

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

K2fly Limited

ABN / ARBN:

69 125 345 502

Financial year ended:

30 June 2019

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: <https://k2fly.com/investor/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 27 September 2019 and has been approved by the board.

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

Date: 27 September 2019

Name of Company Secretary authorising lodgement: Catherine Grant-Edwards

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

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 rule 4.10.3.

<sup>2</sup> "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.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

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.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>and</b> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Board Charter at <a href="https://k2fly.com/investor/corporate-governance/">https://k2fly.com/investor/corporate-governance/</a>	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate 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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	

<sup>4</sup> 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.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) 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>		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>and</b>	
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
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>[[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</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, 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</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance</p> <p>... and, the information referred to in paragraph (b) is not applicable</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement and <input checked="" type="checkbox"/> in our Code of Conduct at <a href="https://k2fly.com/investor/corporate-governance/">https://k2fly.com/investor/corporate-governance/</a>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
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>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our 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"/> in our Corporate Governance Statement</p>	
4.2	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
4.3	<p>A 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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>and</b> <input checked="" type="checkbox"/> in our Continuous Disclosure Policy at <a href="https://k2fly.com/investor/corporate-governance/">https://k2fly.com/investor/corporate-governance/</a>	
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="https://k2fly.com/investor/corporate-governance/">https://k2fly.com/investor/corporate-governance/</a>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>and</b> <input checked="" type="checkbox"/> in our Shareholders Communication Policy at <a href="https://k2fly.com/investor/corporate-governance/">https://k2fly.com/investor/corporate-governance/</a>	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>and</b> <input checked="" type="checkbox"/> in our Shareholders Communication Policy at <a href="https://k2fly.com/investor/corporate-governance/">https://k2fly.com/investor/corporate-governance/</a>	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
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>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> 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</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement and processes /procedures for risk review in its Risk Management and Internal Compliance and Control Policy at <a href="https://k2fly.com/investor/corporate-governance/">https://k2fly.com/investor/corporate-governance/</a></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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 risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
7.4	<p>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.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://k2fly.com/investor/corporate-governance/">https://k2fly.com/investor/corporate-governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
8.2	<p>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>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>and</b></p> <p><input checked="" type="checkbox"/> in our Annual Report.</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>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement.</p>	

## 2019 CORPORATE GOVERNANCE STATEMENT

### BASIS OF PREPARATION

The Board of Directors of K2fly Ltd (**Company**) is responsible for the corporate governance of the Company and guides and monitors the business and affairs of the Company on behalf of its shareholders.

The format of this 2019 Corporate Governance Statement is based on ASX Corporate Governance Council's (the **Council**) *Corporate Governance Principles and Recommendations* (3<sup>rd</sup> edition). In accordance with the Council's recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period.

Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. The Company's Corporate Governance Statement is structured with reference to the Council's principles and recommendations, which are as follows:

<b>Principle 1</b>	Lay solid foundations for management and oversight
<b>Principle 2</b>	Structure the board to add value
<b>Principle 3</b>	Act ethically and responsibly
<b>Principle 4</b>	Safeguard integrity in corporate reporting
<b>Principle 5</b>	Make timely and balanced disclosure
<b>Principle 6</b>	Respect the rights of security holders
<b>Principle 7</b>	Recognise and manage risk
<b>Principle 8</b>	Remunerate fairly and responsibly

Commensurate with the spirit of the *Corporate Governance Principles and Recommendations*, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and Board, resources available and activities of the Company. Where the Company's corporate governance practices depart from the *Corporate Governance Principles and Recommendations*, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Company's corporate governance statement and practices were:

- in place throughout the year ended 30 June 2019; and
- approved by the Board.

#### Registered Office

Level 1, Grand Central, 26 Railway Road  
Subiaco WA 6008  
T +61 8 6333 1833 • E info@k2fly.com  
[www.k2fly.com](http://www.k2fly.com)

For further information on the Company's corporate governance statement and adopted policies, please refer to its website: [k2fly.com/investor/corporate-governance/](http://k2fly.com/investor/corporate-governance/).

The Company revised its corporate governance policies on 27 September 2019. The policies referred to in this Corporate Governance Statement are in respect of the policies in place as at 30 June 2019, unless otherwise indicated.

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

*A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.*

The Board is ultimately accountable for the performance of the Company and is responsible for the strategic direction, policies, practices, establishing goals for management and the operation of the Company. It appoints the Chief Executive Officer (Executive Director) and approves the appointment of other Executive Directors and assesses their performance on an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications.

Management is responsible for implementing the Board's strategy, day-to-day operational aspects, and ensuring that all material risks and performance issues are brought to the Board's attention. They must operate within the authority delegated to the position, as set by the Board.

The Company has adopted a Board Charter that sets out the objectives, responsibilities and administration of the board of directors and its relationship with the Chief Executive Officer of the Company, and any committees of the Board that may be established.

A copy of the Board Charter adopted by the Company is available from the Company's website at [k2fly.com/investor/corporate-governance/](http://k2fly.com/investor/corporate-governance/).

The Company undertakes a comprehensive screening and verification process prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any material way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of non-executive directors, executive directors and senior executives are agreed upon and set out in writing at the time of each appointment. The agreement sets out: remuneration (including superannuation entitlements); requirement to disclose interests and matters which may affect independence; requirement to comply with key corporate policies (including the Company's Code of Conduct and Securities Trading Policy); policy on when directors may seek independent professional advice at the expense of the Company (which generally should be whenever directors, especially non-executive directors, judge such advice necessary for them to discharge their responsibilities as directors); the circumstances in which the director's office becomes vacant; indemnity and insurance arrangements; ongoing rights of access to corporate information; and ongoing confidentiality obligations.

A copy of the Code of Conduct and Securities Trading Policy adopted by the Company are available from the Company's website at [k2fly.com/investor/corporate-governance/](http://k2fly.com/investor/corporate-governance/).

The Company Secretary reports directly to the Board through the Chair and is accessible to all directors. The Company Secretary advises the Board and its committees on governance matters; monitors that Board and committee policy and procedures are followed; coordinates the timely completion and despatch of Board and committee papers; and ensures that the business at Board and committee meetings is accurately captured in the minutes.

The Company has not adopted a formal diversity policy. The Company respects and values the benefit of diversity throughout the Company in order to enrich the Company's perspective, improve corporate performance, increase shareholder value and maximise the probability of achievement of the Company's objectives. However, given the size and nature of the Company's operations, the Company has not implemented a formal policy with respect to diversity.

The Company has a Performance Evaluation Practices policy which is available from the Company's website at [k2fly.com/investor/corporate-governance/](http://k2fly.com/investor/corporate-governance/).

Performance evaluations were conducted on the Board's performance, and in respect of senior management's performance for the year ended 30 June 2019.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE.**

*A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.*

Details of the Board of directors, their appointment date, length of service and independence status is as follows:

<b>Director's name</b>	<b>Role</b>	<b>Length of service</b>	<b>Independent</b>
Brian Miller	Chief Executive Officer and Executive Director	18 November 2016 – present	No
Neil Canby	Non-Executive Director	14 February 2017 – present	Yes
James Deacon	Non-Executive Director	14 February 2017 – present	Yes
Jenny Cutri	Non-Executive Chair	15 September 2017 – present	Yes

The Board regularly and at least annually as part of the Board evaluation process conducts a review of its structure, composition and performance. This is also in accordance with the Board Performance Evaluation Policy available from the Company's website at [k2fly.com/investor/corporate-governance/](http://k2fly.com/investor/corporate-governance/).

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required to effectively govern the Company. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Company does not maintain a nomination committee, as it is considered that the current size of the Board does not warrant the formal establishment of a separate committee. The Board as a whole is responsible for the nomination and selection of directors.

It is intended that the Board should comprise Directors having qualifications, skills, expertise and experience from a diverse range of backgrounds, including financial acumen, governance, regulatory, risk management and industry experience, which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.

When the need for a new director is identified, the required experience and competencies of the new director will be defined in the context of this matrix and any gaps that may exist.

Generally, a list of potential candidates will be identified based on these skills required and other issues such as geographic location and diversity criteria. Candidates will be assessed against the required skills and on their qualifications, backgrounds and personal qualities. In addition, candidates are sought who have a proven track record in creating security holder

value and the required time to commit to the position. Appropriate background and other checks are undertaken before finalising the appointment.

This process and the skills matrix are used in the consideration and any new appointments to the Board.

New directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

Details of the skills, experience and expertise relevant to the position of each Director who is in office will be included in each Annual Report.

The Board is currently comprised of a majority of independent directors with a range of skills and experience.

The Company has adopted a definition of "independence" that is consistent with the ASX's *Corporate Governance Principles and Recommendations*.

With effect from 1 July 2018, Jenny Cutri transitioned to the role of Non-Executive Chair, which means the Company now has an independent chair.

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to obtain independent professional advice on any matter connected with the discharge of their responsibilities, with prior notice to the Chairman, at the Company's expense.

An induction program is followed for any new directors and all directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

### **PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY.**

*A listed entity should act ethically and responsibly.*

The Company maintains Codes of Conduct for its directors, senior executives and employees. In summary, the Codes of Conduct require that each person: act honestly and with integrity, operate within the law, follow the Company's policies, act in good faith and in the best interests of the Company; exercise a duty of care; use the powers of office in the best interests of the Company and not for personal gain; declare any conflict of interest; safeguard the Company's assets and information; and not undertake any action that may jeopardise the reputation of Company. The Codes of Conduct also addresses corporate misconduct (including fraud, unlawful or unethical payments or inducements) and the consequences of any breaches to the Codes. The Codes are reviewed as necessary to ensure they reflect the high ethical standards of conduct necessary to maintain confidence in the Company's integrity.

The Codes of Conduct - are available from the Company's website at [k2fly.com/investor/corporate-governance/](http://k2fly.com/investor/corporate-governance/).

### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING.**

*A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.*

During the year ended 30 June 2019 the Company did not maintain an audit committee, as it was considered that the size and composition of the Board did not warrant the formal establishment of a separate committee. The Board performed the functions of such a committee which included review and monitoring of periodic management information and the systems used to generate financial information that provided the content for the Annual

Report. The Board has processes in place to ensure that it can independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external audit and the rotation of the audit engagement partner. If necessary, the Board appoints external independent professionals to provide the necessary independent verification.

In accordance with the ASX Recommendation 4.3, the audit engagement partner will attend the AGM and be available to answer shareholder questions from shareholders relevant to the audit. In accordance with the ASX Recommendations 4.2 the Company's Chief Executive Officer provided the Board with the required declarations for the financial year ended 30 June 2019 and the half-year ended 31 December 2018.

The Audit Committee Charter is available from the Company's website at [k2fly.com/investor/corporate-governance/](http://k2fly.com/investor/corporate-governance/).

#### **PRINCIPLE 5: MAKING TIMELY AND BALANCED DISCLOSURE.**

*A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.*

The Company has adopted a formal written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.

This policy outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its market communications.

The Company's Continuous Disclosure Policy is available from the Company's website at [k2fly.com/investor/corporate-governance/](http://k2fly.com/investor/corporate-governance/).

#### **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS.**

*A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.*

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

As part of the Company's developing investor relations program, shareholders can access market announcements via the Australian Securities Exchange, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the Australian Securities Exchange is immediately posted.

The Company's Shareholder Communication Policy is available from the Company's website at [k2fly.com/investor/corporate-governance/](http://k2fly.com/investor/corporate-governance/).

The Company maintains information in relation to governance documents, Board and committee charters, annual reports, Australian Securities Exchange announcements and contact details on the Company's website, [k2fly.com/investor/corporate-governance/](http://k2fly.com/investor/corporate-governance/).

The Company continuously reviews its website to identify ways in which it can promote its greater use by shareholders and make it more informative.

The Board engage with investors (and are encouraged to participate) at all general meetings and the AGM and respond to shareholder enquiry on an ad hoc basis. Material communications are dispatched to investors either via email, surface mail, and/or via market announcement.

The Company engages its share registry to manage most of its communications with shareholders. Shareholders are encouraged to receive correspondence from the Company

electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through its share registry, Advanced Share Registry at [advancedshare.com.au/](http://advancedshare.com.au/).

#### **PRINCIPLE 7: RECOGNISE AND MANAGE RISK.**

*A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.*

During the year ended 30 June 2019 the Company did not maintain a risk committee, as it was considered that the size of the Company and composition of the Board did not warrant the formal establishment of a separate committee.

During the period the Board as a whole performed the function of such a committee which included setting of corporate governance policy and exercising due care and skill in assessing risk, developing strategies to mitigate such risk, monitoring the risk and the Company's effectiveness in managing it. The Board oversees an ongoing 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 by the Board to report back on the efficiency and effectiveness of risk management, and on any risks that have been identified.

The Company is of the view that its operations do not create a material exposure to economic, environmental and social sustainability risks.

The Company has adopted a Risk Management and Internal Compliance and Control Policy which is available from the Company's website at [k2fly.com/investor/corporate-governance/](http://k2fly.com/investor/corporate-governance/).

A review of the Company's risks was undertaken by the Board and executive management during the reporting period. The Company has developed a risks register/matrix – whereby risks are stated and classified in terms of probability and impact and each risk is given an overall risk rating. A process has also been implemented whereby the risks register is reviewed by the Board on a regular basis.

#### **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY.**

*A listed entity should pay each director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.*

James Deacon is the independent chair of the Remuneration Committee, with Neil Canby and Jenny Cutri as members.

During the year ended 30 June 2019, there was three (3) meetings of the Committee held, attended by all members.

The function of the Committee includes making recommendations in connection with setting the Company's remuneration structure, determining eligibilities to incentive schemes, assessing performance and remuneration of senior management and determining the remuneration and incentives of the Board and Chief Executive Officer. The Committee may obtain external advice from independent consultants, where it is considered appropriate, in determining the Company's remuneration practices including remuneration levels. During the year, the Remuneration Committee obtained independent advice from BDO, on the structure of its employee incentive scheme for senior key persons within the Company. BDO

also provided guidance on appropriate remuneration levels for the CEO, Chief Commercial Officer and Non-Executive Directors.

Details in relation to the Company's remuneration policies are contained in the Remuneration Report, within the Directors' Report in the Company's Annual Report.

During the year ended 30 June 2019, the Company granted securities under an equity-based remuneration scheme to employees. The Company's Securities Trading Policy prohibits employees, directors and officers from entering into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair.

This prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

The Remuneration Committee Charter is available from the Company's website at [k2fly.com/investor/corporate-governance/](http://k2fly.com/investor/corporate-governance/).