

# Corporate Governance Statement

**Dated: 30 September 2020**

## **PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

### **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 small nature of the company and its controlled entities lead to the board taking a proactive role in the decision making and performance management of the group under the guidance of the Chairman.

The role of the board and senior executives are not set out in prospective terms but left to the Chairman and Managing Director to determine based on their assessment of current circumstances and the competencies of board members and executives to achieve effective outcomes. The roles and expectations of those selected to manage is then communicated to them in face-to-face discussions.

From the guidelines for board responsibilities set out in the commentary to this recommendation the board takes responsibility for:

- overseeing the company, including its control and accountability systems
- providing input and final approval of management's development of corporate strategy and performance objectives
- reviewing, ratifying and monitoring systems of risk management, internal control, codes of conduct and legal compliance
- monitoring, appointing and removing senior executives and performance and implementation of strategy
- where appropriate providing sufficient resources to senior executives
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestures approving and monitoring financial and other reporting to external parties.

### **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 board is responsible for approving and providing all relevant material information on directors who will come before shareholders for election at the AGM.

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

The terms of each director's appointment is defined in the company's constitution. In addition the company and its subsidiaries have written agreements with its executive directors and senior executives.

**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 company secretary Richard Rees, who is also the managing director, is responsible for all matters to do with the proper functioning of the board and is directly accountable to the board.

**1.5 A listed entity should:**

**(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;**

Sietel's diversity policy can be found on our website at [www.sietel.com.au](http://www.sietel.com.au)

**(b) disclose that policy or a summary of it; and**

Please see (a) above.

**(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:**

The current measurable objective is to achieve a minimum of 40% diversity in the chief entity by 2025, we are currently working towards this target.

**(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**

Please see the "Information on Directors" section of the most recent annual report.

**(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.**

Sietel Limited is not a "relevant employer" under the Act.

**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**

The Board policy for determination of the nature and amount of remuneration for directors and senior executives is based on the yearly Chairman and Managing Director's assessment of individual's performance and the general overall performance of the company.

It is the stated policy that depending on this assessment, the level of remuneration may be increased or decreased after a review from its previous level.

The criteria on which individual performance is assessed are:

- technical knowledge and skills in light of current levels for the applicable occupation or profession
- application by the individual of their knowledge and skills to their tasks
- the ability and success in imparting their knowledge, skills and work ethic to personnel assigned to them
- the ability to complete assignments successfully and in the allocated time
- the ability to assist the company and or subsidiaries to achieve profitable short, medium and long term performance and growth by delivering customers with quality, competitively priced and innovative products and services.

**(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

An internal evaluation of the directors and senior executives has been undertaken based on the performance of the company as a whole.

**1.7 A listed entity should:**

**(a) have and disclose a process for periodically evaluating the performance of its senior executives; and**

Please see 1.6 (a) above.

**(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

Please see 1.6 (b) above.

## **PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE**

### **2.1 The board of a listed entity should:**

- (a) have a nomination committee which:**
    - (1) has at least three members, a majority of whom are independent directors; and**
    - (2) is chaired by an independent director,**
- and disclose:**
- (3) the charter of the committee;**
  - (4) the members of the committee; and**
  - (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**
- (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.**

The small size of the company leads to the existence of a small board, which does not lend itself to the formation of committees instead; the role of the nomination committee is carried out by the full Board.

The selection of senior executives and directors is based on direct knowledge of applicant's backgrounds making seamless induction, and allowing selected executives to participate in decision making at the earliest opportunity.

### **2.2 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.**

Please see the "Information on Directors" section of the most recent annual report.

**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.**

The Board has no independent directors. The Chairman, Managing Director and the Non-executive director all have a relevant interest in the chief entity directly and indirectly, please see directors' interest disclosure in the most recent annual report for details. The board believes that increasing its size to include a number of independent directors is not warranted at this time of the company's development.

Independence is brought to bear through the Directors' commercial knowledge, experience and expertise. Directors have access to all staff and if required independent professional advice with the cost of the latter being funded by the Company provided prior approval of one other Director is obtained for the specific amount of the proposed expenditure.

The term in office held by each director at the date of this report is as follows:

Name	Term in office
Mr Delwyn G. Rees	53 years
Mr Richard Rees	38 years
Mr Geoffrey Rees	10 years

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

Please see 2.3 above.

**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 role of the managing director is performed by Mr Richard Rees, while the role of chair is performed by Mr Geoffrey Rees.

Mr Geoffrey Rees is not an independent director, please see 2.3 above.

**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 directors, with their many years of experience, have and still are involved in a number of diverse activities outside the day to day operations of the group companies.

## **PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY**

### **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.**

The Directors will continue to maintain their high standard of decision-making and promote and encourage ethical behaviour of all employees.

The Directors believe personal integrity and honesty is the key, rather than documented codes or company regulations, to enable maintenance of high standards of business practice.

## **PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

### **4.1 The board of a listed entity should:**

- (a) have an audit committee which:**
    - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**
    - (2) is chaired by an independent director, who is not the chair of the board,**
- and disclose:**
- (3) the charter of the committee;**
  - (4) the relevant qualifications and experience of the members of the committee; and**
  - (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**
- (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.**

The small size of the company leads to the existence of a small board, which does not lend itself to the formation of committees, instead the role of the audit committee is carried out by the full Board.

All members of the board are qualified to participate in this role due to their extensive experience in and knowledge of, the industry in which the company and its subsidiaries operates, in addition Mr Delwyn G. Rees, Mr Richard Rees & Mr Geoffrey Rees have accounting qualifications. Sietel Limited considers these qualifications an adequate substitution for a formal charter at this stage in the company's development.

Our current external audit firm is Nexia Melbourne Audit Pty Ltd and they rotate their engagement partner every 5 years.

**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.**

We are compliant with the above by issuing the board with an equivalent 'Managing Director's Declaration'.

**4.3 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.**

Our AGM is attended by the audit engagement partner who is available for questions from shareholders relevant to the audit.

## **PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

**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.**

The Board has the policy that all company announcements to the shareholders and ASX are approved prior to issue by at least two Directors as well as being timely, factual and in accordance with the law.

The Board also appreciates the need in the very competitive industries which its controlled entities and it operate, that disclosure to the market does not release competitively sensitive information which would be unnecessarily prejudicial to the interests of the Group and the Company shareholders.

Shareholder inquiries during the course of the year are addressed by the Managing Director or Chairman in a timely manner.

## **PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS**

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

Information about Sietel and its subsidiaries, as well as governance information via this corporate governance statement are available on the Sietel Limited website, [www.sietel.com.au](http://www.sietel.com.au)

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

A hardcopy of the annual report is sent to all shareholders who have their current address registered with the Company and have requested this option to be utilized. This includes a notice to attend the Annual General Meeting (AGM). All shareholders are able to receive a hardcopy of published annual reports on request or can obtain a copy online which is available on our website at [sietel.com.au](http://sietel.com.au), or through the ASX website, [asx.com.au](http://asx.com.au).

The Annual Report is prepared, on a no nonsense, uncluttered and to the point basis, to assist non technocrats in gaining a reasonable understanding of the group and its individual entities' performance over the year and financial position at year end.

The AGM is held at one of the Company's premises which provides free parking and easy access. The format of the meeting provides shareholders with the opportunity to ask questions of the Directors and the Auditor or his nominated representative.

Shareholder inquiries during the course of the year are addressed by the Managing Director or Chairman in a timely manner.

The Chief Entity's two major subsidiaries have web sites which provide information relevant to their products allowing shareholders to become better acquainted with the business.

**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.**

Please see 6.2 above.

**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.**

Electronic queries can be sent to our Managing Director via email. Details of communication options for our security registry can be found at <http://www.boardroomlimited.com.au/>



## **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

### **7.1 The board of a listed entity should:**

- (a) have a committee or committees to oversee risk, each of which:**
    - (1) has at least three members, a majority of whom are independent directors; and**
    - (2) is chaired by an independent director,**
- and disclose:**
- (3) the charter of the committee;**
  - (4) the members of the committee; and**
  - (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**
- (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.**

At present Sietel Limited does not employ a risk committee. The board recognises that there are many areas of risk that effect the going companies operations. The following though will have the greatest impact; operational risks, compliance risks, strategic risks, reputation and brand risks, product or service quality risks, financial reporting risks and market-related risks.

Management with the support of the board has taken the following actions to minimise the areas of risk faced by the group companies; Appointed qualified and experienced directors and staff, set standards for behaviour, have comprehensive insurance policies which are reviewed annually, segregation of duties, delegated limits of authority, reliable and stable management, reporting systems and accounting controls, procedures for managing financial risks and the treasury function, and defined organisational structure and management responsibilities.

### **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**
- (b) disclose, in relation to each reporting period, whether such a review has taken place.**

The board has received, reviewed and discussed regular presentations from management as to the effectiveness of the company's management of its material business risks.

### **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**

Our subsidiary Cook's Body Works contracts a consultant to ensure they continue to comply with integrity and efficiency standards mainly ISO 9000. Sietel Limited and other subsidiaries continuously monitor internal processes via in house staff for adequate oversight and efficiency.

**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.**

Please see 7.1 above.

## **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

**8.1 The board of a listed entity should:**

- (a) have a remuneration committee which:**
  - (1) has at least three members, a majority of whom are independent directors; and**
  - (2) is chaired by an independent director,**
- and disclose:**
  - (3) the charter of the committee;**
  - (4) the members of the committee; and**
  - (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**
- (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.**

The small size of the company leads to the existence of a small board, which does not lend itself to the formation of committees instead; the role of the remuneration committee is carried out by the full Board.

The Board, with its experience in the relevant industries in which group companies operate plus reference to independent survey information combined with regular in depth meetings between staff and the Managing Director, have implemented a policy of fair remuneration based on individual and relevant company or divisional and group performance.

Long term rather than short term performance has been the overriding objective, along with assessment of the dedication and commonly held objectives, plus the ability of the relevant business to achieve a return on the investment in time, money and intellectual property.

**8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.**

Please see 1.6 as well as 8.1 for policies and criteria remuneration is based on. Current remuneration payments to Directors (Executive and Non-Executive) are disclosed in the Annual Report.

**8.3 A listed entity which has an equity-based remuneration scheme should:**

- (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**
- (b) disclose that policy or a summary of it.**

Sietel Limited does not currently have an equity-based remuneration scheme.