au/corporate-governance/) a corporate governance landing page from where all relevant corporate governance material can be accessed.

### RECOMMENDATION

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

### COMPLIANCE

Complies.

### COMMENT

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

### RECOMMENDATION

6.3. A listed entity should disclose how it facilitates and encourage participation at meetings of security holders.

### COMPLIANCE

Complies.

### COMMENT

The Company's Shareholders Communication Policy is designed to ensure that shareholders are informed of all relevant developments. Finexia maintains a dedicated page on its website where shareholders and the public can access all shareholder communications.

### RECOMMENDATION

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.

### COMPLIANCE

Complies.

### COMMENT

All resolutions put to security holders at the Company's AGM are decided by way of a poll. The results of the Company's AGM are subsequently released on the ASX markets announcement platform and published on the Company's website.

**RECOMMENDATION**

**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.

**COMPLIANCE**

Complies.

**COMMENT**

Through the Company's registry services provider, shareholders will be able to communicate with the Company electronically with respect to matters affecting their shareholding.

## 7. RECOGNISE AND MANAGE RISK

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### RECOMMENDATION

7.1. The Board of a listed entity should:

- a. have a committee or committees to oversee risk, each of which:
  - i. has at least three members, a majority of whom are independent directors; and
  - ii. is chaired by an independent director;
- and disclose:
  - iii. the charter of the committee;
  - iv. the members of the committee; and
  - v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

### COMPLIANCE

Does not comply.

### COMMENT

The Company does not have a separate risk management committee. The role of the risk management committee is undertaken by the full Board, which comprises a chairman, executive director and a non-executive director. The Board considers that, given the current size and scope of the Company's operations, any efficiencies or other benefits would not be gained by establishing a separate risk management committee at present. As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate risk management committee. However, the Board has adopted a risk management policy that sets out a framework for a system of risk management and internal compliance and control.

### RECOMMENDATION

7.2. The Board or a committee of the Board should:

- a. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and
- b. disclose, in relation to each reporting period, whether such a review has taken place.

### COMPLIANCE

Complies.

### COMMENT

The Board reviews the Risk Management Policy at least annually.

The Company discloses whether such a review has been undertaken.



**RECOMMENDATION**

**7.3.** A listed entity should disclose:

- a. if it has an internal audit function, how the function is structured and what role it performs; or
- b. if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

**COMPLIANCE**

Does not comply.

**COMMENT**

The Company does not have an internal audit function. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of an internal audit function at this time.

The Board as a whole, continually evaluates and improves the effectiveness of its risk management and internal control processes, and in doing so is subject to the overall supervision of the Board. Added measures adopted by the Board include regular engagement with the Company's various compliance committees that oversee the Company's activities under its Australian Financial Services Licenses.

**RECOMMENDATION**

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

**COMPLIANCE**

Does not comply.

**COMMENT**

The Board is of the view that the Company adequately discloses the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks.

The Company does not currently have material exposure to environmental and social sustainability risks.

## 8. REMUNERATE FAIRLY AND RESPONSIBLY

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### RECOMMENDATION

8.1. The Board of a listed entity should:

- a. have a Remuneration Committee which:
  - i. has at least three members, a majority of whom are independent directors; and
  - ii. is chaired by an independent director,and disclose:
  - iii. the charter of the committee;
  - iv. the members of the committee; and
  - v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have a Remuneration Committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive

### COMPLIANCE

Does not comply.

### COMMENT

The Company has a Remuneration Committee, chaired by an independent member. The Remuneration Committee is not deemed independent and hence does not comply.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate independent committees at this time.

The Board consider the current Remuneration Committee, whilst not independent, is able to address matters of remuneration to ensure that decisions centered on the same are appropriate, adequate and not excessive.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of the composition of the Company's Remuneration Committee.



# FINEXIA

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