



---

# CORPORATE GOVERNANCE STATEMENT

## Approach to Corporate Governance

GR Engineering Services Ltd ABN 12 121 542 738 (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition (**Principles & Recommendations**).

The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at [www.gres.com.au](http://www.gres.com.au), under the section marked "Corporate Governance":

### Charters

Board  
Audit and Risk Committee  
Remuneration and Nomination Committee

### Policies and Procedures

Process for Performance Evaluations  
Policy and Procedure for the Selection and (Re)Appointment of Directors  
Induction Program  
Diversity Policy  
Code of Conduct  
Policy on Continuous Disclosure  
Compliance Procedures  
Shareholder Communication and Investor Relations Policy  
Securities Trading Policy  
Whistleblower Protection Policy  
Anti-Bribery & Collusion Policy  
Human Rights and Modern Slavery  
Policy and Procedure for Directors  
Risk Management Policy  
Selection, Appointment and Rotation of External Auditors  
Equity Incentive Plan Rules

The Company reports below on whether it has followed each of the recommendations during the 2022/2023 financial year (**Reporting Period**). The information in this statement is current at 16 August 2023. This statement was approved by a resolution of the Board on 16 August 2023.

Cross-references to the Company's Annual Financial Report in this statement are references to the Company's Annual Financial Report for the year ended 30 June 2023, which is, or will be, disclosed on the Company's website [www.gres.com.au](http://www.gres.com.au), under the section marked "News".



# CORPORATE GOVERNANCE STATEMENT

## Principle 1 – Lay solid foundations for management and oversight

### Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented this in its *Board Charter*.

### Recommendation 1.2

The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The checks which are undertaken, and the information provided to shareholders are set out in the Company's *Policy and Procedure for the Selection and (Re) Appointment of Directors*.

### Recommendation 1.3

The Company has a written agreement with each director and senior executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Managing Director, any of its directors, and any other person or entity who is related party of the Managing Director or any of its directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

### Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the Company's Board Charter.

### Recommendation 1.5

The Company has a Diversity Policy, which includes requirements for the Nomination and Remuneration Committee to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. The Company's Diversity Policy is disclosed on the Company's website in the Corporate Governance Manual.

The following measurable objective for achieving gender diversity has been set by the Nomination and Remuneration Committee in accordance with the Diversity Policy:

*“Subject to the identification of suitable qualified candidates, to increase the percentage of professional and senior executive positions occupied by women to 15% by 30 June 2024.”*

The Board continues to work towards meeting this objective and continues to foster a workplace environment and recruitment policies designed to achieve greater female participation in the Company's workforce.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the following table. “Senior executive” for these purposes means a person who is a Key Management Employee, a General Manager or a member of Management:

	Proportion of women
Whole organisation	116 out of 1,021 (11.4%) (11.4% as at 30 June 2022)
Senior executive positions	5 out of 29 (17.2%) (15.2% as at 30 June 2022)
Board	0 out of 4 (0%) (0% as at 30 June 2022)



---

# CORPORATE GOVERNANCE STATEMENT

## **Recommendation 1.6**

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Chair is also responsible for evaluating the Managing Director.

The Chair evaluates the performance of the Managing Director and other Board members through a series of discussions held throughout the year. These discussions include an assessment of the Company's state of affairs, the risks facing the Company and its economic objectives. The Chair evaluates the extent to which each director has contributed to the efficient utilisation of resources, the identification of risk and the achievement of economic objectives. During these discussions the Chair also elicits confidential feedback from each Director on their view of the interpersonal dynamics between Board members and the quality of the Board's decision making.

During the Reporting Period the Chair evaluated the performance of all Directors, including the Managing Director, in accordance with the above process.

## **Recommendation 1.7**

The Managing Director is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's *Process for Performance Evaluations*.

During the Reporting Period the Managing Director conducted performance evaluations of Senior Executives. Where these evaluations resulted in the identification of areas where the Senior Executive's technical or interpersonal skills could be strengthened, appropriate training or remedial action was formulated and agreed.

## **Principle 2 – Structure the board to add value**

### **Recommendation 2.1**

The Board has established a Remuneration and Nomination Committee comprising Peter Hood (Chair), Phillip Lockyer and Joe Totaro. All members of the Remuneration and Nomination Committee are non-executive directors and all members are independent directors. Accordingly, the Remuneration and Nomination Committee is structured in accordance with Recommendation 2.1.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration and Nomination Committee and is disclosed on the Company's website.

### **Recommendation 2.2**

The Board is comprised of 3 qualified engineers and 1 qualified accountant. The matrix of skills held by the Board is weighted towards those skills which are required to identify, assess, quantify and manage those risks which are most relevant to and prevalent in the Company's business and the industry in which it operates.

The majority of the Company's directors hold, or have held, positions on the boards of other publicly listed companies and all have extensive experience in the management of organisations across a range of industries.

When necessary, the Board engages the services of external experts and consultants to augment its capacity to consider and assess matters which fall outside the domain of its collective expertise.



# CORPORATE GOVERNANCE STATEMENT

## **Recommendation 2.3**

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations. The independent directors of the Company are Messrs Lockyer, Hood and Totaro.

Mr Totaro is a substantial shareholder of the Company. Notwithstanding that he is a substantial shareholder the Board considers Mr Totaro to be an independent director because he is not a member of management and is otherwise free of any interest, position, association or relationship (including those listed in Box 2.3 of the Principles & Recommendations) that might influence in a material respect, his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its members generally. Further, a substantial shareholder is considered by the Board to be in line with the interests of all other shareholders.

The length of service of each director is set out in the Directors' Report of the Company's Annual Financial Report.

## **Recommendation 2.4**

The Board has a majority of directors who are independent.

The Board is comprised of 4 directors, 3 of whom are or are deemed to be independent. The one non-independent director is Tony Patrizi. Tony Patrizi is a founding shareholder of the Company. Messrs Patrizi has a thorough knowledge of the Company's business and extensive experience in managing the risks it faces. His continued presence on the Board is therefore highly valued.

The Board is of a size commensurate with the size and nature of the Company.

## **Recommendation 2.5**

The Chair of the Board is Phillip Lockyer. Mr Lockyer is an independent director and is not the Chief Executive Officer.

## **Recommendation 2.6**

The Company has an induction program for new directors and senior executives. The goal of the program is to assist new directors to participate fully and actively in Board decision-making at the earliest opportunity and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity. The Company's *Induction Program* is disclosed on the Company's website.

The Remuneration and Nomination Committee regularly reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the Remuneration and Nomination Committee considers what training or development should be undertaken to fill those gaps. In particular, the Remuneration and Nomination Committee ensures that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements. Directors also receive ongoing briefings from the Company Secretary and Chief Financial Officer on developments in accounting standards.



---

# CORPORATE GOVERNANCE STATEMENT

## Principle 3 – Act ethically and responsibly

### Recommendation 3.1

The Company has established a Core Value policy, which is disclosed on the Company's website.

### Recommendation 3.2

The Company has established a Code of Conduct for its directors, senior executives and employees, which is disclosed on the Company's website.

### Recommendation 3.3

The Company has established a Whistleblower policy and any material incidents reported under this policy are communicated to the directors, as applicable.

### Recommendation 3.4

The Company has established an anti-bribery and corruption policy and any material incidents reported under this policy are communicated to the directors, as applicable.

## Principle 4 – Safeguard integrity in corporate reporting

### Recommendation 4.1

The Board has established an Audit and Risk Committee. The members of the Audit and Risk Committee are Messrs Totaro (Chairman), Lockyer and Hood. All members of the Audit and Risk Committee are independent non-executive directors and the Audit and Risk Committee is chaired by Mr Totaro who is not also Chairman of the Board. Accordingly, the Audit and Risk Committee is structured in compliance with Recommendation 4.1.

Giuseppe (Joe) Totaro (*B.Comm, CPA*) is a Certified Practicing Accountant (CPA) with over 30 years' experience in commercial and public practice specialising in mining and mining services. Joe is a co-founder of GR Engineering and was formerly the Chief Financial Officer and Company Secretary of GR Engineering.

Peter Hood (*BE (Chem), MAustIMM, FIChemE, FAICD*) is a Chemical Engineer and was formerly the Chief Executive Officer of Coogee Chemicals and Coogee Resources. He was Chairman of the International Chamber of Commerce National Committee of Australia. Peter is a Past President of the Australian Chamber of Commerce and Industry and the Chamber of Commerce and Industry Western Australia. Peter is currently Chairman of Matrix Composites and Engineering Limited, Lead Independent Director of Cue Energy Resources Limited and a Non-Executive Director of De Grey Mining Limited.

Phillip (Phil) Lockyer (*BAppSc (Mech Eng)*) is a Mining Engineer and metallurgist who has over 50 years experience in the mineral industry, with a focus on gold and nickel in both underground and open pit operations. He has formerly served on the Boards of Perilya Limited, Focus Minerals Limited, Swick Mining Services Limited and CGA Mining Limited. He is currently a Non-Executive Director of RTG Mining Inc.

The Board has adopted an Audit and Risk Committee Charter which describes the Audit and Risk Committee's role, composition, functions and responsibilities, which is disclosed on the Company's website.



---

# CORPORATE GOVERNANCE STATEMENT

## **Recommendation 4.2**

Before the Board approved the Company financial statements for the half year ended 31 December 2022 and the full-year ended 30 June 2023, it received from the Managing Director and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated 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.

## **Recommendation 4.3**

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company writes to the Company's auditor to inform them of the date of the Company's annual general meeting.

In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair allows a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

A representative of the Company's auditor, Deloitte Touche Tohmatsu attended the Company's annual general meeting held on 23 November 2022.

## **Principle 5 – Make timely and balanced disclosure**

### **Recommendation 5.1**

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Company's *Policy on Continuous Disclosure* and *Compliance Procedures* are disclosed on the Company's website at [www.gres.com.au](http://www.gres.com.au).

### **Recommendation 5.2**

The board of directors receives copies of all material market announcements promptly after they have been made.

### **Recommendation 5.3**

The Company releases a copy of presentation materials, where there is new and substantive information, on the ASX Markets Platform ahead of the presentation.

## **Principle 6 – Respect the rights of security holders**

### **Recommendation 6.1**

The Company provides information about itself and its governance to investors via its website at [www.gres.com.au](http://www.gres.com.au) as set out in its *Shareholder Communication and Investor Relations Policy*.



---

# CORPORATE GOVERNANCE STATEMENT

## **Recommendation 6.2**

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's *Shareholder Communication and Investor Relations Policy*.

## **Recommendation 6.3**

The Company has in place a *Shareholder Communication and Investor Relations Policy* which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

## **Recommendation 6.4**

The Company ensures that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

## **Recommendation 6.5**

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically. This is facilitated through the Company's website which provides access to the Company's and its share registry's full range of contact details, including email address.

## **Principle 7 – Recognise and manage risk**

### **Recommendation 7.1**

As noted above, the Board has established a combined Audit and Risk Committee. The Audit and Risk Committee is structured in accordance with Recommendation 7.1. Please refer to the disclosure above in relation to Recommendation 4.1 in relation to the Audit and Risk Committee.

### **Recommendation 7.2**

The Audit and Risk Committee reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

### **Recommendation 7.3**

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's *Risk Management Policy*.

### **Recommendation 7.4**

The Company provides engineering and construction services to the mining industry and operations and maintenance services to the oil and gas industry, including producers of coal seam gas. These activities expose the Company, directly and indirectly to environmental, social and economic sustainability risks, which may materially impact the Company's ability to create or preserve value for shareholders over the short, medium or long term.



---

# CORPORATE GOVERNANCE STATEMENT

In relation to the provision of goods and services, these risks are mitigated by virtue of the Company entering a project's life cycle at a stage where all environmental, social and economic requirements of the relevant jurisdiction have been met by the client. The Company does not provide goods and services in circumstances where this is not the case and to that extent, the Company is in a position to continue its business activities in an environmentally, socially and economically sustainable manner.

In relation to the Company's suppliers, the Company takes due care to ensure that the goods and services required for the conduct of its business are sourced from entities which act fairly and responsibly within the environments, societies and economies in which they operate thereby mitigating sustainability risks in relation to these factors.

The Company aims to operate in a socially sustainable way by engaging with the local communities and wherever possible providing employment and training opportunities to members of the local community. In doing so, the Company operates within the framework of local norms and customs and endeavours to ensure that its clients do likewise. The Company will not participate in any activity where it is likely to receive either directly or indirectly, economic benefit through the exploitation of others.

## **Principle 8 – Remunerate fairly and responsibly**

### **Recommendation 8.1**

As noted above in relation to Recommendation 2.1, the Board has established a Remuneration and Nomination Committee. The Remuneration and Nomination Committee is structured in compliance with Recommendation 8.1. Please refer to the disclosure above in relation to Recommendation 2.1 in relation to the Remuneration and Nomination Committee.

### **Recommendation 8.2**

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report in the Company's Annual Financial Report. This disclosure includes a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

Under the terms of the GR Engineering Services Limited Equity Incentive Plan (**Plan**), if in the opinion of the Board a participant acts fraudulently or dishonestly or wilfully breaches his or her duties to the Company, the Board may in its absolute discretion determine that all unvested or unexercised performance rights or share appreciation rights held by the participant will lapse.

In addition to the provisions under the Plan, the Board has adopted a clawback policy in relation to any cash bonuses or shares issued pursuant to the Plan. Under this policy the Board reserves the right to take action to reduce, recoup or otherwise adjust the employees performance based remuneration in circumstances where in the opinion of the Board, an employee has acted fraudulently or dishonestly or has wilfully breached his or her duties to the Company.

### **Recommendation 8.3**

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting participants in the Plan entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Plan.