

## CORPORATE GOVERNANCE STATEMENT FY 2020

The Board of Accent Resources N.L. (ACS or the Company) is committed to providing its security holders a satisfactory return and fulfilling its corporate governance obligations in the best interests of the Company and its stakeholders.

This Corporate Governance Statement outlines the key aspects and approach that ACS takes in respect of its governance arrangements and practices. The Board reviews the governance framework on a regular basis to ensure a consistent and appropriate standard of practice is in place and meets security holder and market expectations.

The ACS Board has formed a view that for the reporting period 2019-20, based on its current size, scope and activities, it has in all material respects complied with or had an equivalent process in place to meet the ASX Corporate Governance Council's 4<sup>th</sup> edition Principles and Recommendations<sup>1</sup>.

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

#### Recommendation 1.1

*A listed entity should have and disclose a board charter setting out:*

- (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.*

ACS has in place a Board Charter which sets out, amongst other things:

- a. The role of the Board to undertake all of the following:
  - i. Appointment of the Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
  - ii. Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
  - iii. Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
  - iv. Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
  - v. Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
  - vi. Approving the annual, half yearly and quarterly accounts;
  - vii. Approving significant changes to the organisational structure;
  - viii. Approving the issue of any shares, options, equity instruments or other securities in the Company;
  - ix. Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
  - x. Recommending to security holders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them;
  - xi. Meeting with the external auditor, at their request, without management being present; and
  - xii. Any matter that the Board determines to reserve to itself for the purposes of decision making.
- b. The role and responsibility of management as follows:
  - i. The Board delegations to the relevant appointed CEO or other appointed management, the management of the day-to-day operations and administration of the Company, consistent with the objectives and policies set down by the Board.
  - ii. The CEO or appointed management is directly accountable to the Board for the performance of the management team.

The Charter is available on the ACS website at [www.accentresources.com.au](http://www.accentresources.com.au) in the Corporate Governance Plan.

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<sup>1</sup> A full copy of the ASX Corporate Governance Council Principles and Recommendations, 4<sup>th</sup> Edition, February 2019 can be found at: <https://www.asx.com.au/regulation/corporate-governance-council.htm>

## Recommendation 1.2

*A listed entity should:*

- (a) Undertake appropriate checks before appointing a director or senior executive or putting someone forward 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.*

ACS completes a due diligence process prior to the appointment of a new director or senior executive, and where a person is standing for re-election to the Board, including background screening and ensuring the individual meets the knowledge, skills and experience requirements set out by ACS for that position.

The due diligence process includes, but is not limited to, background screening, confirmation of qualifications, prior roles held and whether the person has been the subject of any regulatory enforcement action (such as a banning order or similar).

In the case of security holder election or re-election of directors, relevant information is provided as part of the Resolution for that election, and includes:

- i. Details of the director for election or re-election (full name)
- ii. Relevant experience, skills and knowledge of the director for election or re-election including current and prior board expertise
- iii. The requirements of the ACS Constitution in respect of the director nomination (terms and conditions of appointment, whether new or re-appointment of an existing director); and
- iv. The recommendation of the ACS Board other than the person standing for re-election, or the full board where it is a new director appointment.

## Recommendation 1.3

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

The Directors' terms of appointment are governed by the Constitution of the Company. A Director appointed to fill a casual vacancy, or as an addition to the Board, only holds office until the next general meeting of members and must then retire. After providing for the foregoing, one-third of the remaining Directors (excluding the Managing Director) must retire at each annual general meeting of members. The term of office held by each director in office at the date of this Annual Report is set out in the Directors Report.

All Directors of the Company have direct access to the management of the Company and, where necessary, to external advisers.

Each Director has the right to request independent professional advice at the expense of the Company, which request is not to be unreasonably withheld.

Senior executive appointments are made under negotiated contract terms and set out the minimum requirements of the role, conduct expectations and where appropriate those matters that deal with performance and remuneration, particularly in circumstances where there is an equity-based remuneration component.

## 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.*

The ACS Company Secretary is directly accountable to the Board through the Chair of the Board, in relation to those matters that relate to the functioning of the Board.

For all other matters, the Company Secretary reports directly to the Chief Executive Officer.

### Recommendation 1.5

*A listed entity should:*

- (a) Have and disclose a diversity policy;*
- (b) Through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and*
- (c) Disclose in relation to each reporting period:*
  - 1. The measurable objectives set for that period to achieve gender diversity;*
  - 2. The entity's progress toward achieving those objectives; and*
  - 3. 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.*

ACS has adopted a Diversity Policy, which is available on the ACS website at [www.accentresources.com.au](http://www.accentresources.com.au) and deals with, amongst other things, the following:

- i. Our approach to diversity;
- ii. Roles and responsibilities of the Board;
- iii. Setting measurable objectives consistent to our diversity strategy;
- iv. Monitoring and evaluation of how the diversity strategy and objectives have been performed; and
- v. Reporting on diversity on an annual basis

The Board has reserved to itself all aspects of the Diversity Policy.

Due to the size, scale and activities of ACS at the current time, no measurable objectives have been set for gender diversity, noting that the total workforce of the Company is five personnel (excluding the Board). The Board is currently comprised of all male directors.

### 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.*

ACS has in place a Remuneration and Nomination Committee that arranges a performance evaluation of the Board, its Committees and its individual Directors on an annual basis. To assist in this process an independent advisor may be used. The Nomination Committee will conduct an annual review of the role of the Board, assess the performance of the Board over the previous 12 months and examine ways of assisting the Board in performing its duties more effectively.

The review includes:

- i. Comparing the performance of the Board with the requirements of its Charter;
- ii. Examination of the Board's interaction with management;
- iii. The nature of information provided to the Board by management; and
- iv. Management's performance in assisting the Board to meet its objectives.

A similar review will be conducted for each Committee by the Board with the aim of assessing the performance of each Committee and identifying areas where improvements can be made.

Having regard to the current size and activities of the Company, the Board has retained responsibility for the duties outlined in respect of the Remuneration and Nomination Committee. As the size and composition of the Board increases over time, the Board will delegate these duties to a separately formed Committee.

The appropriate processes for such evaluations have been initiated but the intended evaluation processes did not occur during the reporting period due to operational priorities and changes in Board structure.

#### Recommendation 1.7

*A listed entity should:*

- (a) Have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; 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.*

The Remuneration and Nomination Committee of the Board has been delegated the responsibilities of formulating, implementing and reporting upon results of the appropriate processes for the evaluation of performance of senior executives, directors and Board committees.

In the case of senior executives an informal process of Business Plan Objectives, Key Performance Indicators and Annual Targets has been put in place, the results of which are reviewed on a half yearly basis.

Having regard to the current size and activities of the Company, the Board has retained responsibility for the duties outlined in respect to a Remuneration and Nomination Committee. As the size and composition of the Board increases over time, the Board will delegate these duties to a separately formed Committee.

The appropriate processes for such evaluations have been initiated but the intended evaluation processes did not occur during the reporting period due to operational priorities and changes in Board structure.

### **PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE**

#### Recommendation 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 attendance 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.*

ACS has a Remuneration and Nomination Committee to which the Board has delegated the responsibilities of formulating, implementing and reporting upon results of the appropriate processes for the evaluation of performance of senior executives, directors and Board committees.

The Charter is available on the ACS website at [www.accentresources.com.au](http://www.accentresources.com.au) in the Corporate Governance Plan and deals with matters such as the composition of the Committee, its chair, its scope and objectives, decision powers delegated from the full Board, and the reporting requirements of the Committee to the Board.

In the case of senior executives an informal process of Business Plan Objectives, Key Performance Indicators and Annual Targets has been put in place, the results of which are reviewed on a half yearly basis.

Having regard to the current size and activities of the Company, the Board will retain responsibility for the duties outlined in respect to a Remuneration and Nomination Committee. As the size and composition of the Board increases over time, the Board will delegate these duties to a separately formed Committee.

## Recommendation 2.2

A listed entity should have and disclose its board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

The skills, experience and expertise relevant to the position of director held by each director in office is included in the Director's Report in the Company's annual reports and website.

## 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 or relationship of the type described<sup>2</sup>, but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and*
- (c) The length of service of each director.*

ACS discloses information regarding its directors in this Corporate Governance Statement, the Annual Report and on the ACS website (see About Us), in addition to the statutory disclosure of directors made to ASX and available on the Company information pages (<https://www.asx.com.au/asx/share-price-research/company/ACS/details>)

Included in this information is the classification of directors as either executive or non-executive. ACS defines these categories as:

- a. An independent Director is a non-executive Director (i.e. is not a member of management) and:
  - i. holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a security holder of more than 5% of the voting shares of the Company;
  - ii. within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
  - iii. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
  - iv. is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
  - v. has no material contractual relationship with the Company or another group member other than as a Director of the Company;
  - vi. has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
  - vii. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

- b. An executive director is any director who is not an independent director, and may hold a role within the senior management of ACS.

## Recommendation 2.4

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

The current Board comprises three directors and one alternate directors. There are three non-executive directors, including the Deputy Chair and the alternate director, with one executive director who is also the Chair.

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<sup>2</sup> Refer to Box 2.3, page 14 of the ASX Corporate Governance Council Principles and Recommendations, 4<sup>th</sup> Ed., February 2019

### 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.*

The roles of the chair and the CEO is currently performed by the same person. This reflects the current size and activities of ACS, and the Board maintains oversight of this arrangement with a view to formally appointing a CEO at such time the growth of operations necessitates that appointment.

### 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.*

As part of the review of Board performance, ACS considers the skills, knowledge and experience of directors, both new and ongoing, to ensure it maintains an appropriate capability to perform the role effectively. To the extent that any professional development may be required, directors will access relevant programs to update their skills.

## **PRINCIPLE 3: INSTILL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY**

### Recommendation 3.1

*A listed entity should articulate and disclose its values.*

ACS defines its values as a commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

ACS discloses its values through the Code of Conduct which is available to all ACS directors, senior executives and personnel, and can be found in the Corporate Governance Plan on the ACS website at [www.accentresources.com.au](http://www.accentresources.com.au) and is supported by a set of policies, procedures and oversight controls.

ACS also articulates its mission for securityholders, by intending to maximise securityholder value by evaluating potential to develop both short term and long cash flow through these assets and to make additional value-adding mineral discoveries – see the ACS homepage at [www.accentresources.com.au](http://www.accentresources.com.au)

### Recommendation 3.2

*A listed entity should:*

- (a) Have and disclose 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.*

ACS has adopted a Code of Conduct, which is available on the ACS website at [www.accentresources.com.au](http://www.accentresources.com.au) (see ACS Corporate Governance Plan).

The Board receives reporting on adherence to the Policy, including details of any potential or actual incidents of non-conformance with the requirements of the Code of Conduct as part of the periodic management reporting to 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.*

ACS has adopted a Whistleblower Policy which is available on the ACS website at [www.accentresources.com.au](http://www.accentresources.com.au) (see ACS Corporate Governance Plan).

Amongst other things, the Policy requires reporting to the Board of incidents that may arise in relation to the Policy.

#### 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 breaches of that policy.*

ACS has adopted an Anti-Bribery and Corruption Policy which is available on the ACS website at [www.accentresources.com.au](http://www.accentresources.com.au) (see ACS Corporate Governance Plan).

Amongst other things, the Policy requires reporting to the Board of incidents that may arise in relation to the Policy.

### **PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS**

#### Recommendation 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 through the reporting period and the individual attendance 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.*

It is the Board's responsibility to ensure that an effective internal control framework is in place within ACS. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of asset, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations.

Having regard to the current size and activities of ACS, the Board has retained responsibility for the duties outlined in the Audit and Risk Committee Charter, such Charter being available on the ACS website. As the size and composition of the Board increases over time, the Board will delegate these duties to an Audit and Risk Management Committee.

The Audit and Risk Committee has been mandated under its Charter as follows:

- i. The Committee must comprise at least three members.
- ii. All members of the Committee must be non-executive Directors.
- iii. A majority of the members of the Committee must be independent non-executive Directors in accordance with the criteria set out in Annexure A.
- iv. The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.

- v. All members of the Committee must be able to read and understand financial statements.
- vi. The Chairman of the Committee may not be the Chairman of the Board of Directors and must be independent.
- vii. The Chairman shall have leadership experience and a strong finance, accounting or business background.
- viii. The external auditors, the other Directors, the Managing Director, Chief Financial Officer, Company Secretary and senior executives, may be invited to Committee meetings at the discretion of the Committee.

The Board is satisfied that it has sufficient financial, public company, industry sector and business expertise to discharge its duties in respect of audit and risk management activities at this stage of the Company's development.

ACS has appointed external auditors who demonstrate independence, quality and performance. The performance of the external auditor is reviewed on an annual basis.

#### 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.*

The Managing Director, or equivalent, and the Chief Financial Officer have provided to the Board a declaration in accordance with section 295A of the Corporations Act that the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies of the Board; and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

#### Recommendation 4.3

*A listed entity should disclose its processes to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.*

ACS has in place policies and procedures to manage the issuing of periodic reports it releases that have not been audited or reviewed by the external auditor – these processes are outlined in the Markets Disclosure Policy and Investor Communications policies on the ACS website at [www.accentresources.com.au](http://www.accentresources.com.au) (see the Corporate Governance Plan).

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

#### 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.*

ACS acknowledges its obligations to comply with continuous disclosure requirements arising from the Corporations Act and the Listing Rules of the Australian Securities Exchange (**ASX**).

ACS has adopted a Markets Disclosure Policy that deals with information disclosure and relevant procedures. The focus of these procedures is on continuous disclosure compliance and improving access to information for investors.

The Company Secretary is responsible for:

- i. overseeing and co-ordinating disclosure of information to the relevant stock exchanges and security holders; and
- ii. providing guidance to Directors and employees on disclosure requirements and procedures.



Price sensitive information is publicly released through ASX before it is disclosed to security holders and market participants. Distribution of other information to security holders and market participants is also managed through disclosure to the ASX.

Information is posted on the Company's website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

#### Recommendation 5.2

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

The ACS Board has reserved the approval of market announcements to itself, so is aware of all such releases prior to and at the time of those being made, which is part of the procedures set out in the Markets Disclosure Policy.

The Company Secretary provides confirmation of the release through the ASX announcements platform and the ACS website.

#### 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.*

ACS has in place procedures in each of the Markets Disclosure Policy and Investor Communications Policy that require all presentation materials or other similar materials to be released through the ASX announcements platform prior to presenting such materials.

Additionally, those materials are made available on the ACS website once they have been released through the ASX platform.

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

#### Recommendation 6.1

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

ACS has a dedicated section on its website that address matters relating to the Company, its Board and corporate governance matters in order to facilitate security holders being kept informed of all major developments affecting ACS.

Information is communicated to security holders through:

1. The Annual Report delivered available on both the website and in physical (postal) delivery mode;
2. The half yearly report which is available on the website;
3. The quarterly reports which are available on the website;
4. Disclosures and announcements made to ASX, copies of which are available website;
5. Notices and explanatory memoranda of Annual General Meetings (**AGM**) and Extraordinary General Meetings (**EGM**) copies of which are available on the website;
6. The Chairman's address and the Managing Director's address made at the AGMs and the EGMs, copies of which are available on the website; and
7. Results of AGM and EGM being available on the website.

ACS periodically reviews the website to identify ways in which it can promote its greater use by security holders and make it more informative. At least three historical years of the Company's Annual Report is provided on the Company's website. Queries from security holders should be referred to the Company Secretary in the first instance.

#### Recommendation 6.2

*A listed entity should have an investor relations program that facilitates effective two-way communication with investors.*

ACS has adopted an Investor Communications Policy to facilitate the manner in which it engages with stakeholders, and actively promotes security holders to engage with ACS through a range of channels, including the Company Secretary, registry services and management. A copy of the Policy is available on the website at [www.accentresources.com.au](http://www.accentresources.com.au) (see the Corporate Governance Plan).

#### Recommendation 6.3

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

ACS has adopted an Investor Communications Policy which, amongst other things, includes details as to engagement by security holders. In addition, Notice of Meetings for AGM and EGM include participation through different media, including personal attendance, written and electronic formats and telephone access.

#### 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.*

ACS provides security holders options for resolutions that include personal attendance, and through proxy voting (directed or vested to the Chair). Currently, the Company utilises show of hands for voting purposes, including at its last AGM held in November 2019.

ACS will review the options for voting on resolutions with the intent to utilise poll voting as part of its approach to the next AGM.

#### 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.*

ACS provides securityholders physical and electronic communication options, both directly and through the Registry.

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

#### Recommendation 7.1

*The board of a listed entity should:*

- (a) Have a committee of 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 has met throughout the reporting 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.*

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

The Board has reserved to itself the role of overseeing the adequacy of risk management and internal control arrangements that would ordinarily be assumed by an Audit and Risk Committee, including the responsibility for implementing the risk management system.

The Board has in place an Audit and Risk Committee Charter to guide its operations, which is available in the Corporate Governance Plan on the ACS website at [www.accentresources.com.au](http://www.accentresources.com.au) (see ACS Corporate Governance Plan).

The Audit and Risk Committee will submit particular matters to the Board for its approval or review. Among other things it will:

- a. Oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
- b. Assist management to determine the key risks to the businesses and prioritise work to manage those risks; and
- c. Review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

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

- i. Identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives and monitoring the environment for emerging factors and trends that affect these risks;
- ii. Formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls;
- iii. Monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practises are in place that are directed towards achieving the following objectives:

- Compliance with applicable laws and regulations;
- Preparation of reliable published financial information;
- Implementation of risk transfer strategies where appropriate e.g. insurance.

#### 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.*

The ACS Board undertakes an at least annual review of the risk management arrangements of the Company, its assets, investments and projects, business operations, financial and accounting matters and its broader governance arrangements. This review is conducted alongside the corporate strategy and business plans, objectives and key performance measures to ensure operations are consistent to, and appropriately reflect, the risks of the business, key decisions and disclosed information provided to securityholders, ASX and other stakeholders.

The day-to-day responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report quarterly to the Board.

The review of the ACS risk management framework has been completed for the 2019-20 reporting period.

#### 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 governance, risk management and internal control processes.*

Due to the current size, scale and activities of ACS, there is no dedicated internal audit function. The evaluation of the effectiveness of current governance, risk management and internal control processes are subject to oversight

by management, the Board and external auditors. The Board may, at its discretion, engage external specialists and subject matter experts from time to time to undertake targeted reviews of key areas of the overarching corporate governance and related processes to ensure the continued integrity of those control measures.

#### Recommendation 7.4

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

ACS has formed the view that it does not have a material exposure to environmental or social risks; however ACS acknowledges that climate change risk is an emergent risk that may, at a future time, have an impact on the Company, its assets, investments, projects and business operations, and potentially affect the medium to longer term financial performance of the Company in respect of security holders.

In order to deal with such circumstances, ACS has in place a Climate Change Policy which can be found on the website [www.accentresources.com.au](http://www.accentresources.com.au) (see the Corporate Governance Plan).

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

#### Recommendation 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; and*
- 4. 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 ACS Board has established a Remuneration and Nomination Committee; the Charter of the Committee is available in the Corporate Governance Plan on Company website at [www.accentresources.com.au](http://www.accentresources.com.au) (see ACS Corporate Governance Plan).

Having regard to the current size and activities of the Company, the Board has retained responsibility for the duties of the Remuneration and Nomination Committee. As the size and composition of the Board increases over time, the Board will delegate these duties to a separately formed Remuneration and Nomination Committee. The Charter may be subject to review by the Board at any time.

#### Recommendation 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.*

The Constitution of the Company provides that the aggregate remuneration of all Directors, in their capacity as Directors, must not exceed such sum as the Company in general meeting may approve and is to be apportioned amongst them in such manner as the Directors agree and, in default of agreement, equally. Non-Executive Directors who chair any of the Board committees do not receive additional remuneration for such duties.

The remuneration arrangements of the non-executive Directors, executive Directors and senior executives (collectively, Key Management Personnel) are disclosed in the annual financial statements and subject to security holder resolutions.

### Recommendation 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.*

ACS did not have equity-based remuneration schemes in place for the reporting period FY2019-20.

## **ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES**

### Recommendation 9.1

*A listed entity with a director who does not speak the language in which the board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.*

ACS provides all papers and documentation for Directors in English and where required, Mandarin for those Directors whom require it. Meetings are held in both languages (bilingual documentation and discussion), and all Minutes of Board Meetings are available in both English and Mandarin.

### Recommendation 9.2

*A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.*

ACS is established in Australia; however, meetings of security holders do take into account both geographic location for physical attendance and timing of meetings between Perth W.A., AEST (and AEDST as needed), as well as those security holders in foreign countries to the extent reasonable.

### Recommendation 9.3

*A listed entity established outside Australia, and an externally managed 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.*

ACS is established in Australia; however, the external auditor is available for the purposes of the AGM to respond to security holder queries, and provide assistance to the Directors and senior management as necessary.