



## 2024 CORPORATE GOVERNANCE STATEMENT

The Board of **Foresta Group Holdings Limited** (ASX: FGH, 'Foresta', 'Company' or 'Group') is responsible for the Company's overall corporate governance framework. The Board recognises the importance of good corporate governance and its role in ensuring the accountability of the Board and management to shareholders.

Foresta complied with the 4<sup>th</sup> edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('**ASX Principles and Recommendations**'), with the exception of the departures from the ASX Guidelines as set out below, for the year ended 30 June 2024 (the reporting period).

This Corporate Governance Statement ('**Statement**')

- outlines the key aspects of the Company's corporate governance framework;
- is structured and numbered in order of the ASX Principles and Recommendations;
- includes cross references to the Group's charters and policies which can be found at the Company's website; and,
- should be read in conjunction with the Directors' Report and Remuneration Report (contained in the Company's 2024 Annual Report).

This Statement, together with ASX Appendix 4G, which summarises our compliance with the ASX Principles and Recommendations, has been lodged with the ASX and is available at the Company's website.

The information provided in this Statement is current as at 22 November 2024 and has been approved by the Board.

### **ASX Corporate Governance Council Principle 1** **Lay solid foundations for management and oversight**

#### **Role of the Board**

The Board of Directors is pivotal in the relationship between shareholders and management, and the role and responsibilities of the Board underpin corporate governance.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Group's needs.

Generally, the powers and obligations of the Board are governed by the Corporations Act and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

- Ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
- Oversight of the Group including its framework of control and accountability systems to enable risk to be assessed and managed;
- Appointing and removing the Chief Executive Officer / Managing Director;

- Ratifying the appointment and, where appropriate, removal of senior executives including the Chief Financial Officer and the Company Secretary;
- Input into and final approval of management's development of corporate strategy and performance objectives;
- Monitoring senior executive's performance and implementation of strategy;
- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- Approving and overseeing Committees where appropriate to assist in the Board's function and powers.

The Functions, Powers and Responsibilities of the Board are set out in the Company's Corporate Governance Plan which is available on the Company's website.

### **Director appointment and election**

Each Director's term of appointment is subject to the provisions of the Corporations Act 2001 (Cth), the ASX Listing Rules, and the constitution of the Company.

New Non-Executive Directors (appointed by the Board during the year) are required to seek election as a Director at the Annual General Meeting (AGM) following their appointment and are then subject to re-election on a rotational basis with the other Non-Executive Directors.

No Director (other than the Managing Director) may hold office without re-election past the third AGM following their appointment or three years, whichever is longer.

Prior to each AGM, the Board determines whether it will recommend to shareholders that they vote in favour of the re-election of each Non-Executive Director seeking re-election, having regard to any matters the Board considers relevant, including the Director's performance.

Foresta provides shareholders with all material information in its possession which is relevant to a decision on whether or not to elect or re-elect a Non-Executive Director in the Notice of Annual General Meeting. The Notice of Annual General Meeting includes a statement from the Board as to whether it supports an election or re-election.

### **Written agreement**

The Company has a written agreement with each Director and senior executive setting out the terms of their appointment.

The nature of the agreements differ between those for Non-Executive Directors and those for the Executive Director and senior executives, recognising and reflecting that the latter are employees of the Group.

Directors also receive a Deed of Access, Insurance and Indemnity.

## Company Secretary

The Company Secretary is directly accountable to the Board, through the Chair, on all matters relating to the proper functioning of the Board. Each Director has direct access to the Company Secretary. The responsibilities of the Company Secretary are outlined in the Board Charter and include advising the Board on governance matters, monitoring compliance with Board policy and procedures, and the coordination of all Board business including agendas, minutes and communication with regulatory bodies including the ASX.

## Diversity

The Group is committed to workplace diversity and ensuring a diverse mix of skills amongst its directors, officers and employees.

The Group has adopted a Diversity policy which is included in the Company's Corporate Governance Plan. Due to the size of the Board and Company's operations, the Board does not presently set measurable gender diversity objectives, it strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background.

As at 30 June 2024, the proportion of women in the whole organisation is as follows:

	Male	Female
Board	100%	0%
Senior Management	100%	0%
Other Levels	50%	50%

## Board Performance Evaluation

The Board (in carrying out the functions of the Remuneration and Nomination Committees) considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board.

No formal performance evaluation of the Board was undertaken during the year ended 30 June 2024.

## Senior Executive performance evaluation

The performance of senior executives is formally evaluated annually by the Managing Director, which also includes the establishment of Key Performance Indicators (KPIs). The Managing Director also engages with each of his direct reports on an ongoing basis in relation to their performance and has regular discussions with each of them to facilitate a process of ongoing continuous improvement of their performance across technical, business and leadership criteria.

Performance evaluations for senior executives, which accords with the process described above, took place in July 2024 for the 2024 financial year.

## **ASX Corporate Governance Council Principle 2**

### **Structure of the Board to be Effective and Add Value**

#### **Board Structure and Composition**

The Board is structured so that it is comprised of individuals with the appropriate mix of skills, experience and diversity to develop and support the Company's strategy and enable it to discharge its responsibilities and add value, including facilitating effective discussion and decision-making. The Board determines its size and composition, subject to the constitution of the Company and applicable law.

The Board currently has three Directors, comprising two Executive Directors and one Non-Executive Director.

Details of each Director's appointment, qualifications and experience is set out in the Company's 2024 Annual Report.

#### **Nomination Committee**

Recommendation 2.1 requires the Board to establish a Nomination Committee.

Although the Board has adopted a Nominations Committee Charter, the Board has not formally established a Nominations Committee as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole is able to address these issues and is guided by the Nominations Committee Charter. The Company will review this position annually and determine whether a Nominations Committee needs to be established.

The Nomination Committee Charter is set out in the Company's Corporate Governance Plan which is available on the Company's website.

#### **Board Skills Matrix**

The Company is currently developing an appropriate board skills matrix and this will be included in the 2025 Corporate Governance Statement.

#### **Director Independence**

Corporate Governance Council Recommendation 2.4 requires a majority of the Board to be independent Directors. The Corporate Governance Council defines independence as being free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material capacity to bring independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.

In the context of Director independence, "materiality" is considered from both the Group and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the

direction of the Group.

In accordance with the Council's definition of independence above and the materiality thresholds set, all of the Company's directors are not considered independent therefore the Group does not currently comply with Recommendation 2.4. However, Directors consider that the Company is currently not of a size nor are its affairs of such complexity that the current structure of the Board will have a negative impact on the performance of the Company:

<b>Name</b>	<b>Position</b>	<b>Reason for non-compliance</b>
H. Cheng	Executive Director and Chair	Director is engaged by the Company in an executive capacity
M. Fabiani	Executive Director	Director is engaged by the Company in an executive capacity
R. Allen	Non-Executive Director	N/A

Foresta considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. Despite not being a majority independent Board, the Directors noted above have been appointed to the Board of Foresta due to their considerable industry and corporate experience.

#### **Induction and Professional Development**

Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Group's expense. Written approval must be obtained from the Chair prior to incurring any expense on behalf of the Group. Informal induction is provided to any new directors.

#### **ASX Corporate Governance Council Principle 3 Instil a Culture of Acting Lawfully, Ethically and Responsibly**

The Group is committed to conducting all of its business activities fairly, honestly and with a high level of integrity, and in compliance with all applicable laws, rules and regulations. The Board, management and employees are dedicated to high ethical standards and recognise and support the Company's commitment to compliance with these standards.

To assist directors in discharging their duty to the Group and in compliance with relevant laws to which they are subject, the Group has adopted a Corporate Code of Conduct, Whistleblower, Anti-Corruption and Anti-Bribery policy within its Corporate Governance Plan which is available from the Company's website.

#### **ASX Corporate Governance Council Principle 4 Safeguard the Integrity of Corporate Reports**

##### **Audit Committee**

Although the Board has adopted an Audit and Risk Committee Charter, the Board has not constituted a formal Audit and Risk Committee during this reporting period as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board is able to address these issues and is guided by the Audit and Risk Management Committee Charter. The Company will review this position annually and determine whether a Audit and Risk Committee needs to be established.

The Audit and Risk Committee Charter is set out in the Company's Corporate Governance Plan which

is located on the Company's website.

### **Certification of financial reports**

The Board receives written assurances from the Executive Chair and the Chief Financial Officer prior to the Board's approval of the Group's half-year and full-year financial statements. In relation to the 2024 financial year the Executive Chair and the Chief Financial Officer confirmed that, in their opinion, the Group's financial records:

- are properly maintained;
- comply with the appropriate accounting standards and present a true and fair view of the financial position and performance of the Company;
- the consolidated entity disclosure statement required by subsection 295(3A) is true and correct; and,
- are formed based on a sound system of risk management and internal control which is operating effectively.

### **Releases to Market**

The Board ensures that management provide sufficient additional information to ensure the integrity of periodic corporate reports disclosed to the market and, if appropriate, certain declarations are provided by management regarding the underlying assumptions and procedures that have been implemented to ensure this integrity.

### **External Auditor**

The Group ensures that its external auditor is present at the AGM to answer any questions with regard to the efficacy of the financial statement audit and the associated independent audit report.

### **ASX Corporate Governance Council Principle 5 Make Timely and Balanced Disclosure**

The Group has adopted a Continuous Disclosure Policy which is included in the Corporate Governance Plan that duly complies with ASX and ASIC requirements for the timely and accurate reporting of the Group's financial activities, thus ensuring that the Group has disclosed all information which has a material impact on shareholders. This includes the Annual Financial Report, Interim Financial Report, quarterly cash flows, operational updates and changes in directors and shareholder interests and other events which are identified to be material. All ASX announcements are available on the Company's website.

The Company Secretary is responsible for communication with the ASX, including responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and oversight of information distributed to the ASX.

### **ASX Corporate Governance Council Principle 6 Respect The Rights of Security Holders**

The Board of Directors has adopted a Shareholder Communication Strategy which is included in the Corporate Governance Plan which aims to promote and facilitate effective two-way communication with investors. Information is communicated to shareholders through the Annual Report, Interim Financial Report, announcements made to the ASX, notices of Annual General and Extraordinary General Meetings and at the AGM and Extraordinary General Meetings.

Information regarding the Group and its governance is available in the Corporate Governance Plan

which can be found on the Company's website.

The Board encourages full participation of shareholders at Annual and Extraordinary General Meetings to ensure a high level of accountability and identification with the Group's direction, strategy and goals. In particular, shareholders are responsible for voting on the re-election of directors.

The Group also offers shareholders the option to receive ASX announcements and other notices from the Company electronically.

### **ASX Corporate Governance Council Principle 7 Recognise and Manage Risk**

#### **Audit Committee**

Although the Board has adopted an Audit and Risk Committee Charter, the Board has not constituted a formal Audit and Risk Committee during this reporting period as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board is able to address these issues and is guided by the Audit and Risk Management Committee Charter. The Company will review this position annually and determine whether a Audit and Risk Committee needs to be established.

The Audit and Risk Committee Charter is set out in the Company's Corporate Governance Plan which is located on the Company's website.

#### **Risk Management Framework**

The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further detail of the Company's risk management policies can be found within the Audit and Risk Committee Charter.

Recommendation 7.2 requires that the Board review the Company's risk management framework and disclose whether such a review has taken place. Business risks are considered regularly by the Board and management at management and Board meetings. A formal report to the Board as to the effectiveness of the management of the Company's material business risks has not been formally undertaken.

#### **Internal Audit**

The Company does not have a separate internal audit function. The Board considers that the Company is not currently of the size or complexity to justify a separate internal audit function, and that appropriate internal financial controls are in place. Such controls are monitored by senior financial management and the Board.

#### **Environmental and Social Risks**

The Directors' Report sets out some of the key risks relevant to the Company and its operations. Although not specifically defined as such, the risks include economic, environmental and social sustainability risks. As noted above, the Company regularly reviews risks facing the Company and adopts appropriate mitigation strategies where possible.

## **ASX Corporate Governance Council Principle 8 Remunerate fairly and responsibly**

### **Remuneration Committee**

Although the Board has adopted a Remuneration Committee Charter, the Board has not formally established a Remuneration Committee as the Directors consider that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of this Committee. The Board as a whole considers themselves to have sufficient legal, corporate, commercial and industry experience in the context of the Company's affairs to properly assess the remuneration issues required by the Group and is able to address these issues while being guided by the Remuneration Committee Charter. The Company will review this position annually and determine whether a Remuneration Committee needs to be established.

The Remuneration Committee Charter is set out in the Company's Corporate Governance Plan which is available from the corporate governance section of the Company's website.

### **Board and Executive Remuneration**

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of Executive Directors' and Officer's remuneration to the Company's financial and operations performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives
- attraction of quality management to the Group
- performance incentives which allow executives, management and staff to share the rewards of the success of Foresta Group Holdings Limited.

For details on the amount of remuneration and all monetary and non-monetary components for Key Management Personnel during the period, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Foresta Group Holdings Limited and the performance of the individual during the period.

There is no scheme to provide retirement benefits to directors other than statutory superannuation.

### **Remuneration Policy**

The Group's remuneration policy is also further detailed in the Remuneration Report in the Directors Report.

### **Non-Executive Director Remuneration**

Non-Executive Directors are remunerated at market rates for time, commitment and responsibilities. Non-Executive Directors are remunerated by fees as determined by the Board. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Independent consultancy sources provide advice, as required; ensuring remuneration is in accordance with market practice. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company and are, subject



to approval by shareholders, periodically offered options and/or performance rights.

The Company has adopted a Trading Policy within the Corporate Governance Plan, however the policy does not include a prohibition on hedging, aimed at ensuring participants do not enter into arrangements which would have the effect of limiting their exposure to risk relating to an element of their remuneration.

### **Other Information**

Further information relating to the Group's corporate governance practices and policies has been made publicly available on the Company's website.